

CONSOLIDATED SERVICE PLAN

FOR

NORRIS RANCH METROPOLITAN DISTRICT NOS. 1 AND 2

FOUNTAIN, COLORADO

Submitted:

June 30, 2006

Amended and resubmitted:

August 3, 2006

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- EXHIBIT A Vicinity Map, Boundary Map of Districts, and Legal Descriptions
- EXHIBIT A-1 Inclusion Area
- EXHIBIT B Estimated Costs of Improvements
- EXHIBIT C Maps Depicting Proposed Improvements
- EXHIBIT D Financing Plan
- EXHIBIT E Form of District IGA
- EXHIBIT F Form of Reimbursement Agreement
- EXHIBIT G Form of Notice to Property Owners
- EXHIBIT H Fountain Resolution of Approval

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 (the "Service Plan"). Please note that the following information is subject in all respects to the more complete descriptions contained elsewhere in this Service Plan.

Proposed Districts: Norris Ranch Metropolitan District Nos. 1 and 2

Property Owner: H.E. Heritage Inn of Wichita, Inc., a North Dakota corporation, and C.Y. Heritage Inn of Beavercreek, Inc., a North Dakota corporation (each as to an undivided 50% interest)

Developer: HF HOLDINGS, LLC, a Colorado limited liability company

Development: Residential and commercial project on approximately 541 acres of real property located in Fountain, Colorado, El Paso County, Colorado.

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

Infrastructure Capital Costs: \$49,500,000 (both Districts combined)

Initial Debt Authorization: \$18,300,000 (both Districts combined)
\$8,900,000 District 1
\$9,400,000 District 2

Total Debt Authorization: \$26,000,000 (both Districts combined)
\$12,500,000 District 1
\$13,500,000 District 2

Proposed Projected Mill Levy: 35 Mills for Debt Service
5 Mills for Operations and Maintenance

Mill Levy Cap: 45 Mills Total

Functions of the Developer: The Developer identified above, or its successors and assigns, will initially meet the obligations of operations, maintenance, and funding of organizational costs subject to reimbursement as provided by law.

Functions of the Districts: The Districts will see that all infrastructure is designed and

constructed to appropriate City of Fountain standards. All roads will be dedicated to and maintained by the City of Fountain. The Developer may provide financial assistance for construction and maintenance. The Districts, through their respective mill levies and such other fees as may be set, shall provide the necessary financing to pay for the infrastructure.

Material Modifications:

Modification to this Service Plan shall be required if there is a change in the mill levy cap; the imposition of any new rate, fee, toll, penalty or charge; or a change in the basic services or facilities provided by the Districts, and for any other matter described as a material modification by state law or as required by this Service Plan, whichever is more restrictive.

Current Population:

0

Estimated Valuation at
Build-out:

Actual Value	\$430,285,000
Assessed Value (7.96%)	\$34,250,686

I. INTRODUCTION

A. General Overview

This consolidated service plan ("Service Plan") for Norris Ranch Metropolitan District Nos. 1 and 2 (hereinafter collectively known as "Districts") constitutes a combined service plan for two Title 32 special districts proposed for organization to serve the needs of a new mixed-use community to be known as "Norris Ranch" located in the City of Fountain, Colorado ("Fountain"). Norris Ranch is generally located east of Marksheffel Road and north of the proposed alignment of Mesa Ridge Parkway. Norris Ranch (the "Project") is planned for 1,824 residential units. Additional residential development is expected to occur in Appletree Metropolitan District Nos. 1 and 2 and commercial development is expected to occur in the Norris/Appletree Business Improvement District. Exhibit A contains a vicinity map, boundary maps of the Districts, and corresponding legal descriptions.

Considerable public infrastructure will be constructed to provide the required storm drainage, sanitary sewer, water, streets, traffic and safety and park and recreation improvements needed for the area. This Service Plan addresses the public improvements, which may be provided and otherwise financed by the Districts and demonstrates how the Districts will work together to provide the necessary public improvements. Exhibit B estimates the costs associated with the public infrastructure to be funded by the Districts. Maps depicting the general location of the public infrastructure to be funded by the Districts are attached hereto as Exhibit C.

The maps, drawings, and other exhibits attached hereto are illustrative of a general concept for the Project, and are submitted only for the purpose of Service Plan approval. These drawings, maps and exhibits are not being submitted for any type of site or development plan approval. Approval of this Service Plan shall under no circumstance (i) constitute any site or other development plan approval for the Project; or (ii) indicate the City's acceptance of the drawings, maps and other exhibits for any land development approval whatsoever.

1. Multiple District Structure. This Service Plan is submitted in accordance with Part 2 of the Special District Act (§32-1-201, et seq., C.R.S.). It defines the powers and authorities of, as well as the limitations and restrictions, on the Districts. This Service Plan further sets forth the general parameters for the working relationship between Norris Ranch Metropolitan District Nos. 1 and 2 (containing residential development). Norris Ranch Metropolitan District Nos. 1 and 2 shall be individually referred to herein as "District 1" and "District 2," respectively, and collectively referred to herein as "the Districts."

The Districts will be responsible for managing the construction and operation of public facilities and improvements needed for the Project and for providing the funding and tax base needed to support the Financing Plan for capital improvements and for operations. The "Financing Plan" discussed throughout this Service Plan refers to a

consolidated financial plan for the Districts which sets forth the manner in which the public improvements for the Project are anticipated to be financed.

Due to the relationship between and among the Districts, various agreements are expected to be executed clarifying the respective responsibilities and the nature of the functions and services to be provided by each District. The agreements are intended to help assure the orderly development of essential services and facilities resulting in a community that, at build-out, is both an aesthetic and economic asset to Fountain.

District 1 is expected to contain all property within phase one of the Project and District 2 is expected to contain all property within phase two. No property will be included into more than one District. Initially, the Districts will have the same boundary (the approximate 0.517 acres described in the "Initial Boundary of Norris Ranch Metropolitan District Nos. 1 and 2" attached hereto as Exhibit A). Post-formation of the Districts, the 0.517 acres will be excluded from one of the Districts in accordance with Section 32-1-501 et seq., C.R.S., and shall be accomplished prior to the issuance of any Bonds, as that term is defined in Section V. of this Service Plan.

2. Benefits of Multiple District Structure.

a. Coordinated Services. As presently planned, development of the Project will proceed in two phases, each of which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of public facilities will be administered consistent with a long-term construction and operation program.

b. Debt Allocation. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for those improvements to be funded by the Districts.

c. Bond Interest Rates. The use of the Districts to provide for a portion of the cost of infrastructure in the Project will allow for the issuance of bonds at competitive interest rates. The use of a two-district structure allows the Districts to coordinate the timing and issuance of bonds in such a way as to assure that improvements are constructed in conformance with the intended phases of development.

3. Configuration of Districts. Legal descriptions and maps of the initial boundaries of the Districts, consisting of approximately 0.5 acres, are attached hereto as Exhibit A. A legal description and map of property proposed for inclusion within one, but not any more than one, of the boundaries of the Districts (the "inclusion area"), is attached hereto as Exhibit A-1. The property described in Exhibit A-1 has not yet been annexed into Fountain.

The Districts will not change their respective territorial boundaries without the consent of Fountain; however Fountain's consent shall not be necessary for inclusion of any property identified in Exhibit A-1, provided that the same has been annexed into Fountain. Consistent with the provisions of the preceding paragraph and notwithstanding any other contrary provision contained in this Service Plan, including but not limited to

the projections set forth in the Financial Plan, the boundaries of the Districts shall not overlap without the prior consent of the Fountain City Council by Resolution. In the event overlap is permitted, the more restrictive of any limitations set forth in this Service Plan for either District, including but not limited to debt limit, debt maturity limit or mill levy cap, shall apply. Additionally, the District shall not consent to the organization of any other Districts organized under the Special District Act within their boundaries or within the inclusion area described on Exhibit A-1, without the prior approval of the Fountain City Council by Resolution.

The service area for the Districts will be within their respective physical boundaries, as may be adjusted from time to time consistent with the provisions contained herein. The Districts have the power to impose taxes and other charges permitted by law only within their respective service areas to fund their individual obligations. The Districts are expected to contain all of the residential development within the Project.

4. Long-Term District Plan. After all bonds or other debt instruments have been issued by the Districts and adequate provision has been made for payment of all debt of the Districts and for operation of all of the District facilities not conveyed to Fountain or other entities, if any, the electorate of each of the Districts will have the opportunity to consider either the consolidation of the Districts into a single entity, or the dissolution of one or both of the Districts. The Districts will consider consolidation and/or dissolution at the time at which the Districts' debt has been paid or adequate provision has been made for the repayment thereof, and adequate provisions have been made to ensure the continued operation of all of the facilities of the Districts that have not been conveyed. Ultimately, control of these decisions will rest with the electorate in each District. Nothing herein contained shall be deemed to preclude or prevent Fountain from initiating dissolution of either or both of the Districts pursuant to and in accordance with the provisions of Part 7 of the Special District Act, Section 32-1-701, et seq., C.R.S.

B. General Financial Information and Assumptions

The projected assessed valuations are shown in the Financing Plan attached hereto as Exhibit D. The Districts anticipate obtaining financing for capital improvements initially through Developer advances secured by promissory notes, then subsequently through the Districts' issuance of limited tax general obligation bonds or other debt instruments. Limited tax general obligation debt will be payable from revenues derived from ad valorem property taxes and from other legally available sources. The imposition by either of the Districts of any rates, fees, tolls, penalties or charges shall be a material modification of this Service Plan. The Financing Plan demonstrates one method that might be used by the Districts to finance the cost of infrastructure as well as general operating and administrative costs. At the time bonds or other debt instruments are proposed to be issued, alternative financing plans may be employed and utilized by the Districts without further approval from Fountain so long as said alternative plans are materially consistent with the Financing Plan.

Due to probable credit enhancements and other support expected from the Developer, the Financing Plan demonstrates that the cost of infrastructure described herein and the operation and administrative costs can be provided with reasonable mill levies. The estimated figures contained in the Financing Plan and this Service Plan depicting costs of infrastructure and operations will not constitute legal limits on the financial powers of the Districts; however, the Districts shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law, or with any limitations set forth in this Service Plan, including but not limited to debt limit, debt maturity term, maximum net effective interest rate, or mill levy cap.

The financial structure contemplated in the Financing Plan demonstrates that the risks associated with development of the Project will be borne initially by the Developer of the Project and then by bondholders. Due to the nature of liabilities associated with issuance of Developer-owned debt, the entire risk of development will rest with the Developer until such time as the Districts reach sufficient assessed valuation to support the debt service requirements of the bonds issued. Fountain is assured that the risks of development and the responsibility for repayment of debt issued by the Districts for the Project will be borne solely by the residents and property owners of the Project, and will never become the responsibility, in any degree, of Fountain.

Additionally, Fountain can be assured that there are now legal and financial controls on special district indebtedness, which operate to limit indebtedness that residents can expect to pay. Generally, under current state law provisions, a special district cannot sell valid indebtedness payable from property tax revenues in excess of fifty percent (50%) of its valuation for assessment unless a statutory exception applies to such indebtedness. Excepted from this limitation is indebtedness which is rated or insured, in minimum denominations of five hundred thousand dollars, issued to financial institutions or institutional investors, payable from a limited debt service mill levy not to exceed forty five (45) mills, or indebtedness that is secured as to the payment of principal and interest by a letter of credit, line of credit or other credit enhancement. In addition, state securities laws do not provide exemption from registration for special district indebtedness not meeting such minimum requirements.

C. Contents of Service Plan

This Service Plan consists of a financial analysis and preliminary engineering plan showing how the facilities and services for the Project can be provided and financed by the Districts on a coordinated basis. Numerous items are included in this Service Plan in order to satisfy the requirements of law for formation of special districts.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of similar services, was obtained from the Developer. Construction cost estimates were assembled by Drexel Barrell, which has experience in the costing and construction of similar facilities. The attorneys of Grimshaw & Haring, P.C., which represents numerous special districts, provided legal

advice in the preparation of this Service Plan. The Developer provided financial recommendations and advice in the preparation of the Service Plan. Stan Bernstein & Associates, Inc. provided assistance with the development of the Financing Plan attached hereto as Exhibit D.

D. Modification of Service Plan

This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities for the Project under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of current or anticipated zoning for the property within the Project, 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 in the event of zoning changes. 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 zoning for the property located within the Districts' service area.

II. NEED FOR NEW DISTRICTS AND GENERAL POWERS

A. Need for Metropolitan Districts

Operations and maintenance of water, sanitary sewer, storm drainage, street and traffic safety and associated landscaping, and park and recreation improvements may initially be provided by the Districts during the construction phases, with said operations to be assumed by Fountain, Widefield School District 3, and/or the Fountain Sanitation District, as applicable, upon final acceptance thereof. Fountain does not consider it feasible or practicable to provide the Project with the public improvements generally described in this Service Plan. Consequently, it is necessary that the proposed Districts be organized to provide the residents and taxpayers with the necessary public improvements.

B. General Powers of Districts

The Districts will have power and authority to provide the services and facilities described in this Section both within and outside their respective boundaries, in accordance with law. The powers and authorities of the Districts shall be allocated and further refined in an intergovernmental agreement between the Districts, as more specifically addressed in Section III.A. of this Service Plan (the "District IGA"). For purposes of the Special District Control Act, the District IGA shall not constitute an amendment of this Service Plan and will not expand or alter the powers, duties, functions, services, or facilities the Districts are authorized hereunder to provide.

The installation and construction of all facilities and the provision of all services by the Districts shall at all times be subject to and comply with all applicable city standards, requirements and regulations, including but not limited to all applicable Fountain conveyance, acceptance; and warranty requirements. Any attempt to over-rule

or exempt the Districts from Fountain's zoning regulations through any statutory location and extent process shall be deemed a material modification of this Service Plan.

It is proposed that the Districts provide the following services and facilities:

1. Wastewater. Design, acquisition, installation, and construction of a complete sanitary sewage collection and transmission system, consisting of, but not limited to, collection mains, laterals, transmission lines, and pumping facilities and all necessary, incidental and appurtenant facilities, land and easements. Wastewater services will be provided by Fountain Sanitation District and the wastewater improvements shall be dedicated to Fountain Sanitation District for ownership and maintenance in accordance with and subject to satisfaction of Fountain Sanitation District's procedures and requirements for acceptance of such facilities and improvements. Except for financing and/or constructing the sanitary sewer collection mains, laterals, transmission lines, and pumping facilities necessary to serve the Project, the District shall have no authority to operate a sanitary sewer system or provide any services otherwise provided by Fountain Sanitation District without first complying with Colorado law, including without limitation, Section 32-1-107, C.R.S. Under no circumstances shall private service laterals be financed by the Districts. The owner of the property served shall have the ultimate responsibility for the operation, maintenance, repair and replacement of private sewer service laterals.

2. Water. Design, acquisition, installation, and construction of a complete potable water distribution system, including, but not limited to, transmission lines, distribution mains, pumping facilities, and easements and appurtenant facilities. Potable water will be provided by Fountain, subject to availability. All potable water improvements shall be transferred to Fountain subject to and in accordance with Fountain's procedures and requirements for acceptance of such facilities and improvements. Except for financing and/or constructing water transmission lines, distribution mains, and pumping facilities and related appurtenances, the District shall have no authority to operate a potable water system or otherwise provide any of the potable water services provided by Fountain without first obtaining Fountain's consent. The Districts shall not appropriate, purchase, lease or otherwise acquire any water or water rights or water supplies for use within or without the Districts' boundaries without first obtaining the prior written approval of Fountain, which approval may be withheld for any reason.

3. Street Improvements and Safety Protection. Design, acquisition, installation, 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 Fountain for ownership and permanent maintenance, upon completion and final acceptance and subject to satisfaction of all applicable Fountain acceptance requirements and procedures. Any street related medians and landscaping, together with any entrance features, will be owned and maintained by the Districts unless the same, at Fountain's option, are accepted by Fountain for operation and maintenance purposes. Fountain will

only maintain those improvements located within public right of way that have been accepted by Fountain, as the case may be.

4. Parks and Recreation. Design, acquisition, installation, construction, operation and maintenance of park and recreational facilities including, but not limited to, active parks, pocket parks, open spaces, trails, fencing and landscaping. With the prior approval of Fountain, the Districts' public parks shall be transferred to either Fountain or Widefield School District 3, upon satisfaction of all customary conveyance and acceptance procedures and requirements and subject to all applicable warranties.

At Fountain's option and with its consent, the unimproved open space area will be transferred and conveyed (not dedicated) to Fountain, and once completed in accordance with applicable Fountain standards and specifications, any regional trail improvements located within the open space areas will also be transferred and conveyed to Fountain, subject to any and all applicable warranty requirements. All other parks, including pocket parks and any other recreational facilities or improvements constructed or financed by the Districts, will be owned, operated and maintained by the Districts; provided, however, that the Districts will transfer and convey to Fountain any park or other recreation improvement or property that Fountain determines should be part of its municipal park and recreation system.

All park and recreation facilities of the Districts will be available to all Fountain residents on the same basis and without discrimination as to fees or charges and, in particular, as to any fee or charge imposed for the use of any park pavilion or other park area. Fountain shall have the right, subject to such reasonable requirements as the Districts may impose, to use park and recreation facilities of the Districts for Fountain-sponsored or Fountain-provided recreation programs.

5. Drainage. Design, acquisition, installation and construction of all necessary drainage facilities (offsite and onsite) including, but not limited to, detention ponds, culverts, pipes, channels, swales, and weirs in accordance with an approved Fountain drainage plan and in conjunction with adjoining drainage features. Subject to Fountain's prior consent, which consent may be withheld for any reason, and satisfaction of all Fountain's procedures and requirements for acceptance of such facilities, all drainage facilities shall be dedicated to Fountain which shall maintain the same.

6. Mosquito Control. The Districts shall have the authority to design, acquire, install, construct, operate and maintain systems and methods for the elimination and control of mosquitoes.

7. Legal Powers. The powers of the Districts will be exercised by their respective Board of Directors to the extent necessary to provide the services contemplated in this Service Plan necessary to serve the Project. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to the procedures, conditions, and limitations contained in the Special District Act, other applicable statutes, and this

Service Plan, whichever is more restrictive, as any or all of the same may be amended from time to time.

8. Other. In addition to the powers enumerated above, the Districts shall also have the following authority:

a. To seek amendment of this Service Plan as needed, subject to compliance with all appropriate statutory procedures, except that the Districts shall not have the authority to seek amendment by means of the forty five day notice provision of Section 32-1-207(3)(b), C.R.S., without the prior written approval of Fountain; and

b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities, in order to better accommodate the pace of growth, resource availability, and potential inclusions of property within the Districts, or if the development of the improvements and facilities would best be performed by another entity; and

c. To have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to the Districts in this Service Plan, but only to the extent contemplated by this Service Plan and as necessary to serve the Project.

C. Limitation on General Powers

Notwithstanding any other provision contained in this Service Plan to the contrary, the Districts' general powers shall be limited by and shall be exercised in accordance with the following limitations:

a. Location of Services and Facilities. The Districts shall have the power and authority to provide the services and facilities described in this Service Plan within their territorial boundaries and, to the limited extent provided in this Service Plan, without their territorial boundaries. All services and facilities shall be provided in accordance with all Fountain standards and specifications, and those of the Districts; however, in the event of a conflict or inconsistency, Fountain's standards shall control.

b. Property Acquisition. The Districts shall not purchase from or reimburse the Developer or its successors and assigns for any land, easements, licenses, water rights or property that the Developer, in the absence of the Districts formation, would be required to dedicate and convey to Fountain or any other public entity at no cost. Any such purchase or reimbursement by the Districts shall constitute a material modification of this Service Plan.

c. Eminent Domain. The Districts shall not exercise or attempt to exercise the power of eminent domain or dominant eminent domain without the prior approval of Fountain.

d. Inclusion/Exclusion of Territory. The Districts shall not enlarge, reduce or in any way change their territorial boundaries by the inclusion or exclusion of property pursuant to Sections 32-1-401 and 32-1-501, C.R.S. of the Special District Act, without first obtaining prior written approval of Fountain, except as to the initial boundaries of the Districts described on Exhibit A or the inclusion area described on Exhibit A-1.

e. Additional Facilities and Services. The construction of any facilities and the provision of any services not generally contemplated or described in this Service Plan, without the prior written approval of Fountain, shall constitute a material modification hereof.

III. PROPOSED AND EXISTING AGREEMENTS

A. Intergovernmental Agreement

The relationship between the Districts, including formalizing the intent of the Districts to jointly finance the construction of certain regional improvements and setting forth the Districts' intent to have common management in order to reduce administrative and operational costs may be established by means of the District IGA. A form of the District IGA is attached hereto as Exhibit E.

B. Other Agreements/Authority

The Districts may enter into additional intergovernmental and other private agreements to better ensure long-term provision of the improvements and services and effective management, including but not limited to agreements with property owner associations existing within the Project and other public and private service providers. All such agreements are authorized to be provided by each, pursuant to Colorado Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, et seq., Colorado Revised Statutes.

IV. OPERATING COSTS

Estimated costs for operating functions are presented in the Financing Plan attached hereto as Exhibit D and are initially forecasted at approximately \$50,000.00 per year per District. Until such time as the Districts are able to support their operations and maintenance expenses through the imposition of property taxes, the Developer will finance any shortfall in such costs, by execution of a Reimbursement Agreement, generally in the form attached hereto as Exhibit F.

V. FINANCING PLAN

If necessary, the Developer may arrange for credit enhancements needed for the initial debt to be issued by the Districts. Limited tax general obligation debt will be issued by the Districts as accepted by the market. It is anticipated that the initial debt service mill levy of each District will be thirty-five (35) mills and the operations/maintenance mill levy of each District will be five (5) mills. District 1 is to

issue its debt as phase one of the Project is developed; District 2 is to issue its debt only after phase one of the Project is substantially completed and phase two of the Project has commenced. Exceptions to the timing of issuance of debt set forth above may be approved by the Fountain City Council by Resolution.

Subject to each District's Debt Limit and other limitations set forth herein, the Districts may authorize, issue, sell, and deliver such bonds, notes, contracts, reimbursement agreements, lease purchase agreements, or other obligations evidencing or securing a borrowing (collectively, "Bonds") as are permitted by law. The Districts shall have a total mill levy cap for debt service and operations of forty five (45) mills; provided, however, that in the event the method of calculating assessed valuation is changed after the date of the approval of this Service Plan, 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 Boards of Directors of the Districts in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

Attached as Exhibit D is a Financing Plan that shows how the proposed services and facilities may be financed by the Districts. The Financing Plan demonstrates one method that might be used by the Districts; however, alternative financing plans may be employed and utilized by the Districts without additional approval, so long as such plans are within the parameters and limits contained herein and do not constitute a material modification.

The combined debt limit ("Debt Limit") for the Districts will be Twenty Six Million Dollars (\$26,000,000.00), inclusive of organizational costs, and costs of issuance, including debt service reserves, capitalized interest, underwriter's discount and bond issuance legal fees. Said Debt Limit is allocated Twelve Million Five Hundred Thousand Dollars (\$12,500,000.00) to District 1 and Thirteen Million Five Hundred Thousand Dollars (\$13,500,000.00) to District 2. The Districts shall not submit ballot issues to their voters requesting issuance of more than an aggregate of Twenty Six Million Dollars (\$26,000,000.00) of Bonds without authorization of Fountain City Council by Resolution.

The Districts are authorized to issue in total up to Eighteen Million Three Hundred Thousand Dollars (\$18,300,000) in Bonds ("Initial Debt Limit") without further approval of the City Council by Resolution, and up to the Debt Limit, but if and only if the issuance of any Bonds exceeding the Initial Debt Limit is authorized by Fountain City Council by Resolution. Said Initial Debt Limit is allocated Eight Million Nine Hundred Thousand Dollars (\$8,900,000) to District 1 and Nine Million Four Hundred Thousand Dollars (\$9,400,000) to District 2. Bonds 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 Financing Plan and phased to serve development as it occurs. The maximum voted interest rate for Bonds is 12%. The maximum underwriting discount is 2%. The maximum term of Bonds issued by the Districts shall be thirty (30) years. In addition, and without in any

way extending said thirty (30) year maximum maturity, District 1 and District 2 shall not, after 2037 and 2047, respectively, issue Bonds the net proceeds of which are used for any purpose other than refunding existing Bonds unless otherwise agreed to in advance by the Fountain City Council by Resolution. All Bonds issued to refund existing Bonds shall have a net present value savings of at least 5%.

Any Bonds issued to reimburse the Developer for monies advanced and used to pay the Districts' construction costs shall be included in the Initial Debt Limit and Debt Limit provided herein and shall bear interest at an annual rate not to exceed 8%. The net proceeds of Bonds issued by the Districts to third parties shall be used to retire the Districts' Bonds issued to the Developer before being used for any other purpose. Bonds issued to the Developer by District 1 and District 2 shall mature no later than 2037 and 2047, respectively, at which time such Bonds shall be cancelled and any and all unpaid balances of such Bonds shall be deemed discharged and paid in full.

The Initial Debt Limit and Debt Limit apply to any and all revenue bonds, lease purchase agreements, intergovernmental agreements, or multiple-fiscal year obligations that are incurred by the Districts, whether or not those obligations constitute debt within the meaning of any statutory or constitutional debt limitation provisions, except construction, operation and maintenance contracts that are subject to annual appropriation. All Bonds issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon all taxable property within 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. The imposition by either of the Districts of any rates, fees, tolls, penalties or charges shall constitute a material modification of this Service Plan.

In the discretion of the Boards of Directors, but without relieving any District of its obligations and liabilities with respect thereto, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of their respective Boards of Directors.

The Financing Plan demonstrates that the Districts will have the financial capability to discharge the proposed indebtedness with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financing Plan. Prior to issuance of Bonds by either District, the District seeking to issue Bonds shall be required to submit a letter from an investment banking firm or other financial advisor listed in the Bond Buyers Marketplace to Fountain, which letter shall confirm the availability of bond financing for the District within the parameters set forth in the Service Plan, as the same may be amended from time to time.

At the request of Fountain, bond documents may be reviewed and commented upon in advance.

VI. INFRASTRUCTURE ANALYSIS

A. Improvements.

This Service Plan describes the public services and facilities anticipated to be provided by the Districts. Without limiting the generality of the foregoing and for clarification purposes only, the Districts anticipate and, through this Service Plan, are authorized to construct and finance certain public improvements outside the boundaries of the Districts, but only to the extent expressly contemplated by this Service Plan. Exhibit B identifies the public improvements currently planned to be designed, acquired, installed or constructed by the Districts for the public improvements related to the Project.

The public improvements identified in Exhibit B (the general location of which are depicted in Exhibit C) have been presented for illustration only, and the exact design, phasing, and location of the improvements will be determined at the time each phase of the Project is approved by Fountain.

B. Standards of Construction / Statement of Compatibility

With respect to the municipal services and facilities described in Section II of this Service Plan:

1. All streets and safety protection devices will be designed, installed, acquired and constructed in accordance with Fountain's standards and specifications and any other applicable local, state or federal rules and regulations.

2. All potable water system facilities will be designed, installed, acquired and constructed in accordance with the standards of the Colorado Department of Public Health and Environment, and all such facilities will also meet all design criteria and other standards or requirements established by Fountain, and any other applicable local, state or federal rule or regulation.

3. All sanitary sewer collection facilities and related improvements will be designed, installed, acquired and constructed in accordance with all applicable standards of the Fountain Sanitation District and the Colorado Department of Public Health and Environment. All such facilities will also meet any applicable criteria established by Fountain, and any other applicable local, state or federal rule or regulation.

4. All storm sewer, flood and surface drainage facilities and systems shall be designed, installed, acquired, constructed, and operated and maintained, where applicable, in accordance with all applicable criteria established by Fountain, and any other applicable local, state or federal rule or regulation.

5. All park and recreational facilities will be constructed in accordance with engineering and design requirements appropriate for the surrounding

terrain, and shall be compatible with all applicable criteria established by Fountain, and any other applicable local, state or federal rule or regulation.

6. All public improvements that are intended to be ultimately owned, operated and maintained by Fountain, will be transferred to Fountain only upon satisfaction of all Fountain requirements and criteria for acceptance of public improvements, including but not limited to the conveyance of necessary easements and rights-of-way for the operation and maintenance of the public improvements, and all applicable warranty standards.

VII. COMPLIANCE

A. Annual Report.

No later than April 1 of each year, the Districts will submit to Fountain an annual report as described in Section 32-1-207(3)(d), C.R.S.

B. Dissolution.

Upon an independent determination of the Fountain City Council by Resolution that the purposes for which the Districts were created have been accomplished, the Districts agree to file petitions in the District Court in and for El Paso County, Colorado 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, and the operation and maintenance obligations of the Districts are assumed by other responsible entities.

In addition to the foregoing, the Districts shall not issue any debt or impose any mill levy fee or charge of whatsoever kind or nature until the inclusion area depicted on Exhibit A-1 is annexed into Fountain. If annexation of the area depicted on Exhibit A-1 has not occurred by December 31, 2007, the Boards of Directors of the Districts shall take steps to dissolve the Districts in accordance with the Special District Act. The date of December 31, 2007 referenced in this paragraph may be extended by Resolution of Fountain City Council.

C. Modification.

Any one of the following will constitute a modification of this Service Plan requiring a Resolution of the Fountain City Council, unless Fountain determines that formal modification of the Service Plan is necessary pursuant to the material modification provisions of Section 32-1-207(2), C.R.S.:

1. any change in the stated purpose of the Districts or addition to or type of facilities, improvements or programs provided by the Districts;

2. any issuance by the Districts of financial obligations not expressly authorized by this Service Plan or under circumstances inconsistent with the Districts'

ability to discharge such obligations as shown in Financing Plan, or of any change in Debt Limit, or change in maximum mill levy;

3. any material change in the type of improvements or estimated cost for improvements from what is stated in Exhibit B to the Service Plan;

4. failure to comply with requirements of this Service Plan concerning the dedication of improvements or the acquisition and conveyance of any interest in real property;

5. the division of a District pursuant to Sections 32-1-1101(1)(f) and 32-1-1101(1.5), C.R.S.;

6. an event or condition contemplated in Section 32-1-207(2), C.R.S.;

7. the occurrence of any event or condition that is otherwise identified herein as constituting a material modification of the Service Plan;

8. the use or threatened use of the power of eminent domain or dominant eminent domain by the Districts;

9. the inclusion of additional territory within either Districts' boundaries other than the inclusion area identified on Exhibit A-1;

10. the exclusion of territory from the Districts' boundaries other than the initial district boundaries identified on Exhibit A or the inclusion area identified on Exhibit A-1;

11. a change in the purpose of the Districts as contemplated herein;

12. a consolidation of any District with any other Title 32 District;

13. a material change in the type of services, improvements or infrastructure to be provided by the Districts;

14. a payment by either District for any interest in real property, which must otherwise be dedicated for public use or the District's use in accordance with any governmental ordinance, regulation or law;

15. an attempt to overrule or exempt the Districts from Fountain Zoning Regulations or other statutory location and extent process;

16. an attempt by either of the Districts to amend the Service Plan by use of the forty-five (45) day notice provision provided in Section 32-1-207(3)(b), C.R.S.;

17. the imposition by either of the Districts of any rates, fees, tolls, penalties or charges.

D. Notice to Property Owners

The Districts will endeavor that the developers of the property within the Districts' boundaries or the inclusion area described on Exhibit A-1 provide written notice at the time of closing to their initial respective purchasers, regarding the existence of the Districts and of any taxes, charges or assessments which the Districts may or have authority to impose, from time to time. The form of such notice shall be generally as attached hereto as Exhibit G, and shall be recorded in the real property records of El Paso County, Colorado against the property within the Districts' boundaries and the inclusion area described on Exhibit A-1.

E. Conclusion.

It is submitted that this Service Plan as required by § 32-1-203(2), C.R.S., has established that:

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

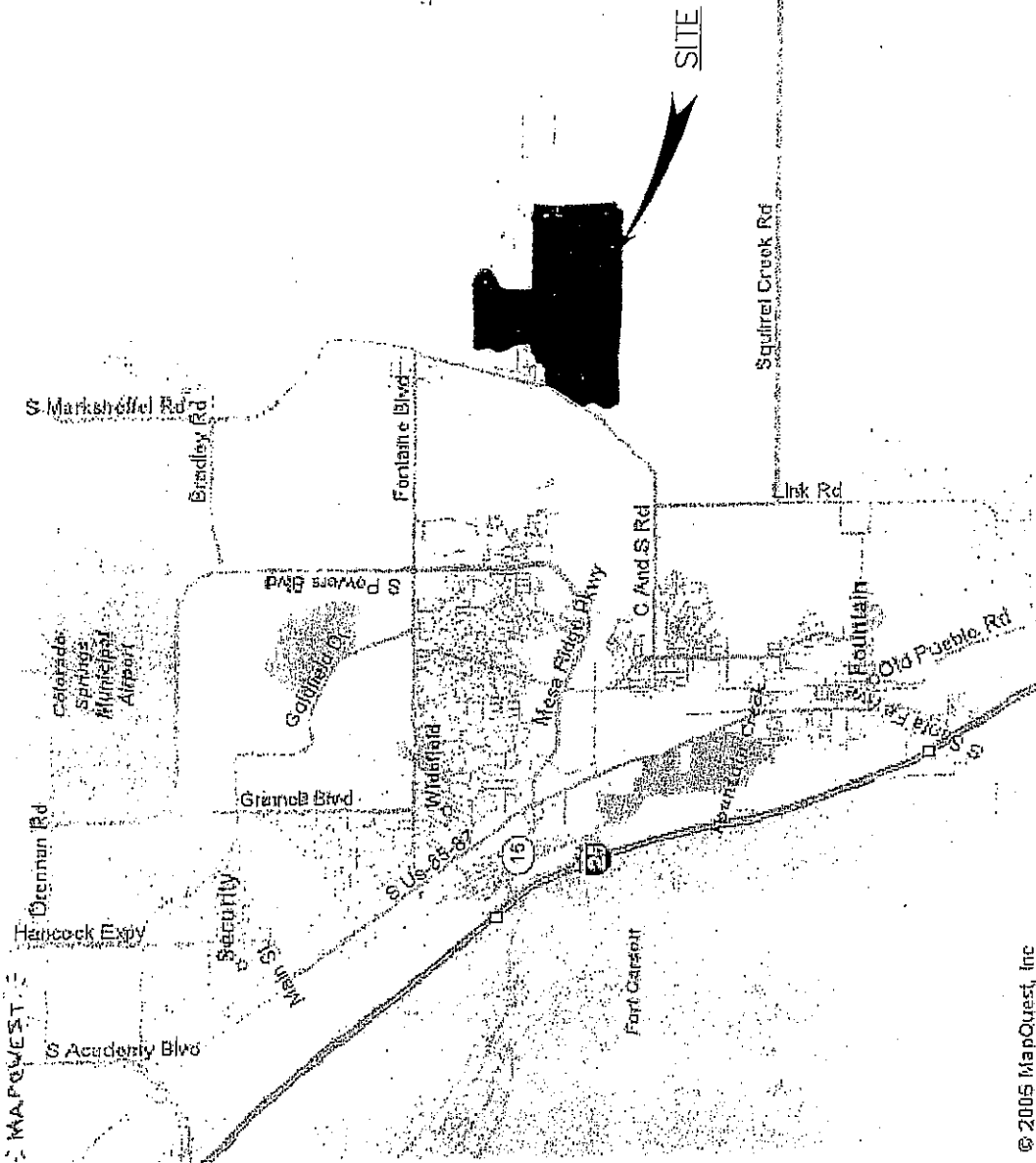
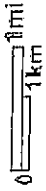
b. The existing service in the area to be served by the Districts is inadequate for present and projected needs;

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

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

Therefore, it is requested that the City Council of the City of Fountain, Colorado, adopt a resolution that approves this "Consolidated Service Plan for Norris Ranch Metropolitan District Nos. 1 and 2" as submitted. A proposed resolution approving this Consolidated Service Plan is attached hereto as Exhibit H.

EXHIBIT A
Vicinity Map, Boundary Map of Districts, and Legal Descriptions



©2006 NAVTEQ

NOT TO SCALE

Drexel, Barrell & Co.
Engineers • Surveyors

DWG. NO.

DATE: 06/27/2006

JOB NO: C7856-1

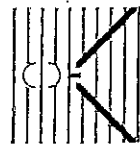
EXH

SHEET 4 OF 8

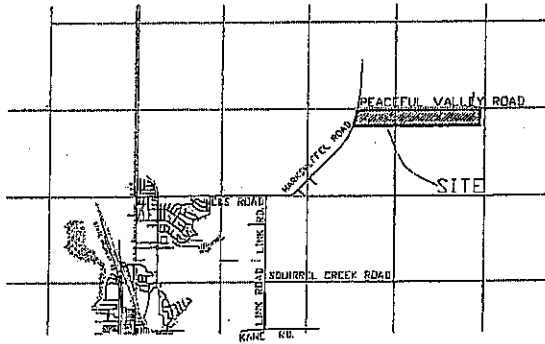
VICINITY MAP

NOTE:
THIS MAP IS NOT A LAND SURVEY
PLAT OR IMPROVEMENT SURVEY
PLAT. THE PURPOSE OF THIS MAP
IS TO GRAPHICALLY SHOW THE
REFERENCED VICINITY.

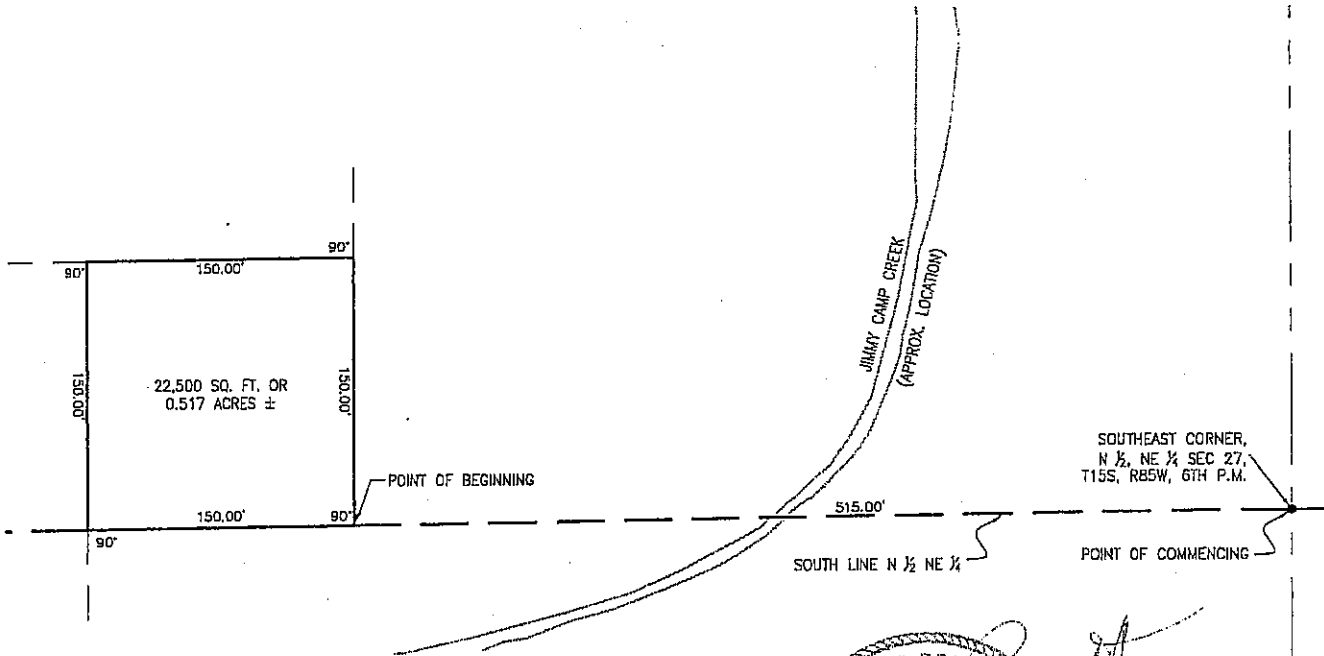
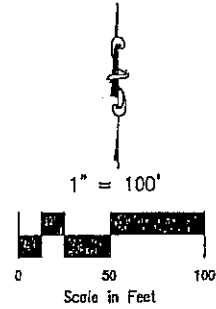
© 2005 MapQuest, Inc



INITIAL BOUNDARY OF
NORRIS RANCH METROPOLITAN
DISTRICT NOS. 1 AND 2

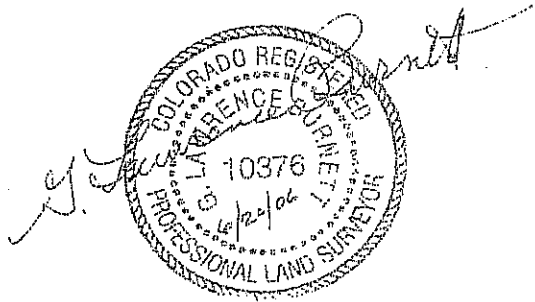


VICINITY MAP
NTS



LEGAL DESCRIPTION

THAT PORTION OF THE SOUTH 150.00 FEET OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE 6TH P.M., EL PASO COUNTY, COLORADO, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHEAST CORNER OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 27; THENCE WESTERLY ON THE SOUTH LINE OF SAID NORTH HALF 515.00 FEET TO THE POINT OF BEGINNING; THENCE ANGLE RIGHT 90°, 150.00 FEET; THENCE ANGLE LEFT 90°, 150.00 FEET, THENCE ANGLE LEFT 90° SOUTHERLY, 150.00 FEET TO SAID SOUTH LINE OF SAID NORTH HALF; THENCE ANGLE LEFT 90° EASTERLY, 150.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 22,500 SQUARE FEET, OR 0.517 ACRES, MORE OR LESS.



ENGINEERING AND SURVEYING INC.

15 NORTH NEVADA AVE,
COLORADO SPRINGS, CO 80903
(719) 955-5485, FAX (719) 444-8427

PRELIMINARY PROJECT DATA:

APPLETREE LAND USE CHART

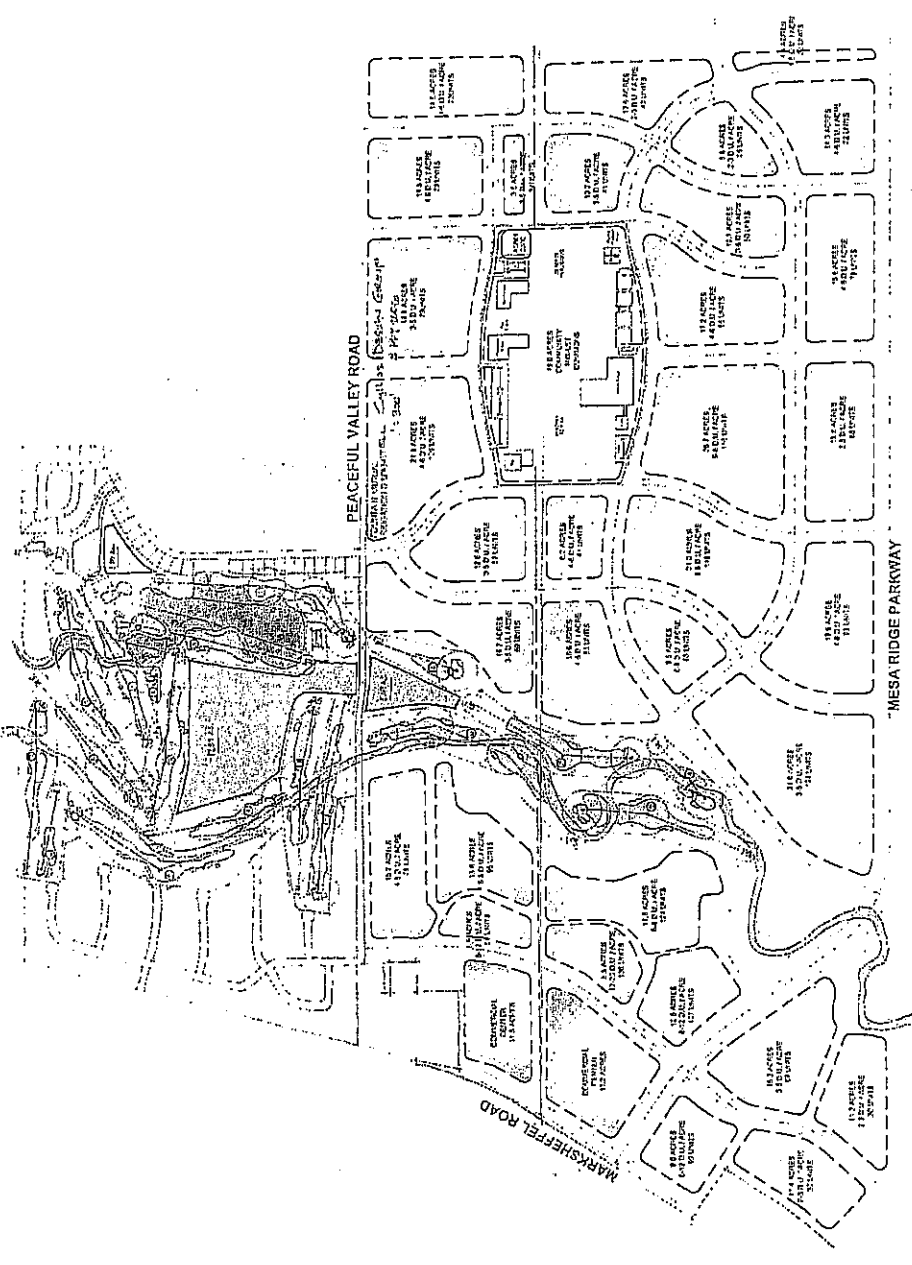
LAND USE	DENSITY	ACRES	UNITS	% OF UNITS
RESIDENTIAL	3-8 DU./ACRE	59.27	332	
	4-6 DU./ACRE	96.1	331	
	8-10 DU./ACRE	95.2	25	
	8-12 DU./ACRE	6.0	59	
COMMERCIAL	N/A			
COMMUNITY COMMONS/AM USE	11.50 (INCLUDING 1 AC CHIC)			
PARKS, OPEN SPACE, GREEN ROADS, BASEMENTS		35.24		
TOTALS		227	1717	

NORRIS 552 LAND USE CHART

LAND USE	DENSITY	ACRES	UNITS	% OF UNITS
RESIDENTIAL	23 DU./ACRE	43	720	
	3-5 DU./ACRE	87	249	
	4-6 DU./ACRE	26.1	481	
	8-10 DU./ACRE	71	526	
	8-12 DU./ACRE	18.8	197	
	12-24 DU./ACRE	8.9	150	
COMMUNITY COMMONS/AM USE		21.21		
COMMERCIAL				
PARKS, CREATION, CREEK ROADS, BASEMENTS		180.69		
TOTALS		450	1,815	

APPLETREE GOLF

ADDITIONAL RESIDENTIAL	18	103
PROPOSED TOTAL (PRELIMINARY)	783	4,220



MORLEY COMPANIES
1745 SHEA CENTER DR. SUITE 110
DENVER, CO 80202



TERRAVISIONS
1745 SHEA CENTER DR. SUITE 110
DENVER, CO 80202

**NORRIS 552/ APPLETREE
CONCEPT PLAN**

THOMAS THOMAS
ARCHITECTS
1745 SHEA CENTER DR. SUITE 110
DENVER, CO 80202

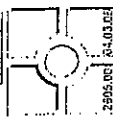


EXHIBIT A-1

Inclusion Area



Drexel, Barrell & Co.

Engineers/Surveyors

101 W.
Crosby,
Colorado Springs,
Colorado Springs

1565 Corporate Drive
Colorado Springs,
Colorado 80919-1968

19 260-0887
19 260-8352 Fax

EXHIBIT A-1
INCLUSION AREA

LEGAL DESCRIPTION

THE SOUTH ONE-HALF OF THE NORTH ONE-HALF AND THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SECTION 26 AND THAT PART OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF AND THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SECTION 27 LYING SOUTH AND EAST OF THE RIGHT-OF-WAY OF THE DENVER AND NEW ORLEANS RAILROAD, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE 6TH P.M., COUNTY OF EL PASO, STATE OF COLORADO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SECTION 26 BEING MONUMENTED AT THE NORTH END BY A 3.25 INCH ALUMINUM CAP STAMPED "PLS 16109" AND MONUMENTED AT THE SOUTH END BY A 3.25 INCH ALUMINUM CAP STAMPED "PLS 16109", CONSIDERED TO BEAR SOUTH 00 DEGREES 21 MINUTES 16 SECONDS EAST.

COMMENCING AT THE NORTHEAST CORNER OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF OF SAID SECTION 26, SAID POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 21 MINUTES 29 SECONDS EAST AND ALONG THE EAST LINE OF SAID SECTION 26 A DISTANCE OF 1322.79 FEET TO THE EAST ONE-QUARTER CORNER OF SAID SECTION 26; THENCE SOUTH 00 DEGREES 21 MINUTES 16 SECONDS EAST AND ALONG THE EAST LINE OF SAID SECTION 26 A DISTANCE OF 1322.78 FEET TO THE SOUTHEAST CORNER OF THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SAID SECTION 26;

THENCE SOUTH 89 DEGREES 26 MINUTES 55 SECONDS WEST AND ALONG THE SOUTH LINE OF THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SAID SECTION 26 A DISTANCE OF 5294.73 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 26, SAID POINT BEING THE SOUTHWEST CORNER OF THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SAID SECTION 26;

THENCE SOUTH 89 DEGREES 22 MINUTES 32 SECONDS WEST AND ALONG THE SOUTH LINE OF THE NORTH ONE-HALF OF THE SOUTH ONE-HALF OF SAID SECTION 27 A DISTANCE OF 3574.31 FEET TO A POINT ON THE BOUNDARY OF FOOTHILLS SUBDIVISION AS RECORDED IN THE EL PASO COUNTY RECORDS IN BOOK 2419 AT PAGE 800;

THENCE WESTERLY AND NORTHERLY AND ALONG THE BOUNDARY OF SAID FOOTHILLS SUBDIVISION THE FOLLOWING FOUR (4) COURSES;

1. THENCE NORTH 47 DEGREES 23 MINUTES 30 SECONDS WEST A DISTANCE OF 673.42 FEET;
2. THENCE NORTH 42 DEGREES 39 MINUTES 46 SECONDS EAST A DISTANCE OF 310.00 FEET;
3. THENCE NORTH 33 DEGREES 22 MINUTES 34 SECONDS EAST A DISTANCE OF 688.13 FEET;
4. THENCE NORTH 56 DEGREES 37 MINUTES 15 SECONDS WEST A DISTANCE OF 441.31 FEET TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF MARKSHEFFEL ROAD;

THENCE NORTH 33 DEGREES 23 MINUTES 55 SECONDS EAST AND ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE OF MARKSHEFFEL ROAD A DISTANCE OF 1369.91 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF OF SAID SECTION 27;

THENCE NORTH 89 DEGREES 22 MINUTES 44 SECONDS EAST AND ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF OF SAID SECTION 27 A DISTANCE OF 3064.69 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 27, SAID POINT BEING THE NORTHEAST CORNER OF THE SOUTH ONE-HALF OF THE NORTH ONE-HALF OF SAID SECTION 27;

THENCE NORTH 89 DEGREES 16 MINUTES 45 SECONDS EAST AND ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 26 A DISTANCE OF 2641.19 FEET TO THE NORTHEAST CORNER OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 26;

THENCE NORTH 89 DEGREES 29 MINUTES 05 SECONDS EAST AND ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 26 A DISTANCE OF 2668.18 FEET TO THE POINT OF BEGINNING.

AREA = 541.3576 ACRES MORE OR LESS

EXCEPTING THEREFROM THE FOLLOWING TRACT OF LAND LOCATED IN THE S1/2 OF THE N1/2 OF SECTION 27, T15S, R65W OF THE 6TH P.M., COUNTY OF EL

PASO, STATE OF COLORADO BEING MORE PARTICULARLY DESCRIBED AS
FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE S1/2 OF THE N1/2 OF
SECTION 27, T15S, R65W OF THE 6TH P.M., COUNTY OF EL PASO, STATE OF
COLORADO FROM WHICH THE NORTHWEST CORNER OF THE S1/2 OF THE N1/2 OF
SAID SECTION 27 BEARS S89°22'44"W, THENCE S89°22'44"W, 2005.29 FEET ALONG
THE NORTH LINE OF THE S1/2 OF THE N1/2 OF SAID SECTION 27 TO THE TRUE
POINT OF BEGINNING:

THENCE SOUTHWESTERLY 742.70 FEET ALONG THE ARC OF A CURVE CONCAVE
TO THE NORTHWEST TO A POINT TANGENT, SAID ARC HAVING A RADIUS OF
3065.37 FEET, A CENTRAL ANGLE OF 13°52'55" AND BEING SUBTENDED BY A
CHORD THAT BEARS S25°20'54"W, 740.88 FEET;

THENCE S39°11'34"W, 637.80 FEET;

THENCE NORTHWESTERLY 390.78 FEET ALONG THE ARC OF A CURVE CONCAVE
TO THE SOUTHWEST TO A POINT TANGENT, SAID ARC HAVING A RADIUS OF
2000.00 FEET, A CENTRAL ANGLE OF 11°11'42" AND BEING SUBTENDED BY A
CHORD THAT BEARS N51°00'14"W, 390.16 FEET;

THENCE N56°36'05"W, 529.15 FEET TO THE SOUTHEASTERLY RIGHT-OF-WAY LINE
OF MARKSHEFFEL ROAD;

THENCE N33°23'55"E, 737.35 FEET ALONG THE SOUTHEASTERLY RIGHT-OF-WAY
LINE OF MARKSHEFFEL ROAD TO THE NORTH LINE OF THE S1/2 OF THE N1/2 OF
SAID SECTION 27;

THENCE N89°22'44"E, 1059.40 FEET ALONG THE NORTH LINE OF THE S1/2 OF THE
N1/2 OF SAID SECTION 27 TO THE TRUE POINT OF BEGINNING.

AREA = 23.0866 ACRES MORE OR LESS

NET AREA = 518.2710 ACRES MORE OR LESS

Overall Legal Description from Land Title Guarantee Company Commitment #SC55009447-5,
Dated 4-06-2006

Exception Legal Description Prepared by:

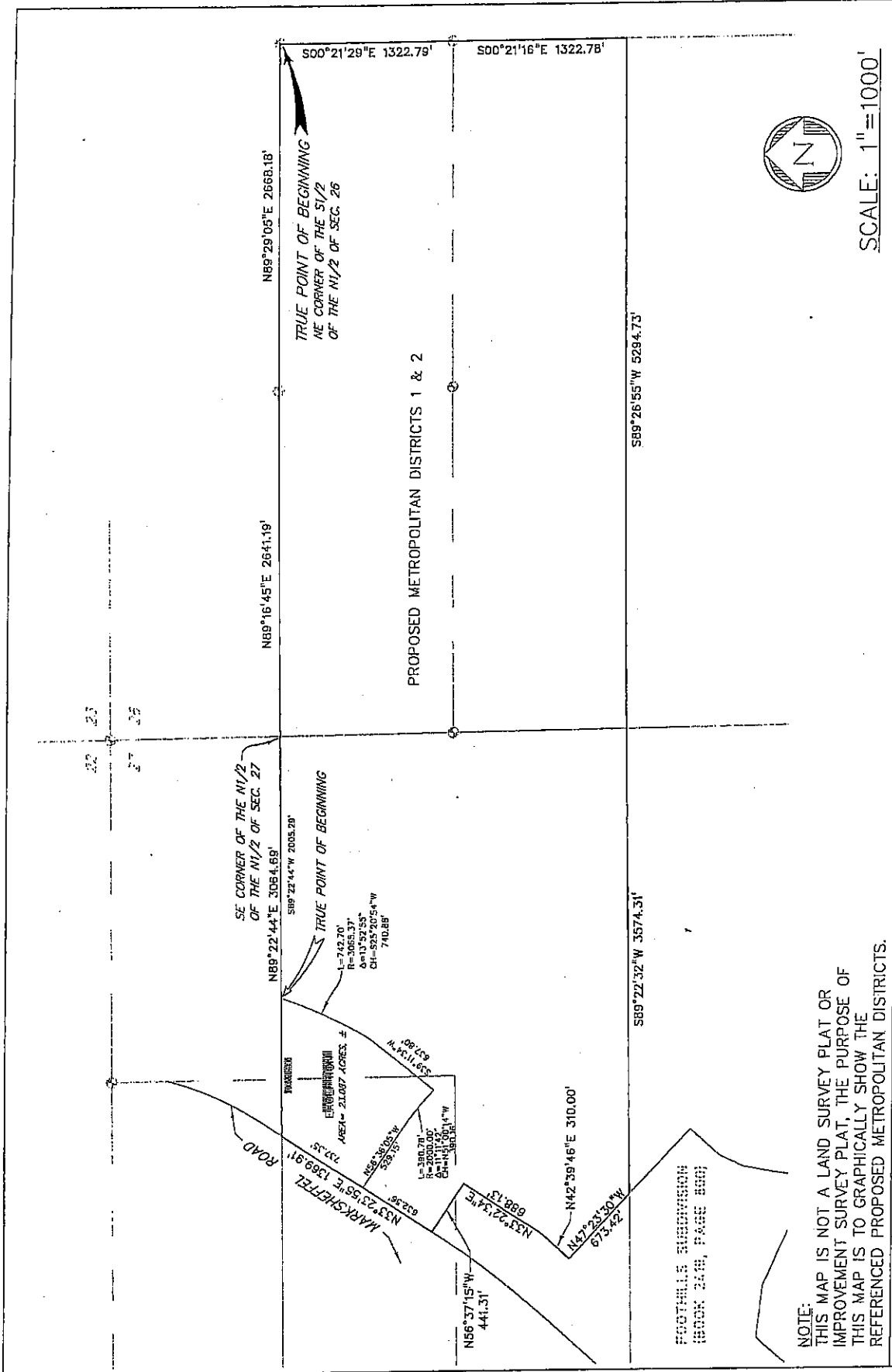
John C. Day, PLS # 29413

Drexel, Barrell & Co.

6365 Corporate Drive

Colorado Springs, CO 80919

(719) 260-0887



SCALE: 1" = 1000'

NOTE:
 THIS MAP IS NOT A LAND SURVEY PLAT OR
 IMPROVEMENT SURVEY PLAT, THE PURPOSE OF
 THIS MAP IS TO GRAPHICALLY SHOW THE
 REFERENCED PROPOSED METROPOLITAN DISTRICTS.

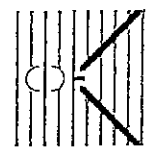


EXHIBIT A-1
 INCLUSION AREA

Drexel, Barrell & Co.
 Engineers • Surveyors

DATE:	06/27/2006	DWG. NO.:	EXH
JOB NO.:	C7856-1	SHEET	1 OF 8

EXHIBIT B
Estimated Costs of Improvements

Capital Improvements	Estimated Cost
Roadway	
Roadways (grading, curb, gutter, sidewalk, paving, street lights, traffic signals)	\$23,975,000
JCC Bridge	\$3,150,000
Mesa Ridge/Marksheffel Intersection	\$1,050,000
Water	
Onsite Water Main	\$5,250,000
Offsite 16" DIP Water Main (6,000 lf)	\$2,100,000
Sanitary Sewer	
Onsite Sanitary Sewer Main	\$3,500,000
Offsite 15" Sanitary Sewer Main (8,000 lf)	\$1,575,000
Drainage	
Drainage and Flood Control	\$4,200,000
Mosquito Control	
Mosquito Control	\$500,000
Parks and Rec	
Recreation Center (10K SF @ 140/SF w/ indoor pool)	\$2,450,000
Park (10 acres)	\$700,000
Landscape	\$1,050,000
Total Improvements	\$49,500,000

*Costs are in 2006 dollars.

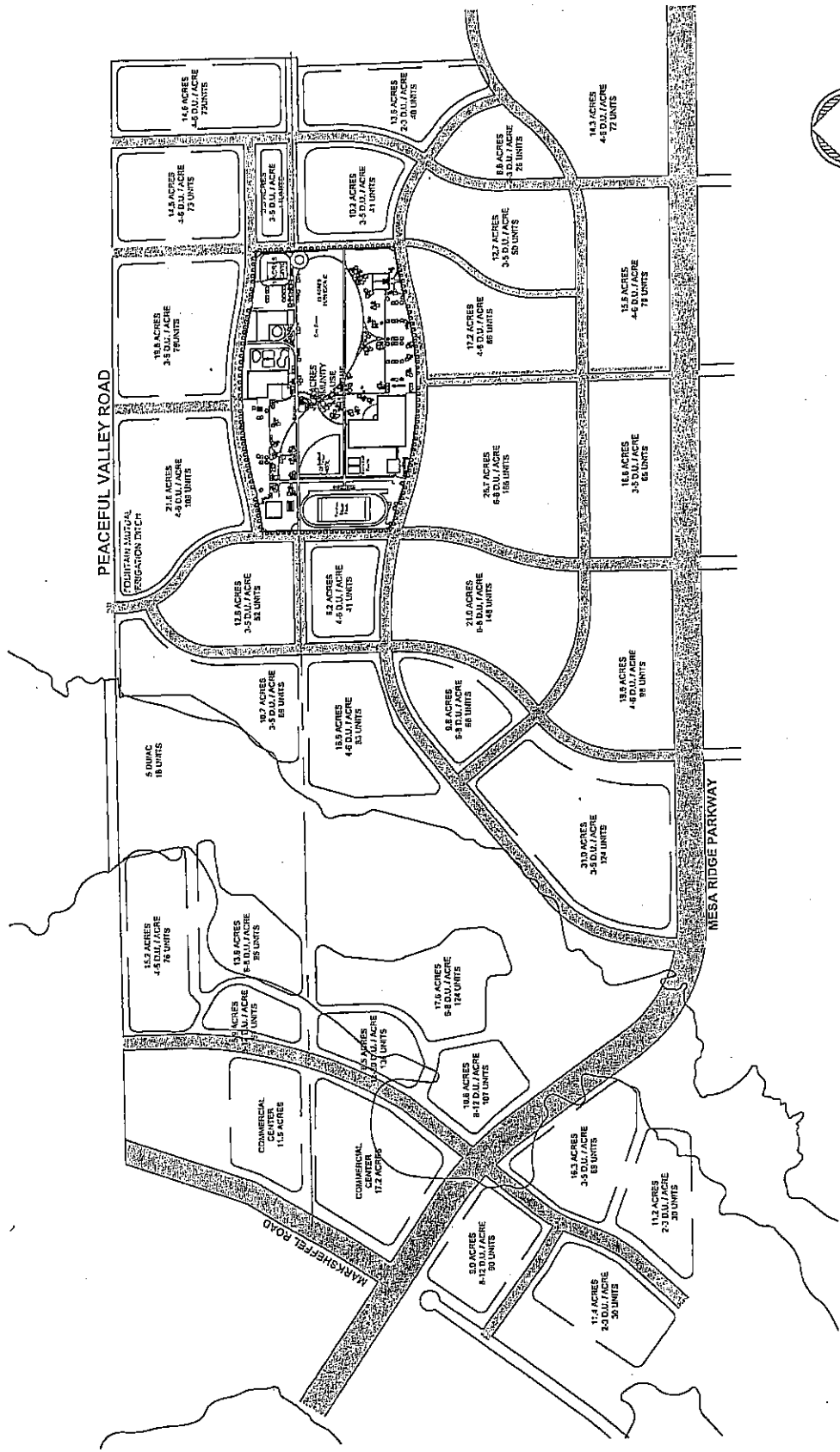
**Costs include the following markups: 20% contingency, 15% for engineering, surveying and materials testing, and 10% for construction management services.

***May want to include additional 5% for inflation costs.

****Roadway costs include estimated costs of grading, curb and gutter, sidewalk, pavement, street lights and traffic signals.

*****Utility costs include the main and all fittings as required for the system.

EXHIBIT C
Maps Depicting Proposed Improvements

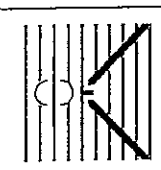


SCALE: 1"=1000'



LEGEND:

..... PROPOSED TRAFFIC IMPROVEMENTS

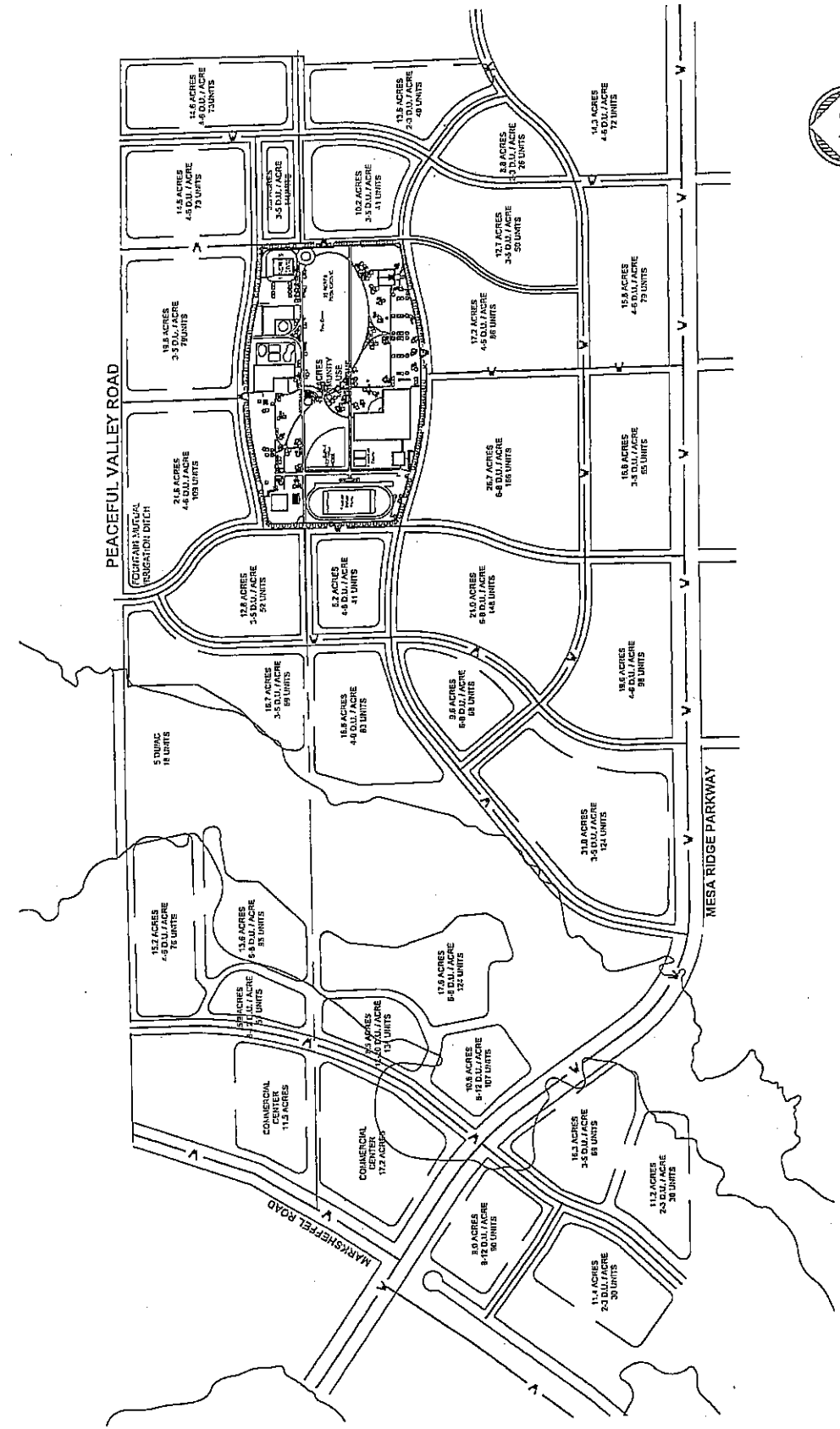


NOTE:
THIS MAP IS NOT A LAND SURVEY
PLAT OR IMPROVEMENT SURVEY PLAT,
THE PURPOSE OF THIS MAP IS TO
GRAPHICALLY SHOW THE REFERENCED
ROADWAY IMPROVEMENTS.

PROPOSED TRAFFIC IMPROVEMENTS

Drexel, Barrell & Co.
Engineers • Surveyors

DATE: 06/27/2006
JOB NO: EXH
DWG. NO: C7856-1
SHEET 5 OF 8



LEGEND:

----- PROPOSED WATER LINE

SCALE: 1" = 1000'

Drexel, Barrell & Co.
Engineers • Surveyors

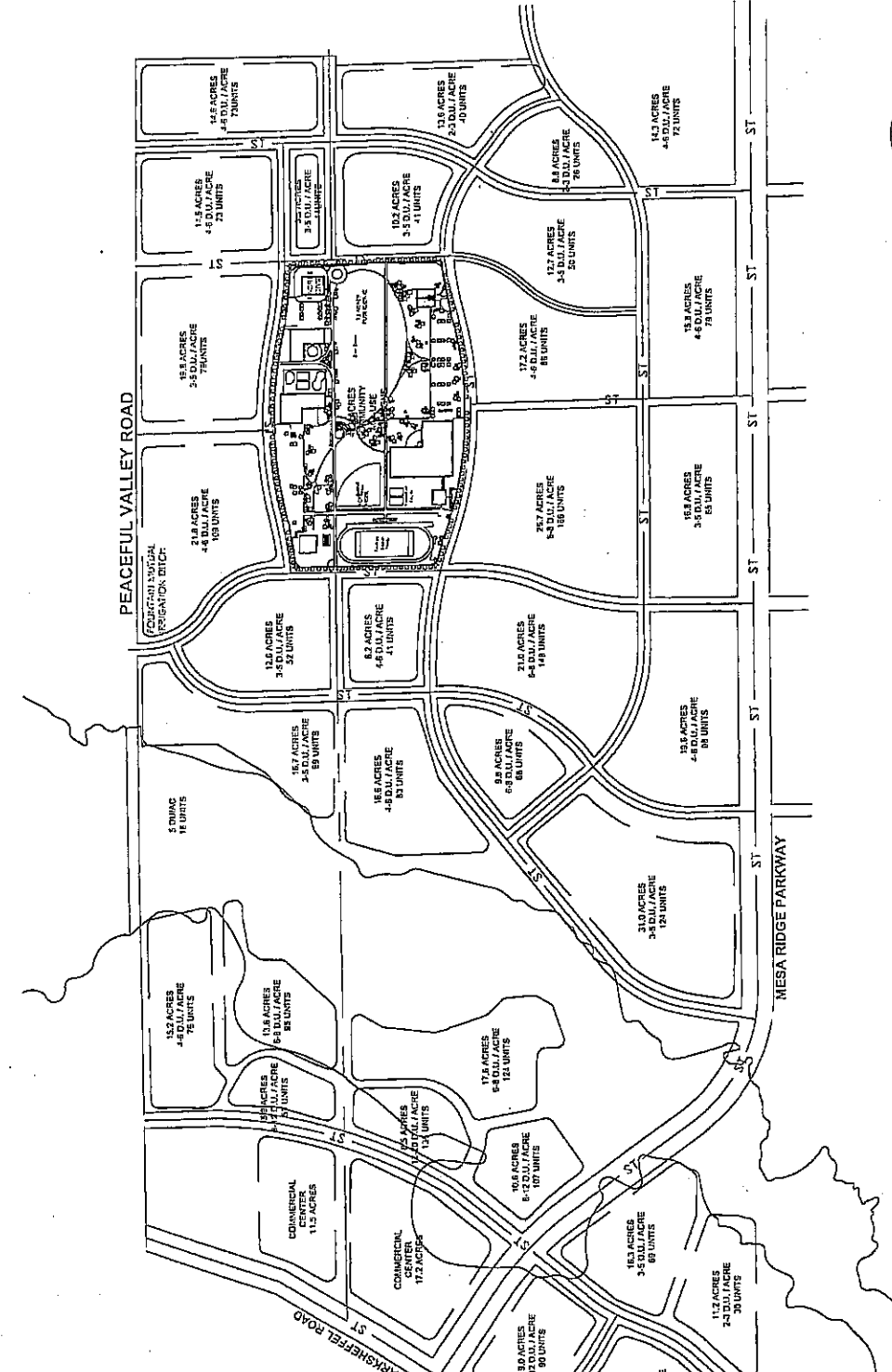
DATE: 06/27/2006
JOB NO. C7856--1

DWG. NO. EXH
SHEET 6 OF 8

PROPOSED WATER LINE
DISTRIBUTION IMPROVEMENTS

NOTE:
THIS MAP IS NOT A LAND SURVEY
PLAT OR IMPROVEMENT SURVEY PLAT,
THE PURPOSE OF THIS MAP IS TO
GRAPHICALLY SHOW THE REFERENCED
ROADWAY IMPROVEMENTS.

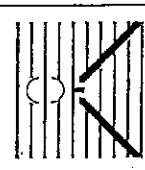




LEGEND:

— ST —..... PROPOSED STORM SEWER

NOTE:
THIS MAP IS NOT A LAND SURVEY
PLAN OR IMPROVEMENT SURVEY PLAN.
THE PURPOSE OF THIS MAP IS TO
GRAPHICALLY SHOW THE REFERENCED
STORM SEWER IMPROVEMENTS.

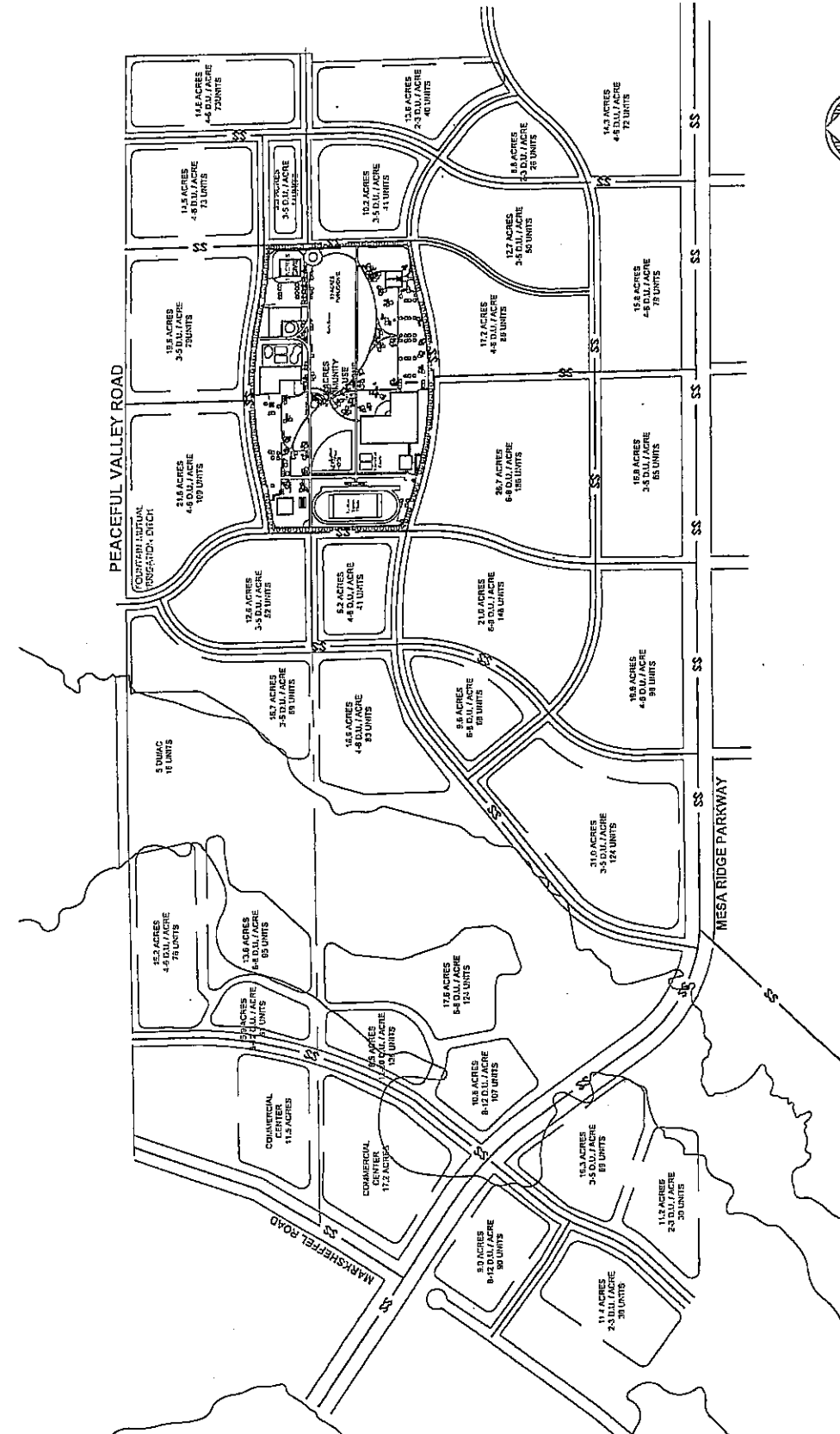


PROPOSED STORM SEWER IMPROVEMENTS

Drexel, Barrell & Co.
Engineers • Surveyors

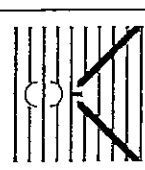
DATE: 06/27/2006
JOB NO.: C7856-1
DWG. NO.: EXH
SHEET 7 OF 8

SCALE: 1" = 1000'



LEGEND:

SS PROPOSED SANITARY SEWER



NOTE:
THIS MAP IS NOT A LAND SURVEY
PLAT OR IMPROVEMENT SURVEY PLAT,
THE PURPOSE OF THIS MAP IS TO
GRAPHICALLY SHOW THE REFERENCED
ROADWAY IMPROVEMENTS.

PROPOSED SANITARY COLLECTION IMPROVEMENTS

Drexel, Barrell & Co.
Engineers • Surveyors

DATE: 06/27/2006
JOB NO.: C7856-1
DWG. NO.: EXH
SHEET 8 OF 8

SCALE: 1"=1000'

EXHIBIT D
Financing Plan

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

For Local Governments, Municipal Bond Underwriters, and Real Estate Developers

8400 East Prentice Ave., Penthouse

Greenwood Village, Colorado 80111

Phone: 303-409-7611 Fax: 303-409-7612 Email: Stanplan@Earthlink.net

MEMORANDUM

TO: Tom Clark, Project Manager, TerraVisions, LLC
Darwin Horan, Chris Fellows
Rick Kron, Esq., Grimshaw & Harring, P.C.
Mark McAskin Esq., Grimshaw & Harring, P.C.

FROM: Stan Bernstein
Amy Bernstein

DATE: August 1, 2006

SUBJECT: Fifth Draft – Financial Model – Norris Metropolitan Districts #1 and #2

INTRODUCTION AND SCOPE

Stan Bernstein and Associates, Inc. has assembled Financial Models for Norris Metropolitan Districts #1 and #2 based upon key assumptions provided by H.F. Holdings, LLC. The Financial Models were assembled in order to provide a conceptual understanding of the amount of Limited Tax General Obligation Bonds (the Limited G.O. Bonds) that could ultimately be supported by the Norris Metropolitan Districts #1 and #2 (the "Districts"). The Limited G.O. Bonds are assumed to be issued by the Districts to reimburse infrastructure costs funded by H.F. Holdings, LLC (the "Developer").

The Financial Models present, to the best knowledge and belief of the Developer (based upon assumptions provided by the Developer), the Districts' expected cash position and results of cash receipts and disbursements for the forecast period. Accordingly, the Financial Models reflect the Developer's judgment, as of the date of this report, of the expected conditions within the Districts' boundaries and the Districts' expected course of action. The assumptions disclosed in the Financial Models are those of the Developer and have not been independently reviewed by Stan Bernstein and Associates, Inc.

FUTURE RATES OF RESIDENTIAL BUILDOUT AND RELATED ASSESSED VALUATION AND POTENTIAL BONDING CAPACITY

The financial planning concept is that as the construction of future residential real estate product occurs within the boundaries of the Districts, incremental assessed valuation will generate property tax revenues for the Districts.

For financial planning purposes it is assumed that a portion (approximately 5.0 mills or a minimum of \$50,000 each year as recommended by the Developer) of the property tax revenues generated from the 40 mills assumed to be levied by each District will be used to pay the Districts' administrative costs. The property tax revenues not used to pay administrative costs will be available to make annual interest and principal payments on outstanding Limited G.O. Bonds.

This draft indicates that the Districts could support the following Limited G.O. bonds. For each District the initial bond issue assumes 30-year amortization and 7% interest rates and all subsequent bond issues assume up to 30-year amortization and 6% interest rates. It is possible, depending upon buildout rates, assessed valuation, actual administrative expenditures, interest rates and debt service coverage requirements that the Districts could be able to issue more or less than the identified \$18,300,000 of Limited G.O. Bonds. The actual amount, and the timing, of the Limited G.O. Bonds that will be issued by the Districts will be based upon interest rates, debt service coverage requirements imposed by bond investors, administrative expenditures, and buildout and related assessed valuation.

<u>District</u>	<u>Date of Issue</u>	<u>Gross Issue Amount</u>
Norris District #1	12/1/2011	\$3,550,000
	12/1/2013	2,000,000
	12/1/2016	<u>3,350,000</u>
	Total	<u>\$8,900,000</u>
Norris District #2	12/1/2020	\$2,350,000
	12/1/2023	3,350,000
	12/1/2026	<u>3,700,000</u>
	Total	<u>\$9,400,000</u>

The key assumptions with respect to future residential buildout, and related assessed valuation buildup, within the boundaries of the Districts are presented in detail on Schedules 1 and 2. These assumptions were provided by officials of the Developer. The assessed valuation estimates assume a net average annual inflationary increase of approximately 1% (2% biennially) above decreases in assessed valuation caused by The Gallagher Amendment although there can be no assurance that this assumption will actually occur.

The Financial Models are based upon a total of 1,824 residential units being completed by the end of 2027.

Officials of the Developer have provided the information contained in Schedules 1 - 3, as well as administrative and capital cost estimates as set forth on Exhibit I and II, and believe these assumptions to be reasonable and appropriate to use for financial modeling purposes at this time.

DISTRICTS' CASH FLOWS- EXHIBITS I AND II

Exhibits I and II present the estimated cash flow for the Districts based upon the assumed rate of buildout presented on Schedules 1 and 2.

Each Exhibit presents the estimated revenues and expenditures for each District. The primary revenue source for each District consists of property tax revenues generated from a 40.0 mill levy. Other sources of revenue include specific ownership tax revenues, Developer operating contributions (the amount of which is dependent upon actual administrative costs incurred by the Districts), and interest earnings.

Administrative expenditures are estimated to equal approximately 5 mills annually (or a minimum of \$50,000 annually). It is assumed that the Districts will incur no operational or maintenance costs - these costs will be paid by other governmental entities or by various homeowners associations. In the event that the Districts do incur additional operating and maintenance expenses, these costs will reduce the bonding capacity of each District (the districts will not be able to support the bonds as shown in these financial models).

The Limited G.O. Bonds debt service schedule is also presented on each Exhibit. Average interest rates of 7.0% and 30-year amortization have been assumed for the first bond issue for each District, and average interest rates of 6% and up to 30-year amortization have been assumed for all subsequent bond issues.

CAPITAL EXPENDITURES - SCHEDULE 3

Capital infrastructure expenditures (provided by Mr. Byron Glen, Drexel, Barrell & Co.) are presented on Schedule 3. Estimated infrastructure costs totaling \$49,500,000 are assumed to be funded by the Developer in the years they occur.

This draft indicates, on a combined district basis, that approximately 35.49% of the total estimated infrastructure costs could ultimately be recouped by the Developer from approximately \$17,568,000 of Limited G.O. Bond net proceeds.

DISCLAIMER AND LIMITATIONS

The assumptions disclosed in the Financial Models are those of the Developer and have not been independently reviewed by Stan Bernstein and Associates, Inc. Those assumptions identified are believed to be the significant factors in determining financial feasibility; however, they are likely not to be all-inclusive. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Key assumptions – like those relating to market values of real property improvements and the buildout schedule of such property – are particularly sensitive in terms of the timing necessary to create the tax base for the Districts. A small variation in these variables, and to their timing, can have a large effect on the forecasted results. There is a high probability that the forecasted results will differ from realized future tax base factors. Additionally, other key assumptions relating to inflation, assessment ratios, interest rates, debt service coverage requirements, and administrative and operating costs may, and likely will, vary from those assumed.

Because Stan Bernstein and Associates, Inc. has not independently evaluated or reviewed the assumptions that the Financial Models are based upon, we do not vouch for the achievability of the information presented on Exhibits I and II or on Schedules 1 - 3. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented on Exhibits I and II and on Schedules 1 - 3. Stan Bernstein and Associates, Inc. has no responsibility or obligation to update this information or these Financial Models for events occurring after the date of this memorandum.

The actual amount of Limited G.O. Bonds that could be supported by the Districts will depend on the rate of buildout and the related increases in assessed valuation, interest rates, debt service coverage requirements, and the actual amounts needed to pay for the Districts' administrative and operating expenses. Consequently, the actual amount of Limited G.O. Bonds that could be supported by the Districts could be more or less than presented on Exhibits I and II and readers of this report should clearly be aware of such possibilities.

The Attached Narrative Summary
 and Disclaimer are an Integral Part of This Financial Model

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
KEY ASSUMPTIONS													
ASSESSED VALUATION (SCH. 1)	0	0	500,000	2,281,000	4,163,640	5,990,460	7,973,626	9,836,992	11,754,842	13,475,962	15,561,024	17,256,566	18,935,772
TOTAL DISTRICT MILL LEVY	0.00	0.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	0	50	80	90	90	90	90	90	90	90	90	12	0
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 1)	0	50	130	220	310	400	490	580	670	760	850	940	940
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW													
REVENUES													
PROPERTY TAXES	0	0	20,000	91,640	166,546	239,618	318,945	393,479	470,194	559,038	620,041	690,263	757,431
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	0	0	1,200	5,498	9,993	14,377	19,137	23,609	28,212	32,342	37,202	41,416	45,446
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	0	35,000	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	0	0	0	0	168	1,500	5,151	11,100	11,105	13,515	13,617	15,789	20,023
TOTAL REVENUES	0	0	55,200	97,138	176,706	255,495	343,233	428,188	509,510	594,898	670,850	747,477	822,900
EXPENDITURES													
ADMINISTRATIVE COSTS	0	0	50,000	50,000	50,000	50,000	50,000	50,000	56,774	67,380	77,505	86,283	94,679
COUNTY TREASURER 3.0% COLLECTION FEE	0	0	600	2,749	4,996	7,189	9,568	11,804	14,105	16,171	18,601	20,708	22,723
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	50,600	52,749	54,996	57,189	59,568	61,804	72,880	83,551	96,106	106,991	117,402
FUNDS AVAILABLE FOR DEBT SERVICE	0	0	5,600	44,389	121,710	198,307	283,665	366,384	436,630	501,345	574,754	640,487	705,498
LTD G.O. BONDS DEBT SERVICE													
SERIES 12/1/2011 @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	3,550,000	3,515,000	3,475,000	3,430,000	3,385,000	3,335,000	3,285,000	3,230,000
SERIES 12/1/2013 @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	2,000,000	1,975,000	1,950,000	1,920,000	1,890,000	1,860,000
SERIES 12/1/2016 @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE	0	0	0	0	0	0	283,500	286,050	433,250	428,600	433,950	669,650	671,950
LTD. G.O. BONDS PROCEEDS													
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	3,550,000	0	2,000,000	0	0	3,350,000	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	0	0	(1,420,000)	0	(80,000)	0	0	(134,000)	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	0	24,750,000	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS (SCH. 3)	0	(24,750,000)	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES													
BEGINNING FUND BALANCE - JANUARY 1	0	0	5,600	44,389	121,710	198,307	164	90,334	3,380	72,745	140,804	(29,463)	(16,452)
ENDING FUND BALANCE - DECEMBER 31	0	0	5,600	49,989	171,699	370,006	370,170	450,504	453,884	529,629	667,433	638,269	621,618
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	3,550,000	3,515,000	3,475,000	3,430,000	3,385,000	3,335,000	3,285,000	3,230,000
% OF OUTSTANDING LTD. G.O. BONDS ASSESSED VALUATION	0.00%	0.00%	0.00%	0.00%	0.00%	44.52%	35.73%	46.59%	40.11%	39.42%	49.87%	47.85%	48.96%

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EXHIBIT I (NORRIS RESIDENTIAL FINANCING DISTRICT #1)
 NORRIS METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
ASSESSED VALUATION (SCH. 1)	18,998,382	19,379,370	19,379,370	19,766,957	19,766,957	20,162,297	20,162,297	20,565,643	20,565,643	20,976,853	21,396,390	21,396,390	21,396,390
TOTAL DISTRICT MILL LEVY	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 1)	912	912	912	912	912	912	912	912	912	912	912	912	912
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW													
REVENUES													
PROPERTY TAXES	759,975	775,175	775,175	790,676	790,676	806,462	806,462	822,622	822,622	839,074	859,074	859,074	859,074
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	46,599	46,510	46,510	47,441	47,441	48,390	48,390	49,357	49,357	50,344	51,351	51,351	51,351
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES @ 3% OF BEGINNING FUNDS	19,149	18,655	18,072	17,793	17,247	17,194	16,911	17,018	17,093	17,599	18,112	18,635	18,655
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	824,722	840,340	839,766	855,912	855,366	872,074	871,753	888,987	889,072	907,017	925,562	925,562	926,052
EXPENDITURES													
ADMINISTRATIVE COSTS	94,997	96,897	96,897	98,635	98,635	100,811	100,811	102,828	102,828	104,864	106,982	106,982	106,982
COUNTY TREASURER 3.0% COLLECTION FEE	22,789	23,255	23,255	23,720	23,720	24,185	24,185	24,679	24,679	25,172	25,676	25,676	25,676
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,565	81,445	85,517	89,783	94,282
TOTAL EXPENDITURES	170,286	175,277	178,033	183,330	186,369	192,011	195,361	201,379	205,073	211,501	224,450	224,450	226,940
FUNDS AVAILABLE FOR DEBT SERVICE	954,426	966,063	961,731	972,592	969,696	969,064	975,432	987,618	983,989	996,516	981,657	703,131	699,122
LTD G.O. BONDS DEBT SERVICE													
SERIES 12/1/2011 @ 7.0%													
INTEREST @ 7.0%	226,100	221,900	217,350	212,450	207,200	201,600	195,650	189,350	182,700	175,350	167,650	159,250	150,500
PRINCIPAL REDUCTION	60,000	65,000	70,000	75,000	80,000	85,000	90,000	95,000	100,000	110,000	120,000	125,000	135,000
TOTAL DEBT SERVICE	286,100	286,900	287,350	287,450	287,200	286,600	285,650	284,350	282,700	285,350	287,650	284,250	295,500
LTD. G.O. BONDS OUTSTANDING @ 12/31	3,170,000	3,105,000	3,035,000	2,960,000	2,880,000	2,795,000	2,705,000	2,610,000	2,505,000	2,395,000	2,275,000	2,150,000	2,015,000
SERIES 12/1/2013 @ 6.0%													
INTEREST @ 6.0%	111,600	109,500	107,400	105,000	102,600	99,900	97,200	94,200	91,200	87,900	84,300	80,700	76,800
PRINCIPAL REDUCTION	35,000	35,000	40,000	40,000	45,000	45,000	50,000	50,000	55,000	60,000	60,000	65,000	70,000
TOTAL DEBT SERVICE	146,600	144,500	147,400	145,000	147,600	144,900	147,200	144,200	146,200	147,900	144,300	145,700	146,800
LTD. G.O. BONDS OUTSTANDING @ 12/31	1,825,000	1,790,000	1,750,000	1,710,000	1,665,000	1,620,000	1,570,000	1,520,000	1,465,000	1,405,000	1,345,000	1,280,000	1,210,000
SERIES 12/1/2016 @ 6.0%													
INTEREST @ 6.0%	195,800	193,200	190,200	186,900	183,600	180,000	176,100	172,200	168,000	163,500	158,700	153,600	148,200
PRINCIPAL REDUCTION	45,000	50,000	55,000	55,000	60,000	65,000	65,000	70,000	75,000	80,000	85,000	90,000	95,000
TOTAL DEBT SERVICE	240,800	243,200	245,200	241,900	243,600	245,100	241,100	242,200	243,000	243,500	243,700	243,600	243,200
LTD. G.O. BONDS OUTSTANDING @ 12/31	3,220,000	3,170,000	3,115,000	3,060,000	3,000,000	2,935,000	2,870,000	2,800,000	2,725,000	2,645,000	2,560,000	2,470,000	2,375,000
TOTAL LIMITED G.O. BONDS DEBT SERVICE	673,600	674,600	678,950	674,350	678,400	676,500	673,950	670,750	675,900	678,750	675,650	673,650	675,600
LTD. G.O. BONDS PROCEEDS	0	0	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS(SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES	(19,174)	(9,537)	(18,219)	(1,768)	(9,404)	3,564	2,482	16,868	7,099	18,766	16,007	29,851	23,622
BEGINNING FUND BALANCE - JANUARY 1	621,818	602,643	583,106	574,887	573,119	563,715	567,279	569,761	565,629	563,728	612,495	628,502	658,083
ENDING FUND BALANCE - DECEMBER 31	602,643	583,106	574,887	573,119	563,715	567,279	569,761	565,629	563,728	612,495	628,502	658,083	681,709
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	8,215,000	8,065,000	7,900,000	7,730,000	7,545,000	7,350,000	7,145,000	6,930,000	6,695,000	6,445,000	6,180,000	5,900,000	5,600,000
% OF OUTSTANDING LTD. G.O. BONDS ASSESSED VALUATION	42.39%	41.62%	39.97%	39.11%	37.42%	36.45%	34.74%	33.70%	31.92%	30.72%	28.88%	26.88%	25.66%

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EXHIBIT I (NORRIS RESIDENTIAL FINANCING DISTRICT #1)
 NORRIS METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	TOTALS
ASSESSED VALUATION (SCH. 1)	21,824,318	21,824,318	22,260,805	22,260,805	22,706,021	22,706,021	23,160,141	23,160,141	23,623,344	23,623,344	24,095,811	
TOTAL DISTRICT MILL LEVY	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0	0	
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 1)	912	912	912	912	912	912	912	912	912	912	912	
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	
CASH FLOW												
REVENUES												
PROPERTY TAXES	872,973	872,973	890,432	890,432	906,241	906,241	926,406	926,406	944,934	944,934	963,632	24,996,766
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	52,378	52,378	53,426	53,426	54,494	54,494	55,564	55,564	56,696	56,696	57,830	1,493,806
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	19,742	20,451	21,490	22,572	23,902	25,198	26,632	28,211	29,867	31,567	33,472	55,000
TOTAL REVENUES	945,094	945,802	965,348	965,430	995,637	997,933	1,008,922	1,010,201	1,031,517	1,053,197	1,085,134	27,032,643
EXPENDITURES												
ADMINISTRATIVE COSTS 5 MILLS (or \$50,000)	109,122	109,122	111,304	111,304	113,530	113,530	115,801	115,801	118,117	118,117	120,479	3,269,317
COUNTY TREASURER 3.0% COLLECTION FEE	26,189	26,189	26,713	26,713	27,247	27,247	27,792	27,792	28,348	28,348	28,915	746,903
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	98,997	103,946	109,144	114,601	120,331	126,348	132,665	139,298	146,263	153,576	161,255	2,395,355
TOTAL EXPENDITURES	234,307	239,257	247,161	252,618	261,108	267,125	276,258	282,891	292,728	300,041	310,649	5,391,575
FUNDS AVAILABLE FOR DEBT SERVICE	710,786	706,545	718,188	713,812	725,528	720,809	732,555	727,310	738,789	733,146	744,485	20,641,068
LTD G.O. BONDS DEBT SERVICE												
SERIES 12/1/2011 @ 7.0%	141,050	130,900	120,050	109,500	96,250	82,950	69,600	53,550	37,450	19,950	0	5,044,550
INTEREST @ 7.0%	145,000	155,000	165,000	175,000	190,000	205,000	215,000	230,000	250,000	265,000	285,000	3,550,000
PRINCIPAL REDUCTION	288,050	288,000	285,050	283,500	286,250	287,550	283,600	285,550	287,450	304,550	304,550	9,594,550
TOTAL DEBT SERVICE	1,870,000	1,715,000	1,590,000	1,375,000	1,185,000	980,000	785,000	585,000	295,000	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	1,870,000	1,715,000	1,590,000	1,375,000	1,185,000	980,000	785,000	585,000	295,000	0	0	0
SERIES 12/1/2013 @ 6.0%	72,600	68,100	63,600	58,800	53,700	48,300	42,600	36,300	29,700	22,800	260,000	2,588,900
INTEREST @ 6.0%	75,000	75,000	80,000	85,000	90,000	95,000	105,000	110,000	115,000	120,000	130,000	1,870,000
PRINCIPAL REDUCTION	147,600	143,100	143,000	143,800	143,700	143,800	147,600	146,800	144,700	142,800	139,000	1,870,000
TOTAL DEBT SERVICE	1,135,000	1,059,000	980,000	895,000	805,000	710,000	605,000	495,000	380,000	260,000	130,000	4,458,900
LTD. G.O. BONDS OUTSTANDING @ 12/31	1,135,000	1,059,000	980,000	895,000	805,000	710,000	605,000	495,000	380,000	260,000	130,000	130,000
SERIES 12/1/2016 @ 5.0%	142,500	136,500	130,200	123,300	116,100	108,600	100,500	91,800	82,800	73,200	65,000	3,688,200
INTEREST @ 5.0%	100,000	105,000	110,000	115,000	120,000	125,000	130,000	135,000	140,000	145,000	150,000	3,350,000
PRINCIPAL REDUCTION	242,500	241,500	245,200	243,300	241,100	243,600	245,500	241,800	242,800	243,200	1,113,000	7,168,200
TOTAL DEBT SERVICE	2,275,000	2,170,000	2,055,000	1,935,000	1,810,000	1,675,000	1,530,000	1,380,000	1,220,000	1,050,000	900,000	11,000,000
LTD. G.O. BONDS OUTSTANDING @ 12/31	2,275,000	2,170,000	2,055,000	1,935,000	1,810,000	1,675,000	1,530,000	1,380,000	1,220,000	1,050,000	900,000	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE	676,150	670,500	673,850	670,600	671,050	674,650	679,700	671,650	674,950	680,950	1,503,000	20,241,650
LTD. G.O. BONDS PROCEEDS	0	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS(SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES	34,856	36,045	44,338	43,212	54,478	45,969	55,085	55,660	63,639	42,196	758,616	399,418
BEGINNING FUND BALANCE - JANUARY 1	691,705	716,341	752,386	796,724	839,935	894,414	940,373	995,237	1,051,897	1,115,737	1,167,932	0
ENDING FUND BALANCE - DECEMBER 31	716,341	752,386	796,724	839,935	894,414	940,373	995,237	1,051,897	1,115,737	1,167,932	399,418	399,418
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	5,280,000	4,945,000	4,585,000	4,205,000	3,800,000	3,365,000	2,900,000	2,410,000	1,885,000	1,310,000	130,000	130,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	24.19%	22.21%	20.60%	18.52%	16.74%	14.53%	12.52%	10.20%	7.98%	5.44%	0.65%	0.55%

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SCHEDULE 1 (NORRIS RESIDENTIAL FINANCING DISTRICT #1)
 NORRIS METROPOLITAN DISTRICT #1
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2018

WORKING DRAFT
 SUBJECT TO REVISION
 1-Aug-06

The Attached Narrative Summary
 and Disclaimer are an Integral Part of This Financial Model

Description of Unit	Planned Number	Average Price Per Unit	Total Volume
Residential			
Norris			
Single Family Detached	773	250,000	193,250,000
Single Family Attached	139	165,000	22,835,000
Total Residential - Increm.	912	237,045	216,185,000
Total Residential - Cumulat.	912		
Total Project Value			216,185,000

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
0	0	90	90	90	90	90	65	65	65	65
0	0	0	0	0	0	0	25	25	25	25
0	0	90	90	90	90	90	90	90	90	90
0	0	90	180	270	360	450	540	630	720	810
0	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	16,250,000	16,250,000	16,250,000	16,250,000
0	0	0	0	0	0	0	4,125,000	4,125,000	4,125,000	4,125,000
0	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	20,375,000	20,375,000	20,375,000	20,375,000
0	22,500,000	45,000,000	67,500,000	90,000,000	112,500,000	132,875,000	153,250,000	173,625,000	194,000,000	194,000,000
0	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,293,500	1,293,500	1,293,500	1,293,500
0	0	0	0	0	0	0	328,350	328,350	328,350	328,350
500,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,621,850	1,621,850	1,621,850	1,621,850
500,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,621,850	1,621,850	1,621,850	1,621,850
500,000	2,291,000	4,082,000	5,873,000	7,664,000	9,455,000	11,246,000	13,037,000	14,828,000	16,619,000	18,410,000
500,000	2,291,000	4,163,640	5,990,460	7,973,628	9,836,882	11,754,842	13,475,962	15,101,024	16,726,566	18,352,100

Actual Values:

Norris
 Single Family Detached
 Single Family Attached
 Total Actual Values - Incremental
 Total Actual Values - Cumulative

Assessed Values (Residential @ 7.86%):

Norris
 Single Family Detached
 Single Family Attached
 Total Assessed Value
 Total Assessed Valuation Vacant Land
 Total Assessed Valuation - Incremental
 Total Assessed Valuation - Cumulative
 Total Assessed Values - Cum. 2% Biennial Net Increases

Year Assessed Valuation Certified To NMD #1
 Year Taxes Received By NMD #1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,293,500	1,293,500	1,293,500	1,293,500	1,293,500
0	0	0	0	0	0	0	328,350	328,350	328,350	328,350	328,350
500,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,621,850	1,621,850	1,621,850	1,621,850	1,621,850
500,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,791,000	1,621,850	1,621,850	1,621,850	1,621,850	1,621,850
500,000	2,291,000	4,082,000	5,873,000	7,664,000	9,455,000	11,246,000	13,037,000	14,828,000	16,619,000	18,410,000	20,191,000
500,000	2,291,000	4,163,640	5,990,460	7,973,628	9,836,882	11,754,842	13,475,962	15,101,024	16,726,566	18,352,100	20,191,000

SCHEDULE 1 (NORRIS RESIDENTIAL FINANCING DISTRICT #1)
 NORRIS METROPOLITAN DISTRICT #1
 PROJECTED ASSESSED VALUATION - BUILDDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2018

Description of Unit	BUILDDOUT - RESIDENTIAL (Source: H.F. HOLDINGS, LLC)			Total Volume
	Planned Number Units	Average Price Per Unit	Total Value	
Residential				
Norris				
Single Family Detached	773	250,000	193,250,000	773
Single Family Attached	139	165,000	22,935,000	139
Total Residential - Increm.	912	237,045	216,185,000	912
Total Residential - Cumulat.	912			912
Total Project Value			216,185,000	

	2016	2017	2018	TOTAL
2016	63	0	0	773
2017	27	12	0	139
2018	90	12	0	912
TOTAL	900	912	912	912

Actual Values:

Norris				
Single Family Detached	15,750,000	0	0	193,250,000
Single Family Attached	4,455,000	1,980,000	0	22,935,000
Total Actual Values - Incremental	20,205,000	1,980,000	0	216,185,000
Total Actual Values - Cumulative	216,185,000	216,185,000	216,185,000	216,185,000

Assessed Values (Residential @ 7.96%):

Norris				
Single Family Detached	1,253,700	0	0	15,382,700
Single Family Attached	354,618	157,608	0	1,825,626
Total Assessed Value	1,608,318	157,608	0	17,208,326
Total Assessed Valuation Vacant Land	(400,000)	(100,000)	0	0
Total Assessed Valuation - Incremental	1,208,318	57,608	0	17,208,326
Total Assessed Valuation - Cumulative	17,450,718	17,208,326	17,208,326	17,208,326
Total Assessed Values - Cum. 2% Biennial Net Increases	18,935,779	18,999,362	19,379,370	19,379,370

Year Assessed Valuation Certified To NMD #1
 Year Taxes Received By NMD #1

2017	2018	2019	2020

WORKING DRAFT
 SUBJECT TO REVISION
 1-Aug-05
 The Attached Narrative Summary
 and Exhibits are an Integral Part of This Financial Model

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
KEY ASSUMPTIONS													
ASSESSED VALUATION (SCH. 2)	0	500,000	2,098,813	3,970,462	5,816,133	7,806,881	9,681,307	11,786,847	13,698,760	16,113,146	18,253,557	20,679,948	20,774,842
TOTAL DISTRICT MILL LEVY	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	78	30	30	30	30	30	30	30	30	30	30	30	30
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 2)	0	78	108	138	168	198	228	258	288	318	348	378	408
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW													
REVENUES													
PROPERTY TAXES	0	20,000	83,953	159,136	232,645	312,275	387,252	471,474	547,950	644,526	730,142	827,196	830,982
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	0	1,200	5,037	9,548	13,959	18,737	23,235	28,288	32,877	38,672	43,809	49,632	49,859
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	35,000	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	0	56,200	88,980	169,855	247,866	335,896	415,214	507,146	593,089	695,584	788,670	896,501	899,854
TOTAL REVENUES	0	56,200	88,980	169,855	247,866	335,896	415,214	507,146	593,089	695,584	788,670	896,501	899,854
EXPENDITURES													
ADMINISTRATIVE COSTS	0	50,000	50,000	50,000	50,000	50,000	50,000	50,594	66,494	80,586	91,268	103,400	103,673
COUNTY TREASURER 3.0% COLLECTION FEE	0	600	2,518	4,774	6,879	9,368	11,918	14,144	16,439	19,336	21,904	24,816	24,929
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	50,600	52,518	54,774	56,879	59,368	61,918	63,079	64,932	69,902	73,172	78,216	78,602
FUNDS AVAILABLE FOR DEBT SERVICE	0	5,600	36,471	114,081	190,987	276,528	353,296	434,067	508,157	595,682	675,498	718,285	719,551
LTD G.O. BONDS DEBT SERVICE													
SERIES 12/1/2020 @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0	0
SERIES 12/1/2023 @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0	0
SERIES 12/1/2026 @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 6.0%	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS PROCEEDS	0	0	0	2,350,000	0	0	3,350,000	0	0	3,700,000	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	(94,000)	0	0	(134,000)	0	0	(148,000)	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	(2,256,000)	0	0	(3,216,000)	0	0	(3,552,000)	0	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	24,750,000	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS (SCH. 3)	(24,750,000)	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES	0	5,600	36,471	114,081	1,387	89,578	162,586	4,167	77,757	165,882	(21,952)	13,985	23,351
BEGINNING FUND BALANCE - JANUARY 1	0	0	5,600	42,071	156,152	157,539	246,117	408,713	412,880	490,636	655,719	633,767	647,752
ENDING FUND BALANCE - DECEMBER 31	0	5,600	42,071	156,152	157,539	246,117	408,713	412,880	490,636	655,719	633,767	647,752	671,104
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	2,350,000	2,325,000	2,300,000	2,275,000	2,250,000	2,225,000	2,200,000	2,175,000	2,150,000	2,125,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	40.40%	38.78%	38.16%	37.54%	36.92%	36.30%	35.68%	35.06%	34.44%	33.82%

EXHIBIT 11 NORRIS RESIDENTIAL FINANCING DISTRICT #21
 NORRIS METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2017 THROUGH 2053

KEY ASSUMPTIONS	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
ASSESSED VALUATION (SCH. 2)	21,190,033	21,190,033	21,613,833	21,613,833	22,046,110	22,046,110	22,487,032	22,487,032	22,928,773	22,928,773	23,395,508	23,395,508	23,863,478
TOTAL DISTRICT MILL LEVY	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW													
REVENUES	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
PROPERTY TAXES	847,501	847,501	854,553	864,553	881,844	881,844	899,481	899,481	917,471	917,471	935,520	935,520	954,537
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	50,856	50,856	51,873	51,873	52,911	52,911	53,959	53,959	55,048	55,048	56,149	56,149	57,272
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	19,433	20,133	21,042	21,740	23,189	24,409	25,972	27,410	29,233	30,983	33,182	35,382	38,058
TOTAL REVENUES	917,859	918,590	937,468	958,167	987,924	989,163	979,422	980,680	1,001,752	1,003,502	1,025,151	1,027,332	1,049,867
EXPENDITURES	105,950	105,950	108,069	108,069	110,231	110,231	112,435	112,435	114,684	114,684	116,976	116,976	119,317
ADMINISTRATIVE COSTS	25,428	25,428	25,937	25,937	26,455	26,455	26,984	26,984	27,524	27,524	28,075	28,075	28,636
COUNTY TREASURER 3.0% COLLECTION FEE	55,125	57,881	60,775	63,814	67,005	70,355	73,873	77,566	81,445	85,517	89,793	94,282	98,997
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	189,503	195,259	194,781	187,820	203,991	207,041	213,292	216,986	223,653	227,725	233,645	239,335	245,950
TOTAL EXPENDITURES	731,387	729,331	742,687	740,347	754,234	752,122	766,130	763,974	778,100	775,771	790,307	787,997	802,917
FUNDS AVAILABLE FOR DEBT SERVICE	186,472	189,259	194,781	187,820	203,991	207,041	213,292	216,986	223,653	227,725	233,645	239,335	245,950
LTD G.O. BONDS DEBT SERVICE	186,472	189,259	194,781	187,820	203,991	207,041	213,292	216,986	223,653	227,725	233,645	239,335	245,950
SERIES 12/1/2020 @ 7.0%	144,200	141,050	137,550	134,050	130,200	126,000	121,450	116,550	111,300	105,700	99,750	93,450	86,800
INTEREST @ 7.0%	45,000	50,000	55,000	55,000	50,000	50,000	70,000	75,000	80,000	85,000	90,000	95,000	100,000
PRINCIPAL REDUCTION	189,200	191,050	187,550	189,050	190,200	191,000	191,450	191,550	191,300	190,700	189,750	188,450	186,800
TOTAL DEBT SERVICE	2,015,000	1,955,000	1,915,000	1,860,000	1,800,000	1,735,000	1,665,000	1,590,000	1,510,000	1,425,000	1,335,000	1,240,000	1,140,000
LTD. G.O. BONDS OUTSTANDING @ 12/31	183,500	180,000	176,100	172,200	168,000	163,500	158,700	153,600	148,200	142,500	136,500	130,200	123,300
SERIES 12/1/2026 @ 6.0%	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
INTEREST @ 6.0%	243,500	245,000	241,100	242,200	243,000	243,500	243,700	243,600	243,200	242,500	241,500	240,200	238,300
PRINCIPAL REDUCTION	3,000,000	2,935,000	2,975,000	2,800,000	2,725,000	2,645,000	2,560,000	2,470,000	2,375,000	2,275,000	2,170,000	2,055,000	1,935,000
TOTAL DEBT SERVICE	213,300	210,000	208,400	202,800	198,500	194,700	190,200	185,400	180,300	174,900	169,200	163,200	156,900
INTEREST @ 6.0%	55,000	60,000	60,000	65,000	70,000	75,000	80,000	85,000	90,000	95,000	100,000	105,000	110,000
PRINCIPAL REDUCTION	268,300	270,000	268,400	267,800	268,500	269,700	270,200	270,400	270,300	269,900	269,200	268,200	266,900
TOTAL DEBT SERVICE	3,500,000	3,440,000	3,390,000	3,315,000	3,245,000	3,170,000	3,090,000	3,005,000	2,915,000	2,820,000	2,720,000	2,615,000	2,505,000
LTD. G.O. BONDS OUTSTANDING @ 12/31	701,100	706,050	695,050	689,050	702,100	704,200	705,350	705,550	704,800	703,100	700,450	701,850	697,000
TOTAL LIMITED G.O. BONDS DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS PROCEEDS	0	0	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES	30,287	23,281	47,637	41,287	52,134	47,922	60,780	59,324	73,300	72,877	89,857	86,147	105,917
BEGINNING FUND BALANCE - JANUARY 1	571,104	701,390	724,671	772,309	813,605	865,739	913,661	974,441	1,032,765	1,105,065	1,178,742	1,269,599	1,354,746
ENDING FUND BALANCE - DECEMBER 31	701,390	724,671	772,309	813,605	865,739	913,661	974,441	1,032,765	1,105,065	1,178,742	1,269,599	1,354,746	1,460,663
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	8,515,000	8,340,000	8,165,000	7,975,000	7,770,000	7,550,000	7,315,000	7,065,000	6,800,000	6,520,000	6,225,000	5,910,000	5,580,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	40.18%	39.59%	37.78%	36.17%	35.24%	35.57%	32.58%	30.00%	29.65%	27.87%	25.61%	24.77%	23.36%

EXHIBIT 11 (NORRIS RESIDENTIAL FINANCING DISTRICT #2)
 NORRIS METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2017 THROUGH 2053

	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	TOTALS
KEY ASSUMPTIONS												
ASSESSED VALUATION (SCH. 2)	23,853,418	24,340,687	24,340,687	24,827,500	24,827,500	25,324,050	25,324,050	25,820,551	25,820,551	26,347,142	26,347,142	
TOTAL DISTRICT MILL LEVY	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0	912
CUMULATIVE RESIDENTIAL UNITS ADDED (SCH. 2)	912	912	912	912	912	912	912	912	912	912	912	912
ASSUMED SYSTEM DEVELOPMENT FEE PER SF DETACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0
ASSUMED SYSTEM DEVELOPMENT FEE PER SF ATTACHED UNIT	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW												
REVENUES												
PROPERTY TAXES	954,537	973,627	973,627	993,100	993,100	1,012,962	1,012,962	1,033,221	1,033,221	1,053,866	1,053,866	11,053,866
SPECIFIC OWNERSHIP TAXES @ 5% OF PROPERTY TAXES	57,272	58,418	58,418	59,566	59,566	60,718	60,718	61,993	61,993	63,233	63,233	632,333
SYSTEM DEVELOPMENT FEE - SF DETACHED	0	0	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEE - SF ATTACHED	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	40,642	43,620	46,800	50,311	53,555	57,430	61,127	65,252	69,308	73,455	77,602	35,000
TOTAL REVENUES	1,052,451	1,075,865	1,078,846	1,102,997	1,106,242	1,131,170	1,134,866	1,160,466	1,164,522	1,190,574	1,200,789	30,789,543
EXPENDITURES												
ADMINISTRATIVE COSTS	119,317	121,703	121,703	124,138	124,138	126,620	126,620	129,153	129,153	131,736	131,736	3,840,590
COUNTY TREASURER 3.0% COLLECTION FEE	26,636	26,209	26,209	26,783	26,783	27,359	27,359	27,937	27,937	28,517	28,517	839,512
CONTINGENCY FOR ADMINISTRATIVE, OPERATIONS AND CAPITAL	103,349	105,144	114,601	120,331	126,348	132,665	139,289	146,263	153,576	161,255	169,318	2,555,673
TOTAL EXPENDITURES	251,900	260,956	265,513	274,261	280,278	289,674	299,307	308,412	313,725	324,607	332,670	7,043,745
FUNDS AVAILABLE FOR DEBT SERVICE	800,552	815,809	813,332	828,735	825,964	841,496	835,559	854,054	850,797	865,967	868,119	23,745,798
LTD. G.O. BONDS DEBT SERVICE												
SERIES 12/1/2020 @ 7.0%												
INTEREST @ 7.0%	79,800	74,100	64,050	55,300	45,850	35,700	24,850	13,300	0	0	0	3,346,700
PRINCIPAL REDUCTION	110,000	115,000	125,000	135,000	145,000	155,000	165,000	175,000	185,000	195,000	2,350,000	0
TOTAL DEBT SERVICE	189,800	189,100	189,050	190,300	190,850	190,650	189,850	188,300	188,000	187,000	185,000	5,696,700
LTD. G.O. BONDS OUTSTANDING @ 12/31	1,030,000	915,000	790,000	655,000	510,000	355,000	190,000	0	0	0	0	0
SERIES 12/1/2023 @ 5.0%												
INTEREST @ 5.0%	116,100	108,600	100,500	91,800	82,800	73,200	63,000	52,200	40,800	28,800	15,900	3,975,900
PRINCIPAL REDUCTION	125,000	135,000	145,000	150,000	160,000	170,000	180,000	190,000	200,000	215,000	265,000	0
TOTAL DEBT SERVICE	241,100	243,600	245,500	241,800	242,800	243,200	243,000	242,200	240,800	243,800	280,900	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	1,810,000	1,675,000	1,530,000	1,380,000	1,220,000	1,050,000	870,000	680,000	480,000	265,000	0	0
SERIES 12/1/2026 @ 6.0%												
INTEREST @ 6.0%	150,300	143,100	135,600	127,500	119,100	110,100	100,500	90,300	79,500	68,100	56,100	4,284,000
PRINCIPAL REDUCTION	120,000	125,000	135,000	140,000	150,000	160,000	170,000	180,000	190,000	200,000	265,000	0
TOTAL DEBT SERVICE	270,300	268,100	270,600	267,500	269,100	270,100	270,500	270,300	269,500	268,100	261,100	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	2,395,000	2,260,000	2,125,000	1,985,000	1,835,000	1,675,000	1,505,000	1,325,000	1,135,000	935,000	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE	701,200	698,800	705,150	695,600	702,750	704,600	703,350	715,800	710,900	717,000	722,000	21,006,600
LTD. G.O. BONDS PROCEEDS	0	0	0	0	0	0	0	0	0	0	0	9,400,000
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0	1376,000
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES	99,352	117,009	108,162	129,135	125,214	137,489	135,209	138,254	140,497	143,067	145,881	2,739,189
BEGINNING FUND BALANCE - JANUARY 1	1,450,663	1,560,015	1,677,024	1,785,206	1,814,342	2,037,556	2,175,052	2,310,261	2,448,515	2,769,011	3,143,078	0
ENDING FUND BALANCE - DECEMBER 31	1,560,015	1,677,024	1,785,206	1,914,342	2,037,556	2,175,052	2,310,261	2,448,515	2,769,011	3,143,078	3,143,078	0
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	5,225,000	4,850,000	4,445,000	4,020,000	3,555,000	3,080,000	2,585,000	2,005,000	1,615,000	1,200,000	0	0
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	21.47%	19.93%	17.90%	16.19%	14.08%	12.19%	9.93%	7.76%	6.13%	4.55%	0.00%	0.00%

SCHEDULE 2 (NORRIS RESIDENTIAL FINANCING DISTRICT #2)
 NORRIS METROPOLITAN DISTRICT #2
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2017 THROUGH 2028

WORKING DRAFT
 SUBJECT TO REVISION
 1-Aug-06

The Attached Narrative Summary
 and Disclaimer are an Integral Part of This Financial Model

Description of Unit	Planned Number Units	Average Price Per Unit	Total	
			Volume	Value
Residential				
Single Family Detached	773	250,000	193,250,000	
Single Family Attached	139	150,000	20,850,000	
Total Residential - Increm.	912	234,750	214,100,000	
Total Residential - Cumulative	912			
Total Project Value				214,100,000

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	TOTAL
Actual Values:													
Norris													
Single Family Detached	14,750,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	22,500,000	22,500,000	22,500,000	6,000,000	0	193,250,000
Single Family Attached	2,850,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	0	0	0	0	0	20,850,000
Total Actual Values - Incremental	17,600,000	20,500,000	20,500,000	20,500,000	20,500,000	20,500,000	20,500,000	22,500,000	22,500,000	22,500,000	6,000,000	0	214,100,000
Total Actual Values - Cumulative	17,600,000	38,100,000	58,600,000	79,100,000	99,600,000	120,100,000	140,600,000	163,100,000	185,600,000	208,100,000	214,100,000	214,100,000	214,100,000
Assessed Values (Residential @ 7.96%):													
Norris													
Single Family Detached	1,174,100	1,393,000	1,393,000	1,393,000	1,393,000	1,393,000	1,393,000	1,791,000	1,791,000	1,791,000	477,600	0	15,362,700
Single Family Attached	228,650	238,800	238,800	238,800	238,800	238,800	238,800	0	0	0	0	0	1,659,350
Total Assessed Value	1,402,750	1,631,800	1,631,800	1,631,800	1,631,800	1,631,800	1,631,800	1,791,000	1,791,000	1,791,000	477,600	0	17,042,350
Total Assessed Valuation - Vacant Land	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	1,402,750	1,631,800	1,631,800	1,631,800	1,631,800	1,631,800	1,631,800	1,791,000	1,791,000	1,791,000	477,600	0	17,042,350
Total Assessed Valuation - Cumulative	1,402,750	3,263,600	4,895,400	6,527,200	8,159,000	9,790,800	11,422,600	13,054,400	14,686,200	16,318,000	17,042,350	17,042,350	17,042,350
Total Assessed Values - Cum. 2% Biennial Net Increases	2,096,813	3,978,452	5,860,091	7,741,730	9,623,369	11,505,008	13,386,647	15,268,286	17,149,925	19,031,564	20,913,203	21,794,842	21,794,842
Year Assessed Valuation Certified To NMD #2	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Year Taxes Received By NMD #2	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	

SCHEDULE 3
 NORRIS METROPOLITAN DISTRICTS #1 - #2
 CAPITAL EXPENDITURES
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

WORKING DRAFT
 SUBJECT TO REVISION
 1-Aug-06

The Attached Narrative Summary
 and Disclaimer are an Integral Part of This Financial Model

UNFLATED	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>CAPITAL EXPENDITURES (SOURCE: H.F. HOLDINGS, LLC)</u>										
NORRIS METRO DISTRICTS #1 & #2										
ROADWAYS	0	11,987,500	0	0	0	0	0	0	0	0
JCC BRIDGE	0	1,575,000	0	0	0	0	0	0	0	0
MESA RIDGE/MARKSHEFFEL INTERSECTION	0	525,000	0	0	0	0	0	0	0	0
ONSITE WATER MAIN	0	2,625,000	0	0	0	0	0	0	0	0
OFFSITE 16" DIP WATER MAIN	0	1,050,000	0	0	0	0	0	0	0	0
ONSITE SANITARY SEWER MAIN	0	1,750,000	0	0	0	0	0	0	0	0
OFFSITE 15" SANITARY SEWER MAIN	0	787,500	0	0	0	0	0	0	0	0
DRAINAGE AND FLOOD CONTROL	0	2,100,000	0	0	0	0	0	0	0	0
MOSQUITO	0	250,000	0	0	0	0	0	0	0	0
RECREATION CENTER	0	1,225,000	0	0	0	0	0	0	0	0
PARK	0	350,000	0	0	0	0	0	0	0	0
LANDSCAPE	0	525,000	0	0	0	0	0	0	0	0
TOTAL NORRIS METRO DISTRICTS #1 - #2	0	24,750,000	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURES	0	24,750,000	0	0	0	0	0	0	0	0
<u>TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS</u>										
NORRIS METRO DISTRICTS #1 & #2	0	0	0	0	0	3,408,000	0	1,920,000	0	0
TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS	0	0	0	0	0	3,408,000	0	1,920,000	0	0

SCHEDULE 3
 NORRIS METROPOLITAN DISTRICTS #1 - #2
 CAPITAL EXPENDITURES
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

UNFLATED	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>CAPITAL EXPENDITURES (SOURCE: H.F. HOLDINGS, LLC)</u>										
NORRIS METRO DISTRICTS #1 & #2										
ROADWAYS	0	11,987,500	0	0	0	0	0	0	0	0
JCC BRIDGE	0	1,575,000	0	0	0	0	0	0	0	0
MESA RIDGE/MARKSHEFFEL INTERSECTION	0	525,000	0	0	0	0	0	0	0	0
ONSITE WATER MAIN	0	2,625,000	0	0	0	0	0	0	0	0
OFFSITE 16" DIP WATER MAIN	0	1,050,000	0	0	0	0	0	0	0	0
ONSITE SANITARY SEWER MAIN	0	1,750,000	0	0	0	0	0	0	0	0
OFFSITE 15" SANITARY SEWER MAIN	0	787,500	0	0	0	0	0	0	0	0
DRAINAGE AND FLOOD CONTROL	0	2,100,000	0	0	0	0	0	0	0	0
MOSQUITO	0	250,000	0	0	0	0	0	0	0	0
RECREATION CENTER	0	1,225,000	0	0	0	0	0	0	0	0
PARK	0	350,000	0	0	0	0	0	0	0	0
LANDSCAPE	0	525,000	0	0	0	0	0	0	0	0
TOTAL NORRIS METRO DISTRICTS #1 - #2	0	24,750,000	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURES	0	24,750,000	0	0	0	0	0	0	0	0
<u>TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS</u>										
NORRIS METRO DISTRICTS #1 & #2	3,216,000	0	0	0	2,256,000	0	0	3,216,000	0	0
TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS	3,216,000	0	0	0	2,256,000	0	0	3,216,000	0	0

SCHEDULE 3
 NORRIS METROPOLITAN DISTRICTS #1 - #2
 CAPITAL EXPENDITURES
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

UNFLATED	2026	2027	TOTALS
<u>CAPITAL EXPENDITURES (SOURCE: H.F. HOLDINGS, LLC)</u>			
<u>NORRIS METRO DISTRICTS #1 & #2</u>			
ROADWAYS	0	0	23,975,000
JCC BRIDGE	0	0	3,150,000
MESA RIDGE/MARKSHEFFEL INTERSECTION	0	0	1,050,000
ONSITE WATER MAIN	0	0	5,250,000
OFFSITE 16" DIP WATER MAIN	0	0	2,100,000
ONSITE SANITARY SEWER MAIN	0	0	3,500,000
OFFSITE 15" SANITARY SEWER MAIN	0	0	1,575,000
DRAINAGE AND FLOOD CONTROL	0	0	4,200,000
MOSQUITO	0	0	500,000
RECREATION CENTER	0	0	2,450,000
PARK	0	0	700,000
LANDSCAPE	0	0	1,050,000
TOTAL NORRIS METRO DISTRICTS #1 - #2	0	0	49,500,000
TOTAL CAPITAL EXPENDITURES	0	0	49,500,000
<u>TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS</u>			
NORRIS METRO DISTRICTS #1 & #2	3,552,000	0	17,568,000
TOTAL CAPITAL EXPENDITURES REIMBURSED FROM BONDS	3,552,000	0	17,568,000
			35.49%
			35.49%

EXHIBIT E
Form of District IGA

INTERGOVERNMENTAL AGREEMENT
Between
NORRIS RANCH METROPOLITAN DISTRICT NO. 1
And
NORRIS RANCH METROPOLITAN DISTRICT NO. 2

THIS INTERGOVERNMENTAL AGREEMENT is made and entered into as of this ___ day of _____, 200__, by and between NORRIS RANCH METROPOLITAN DISTRICT NO. 1 ("District 1") and NORRIS RANCH METROPOLITAN DISTRICT NO. 2 ("District 2"), both quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the "Districts").

RECITALS

WHEREAS, the Districts were organized as a means of furnishing certain capital facilities and services in connection with the development of property commonly referred to as "Norris 552" (the "Project"); and

WHEREAS, the Districts are authorized to provide financing and to exercise powers as more fully set forth in the Districts' Service Plan dated August, 2006, and approved by the City on August 22, 2006 (the "Service Plan"); and

WHEREAS, the Service Plan make references to the execution of an intergovernmental agreement between the Districts; and

WHEREAS, the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement") to promote the coordinated development of the Project;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

COVENANTS AND AGREEMENTS

1. Performance of Service Plan. The Districts shall perform their respective obligations and responsibilities as set forth in the Service Plan. Neither District shall take any action contrary to such decisions or orders of the City, nor will any District take or attempt to take any action, either directly or by omission, in violation of, or that would frustrate or render ineffective any such decision or order except based solely upon economic or physical feasibility considerations or for other utility-based reasonable cause.

2. Issuance of Bonds. The Districts shall participate in the issuance of bonds as provided in the Service Plan. Currently, it is anticipated that both District 1 and District 2 shall issue bonds to finance the undertakings described in the Service Plan, and shall construct such improvements as described therein. District 1 shall obligate itself to levy taxes and generate other revenues, subject to the limitations of the Service Plan, for the purpose of paying the principal of and interest on the bonds of District 1. District 2 shall obligate itself to levy taxes and generate other revenues, subject to the limitations of the Service Plan, for the purpose of paying the principal of and interest on the bonds of District 2.

3. Regional Improvements. The Districts shall cooperate to fund the regional public improvements identified in the Service Plan, including but not limited to the Mesa Ridge / Marksheffel Road intersection, other regional street improvements, the Jimmy Camp Creek Bridge, and the recreation center.

4. Cooperation Regarding Management of the Districts. The Districts shall cooperate in the selection of a "Manager" for the Districts, which Manager shall, following engagement by the respective Boards of Directors of the Districts, undertake certain management functions on behalf of the Districts, including but not limited to coordinating Board meetings and maintaining the records of the Districts. The Manager shall: (a) serve as the "official custodian" and repository for the records of the Districts; (b) coordinate meetings of the Boards of Directors of the Districts; (c) provide election administration; (d) prepare budgets for the Districts in coordination with an accounting firm; (e) provide liaison and coordination with other governments; (f) coordinate legal, accounting, engineering and other professional services for the Districts.

5. Service Plan Approval Conditions. The Districts will comply with the terms of the Service Plan and the terms of all other intergovernmental agreements entered into by the Districts.

6. Precedence. Recognizing that full development of the Project may take up to twenty (20) years, the City approved the Service Plan with sufficient flexibility to accommodate and enable the Districts to respond to changed conditions over time, while still relying upon the provisions of this Agreement to enable it to exercise appropriate control and supervision of the Districts as provided by State law. Accordingly, any conflict or inconsistency between the Service Plan and this Agreement shall be resolved in favor of the Service Plan.

7. Entire Agreement of the Districts. This written Agreement constitutes the entire agreement between the Districts and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the Districts with respect to the subject matter contained herein.

8. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by written agreement duly authorized and executed by the Districts hereto, without necessarily requiring amendment to the Service

Plan. The need for formal amendment to the Service Plan shall be determined according to the Service Plan or State law then in effect.

9. Enforcement. This Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. By executing this Agreement each District commits itself to perform pursuant to these terms contained herein, and a breach hereof which results in recoverable damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the District not in breach hereof.

10. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the District Court for and in El Paso County, Colorado.

11. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction, such portion shall be deemed severable and its invalidity or unenforceability shall not affect the validity or enforceability of any other portion or provision hereof.

12. Compliance with Law. The Districts agree to comply with all federal, State and local laws, rules and regulations which are now, or in the future may become applicable to the Districts, or to their business or operations.

IN WITNESS WHEREOF, the Districts have caused this Agreement to be duly executed as of the day first above written.

NORRIS RANCH METROPOLITAN
DISTRICT NO. 1

By: _____

ATTEST:

By: _____

NORRIS RANCH METROPOLITAN
DISTRICT NO. 2

By: _____

ATTEST:

By: _____

EXHIBIT F
Form of Reimbursement Agreement

FINANCING AND REIMBURSEMENT AGREEMENT

THIS FINANCING AND REIMBURSEMENT AGREEMENT (the "Agreement") is made and entered into effective the ___ day of January, 2007, by and between NORRIS RANCH METROPOLITAN DISTRICT NO. 1 ("District 1"), NORRIS RANCH METROPOLITAN DISTRICT NO. 2 ("District 2"), both quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the "Districts"), and HF HOLDINGS, LLC, a Colorado limited liability company (the "Company").

RECITALS

WHEREAS, the Districts' service plan, as approved by the City of Fountain, anticipates that the Districts will provide, inter alia, a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, operated, maintained, relocated, redeveloped or financed as generally described in the Special District Act (the "Public Improvements") to serve the current and future taxpayers and inhabitants of a master planned community consisting of approximately 541 acres located within the City of Fountain, Colorado (the "Project"); and

WHEREAS, the Company is the developer of the Project and desires that the Districts provide certain of the Public Improvements for the benefit of the landowners and residents of the Districts, including the Company; and

WHEREAS, the respective Boards of Directors of the Districts desire to provide the Public Improvements in return for a commitment from the Company to temporarily finance the same; and

WHEREAS, the Districts are authorized to cooperate or contract with each other to furnish any service or facility lawfully authorized to each pursuant to C.R.S. § 29-1-203 and may enter into contracts pursuant to C.R.S. § 32-1-1001(1)(d); and

WHEREAS, the Districts acknowledge that the Public Improvements to be designed and constructed by the Districts consist of an integrated Project-wide system, and benefit all property owners and residents within the Districts; and

WHEREAS, the Company desires to advance the funds needed to provide the Public Improvements and operational and maintenance expenses related thereto, provided the Company has the opportunity to be reimbursed for such advances pursuant to the terms hereof; and

WHEREAS, the Districts could not construct the Public Improvements or cause the same to be adequately operated or maintained on the necessary time schedule without an agreement with the Company to advance the funds required by the Districts upon the terms and conditions herein set forth.

COVENANTS

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, warranties, covenants, agreements, and undertakings set forth herein, the parties agree as follows:

ARTICLE I: ADVANCES AND REIMBURSEMENTS

1.01 Advances. The parties hereby specifically agree that any advances made by Company to District 1 or District 2 shall be made payable to District 1 or District 2, as applicable, which entities are coordinating the planning, design, acquisition, construction, installation, operation, maintenance, relocation, redevelopment and financing of the Public Improvements to serve the Project. Except to the extent that the Districts have other funds available for capital construction purposes (including but not limited to unrestricted proceeds of the Districts' bond issuances or other debt of the Districts incurred for the purpose of paying capital costs, capital reserves, grants from other governmental entities, revenues from fees and charges of the Districts, and any other funds not dedicated to or needed for the payment of operation and maintenance expenses of the Districts as the same are set forth in the current budgets duly authorized and adopted by the Districts in accordance with law), and subject to the limitations set forth in this Section 1.01 and the rights of substitution set forth in Section 1.04 below, Company shall advance to District 1 or District 2, as applicable, all costs to be incurred by the Districts for engineering fees, legal fees, design fees, capital construction costs, operation and maintenance costs, and other costs ("Eligible Costs") which are to be incurred in the planning, design, acquisition, construction, installation, operation, maintenance, relocation, redevelopment or financing of the Public Improvements necessary for the Project, as authorized by the Districts' service plan approved by the City of Fountain (the "Covered Improvements").

All Eligible Costs, or contracts requiring the payment of Eligible Costs chargeable to the Districts must be reviewed and approved by the Company before Company shall advance such Eligible Costs, in order that the Company may determine (1) whether the costs in question are in fact Eligible Costs as defined herein, (2) whether the Districts have no other funds available for the purpose of paying the Eligible Costs, and (3) whether Eligible Costs are to be incurred for Covered Improvements. Upon the determination by the Company that the costs which are the subject of any advance request by District 1 or District 2 are subject to advance as required herein, Company agrees that it will cause sufficient funds to pay the same to be transferred to District 1 or District 2, as applicable, in accordance with this Section 1.01. Advances to District 1 or District 2 hereunder shall be made by Company either by direct wire transfer to a bank

account to be designated by District 1 or District 2, or by executing and delivering a draft payable by Company to District 1 or District 2, as applicable.

In consideration of such payments, the Districts shall continue to contract for Covered Improvements and agree to reimburse the Company for advances of Eligible Costs on the terms and conditions identified herein. All advances made to either District 1 or District 2 by the Company shall be duly recorded on Schedule A hereof.

1.02 Liability. The obligation of the Districts to make the reimbursements contemplated in Section 1.01 hereof is and shall become irrevocably binding upon the Districts upon the advance to or on behalf of the Districts by Company of funds as contemplated hereby, and shall bear simple interest at the rate of six percent (6%) per annum, calculated from January 1 of the year immediately following the year in which the advance(s) of funds is made, except that in no case shall the interest that accrues over the life of this Agreement exceed an aggregate average net effective interest rate of eight percent (8%) per annum. (The obligation to make the reimbursement and pay interest thereon are hereinafter referred to as the "Reimbursement Obligation").

1.03 Pledge of Revenues.

A. It is anticipated that the funds to pay the Reimbursement Obligation will, to the extent permitted by Colorado law, be provided through the issuance of limited tax general obligation bonds by the Districts in amounts sufficient to enable the Districts to pay to the Company the Reimbursement Obligation; provided, however, that except as set forth below the Districts shall retain discretion and authority to provide for and raise said funds in any manner lawfully available to the Districts including, but not limited to: (i) the issuance of bonds (whether general obligation bonds or revenue bonds), debentures, notes, certificates, anticipation notes, and such other general or special obligations of the Districts (including lines of credit) as the Districts shall in each District's respective discretion determine to issue or incur ("Bonds"); (ii) the utilization of the Districts' power to raise funds with respect to the property and facilities located within or without its boundaries, as, for example, through the imposition of fees, charges, and general ad valorem taxes; and/or (iii) the creation and maintenance of reserve and contingency funds. Nothing contained herein shall be deemed or construed to be a surrender or delegation of the Districts' powers with respect to the determination of the manner in which the financial obligations imposed by this Agreement are to be satisfied and otherwise discharged on or before the due date; provided that the Reimbursement Obligation shall be payable in lawful money of the United States of America upon the date thirty (30) days following the date on which any District receives the proceeds of any issuance by any District of Bonds in an amount sufficient to repay in whole or in part the Reimbursement Obligation. If the proceeds from one issue of Bonds is not sufficient to repay the Reimbursement Obligation in full, the Districts shall use the proceeds from any and all subsequent issuances of Bonds to repay the Reimbursement Obligation until paid in full. The proceeds of any such Bonds are, to the extent necessary to pay the Reimbursement Obligation, hereby irrevocably pledged, appropriated and allocated to said payment.

B. The Districts will exercise good faith, reasonable efforts to issue Bonds in an amount or amounts sufficient to ensure that the Reimbursement Obligation is satisfied as soon as is possible. The Districts' commitment to issue Bonds in an amount or amounts adequate to fully satisfy the Reimbursement Obligation is an important element of this Agreement. Notwithstanding the foregoing, however, the decision to issue Bonds is and shall remain a matter within the sound legislative discretion of the Board of Directors of each of District 1 and District 2, and the Districts shall not be precluded from satisfying the Reimbursement Obligation by one of the alternative means set forth in Section 1.03 A., above.

C. This Agreement shall not constitute "debt" or a "multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever" within the meaning of the Colorado constitution or any other Colorado law, and shall not constitute the Districts' pledge of funds from any specific source to make the reimbursements except as contemplated herein. The parties acknowledge and agree that the obligation to reimburse the Company shall arise, if at all, only as described in Section 1.03 A., above, at which time the obligation shall to that extent be fully funded and reserved unto the payment of the reimbursements contemplated hereby. All reimbursements made to the Company by District 1 or District 2 shall be duly recorded on Schedule B hereof. Prior to any such reimbursements being made, District 1 or District 2, as applicable, shall receive a report from an independent engineer or accounting firm confirming that the amount of the reimbursement(s) to be paid to Company is reasonable.

1.04 Termination. This Agreement shall remain in effect until terminated by mutual written consent of the parties hereto, and shall not be transferred or assigned, in whole or in part, to any person or entity without the prior written consent of the parties to this Agreement, except that it is anticipated by the parties hereto that this Agreement may be assigned by Company without the Districts' consent to an affiliated entity who owns or may own all or a part of the property within the Districts. The Company shall have the right to substitute a new party into this Agreement to perform all of Company's obligations upon consent of the Districts. Consent to such assignment shall not be unreasonably withheld by the Districts, nor shall it be withheld unless the Districts determine in good faith that the proposed assignee does not have the financial capability to perform the Company's obligations stated herein. In the event the Districts wrongfully withhold such consent, the Company shall have the right to terminate this Agreement upon written notice to the Districts, and on the terms identified in Section 1.05 hereof.

1.05 Effect of Termination. In the event this Agreement is terminated pursuant to Section 1.04 hereof, the responsibility of Company to continue to make advances to the Districts for the completion of construction contracts approved and entered into by the Districts after the date hereof, with the Company's specific written consent in its sole discretion, shall continue until such time as such contracts have been substantially completed and the applicable governmental entity has accepted the Public Improvements. The Districts shall be obligated to reimburse all advances made prior to or after termination, as provided herein, notwithstanding such termination. In no event shall

Company be obligated to make payments or advances to the Districts for work or services performed or provided subsequent to the date of said termination except to the extent specifically set forth in this Section 1.05.

ARTICLE II: MISCELLANEOUS

2.01 Enforcement. Company and the Districts acknowledge and agree that this Agreement may be enforced in law or in equity by decree of specific performance, damages, or other legal and equitable relief as may be available to either party subject to the provisions of the laws of the State of Colorado; provided that punitive damages are not recoverable. The parties specifically acknowledge that the timely performance of the obligations set forth in this Agreement is essential and that a failure to perform the obligations in breach of this Agreement may cause the other parties irreparable harm for which damages or other remedies available at law will not be adequate, and which may be adequately redressed only by specific performance or other appropriate equitable relief. The parties agree that in any action to enforce any provision of this Agreement the prevailing party or parties shall be entitled to recover from the other party or parties all costs and expenses incurred by the prevailing party or parties in connection therewith, including reasonable attorneys' fees.

2.02 Amendment. This Agreement is subject to amendment only by the written consent of the parties and such amendment shall be effective as of the date the amendment is executed by the parties or such other date as the parties shall designate.

2.03 Severability. This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the jurisdiction in which the Agreement is performed. If any provisions of this Agreement or application thereof to any person or circumstance shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

2.04 Construction of Language. The language used in this Agreement and all parts thereof shall be construed as a whole according to its fair meaning, and not strictly for nor against any party, and all parties have equally participated in the preparation of this Agreement.

2.05 Non-Waiver. No waiver of any conditions, remedy or provision of this Agreement shall be deemed to have been made unless expressly made in writing and signed by the party against whom such a waiver is charged; and

A. the failure of any party to insist in any one or more cases upon the performance of any of the provisions, covenants, or conditions of this Agreement or to exercise any option herein contained, shall not be construed as a waiver thereof or as a relinquishment for the future of any such provisions, covenants, conditions or options;

B. the acceptance or performance of anything required by this Agreement to be performed with knowledge of the breach or failure of a covenant, condition or provision hereof shall not be deemed a waiver of such breach or failure; and

C. no waiver by any party of a breach by the other party shall be construed as a waiver with respect to any other or subsequent breach.

2.06 Governing Law. The terms and provisions of this Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Colorado.

2.07 Assignment. Except as provided in Section 1.04 hereof, this Agreement is personal to the Company and the Districts, and no party shall have any right, power, or authority to assign this Agreement, or any portion hereof, or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily, or by operation of law, without the prior written approval of the other parties.

2.08 Captions and Headings. The headings throughout this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

2.09 Integration. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings, if any, between the parties relating to the subject matter thereof.

2.10 Notices. All notices, requests, demands, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when hand delivered or sent by certified United States mail, postage prepaid, with return receipt requested, addressed to the parties as follows:

Districts: Norris Ranch Metropolitan District Nos. 1 and 2
 c/o Grimshaw & Haring, P.C.
 1700 Lincoln, Suite 3800
 Denver, Colorado 80203-4538
 Attn: Norman F. Kron or Marcus A. McAskin
 (Fax: 303-839-3838)

Company: HF Holdings, LLC
 1745 Shea Center Drive, Suite 310
 Highlands Ranch, CO 80129
 (Fax: 303-468-6705)

Any party may change the address at which it receives written notice by so notifying the other parties in writing in the manner provided herein.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first written above.

NORRIS RANCH METROPOLITAN
DISTRICT NO. 1

ATTEST:

By: _____
Secretary

By: _____
President

NORRIS RANCH METROPOLITAN
DISTRICT NO. 2

ATTEST:

By: _____
Secretary

By: _____
President

HF HOLDINGS, LLC, a Colorado limited
liability company

By: _____

Name: _____

Title: _____

EXHIBIT G
Form of Notice to Property Owners

FORM OF NOTICE TO PROPERTY OWNERS
Regarding Existence of Norris Ranch Metropolitan District Nos. 1 and 2

As of the date of the recording of this Form of Notice to Property Owners, the real property identified in Exhibit A¹ was undeveloped and situate within the boundaries of the Norris Ranch Metropolitan District Nos. 1 or 2 (the "Districts"). The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado. The City of Fountain has approved the Service Plan for Norris Ranch Metropolitan District Nos. 1 and 2 (the "Service Plan").

The Service Plan states that future residents within the Districts are to be notified of the existence of the District, and receive a general description of the Districts' powers. The table below provides a summary relevant to the powers of the Districts.

The Districts were created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving a master planned community located within the City of Fountain, Colorado (the "Project"). From time to time, the Districts may provide certain public improvements of benefit to the Project, including but not limited to: (1) water, sanitary sewer, and/or storm sewer related improvements; (2) parks or recreational related improvements, facilities or programs; (3) traffic safety controls and devices; or (4) street improvements including curbs, gutters, culverts and other drainage facilities, sidewalks, bridges, parking facilities, paving, street lighting, grading, street median landscaping, as more fully set forth and described in the Service Plan.

Name of District(s):	Norris Ranch Metropolitan District Nos. 1 and 2.
Contact Information for District:	Grimshaw & Haring, P.C. 1700 Lincoln Street, Suite 3800 Denver, CO 80203 Attn: Marcus McAskin Phone: (303) 839-3800
Type of District(s):	Metropolitan Districts organized pursuant to CRS § 32-1-101 <i>et seq.</i> The Districts will provide limited operating and maintenance of certain public improvements within the Project.

¹ Note: the legal descriptions pertaining to the Districts will be attached as Exhibit A prior to recording this notice in the real property records of El Paso County, Colorado.

Identify public improvements proposed to be financed by Bonds:	Road and street improvements including but not limited to Marksheffel Road, Mesa Ridge Parkway, and Jimmy Camp Creek Bridge. On and off-site utilities, including water and wastewater improvements. Recreational facilities and park improvements, including entry parks, pocket parks, and community recreation center. Landscaping within public right-of-way. Drainage and flood control improvements.
Mill Levy Cap: <i>(Note: The Districts may or may not be certifying a mill levy at the time of your purchase. Please verify by contacting the Districts)</i>	Total Mill Levy Cap = forty five (45) mills. The total mill levy cap referenced above is the maximum mill levy that either of the Districts may impose for debt service and operations and maintenance functions combined. If there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitations set forth above may be increased or decreased to reflect such changes, so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2007, are neither diminished nor enhanced as a result of such changes.
Initial Debt Limit of the District(s) per Service Plan:	\$18,300,000 (combined for both Districts). Allocated as follows: \$8,900,000 – District 1. \$9,400,000 – District 2.
Voter Authorized Debt per Election:	\$26,000,000 (combined for both Districts). Allocated as follows: \$12,500,000 – District 1. \$13,500,000 – District 2.

Sample Mill Levy Calculation for a Residential Property

Assumptions:

Actual Market Value (as determined by County Assessor) is \$250,000
Mill levy is 35 mills

Calculation:

$\$250,000 \times .0796 = \$19,900$ (Assessed Valuation)
 $\$19,900 \times .035 \text{ mills} = \696 per year in taxes payable to the District

EXHIBIT H
Fountain Resolution of Approval

A RESOLUTION OF THE FOUNTAIN CITY COUNCIL APPROVING THE
CONSOLIDATED SERVICE PLAN FOR THE
NORRIS RANCH METROPOLITAN DISTRICT NOS. 1 AND 2, AND PROVIDING
OTHER DETAILS IN CONNECTION THEREWITH

WHEREAS, the City of Fountain, County of El Paso, State of Colorado (the "City"), is a political subdivision of the State, a body corporate and politic, and home-rule city pursuant to Article XX of the State Constitution; and

WHEREAS, pursuant to the provisions of the Special District Act, as amended, no special district shall be organized if its boundaries are wholly contained within the boundaries of a municipality, except upon adoption of a resolution of approval by the governing body of the municipality; and

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, the Consolidated Service Plan for the Norris Ranch Metropolitan District Nos. 1 and 2 (the "Service Plan") has been submitted to the City Council; and

WHEREAS, notice of the public hearing regarding the organization of the proposed Norris Ranch Metropolitan District Nos. 1 and 2 (the "Districts") was duly published in the Daily Transcript on _____, 2006; and

WHEREAS, a copy of said Service Plan is attached hereto as Exhibit "A" and is hereby incorporated by reference; and

WHEREAS, the current proposed boundaries of the Districts are wholly contained within the boundaries of the City; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the City Council held a public hearing on the Service Plan on _____, 2006; and

WHEREAS, the City Council has considered the Service Plan, and all other testimony and evidence presented at the hearing.

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

1. That the hearing before the City Council was open to the public; that all interested parties were heard or had the opportunity to be heard; and that all relevant testimony and evidence submitted to the City Council was considered.

2. That evidence satisfactory to the City Council for finding each of the following was presented at the hearing:

a. there is sufficient 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 inadequate for present and projected needs;

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

d. the area to be included within the Districts have, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

3. That the City Council hereby determines that the requirements of Sections 32-1-202(2), C.R.S., relating to the filing of the Service Plan for the District, and the requirements of Section 32-1-204.5 and 203(2), C.R.S., relating to the approval by the City Council have been fulfilled in a timely manner.

4. That the City Council does hereby approve the Service Plan for the Districts as submitted.

5. That a certified copy of this Resolution shall be filed in the records of the City and the El Paso County Clerk and Recorder, and submitted to the petitioners under the Service Plan for the purpose of filing in the District Court of El Paso County.

6. That this Resolution shall go into effect as of the date and time of its approval by the City Council.

Adopted this ____ day of _____, 2006.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney