

SOLITUDE METROPOLITAN DISTRICT

Douglas County, Colorado

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SOLITUDE METROPOLITAN DISTRICT
SERVICE PLAN

I. INTRODUCTION

A. General Overview

The District shall be named the Solitude Metropolitan District (the "District"). In some former communications with the County, the District has been referred to as Bluebird Ranch. The District is to be located southeast of Sedalia, Colorado, south of U.S. Highway 85 in Sections 24 and 25 of Township 7 South, Range 68 West, and Sections 19 and 30 of Township 7 South, Range 67 West of the 6th Prime Meridian, in unincorporated Douglas County (the "County"). The District will consist of approximately four hundred twenty seven (427) acres of residential development. The service area of the District will consist of approximately one thousand one hundred and eleven (1,111) acres immediately adjacent to the District boundaries including open space subject to conservation easements. The District may construct improvements within and without its boundaries pursuant to C.R.S. § 32-4-406(k) and may contract to provide services to property outside its boundaries pursuant to C.R.S. § 32-1-1006(3). No portion of the District service areas is within the boundaries of another special district providing water or storm drainage services.

B. Purpose

The District will finance, acquire, construct, operate and maintain public water improvements and facilities and storm drainage improvements within and without the boundaries of the District for the use and benefit of all of its taxpayers and the owners of real property in the District, and shall provide for maintenance of certain improvements as further described herein.

The District will work closely and cooperate with the County to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants.

C. Powers and Services

The District shall have the water powers as described in C.R.S. §32-1-1004. The District shall also have sewer powers as described in C.R.S. § 32-1-1004, however the sewer powers of the District shall be solely for the purpose of storm drainage and shall not include powers to construct and operate a sanitary sewer system.

D. Boundaries

The initial boundaries of the District are located in Douglas County south of U.S. Highway 85 as more particularly described in **Exhibit A**, attached hereto and incorporated by reference herein. The statutory service area of the District shall comprise all land within the boundaries of the District and adjacent open space as more particularly described in **Exhibit B** attached hereto and incorporated by reference herein. A boundary map and a vicinity map of the District is provided as **Exhibit C** attached hereto and incorporated by reference hereto. **Exhibits A and C** also describe parcels labeled Parcel A, B, C, and D, which parcels are not included in the District.

E. Existing Services and Districts

At present, except as otherwise noted, no other governmental or other entities within the proposed District have demonstrated the ability or desire to undertake financing, design, construction, operation and maintenance of the public infrastructure improvements described in this Service Plan. The organizers of the District understand and believe that Douglas County does not deem provision of services anticipated by the Service Plan currently practicable or feasible other than by the District. The organizers of the District believe such improvements are necessary for the public health, safety and welfare of the residents, taxpayers and visitors to the District and that

organization of the District is the most efficient, effective and fiscally sound method to design, finance, build and maintain necessary improvements and services.

F. General Financial Information and Assumptions

The current assessed valuation of all taxable property within the boundaries of the District is, as of May 1, 2002, approximately two hundred thirty four thousand five hundred thirty two dollars (\$234,532).

The anticipated costs of improvements necessary for the services described herein are estimated in Section V(b) and described in greater detail in **Exhibit D**. The District may obtain financing for the capital improvements needed for the development through issuance of general obligation bonds, revenue bonds, or other debt instruments in such manner and proportion as described herein. Such debt will be payable from revenues derived from *ad valorem* property taxes and from other sources as discussed more fully in Section VI. The preliminary Financing Plan is contained in **Exhibit F** attached hereto and incorporated by reference herein. The Financing Plan is one method that may be used to finance the cost of the infrastructure and services described herein. At the time the bonds or other debt instruments are proposed for issuance, alternative financing plans may be employed provided, however, such an alternative financing plan does not result in any material economic deviation or a change to the risk to property owners in the District.

The Financing Plan indicates that the cost of infrastructure described can be provided with reasonable mill levies as shown in Section VI and **Exhibit F**. The estimates depicting costs of infrastructure contained in this Service Plan will not constitute legal limits on the financial powers of the District; provided, however, that the District will not be permitted to issue bonds which are not in compliance with bond registration and issuance requirements of Colorado law.

G. Organizers and Consultants

This Service Plan has been prepared by the Organizers and the following participating consultants:

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H. Contents of Service Plan

Pursuant to the requirements of the Special District Control Act, § 32-1-201, *et seq.* C.R.S., and the Special District Service Plan Review Procedures for Douglas County, the following items are included in this Service Plan:

1. A description of the proposed services which is found in Section V herein;
2. A financial plan showing how the proposed services are to be financed, including the proposed operating revenue derived from property taxes for the first budget year of the District which is found in Section VI and **Exhibit F** herein;
3. A preliminary engineering or architectural survey showing how the proposed services are to be provided which is found in Section V and **Exhibit E** herein;
4. A map of the proposed District boundaries, anticipated service area, and an estimate of the population and valuation for assessment of the proposed District which is found in Section IV and **Exhibits B and C** herein;
5. A general description of the facilities to be constructed and the standards for construction, including a statement of how the facility and service standards of the proposed District are compatible with facility and service standards of the County and of any municipalities and special districts which are interested parties pursuant to § 32-1-204(1), C.R.S. which is found in Section V and **Exhibit E** herein;
6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum

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

7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the proposed District and such other political subdivision; and

8. Information demonstrating compliance with the Water Supply Overlay District Section of the Douglas County Zoning Resolution. Compliance with the Denver Regional Council of Governments' Clean Water Plan is demonstrated by Tri-County Health's determination of the suitability of property within the District for OWS sanitary systems attached hereto as **Exhibit K** and incorporated by reference herein.

II. PURPOSE OF THE PROPOSED DISTRICT

The purpose of the District is to finance, design, acquire, and construct public improvements, water rights, augmentation plan management, wells, water storage, treatment and distribution improvements, and storm drainage improvements. Initial public improvements will be constructed on a phased schedule over the next three (3) years. Public improvements and facilities constructed or acquired by the District may be owned and maintained by the District, or may be dedicated for ownership and maintenance to Douglas County (the "County"), or to other governmental entities, for the use and benefit of District residents and taxpayers.

III. NEED FOR THE DISTRICT

The District's service area consists of the District and adjacent open space for a total of approximately one thousand one hundred and eleven (1,111) acres in rural Douglas County. The

District will include sixty-four (64) residential estates. The organizers have acquired or have contracts to acquire rights not less than 100-acre feet per year of usable ground water in the aquifers of the Denver Basin (Central Basin) underlying the District. Property owners within the District require the provision of a centralized water system to coordinate the use of centralized wells and to finance, design, acquire, construct, operate and maintain the public infrastructure to store, treat and distribute water to residents and property within the District.

The District is primarily rural in nature. Beyond the limited landscaping within the building envelope of each individual parcel, residences will be surrounded by natural vegetation. Irrigation of landscaping is limited by covenants controlled by the Solitude Home Owners Association. The District will enact and enforce rules and regulations to limit the extent of landscaping irrigation by properties served by the District. The District will border extensive open space subject to a conservation easement. Fire protection is provided by the West Douglas County Fire Protection District. Fire safety in the District is increased by individual fire protection systems built into each residence. Centralized water distribution systems, such as that provided by the District, are necessary for the effective function of the fire control systems, and will increase overall fire safety in the District and in the County.

The District is proximate to East Plum Creek. Storm drainage improvements are required to protect property within the District and to protect property of landowners downstream. The District proposes to provide storm drainage improvements adequate to meet the needs of property within the District.

IV. BOUNDARIES, POPULATION & VALUATION

The proposed initial boundaries of the District encompasses property that lies within unincorporated Douglas County, as described in the legal description of the initial boundaries attached hereto and incorporated herein as **Exhibit A**, and as shown on the initial boundaries map, attached hereto and incorporated herein as **Exhibit C**. Also included in **Exhibit C** is a vicinity map for the District.

The District will be developed for residential purposes. The estimated population of the District at full build-out is two hundred twenty four (224) residents calculated at an estimated three and one half (3.5) persons for each of sixty four (64) residences. The estimated assessed value at full build-out is eight million seven hundred eighty four thousand dollars (\$8,784,000), the property within the initial boundaries is, as of April 1, 2002, zoned A-1. It is anticipated that, following approval by the County of the proposed Rural Site Plan for the property within the District, such property will continue to be zoned A-1. The current assessed value of the property within the initial boundaries is two hundred thirty four thousand five hundred thirty two dollars (\$234,532).

V. DESCRIPTION OF PROPOSED FACILITIES

A. Type of Improvements

The District shall have authority pursuant to C.R.S. §§ 32-1-1001 and 32-1-1004 as they may from time to time be amended, to provide the following services and public infrastructure facilities described in this section.

1. Water.

The District will, pursuant to C.R.S. § 32-1-1004, acquire water rights and design, finance, construct, acquire, install, operate, maintain, and provide for potable water and irrigation water facilities and systems, including but not limited to, water rights, water supply, treatment, storage, transmission and distribution systems for domestic, irrigation, fire control, and other public or private purposes, together with all necessary and proper reservoirs, treatment facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, pipes, distribution mains and laterals, storage facilities, ditches, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. The District shall have the power and authority to contract with other private or governmental entities to provide any or all of the services the District is authorized or empowered to provide.

2. Storm Sewer.

The District shall have power and authority to finance, design, construct, acquire, install, operate, maintain, and provide for flood and surface drainage improvements, including but not limited to, culverts, dams, retaining walls, access way inlets, detention ponds and paving, roadside swales, curbs and gutters, disposal works and facilities and all necessary and proper equipment and appurtenances incident thereto with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. Improvements designated "wildlife ponds" serve a dual purpose as wildlife habitat and storm drainage improvements. Culverts adjacent to streets will be constructed as part of the private street improvements and will not be constructed by the District.

3. Other

The District and its Board shall have all other powers expressed or implied by law necessary to carry out the functions described in this Service Plan.

B. Engineering

Preliminary engineering estimates based on applicable construction standards have been prepared and are attached hereto and incorporated herein as **Exhibit D**, which lists the facilities that the District, subject to development approval of the County, will provide, including the costs in current dollars of each, together with an explanation of the methods, basis, and/or assumptions used. Subject to the debt limitations set forth in Section VI, the District will be authorized to fund any combination of the improvements. The combined total estimated cost of the improvements is two million nine hundred seventy four thousand five hundred dollars (\$2,974,500). Approximately three hundred seventy eight thousand five hundred dollars (\$378,500) will be used for the acquisition of water rights and for such other necessary costs and fees as may be required of which approximately two hundred and fifty thousand dollars (\$250,000) will be for water right acquisition. Total cost of the improvement, acquisition of water rights and other costs and fees are described in **Exhibit E** herein. The District will seek voter approval for authorization to issue debt sufficient to finance the cost of the improvements, together with additional authorization to provide for refunding of bonds, all as set forth in the section entitled "Financial Information." The County is not responsible for any of the costs of the improvements funded by the District.

Maps showing the preliminary location of the public improvements that the District will be authorized to acquire or construct are attached hereto and incorporated herein as **Exhibit E**, subject to the specific final design and approval thereof by the County. Phasing of construction shall be determined by the District to meet the needs of taxpayers within its boundaries. The engineering

exhibits provided herein are preliminary and the District shall have the authority, without amending this Service Plan, to defer, forego, reschedule, or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resource availability, and potential inclusions of property within the District. The District shall own, maintain and replace public infrastructure constructed, installed or acquired by the District or shall dedicate such public infrastructure to such other governmental entity as shall accept dedication.

C. Construction Standards

In all instances, the District will ensure that the proposed improvements are designed and constructed in accordance with the standards and specifications of the governmental entities having jurisdiction. The District will obtain approval of civil engineering plans and a permit for construction and installation of public improvements from the County and/or other appropriate regulatory agencies.

D. Maintenance of Public Improvements

It is anticipated that the District shall own, maintain and replace all public facilities constructed, installed or acquired by the District.

E. Services to be Provided by Proposed or Existing Agreements with Other Governmental Entities

The District shall receive fire protection services from the West Douglas County Fire Protection District. Street improvements, traffic safety and control, park and recreational facilities and other services will be private and provided by the developers and maintained by a homeowners association. Sanitation will be provided by adequate individual septic systems as approved by the County. Tri-County Health department has determined that property within the District is suitable for ISDS systems.

F. Compliance with Section 18A of the Douglas County Zoning Regulations,
Water Supply- Overlay District

1. Supply

The underlying water rights in the Denver, Arapahoe, and Laramie-Fox Hills aquifers were decreed in Case No. 98CW219, Division 1. According to documents supplied with the Contract to Buy and Sell Real Estate, dated February 24, 2000, Buyer has the rights to seven hundred and six (706) acre-feet per year (af/yr), five hundred sixty seven (567) af/yr and two hundred forty eight (248) af/yr from the underlying Denver, Arapahoe, and Laramie-Fox Hills aquifers, respectively, with the purchase of the property. The developer will sell rights to two hundred ten point nine six (210.96) af/yr of useable ground water to the District. Of this, 100 af/yr will be from the Denver Aquifer, 100af/yr will be from the Laramie Fox-Hills Aquifer, and 10.96 af/yr will be from the Arapahoe Aquifer. The above referenced documents as well as Water Counsel's opinion regarding the District's water rights are included in **Exhibit J**, attached hereto and incorporated by reference herein.

Due to the not-nontributary status of the Denver aquifer, an augmentation plan was approved within the above mentioned decree. Of the total Denver aquifer water available to the property, only two hundred forty eight (248) af/yr can be utilized under the approved augmentation plan. The augmentation plan also requires that an equivalent amount (248 af/yr) of Laramie-Fox Hills aquifer water be reserved for the plan for post pumping replacement to the local stream system. To utilize the remaining four hundred fifty eight (458) af/yr of Denver aquifer water would require a new augmentation plan to be filed in Water Court. In Case No. 2002CW045, the augmentation plan was supplemented to allow Arapahoe aquifer ground water to be utilized to

replace depletions to East Plum Creek during the pumping of the Denver aquifer well in addition to the utilization of return flows from the original decree.

The plan is to drill a Denver aquifer well to meet demand of the development. Water from the Denver aquifer will be augmented using one hundred (100) acre feet per year of Laramie-Foxhills aquifer water and ninety-six one hundredths (.96) acre feet per year of Arapahoe aquifer water . An additional ten (10) acre feet per year of Arapahoe aquifer water will be acquired to serve as a reserve. The drill plan described in Exhibit I shows two (2) well sites. The District does not currently plan to drill a second well; however, as discussed in Section F.3., a second well would not impact surrounding well sites. The physical availability of water in the Denver and Arapahoe aquifers underlying the Ranch has been well established by the numerous wells drilled and tested in the vicinity of Cherokee Ranch, including those drilled for nearby Castle Pines Metropolitan District, the Meadows Metropolitan District, and the Town of Sedalia over approximately the last fifteen (15) years. All of these wells are being used for municipal supply. Pressure transducer devices (i.e., MiniTrolls) are planned to be installed in both wells to assist in the collection of water level data which will be reported to the County and to the State Engineers Office, Division of Water Resources on an annual basis.

Compliance with the Denver Regional Council of Governments' Clean Water Plan is described in **Exhibit K** herein.

2. Demands

As depicted in the table attached as **Exhibit H** and incorporated herein by reference, the proposed demands for the District are estimated at one hundred (100) af/yr. This includes the reservation of one (1) af/yr per home and additional amounts for the ranch gathering area and other District facilities. The County has communicated to the District that it considers one hundred (100)

af/yr appropriate for the purposes of submittal of this Service Plan. The County's water consultant, John Halepska and Associates, Inc., has stated that one hundred (100) af/yr is sufficient to meet the needs of the development. The demands will be met from a combination of use from the Denver and Arapahoe wells.

3. Well-field Analysis

A well-field analysis was completed to show the effects of pumping the Denver and Arapahoe aquifer wells on neighboring wells. A worst case scenario was analyzed, in that the wells were pumped individually at the full demand of one hundred (100) af/yr (62 gpm) for one hundred (100) years. The aquifer parameters for each well were as follows:

Denver aquifer well	Estimated Hydraulic Conductivity	5.25 gpd/ft ²
	Estimated Saturated Thickness	450 feet
	Specific Yield	0.17
Arapahoe aquifer well	Estimated Hydraulic Conductivity	3.80 gpd/ft ²
	Estimated Saturated Thickness	340 feet
	Specific Yield	0.17

These parameters are based on local well information from Castle Pines Metropolitan District and the Town of Sedalia.

The closest Denver aquifer well is south of the property at a distance of approximately one thousand nine hundred and nine (1,909) feet and the closest Arapahoe aquifer well is southwest of the property at an estimated distance of eight thousand five hundred fifty four (8,554) feet as described in **Exhibit I** attached hereto and incorporated herein by reference.

At one hundred (100) years, the estimated drawdown at the closest Denver aquifer well is approximately eleven (11) feet and at the closest Arapahoe aquifer well approximately three

(3) feet. Based on this analysis, there would be no significant impacts to neighboring wells in the pumping of a Denver and an Arapahoe aquifer well to meet demands for District development.

VI. FINANCIAL INFORMATION

This section describes the nature, basis, method of funding, and debt and mill levy limitations associated with the District's public improvements program and operations. A detailed Financing Plan and statement of assumptions is contained in **Exhibit F**, attached hereto and incorporated herein and includes estimated operations, administration and maintenance costs, proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and operation of the District, together with a list of mill levies and fees for Districts supplying similar services in the area, and the cumulative mill levies of other entities with the power and authority to tax property within the District. It projects the issuance of the debt and the anticipated repayment based on the development assumptions for property within the proposed boundaries of the District. Analysis included herein is based on the assumption that each of the sixty-four (64) residential properties in the District will have an average retail value of one and one half million dollars (\$1,500,000). An absorption analysis provided by the developer for properties above in Douglas County valued as described above and based on raw data provided by third party residential market analysts is provided within **Exhibit L** attached hereto and incorporated herein by reference. The Financing Plan demonstrates that the proposed District has the ability to finance the facilities identified herein, and will be capable of discharging the proposed indebtedness on a reasonable basis.

A. General

The provision of facilities by the proposed District will be primarily financed through the issuance of tax-exempt, general obligation bonds, secured by the ad valorem taxing authority of the proposed District and other District revenues. **Exhibit F** contains projections for revenue derived from ad valorem taxes on property within the District. The Financing Plan anticipates that bonds will be issued in one series to be issued as described in **Exhibit F**. The District will initially issue tax-exempt general obligation bonds for general public improvements and facilities. Prior to issuance, construction costs will be advanced by the developer(s) within the proposed District, subject to subsequent acquisition of the completed improvements by the District and reimbursement to the developer(s) of construction costs advanced by the terms of an advance and reimbursement agreement.

B. Debt Issuance

The District intends to issue an initial series of tax-exempt bonds in the amount of four million six hundred twenty thousand dollars (\$4,620,000). The District may issue additional tax-exempt bonds at such time and in one or more series as the financing capability of the District permits, and subject to the total debt limitation described herein, and in accordance with applicable law. It is proposed that this Service Plan approve a total tax-exempt debt limitation of five million dollars (\$5,000,000). The proposed maximum voted interest rate is ten percent (10%) and the maximum underwriting discount is two percent (2%). The actual interest rates and discounts will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale. Refunding bonds may be issued by the District to defease original issue bonds in compliance with applicable law. In addition to bonds, the District may also issue notes, certificates, debentures or other evidences of indebtedness.

It is proposed that a total maximum amount of five million dollars (\$5,000,000) of indebtedness secured by ad valorem property taxes be submitted to the electors of the District for approval. The proposed five million dollars (\$5,000,000) of indebtedness includes four million six hundred twenty thousand dollars (\$4,620,000) earmarked for currently planned infrastructure improvements as described in the Service Plan and may potentially include three hundred eighty thousand dollars (\$380,000) in indebtedness as a contingency that may be issued to accommodate market conditions or additional infrastructure requirements which may arise prior to the issuance of debt. The Financing Plan demonstrates that the District will have capacity to issue debt in excess of the current estimated probable cost of improvements, assuming a thirty-seven (37) mill levy for debt service through the debt repayment period. Nevertheless, except as otherwise provided for herein, the District shall not issue bonds in excess of the cost of improvements and water right acquisitions, as adjusted to allow for unforeseen contingencies, increases in construction costs due to inflation, and all costs of issuance, including capitalized interest, reserve funds, discounts, refunding, legal fees and other incidental costs of issuance.

C. Identification of District Revenue

The District will impose a mill levy on all taxable property in the District as a primary source of revenue for repayment of debt service and for operations and maintenance. Additional District revenues will derive from tap fees and other sources of revenue provided for by statute. The anticipated revenue from these fees is detailed in the Financing Plan. Although the mill levy imposed may vary depending on the phasing of facilities anticipated to be funded, it is estimated that an initial mill levy of thirty-seven (37) mills with a maximum mill levy of fifty-five (55) mills will produce revenue sufficient to support debt service costs through the bond repayment period. A maximum mill levy cap of fifty-five (55) mills is proposed for the District, with a minimum of five

(5) mills reserved for operations and maintenance expenses, so that the District will not pledge in excess of fifty (50) mills for debt service. In the event of legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, section 3(1)(b) of the Colorado Constitution, the mill levy limitations provided herein will be increased or decreased as to all taxable property in the District to reflect such changes 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 ("Gallagher Adjustment"). The determination of the Board of Directors to approve a Gallagher Adjustment shall be final so long as such approval is given in good faith.

D. Security for Debt

The District will not pledge any County funds or assets for security for the indebtedness set forth in the Financing Plan of the District.

E. Operation of the District

The District will require sufficient operating funds to plan and cause the public improvements to be constructed and maintained. The costs are expected to include: organizational costs, legal, engineering, accounting and debt issuance costs, compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be forty one thousand three hundred dollars (\$41,300). The Financing Plan anticipates operating and maintenance costs will be financed by user fees collected by the District and by the five (5) mill levy as needed.

VII. LANDOWNERS PUBLIC IMPROVEMENTS

The creation of the District shall not relieve the Organizers, their successors or assigns of the obligation to construct public improvements required by other subdivision improvement agreements.

VIII. DISSOLUTION

The District may file a petition in the District Court for dissolution when there are no financial obligations or outstanding bonds, or any such financial obligations or outstanding bonds are adequately secured by escrow funds or securities meeting the investment requirements in part 6 of article 75 of title 24, C.R.S., and upon an independent determination by the Board of County Commissioners that the financing purposes for which the District was created have been achieved and that ongoing service and maintenance obligations of the District will be transferred to another government entity that is willing and able to undertake those obligations and acquire any related facilities therefor. The District's dissolution prior to payment of all debt will be subject to approval of a plan of dissolution in the District Court of Douglas County pursuant to § 32-1-704, C.R.S.

IX. MODIFICATION OF SERVICE PLAN

The District will obtain the approval of the County before making any material modifications to this Service Plan. Material modifications include modifications of a basic or essential nature including additions to the types of services provided by the District. Material modifications to the Service Plan shall be allowed in compliance with the procedures set for the in C.R.S. § 32-1-207. County approval is not required for modifications to this Service Plan necessary

for the execution of financing or for the construction of public improvements already outlined in this Service Plan. Any proposed amendment to change the number of units served by the District shall require an administrative review of the Service Plan by County staff and can be referred to the Board of County Commissioners if determined necessary by County staff. An administrative review of the Service Plan by County staff will be required in construction costs exceed those projected in the Service Plan by more than twenty-five percent (25%) or if the mill levy shall increase to 45 mills or more. This administrative review may be referred to the Board of County Commissioners if determined necessary by County staff.

X. RESOLUTION OF APPROVAL

The District incorporates the Board of County Commissioner's resolution approving this Service Plan, including any conditions of approval, into this Service Plan to be presented to the District Court attached hereto and incorporated herein as **Exhibit G**.

XI. CONCLUSION

This Service Plan demonstrates that:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
- b. The existing service in the area to be served by the District is inadequate for present and projected needs without the District;
- c. The District is capable of providing economical and sufficient service to the area within its proposed boundaries;

d. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

e. Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

f. The facility and service standards of the District are compatible with the facility and service standards of the County;

g. The general water quality goal in the Denver Regional Council of Government approved regional Clean Water Management Plan is not affected by this proposal; and

h. The creation of the District will be in the best interest of the area proposed to be served.

EXHIBIT A
Legal Description of Initial Boundaries

LEGAL DESCRIPTION

A parcel of land situated in Section 19 and the North Half of the North Half of Section 30, Township 7 South, Range 67 West and situated in Section 24 and the Northeast Quarter of the Northeast Quarter of Section 25, Township 7 South, Range 68 West of the 6th Principal Meridian, County of Douglas, State of Colorado being more particularly described as follows:

Commencing at the South Quarter corner of said Section 24;
Thence South 89°53'30" East a distance of 330.04 feet to the POINT OF BEGINNING;
Thence North 00°00'00" East a distance of 849.17 feet to a point;
Thence North 76°58'17" East a distance of 232.85 feet to a point;
Thence South 51°41'18" East a distance of 452.32 feet to a point;
Thence South 29°59'21" East a distance of 241.07 feet to a point;
Thence North 84°53'31" East a distance of 130.10 feet to a point;
Thence North 30°02'34" West a distance of 288.73 feet to a point;
Thence North 44°38'28" West a distance of 219.85 feet to a point;
Thence North 55°38'46" West a distance of 284.39 feet to a point;
Thence North 45°28'18" West a distance of 398.82 feet to a point;
Thence North 37°26'29" West a distance of 410.81 feet to a point;
Thence North 44°44'46" East a distance of 472.07 feet to a point of non-tangent curvature;
Thence along the arc of said non-tangent curve to the right having a central angle of 07°41'58", a radius of 528.00 feet, an arc length of 70.95 feet (chord bears North 45°14'20" West, 70.90 feet) to a point;
Thence North 41°23'21" West a distance of 58.81 feet to a point of curvature;
Thence along the arc of said curve to the left having a central angle of 99°29'25", a radius of 228.00 feet and an arc length of 395.91 feet (chord bears South 88°51'56" West, 348.01 feet) to a point;
Thence South 39°07'14" West a distance of 264.80 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of 05°59'01", a radius of 368.00 feet and an arc length of 38.43 feet (chord bears South 42°06'44" West, 38.41 feet) to a point of continuing curvature;
Thence continuing along said arc of a curve to the right having a central angle of 04°07'29", a radius of 368.00 feet, an arc length of 26.49 feet (chord bears South 47°10'00" West, 26.49 feet) to a point of non-tangent curvature;
Thence along the arc of said non-tangent curve to the right having a

central angle of $11^{\circ}59'42''$, a radius of 164.86 feet, an arc length of 34.51 feet (chord bears South $22^{\circ}27'23''$ East, 34.45 feet) to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a central angle of $43^{\circ}22'09''$, a radius of 341.75 feet, an arc length of 258.68 feet (chord bears South $38^{\circ}08'34''$ East, 252.55 feet) to a point;

Thence South $88^{\circ}16'19''$ East a distance of 116.39 feet to a point;

Thence South $62^{\circ}59'48''$ East a distance of 25.85 feet to a point;

Thence South $24^{\circ}19'15''$ East a distance of 10.78 feet to a point;

Thence South $30^{\circ}25'18''$ West a distance of 31.72 feet to a point;

Thence South $48^{\circ}44'12''$ West a distance of 63.93 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of $18^{\circ}51'58''$, a radius of 108.08 feet, an arc length of 35.59 feet (chord bears South $02^{\circ}23'24''$ West, 35.43 feet) to a point of reverse curvature;

Thence along the arc of a curve to the left having a central angle of $39^{\circ}36'02''$, a radius of 243.94 feet, an arc length of 168.60 feet (chord bears South $07^{\circ}58'38''$ East, 165.27 feet) to a point;

Thence South $27^{\circ}46'38''$ East a distance of 270.36 feet to a point;

Thence South $75^{\circ}00'46''$ East a distance of 74.07 feet to a point;

Thence South $14^{\circ}59'14''$ West a distance of 185.42 feet to a point;

Thence North $75^{\circ}00'46''$ West a distance of 191.73 feet to a point;

Thence North $14^{\circ}59'14''$ East a distance of 185.42 feet to a point;

Thence South $75^{\circ}00'46''$ East a distance of 101.31 feet to a point;

Thence North $27^{\circ}46'38''$ West a distance of 259.27 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $39^{\circ}36'02''$, a radius of 255.94 feet and an arc length of 176.90 feet (chord bears North $07^{\circ}58'37''$ West, 173.40 feet) to a point of reverse curvature;

Thence along the arc of a curve to the left having a central angle of $75^{\circ}33'07''$, a radius of 96.08 feet, an arc length of 126.69 feet (chord bears North $25^{\circ}57'10''$ West, 117.71 feet) to a point of reverse curvature;

Thence along the arc of a curve to the right having a central angle of $01^{\circ}31'57''$, a radius of 170.66 feet, an arc length of 4.56 feet (chord bears North $62^{\circ}57'45''$ West, 4.56 feet) to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of $46^{\circ}29'25''$, a radius of 353.75 feet, an arc length of 287.04 feet (chord bears North $39^{\circ}42'14''$ West, 279.23 feet) to a point of reverse curvature;

Thence along the arc of a curve to the left having a central angle of $11^{\circ}05'23''$, a radius of 152.86 feet, an arc length of 29.59

feet (chord bears North 22°00'13" West, 29.54 feet) to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of 35°03'07", a radius of 368.00 feet, an arc length of 225.13 feet (chord bears South 68°39'49" West, 221.64 feet) to a point;

Thence South 86°11'22" West a distance of 155.09 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a central angle of 36°17'20", a radius of 327.67 feet, an arc length of 207.53 feet (chord bears South 68°00'29" West, 204.08 feet) to a point;

Thence South 49°49'36" West a distance of 301.17 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of 00°37'31", a radius of 298.00 feet and an arc length of 3.25 feet (chord bears South 50°08'22" West, 3.25 feet) to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of 106°26'57", a radius of 59.49 feet, an arc length of 110.53 feet (chord bears South 48°02'11" West, 95.30 feet) to a point;

Thence North 80°37'41" West a distance of 39.49 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of 08°54'28", a radius of 298.00 feet, an arc length of 46.33 feet (chord bears South 78°53'54" West, 46.28 feet) to a point;

Thence North 89°36'01" West a distance of 75.84 feet to a point;

Thence North 84°47'31" West a distance of 5.82 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of 04°21'59", a radius of 852.00 feet and an arc length of 64.93 feet (chord bears North 86°58'31" West, 64.91 feet) to a point;

Thence North 89°09'31" West a distance of 664.12 feet to a point;

Thence North 32°29'01" West a distance of 61.23 feet to a point;

Thence South 89°36'01" East a distance of 627.69 feet to a point;

Thence South 89°09'31" East a distance of 70.08 feet to a point;

Thence continuing South 89°09'31" East, along said line, a distance of 10.76 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of 66°02'44", a radius of 347.00 feet and an arc length of 399.99 feet (chord bears North 57°49'07" East, 378.21 feet) to a point;

Thence North 24°47'45" East a distance of 119.71 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $56^{\circ}32'20''$, a radius of 373.00 feet and an arc length of 368.07 feet (chord bears North $53^{\circ}03'55''$ East, 353.32 feet) to a point;

Thence North $81^{\circ}20'06''$ East a distance of 135.11 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $15^{\circ}33'19''$, a radius of 472.00 feet and an arc length of 128.14 feet (chord bears North $73^{\circ}33'27''$ East, 127.75 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the left having a central angle of $14^{\circ}07'17''$, a radius of 472.00 feet, an arc length of 116.33 feet (chord bears North $58^{\circ}43'09''$ East, 116.04 feet) to a point;

Thence North $51^{\circ}39'30''$ East a distance of 225.79 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $86^{\circ}57'09''$, a radius of 322.00 feet and an arc length of 488.67 feet (chord bears South $84^{\circ}51'55''$ East, 443.11 feet) to a point;

Thence South $41^{\circ}23'21''$ East a distance of 88.32 feet to a point;

Thence continuing South $41^{\circ}23'21''$ East, along said line, a distance of 58.81 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $07^{\circ}54'52''$, a radius of 472.00 feet and an arc length of 65.20 feet (chord bears South $45^{\circ}20'47''$ East, 65.15 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the left having a central angle of $14^{\circ}09'35''$, a radius of 472.00 feet, an arc length of 116.65 feet (chord bears South $56^{\circ}23'00''$ East, 116.35 feet) to a point;

Thence South $63^{\circ}27'48''$ East a distance of 47.63 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $22^{\circ}53'09''$, a radius of 528.00 feet and an arc length of 210.90 feet (chord bears South $52^{\circ}01'14''$ East, 209.50 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the right having a central angle of $02^{\circ}11'33''$, a radius of 528.00 feet, an arc length of 20.20 feet (chord bears South $39^{\circ}28'53''$ East, 20.20 feet) to a point;

Thence South $38^{\circ}23'06''$ East a distance of 160.58 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $24^{\circ}00'20''$, a radius of 322.00 feet and an arc length of 134.91 feet (chord bears South $50^{\circ}23'16''$ East, 133.93 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the left having a central angle of $25^{\circ}12'56''$, a radius of 322.00 feet, an arc length of 141.71 feet (chord bears South $74^{\circ}59'54''$ East, 140.57 feet) to a point;

Thence South $87^{\circ}36'23''$ East a distance of 52.37 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $39^{\circ}39'07''$, a radius of 278.00 feet and an arc length of 192.39 feet (chord bears South $67^{\circ}46'50''$ East, 188.58 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the right having a central angle of $38^{\circ}00'14''$, a radius of 278.00 feet, an arc length of 184.40 feet (chord bears South $28^{\circ}57'09''$ East, 181.03 feet) to a point;

Thence South $09^{\circ}57'02''$ East a distance of 350.30 feet to a point;

Thence continuing South $09^{\circ}57'02''$ East, along said line, a distance of 22.31 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $64^{\circ}12'47''$, a radius of 292.00 feet and an arc length of 327.25 feet (chord bears South $42^{\circ}03'26''$ East, 310.39 feet) to a point;

Thence South $74^{\circ}09'49''$ East a distance of 75.86 feet to a point;

Thence continuing South $74^{\circ}09'49''$ East, along said line, a distance of 136.12 feet to a point;

Thence continuing South $74^{\circ}09'49''$ East, along said line, a distance of 7.88 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $15^{\circ}05'51''$, a radius of 1,203.00 feet and an arc length of 316.99 feet (chord bears South $66^{\circ}36'54''$ East, 316.08 feet) to a point;

Thence South $59^{\circ}03'58''$ East a distance of 71.00 feet to a point;

Thence continuing South $59^{\circ}03'58''$ East, along said line, a distance of 34.81 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $16^{\circ}33'59''$, a radius of 747.00 feet and an arc length of 215.99 feet (chord bears South $67^{\circ}20'58''$ East, 215.23 feet) to a point;

Thence North $14^{\circ}22'04''$ East a distance of 9.00 feet to a point;

Thence South $76^{\circ}29'11''$ East a distance of 22.00 feet to a point;

Thence South $12^{\circ}39'35''$ West a distance of 9.00 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a central angle of $24^{\circ}35'28''$, a radius of 747.00 feet, an arc length of 320.61 feet (chord bears South $89^{\circ}38'09''$ East, 318.15 feet) to a point;

Thence North $78^{\circ}04'08''$ East a distance of 45.95 feet to a point;

Thence North $11^{\circ}55'52''$ West a distance of 5.00 feet to a point;

Thence North $78^{\circ}04'08''$ East a distance of 22.00 feet to a point;
 Thence South $11^{\circ}55'52''$ East a distance of 4.96 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the left having a
 central angle of $02^{\circ}34'21''$, a radius of 422.67 feet, an arc
 length of 18.98 feet (chord bears North $76^{\circ}02'28''$ East, 18.98
 feet) to a point of continuing curvature;
 Thence continuing along said arc of a curve to the left having a
 central angle of $75^{\circ}30'05''$, a radius of 422.67 feet, an arc
 length of 556.97 feet (chord bears North $37^{\circ}00'15''$ East,
 517.54 feet) to a point;
 Thence North $00^{\circ}49'09''$ West a distance of 76.78 feet to a point of
 curvature;
 Thence along the arc of said curve to the right having a central
 angle of $14^{\circ}48'04''$, a radius of 1,528.00 feet and an arc
 length of 394.73 feet (chord bears North $06^{\circ}34'53''$ East,
 393.63 feet) to a point;
 Thence North $13^{\circ}58'55''$ East a distance of 342.21 feet to a point of
 curvature;
 Thence along the arc of said curve to the right having a central
 angle of $03^{\circ}23'46''$, a radius of 253.00 feet and an arc length
 of 15.00 feet (chord bears North $15^{\circ}40'48''$ East, 14.99 feet)
 to a point;
 Thence North $47^{\circ}28'38''$ West a distance of 437.37 feet to a point;
 Thence North $27^{\circ}25'13''$ East a distance of 985.59 feet to a point;
 Thence South $90^{\circ}00'00''$ West a distance of 272.47 feet to a point;
 Thence North $03^{\circ}59'00''$ East a distance of 154.04 feet to a point;
 Thence continuing North $03^{\circ}59'00''$ East, along said line, a distance
 of 329.75 feet to a point;
 Thence South $87^{\circ}19'05''$ East a distance of 263.86 feet to a point;
 Thence South $89^{\circ}20'37''$ East a distance of 254.09 feet to a point;
 Thence South $27^{\circ}29'06''$ East a distance of 450.23 feet to a point;
 Thence North $82^{\circ}31'44''$ East a distance of 686.60 feet to a point;
 Thence South $31^{\circ}39'58''$ East a distance of 717.00 feet to a point;
 Thence South $86^{\circ}49'09''$ West a distance of 98.06 feet to a point;
 Thence South $34^{\circ}16'28''$ East a distance of 172.33 feet to a point;
 Thence South $24^{\circ}09'12''$ West a distance of 25.08 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the right having a
 central angle of $28^{\circ}59'32''$, a radius of 328.00 feet, an arc
 length of 165.97 feet (chord bears South $49^{\circ}36'12''$ East,
 164.21 feet) to a point;
 Thence South $35^{\circ}06'26''$ East a distance of 66.54 feet to a point of
 curvature;
 Thence along the arc of said curve to the left having a central
 angle of $99^{\circ}24'26''$, a radius of 72.00 feet and an arc length
 of 124.92 feet (chord bears South $84^{\circ}48'39''$ East, 109.83

feet) to a point;

Thence North $45^{\circ}29'09''$ East a distance of 136.71 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $112^{\circ}43'26''$, a radius of 153.00 feet and an arc length of 301.01 feet (chord bears South $78^{\circ}09'08''$ East, 254.76 feet) to a point;

Thence South $21^{\circ}47'25''$ East a distance of 185.87 feet to a point;

Thence North $29^{\circ}25'53''$ East a distance of 314.96 feet to a point;

Thence South $84^{\circ}22'02''$ East a distance of 379.54 feet to a point;

Thence South $28^{\circ}16'24''$ East a distance of 254.65 feet to a point;

Thence North $65^{\circ}00'06''$ East a distance of 149.05 feet to a point;

Thence North $07^{\circ}04'49''$ East a distance of 174.68 feet to a point;

Thence South $81^{\circ}47'43''$ East a distance of 100.02 feet to a point;

Thence South $07^{\circ}04'49''$ West a distance of 220.22 feet to a point;

Thence South $18^{\circ}39'47''$ East a distance of 143.49 feet to a point;

Thence South $71^{\circ}20'13''$ West a distance of 100.00 feet to a point;

Thence North $18^{\circ}39'47''$ West a distance of 166.34 feet to a point;

Thence North $07^{\circ}04'49''$ East a distance of 56.20 feet to a point;

Thence South $65^{\circ}00'06''$ West a distance of 140.84 feet to a point;

Thence South $28^{\circ}16'24''$ East a distance of 327.93 feet to a point;

Thence North $66^{\circ}38'20''$ East a distance of 515.82 feet to a point;

Thence South $34^{\circ}56'45''$ East a distance of 371.92 feet to a point;

Thence North $61^{\circ}41'10''$ East a distance of 17.86 feet to a point;

Thence South $28^{\circ}18'50''$ East a distance of 38.66 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $06^{\circ}37'24''$, a radius of 122.00 feet and an arc length of 14.10 feet (chord bears South $31^{\circ}37'32''$ East, 14.10 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the left having a central angle of $35^{\circ}42'49''$, a radius of 122.00 feet, an arc length of 76.05 feet (chord bears South $52^{\circ}47'38''$ East, 74.82 feet) to a point;

Thence South $70^{\circ}39'03''$ East a distance of 39.09 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $22^{\circ}29'43''$, a radius of 468.00 feet and an arc length of 183.74 feet (chord bears South $59^{\circ}24'12''$ East, 182.57 feet) to a point of compound curvature;

Thence South $48^{\circ}08'44''$ East a distance of 119.09 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $45^{\circ}36'53''$, a radius of 228.00 feet and an arc length of 181.52 feet (chord bears South $25^{\circ}20'17''$ East, 176.76 feet) to a point;

Thence South $89^{\circ}59'59''$ East a distance of 299.36 feet to a point;

Thence South $00^{\circ}03'01''$ West a distance of 968.66 feet to a point;
 Thence South $00^{\circ}08'46''$ East a distance of 1,334.62 feet to a point;
 Thence South $89^{\circ}34'48''$ West a distance of 1,795.85 feet to a point;
 Thence North $00^{\circ}39'08''$ West a distance of 178.15 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the right having a
 central angle of $18^{\circ}53'17''$, a radius of 328.00 feet, an arc
 length of 108.13 feet (chord bears North $81^{\circ}00'15''$ West,
 107.64 feet) to a point;
 Thence South $18^{\circ}26'24''$ West a distance of 4.00 feet to a point;
 Thence North $69^{\circ}37'54''$ West a distance of 13.93 feet to a point;
 Thence South $21^{\circ}47'09''$ West a distance of 135.53 feet to a point;
 Thence South $49^{\circ}38'17''$ West a distance of 70.15 feet to a point;
 Thence South $90^{\circ}00'00''$ West a distance of 194.63 feet to a point;
 Thence North $53^{\circ}54'38''$ West a distance of 98.45 feet to a point;
 Thence North $08^{\circ}54'38''$ West a distance of 49.70 feet to a point;
 Thence North $36^{\circ}05'22''$ East a distance of 49.70 feet to a point;
 Thence North $81^{\circ}05'22''$ East a distance of 49.70 feet to a point;
 Thence South $53^{\circ}54'38''$ East a distance of 142.04 feet to a point;
 Thence North $49^{\circ}44'30''$ East a distance of 91.64 feet to a point;
 Thence North $29^{\circ}23'00''$ East a distance of 97.96 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the right having a
 central angle of $23^{\circ}59'31''$, a radius of 328.00 feet, an arc
 length of 137.35 feet (chord bears North $42^{\circ}03'11''$ West,
 136.34 feet) to a point;
 Thence North $30^{\circ}03'25''$ West a distance of 94.16 feet to a point;
 Thence North $76^{\circ}38'31''$ West a distance of 78.81 feet to a point;
 Thence North $31^{\circ}38'31''$ West a distance of 158.71 feet to a point;
 Thence North $04^{\circ}55'22''$ East a distance of 54.47 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the left having a
 central angle of $82^{\circ}42'32''$, a radius of 422.00 feet and an
 arc length of 609.18 feet (chord bears South $86^{\circ}43'30''$ West,
 557.64 feet) to a point;
 Thence South $45^{\circ}22'14''$ West a distance of 197.91 feet to a point of
 curvature;
 Thence along the arc of said curve to the right having a central
 angle of $17^{\circ}17'29''$, a radius of 278.00 feet and an arc length
 of 83.90 feet (chord bears South $54^{\circ}00'59''$ West, 83.58 feet)
 to a point;
 Thence South $27^{\circ}20'17''$ East a distance of 6.00 feet to a point;
 Thence South $64^{\circ}50'44''$ West a distance of 21.64 feet to a point;
 Thence North $22^{\circ}58'14''$ West a distance of 6.00 feet to a point of
 non-tangent curvature;
 Thence along the arc of said non-tangent curve to the right having a
 central angle of $08^{\circ}22'39''$, a radius of 278.00 feet, an arc

length of 40.65 feet (chord bears South 71°13'05" West, 40.61 feet) to a point;

Thence South 00°29'36" East a distance of 398.58 feet to a point;

Thence South 89°34'48" West a distance of 2,121.15 feet to a point;

Thence North 89°56'42" West a distance of 529.01 feet to a point;

Thence North 00°03'18" East a distance of 350.87 feet to a point;

Thence North 53°03'11" East a distance of 469.67 feet to a point;

Thence South 82°55'20" East a distance of 760.58 feet to a point;

Thence North 04°54'00" West a distance of 50.41 feet to a point;

Thence North 43°40'22" West a distance of 609.05 feet to a point;

Thence North 24°25'38" East a distance of 337.59 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of 26°34'29", a radius of 428.00 feet, an arc length of 198.51 feet (chord bears North 34°03'39" West, 196.74 feet) to a point;

Thence North 20°46'25" West a distance of 120.14 feet to a point;

Thence North 61°22'02" West a distance of 7.52 feet to a point;

Thence South 78°04'08" West a distance of 14.39 feet to a point;

Thence North 11°55'52" West a distance of 4.00 feet to a point;

Thence South 78°04'08" West a distance of 45.95 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of 24°39'57", a radius of 803.00 feet and an arc length of 345.69 feet (chord bears North 89°35'53" West, 343.03 feet) to a point;

Thence South 12°44'05" West a distance of 5.00 feet to a point;

Thence North 76°29'07" West a distance of 22.00 feet to a point;

Thence North 14°17'41" East a distance of 5.00 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of 16°38'21", a radius of 803.00 feet, an arc length of 233.20 feet (chord bears North 67°23'08" West, 232.38 feet) to a point;

Thence North 59°03'58" West a distance of 23.44 feet to a point;

Thence South 08°50'00" West a distance of 691.44 feet to a point;

Thence North 63°29'35" West a distance of 644.83 feet to a point;

Thence South 41°38'39" East a distance of 133.92 feet to a point;

Thence South 00°00'00" East a distance of 420.34 feet to a point;

Thence North 90°00'00" East a distance of 264.52 feet to a point;

Thence South 00°00'00" East a distance of 184.27 feet to a point;

Thence South 60°15'37" West a distance of 374.34 feet to a point;

Thence South 90°00'00" West a distance of 85.64 feet to a point;

Thence North 00°00'00" East a distance of 369.96 feet to a point;

Thence North 90°00'00" East a distance of 134.15 feet to a point;

Thence North 00°00'00" East a distance of 415.77 feet to a point;

Thence North 41°38'39" West a distance of 133.94 feet to a point;

Thence North 00°06'30" East a distance of 7.55 feet to a point;
Thence North 89°53'30" West a distance of 182.43 feet to a point;
Thence continuing North 89°53'30" West, along said line, a distance
of 1,043.15 feet to the POINT OF BEGINNING.

Containing 19,594,631 square feet or 449.83 acres, more or less.

Excepting therefrom the following four (4) parcels:

Parcel A: Commencing at the South Quarter corner of said Section 24;
Thence North 66°07'12" East a distance of 3,722.62 feet to the POINT
OF BEGINNING;

Thence South 16°12'17" East a distance of 646.63 feet to a point;

Thence South 44°35'10" East a distance of 365.72 feet to a point;

Thence South 53°45'57" East a distance of 358.23 feet to a point;

Thence North 53°59'58" East a distance of 483.74 feet to a point;

Thence North 64°01'19" East a distance of 30.53 feet to a point;

Thence South 40°30'33" East a distance of 246.67 feet to a point;

Thence South 29°57'21" East a distance of 261.63 feet to a point;

Thence South 73°24'40" West a distance of 4.19 feet to a point;

Thence North 32°27'10" West a distance of 310.94 feet to a point;

Thence South 66°03'02" West a distance of 517.23 feet to a point;

Thence South 25°38'22" East a distance of 372.72 feet to a point;

Thence South 30°16'21" East a distance of 576.09 feet to a point;

Thence South 70°21'31" East a distance of 492.00 feet to a point of
non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a
central angle of 02°19'07", a radius of 478.00 feet, an arc
length of 19.34 feet (chord bears South 46°31'47" West, 19.34
feet) to a point;

Thence South 45°22'14" West a distance of 197.91 feet to a point of
curvature;

Thence along the arc of said curve to the right having a central
angle of 16°00'07", a radius of 222.00 feet and an arc length
of 62.00 feet (chord bears South 53°22'18" West, 61.80 feet)
to a point;

Thence North 28°37'40" West a distance of 17.00 feet to a point;

Thence South 64°20'08" West a distance of 21.19 feet to a point;

Thence South 22°42'05" East a distance of 17.00 feet to a point of
non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a
central angle of 06°29'26", a radius of 222.00 feet, an arc
length of 25.15 feet (chord bears South 70°32'38" West, 25.14
feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the right having a
central angle of 56°32'54", a radius of 222.00 feet, an arc
length of 219.10 feet (chord bears North 77°56'12" West,
210.32 feet) to a point;

Thence North $49^{\circ}39'45''$ West a distance of 41.69 feet to a point;
Thence continuing North $49^{\circ}39'45''$ West, along said line, a distance of 255.40 feet to a point of curvature;
Thence along the arc of said curve to the left having a central angle of $20^{\circ}20'30''$, a radius of 828.00 feet and an arc length of 293.96 feet (chord bears North $59^{\circ}50'00''$ West, 292.42 feet) to a point;
Thence North $70^{\circ}00'14''$ West a distance of 101.10 feet to a point;
Thence continuing North $70^{\circ}00'14''$ West, along said line, a distance of 329.76 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of $05^{\circ}22'29''$, a radius of 372.00 feet and an arc length of 34.90 feet (chord bears North $67^{\circ}19'00''$ West, 34.88 feet) to a point of continuing curvature;
Thence continuing along said arc of a curve to the right having a central angle of $16^{\circ}04'12''$, a radius of 372.00 feet, an arc length of 104.34 feet (chord bears North $56^{\circ}35'39''$ West, 103.99 feet) to a point;
Thence North $48^{\circ}33'34''$ West a distance of 83.03 feet to a point of curvature;
Thence along the arc of said curve to the left having a central angle of $18^{\circ}25'31''$, a radius of 428.00 feet and an arc length of 137.64 feet (chord bears North $57^{\circ}46'20''$ West, 137.04 feet) to a point;
Thence North $66^{\circ}59'05''$ West a distance of 284.49 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of $20^{\circ}57'44''$, a radius of 372.00 feet and an arc length of 136.10 feet (chord bears North $56^{\circ}30'13''$ West, 135.34 feet) to a point of continuing curvature;
Thence continuing along said arc of a curve to the right having a central angle of $25^{\circ}14'56''$, a radius of 372.00 feet, an arc length of 163.93 feet (chord bears North $33^{\circ}23'53''$ West, 162.61 feet) to a point;
Thence North $20^{\circ}46'25''$ West a distance of 115.03 feet to a point;
Thence North $24^{\circ}52'48''$ East a distance of 12.58 feet to a point of non-tangent curvature;
Thence along the arc of said non-tangent curve to the left having a central angle of $70^{\circ}44'46''$, a radius of 478.67 feet, an arc length of 591.04 feet (chord bears North $34^{\circ}37'21''$ East, 554.20 feet) to a point;
Thence North $00^{\circ}49'09''$ West a distance of 76.82 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of $14^{\circ}48'04''$, a radius of 1,472.00 feet and an arc length of 380.26 feet (chord bears North $06^{\circ}34'53''$ East, 379.20 feet) to a point;

Thence North $13^{\circ}58'55''$ East a distance of 294.08 feet to the POINT OF BEGINNING.

Together with:

Parcel B: Commencing at the South Quarter corner of said Section 24;
Thence North $66^{\circ}29'33''$ East a distance of 4,328.25 feet to the POINT OF BEGINNING;

Thence North $50^{\circ}28'02''$ East a distance of 76.83 feet to a point;

Thence continuing North $50^{\circ}28'02''$ East, along said line, a distance of 57.26 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $01^{\circ}22'33''$, a radius of 372.00 feet and an arc length of 8.93 feet (chord bears North $51^{\circ}09'18''$ East, 8.93 feet) to a point;

Thence South $38^{\circ}09'25''$ East a distance of 10.00 feet to a point;

Thence North $53^{\circ}29'40''$ East a distance of 20.86 feet to a point;

Thence North $34^{\circ}51'16''$ West a distance of 10.00 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of $30^{\circ}41'01''$, a radius of 372.00 feet, an arc length of 199.22 feet (chord bears North $70^{\circ}29'14''$ East, 196.85 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the right having a central angle of $17^{\circ}24'08''$, a radius of 372.00 feet, an arc length of 112.99 feet (chord bears South $85^{\circ}28'11''$ East, 112.55 feet) to a point;

Thence South $76^{\circ}46'06''$ East a distance of 53.12 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $04^{\circ}36'56''$, a radius of 178.00 feet and an arc length of 14.34 feet (chord bears South $79^{\circ}04'34''$ East, 14.34 feet) to a point;

Thence South $14^{\circ}20'51''$ East a distance of 428.25 feet to a point;

Thence North $74^{\circ}46'35''$ West a distance of 164.84 feet to a point;

Thence North $62^{\circ}43'35''$ West a distance of 493.01 feet to the POINT OF BEGINNING.

Together with:

Parcel C: Commencing at the South Quarter corner of said Section 24;
Thence North $62^{\circ}15'27''$ East a distance of 4,777.81 feet to the POINT OF BEGINNING;

Thence North $55^{\circ}45'57''$ East a distance of 57.95 feet to a point;

Thence North $86^{\circ}49'09''$ East a distance of 643.82 feet to a point;

Thence South $34^{\circ}16'28''$ East a distance of 173.21 feet to a point;

Thence South $24^{\circ}09'12''$ West a distance of 13.90 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a

central angle of $13^{\circ}05'25''$, a radius of 328.00 feet, an arc length of 74.94 feet (chord bears North $74^{\circ}08'21''$ West, 74.77 feet) to a point;
Thence North $07^{\circ}27'35''$ East a distance of 7.06 feet to a point;
Thence North $82^{\circ}31'26''$ West a distance of 21.25 feet to a point;
Thence South $07^{\circ}27'35''$ West a distance of 7.06 feet to a point of non-tangent curvature;
Thence along the arc of said non-tangent curve to the left having a central angle of $60^{\circ}18'25''$, a radius of 328.00 feet, an arc length of 345.24 feet (chord bears South $65^{\circ}26'59''$ West, 329.52 feet) to a point;
Thence South $35^{\circ}17'47''$ West a distance of 55.46 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of $67^{\circ}56'06''$, a radius of 122.00 feet and an arc length of 144.65 feet (chord bears South $69^{\circ}15'50''$ West, 136.33 feet) to a point;
Thence North $76^{\circ}46'06''$ West a distance of 53.12 feet to a point of curvature;
Thence along the arc of said curve to the left having a central angle of $12^{\circ}26'47''$, a radius of 428.00 feet and an arc length of 92.97 feet (chord bears North $82^{\circ}59'30''$ West, 92.79 feet) to a point;
Thence North $46^{\circ}59'39''$ West a distance of 13.20 feet to a point;
Thence North $04^{\circ}10'15''$ West a distance of 52.74 feet to a point of curvature;
Thence along the arc of said curve to the left having a central angle of $30^{\circ}03'48''$, a radius of 428.00 feet and an arc length of 224.57 feet (chord bears North $19^{\circ}12'09''$ West, 222.01 feet) to a point;
Thence North $00^{\circ}00'00''$ East a distance of 0.00 feet to the POINT OF BEGINNING.

Together with:

Parcel D: Commencing at the South Quarter corner of said Section 24;
Thence North $67^{\circ}11'43''$ East a distance of 5,027.53 feet to the POINT OF BEGINNING to a point;
Thence North $35^{\circ}17'47''$ East a distance of 51.29 feet to a point of curvature;
Thence along the arc of said curve to the right having a central angle of $48^{\circ}45'47''$, a radius of 272.00 feet and an arc length of 231.49 feet (chord bears North $59^{\circ}40'40''$ East, 224.57 feet) to a point;
Thence South $05^{\circ}07'48''$ West a distance of 103.92 feet to a point;
Thence South $84^{\circ}23'50''$ East a distance of 137.22 feet to a point;
Thence North $04^{\circ}10'20''$ East a distance of 97.04 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the right having a central angle of $31^{\circ}54'54''$, a radius of 272.00 feet, an arc length of 151.51 feet (chord bears South $51^{\circ}03'52''$ East, 149.56 feet) to a point;

Thence South $35^{\circ}06'26''$ East a distance of 66.54 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $56^{\circ}31'41''$, a radius of 128.00 feet and an arc length of 126.28 feet (chord bears South $63^{\circ}22'17''$ East, 121.23 feet) to a point;

Thence South $44^{\circ}30'51''$ East a distance of 183.09 feet to a point;

Thence North $45^{\circ}29'09''$ East a distance of 187.74 feet to a point;

Thence North $44^{\circ}30'51''$ West a distance of 148.89 feet to a point;

Thence North $45^{\circ}29'09''$ East a distance of 36.07 feet to a point of curvature;

Thence along the arc of said curve to the right having a central angle of $112^{\circ}43'26''$, a radius of 97.00 feet and an arc length of 190.84 feet (chord bears South $78^{\circ}09'08''$ East, 161.52 feet) to a point;

Thence South $21^{\circ}47'25''$ East a distance of 188.27 feet to a point of curvature;

Thence along the arc of said curve to the left having a central angle of $05^{\circ}47'15''$, a radius of 208.00 feet and an arc length of 21.01 feet (chord bears South $24^{\circ}41'02''$ East, 21.00 feet) to a point;

Thence South $64^{\circ}42'38''$ West a distance of 446.56 feet to a point;

Thence South $22^{\circ}53'26''$ East a distance of 365.56 feet to a point;

Thence South $16^{\circ}36'38''$ West a distance of 233.72 feet to a point;

Thence South $14^{\circ}52'17''$ East a distance of 159.09 feet to a point;

Thence South $25^{\circ}57'20''$ East a distance of 365.68 feet to a point;

Thence South $65^{\circ}06'50''$ East a distance of 306.91 feet to a point;

Thence South $05^{\circ}02'21''$ East a distance of 123.80 feet to a point;

Thence South $16^{\circ}14'42''$ West a distance of 404.61 feet to a point;

Thence South $01^{\circ}11'58''$ East a distance of 545.43 feet to a point of non-tangent curvature;

Thence along the arc of said non-tangent curve to the left having a central angle of $26^{\circ}07'22''$, a radius of 478.00 feet, an arc length of 217.93 feet (chord bears North $63^{\circ}46'50''$ West, 216.05 feet) to a point of continuing curvature;

Thence continuing along said arc of a curve to the left having a central angle of $00^{\circ}03'30''$, a radius of 478.00 feet, an arc length of 0.49 feet (chord bears North $76^{\circ}52'16''$ West, 0.49 feet) to a point;

Thence North $12^{\circ}09'38''$ East a distance of 546.29 feet to a point;

Thence North $38^{\circ}32'14''$ West a distance of 249.19 feet to a point;

Thence North $31^{\circ}58'59''$ West a distance of 337.53 feet to a point;

Thence North $26^{\circ}04'11''$ West a distance of 455.54 feet to a point;

Thence South 54°50'48" West a distance of 491.51 feet to a point;
Thence South 25°07'13" East a distance of 330.84 feet to a point;
Thence South 73°24'40" West a distance of 1.40 feet to a point;
Thence North 29°57'21" West a distance of 268.23 feet to a point;
Thence North 40°30'33" West a distance of 243.33 feet to a point;
Thence North 64°01'19" East a distance of 549.13 feet to a point;
Thence North 27°04'56" West a distance of 471.53 feet to a point;
Thence North 44°48'44" East a distance of 156.54 feet to a point;
Thence North 00°30'19" East a distance of 292.38 feet to a point;
Thence North 63°10'29" West a distance of 363.96 feet to the POINT
OF BEGINNING.

These four (4) parcels contain a total of 959,421 square feet or
22.03 acres for a total difference of 18,635,210 square feet or
427.81 acres, more or less.

BASIS OF BEARINGS: For the purpose of this description the bearings
are based on the southerly line of the North Half of the North Half
of said Section 30 as monumented by a 3" brass cap stamped LS 6935
on the east and by a 2" aluminum cap stamped LS 24968 on the west
and bears South 89°34'48" West.

Prepared by: George G. Smith, Jr. PLS
PLS 19003

On behalf of: KIRKHAM MICHAEL CONSULTING ENGINEERS
5600 South Quebec Street, Suite 200D
Greenwood Village, Colorado 80111
(303) 694-2300

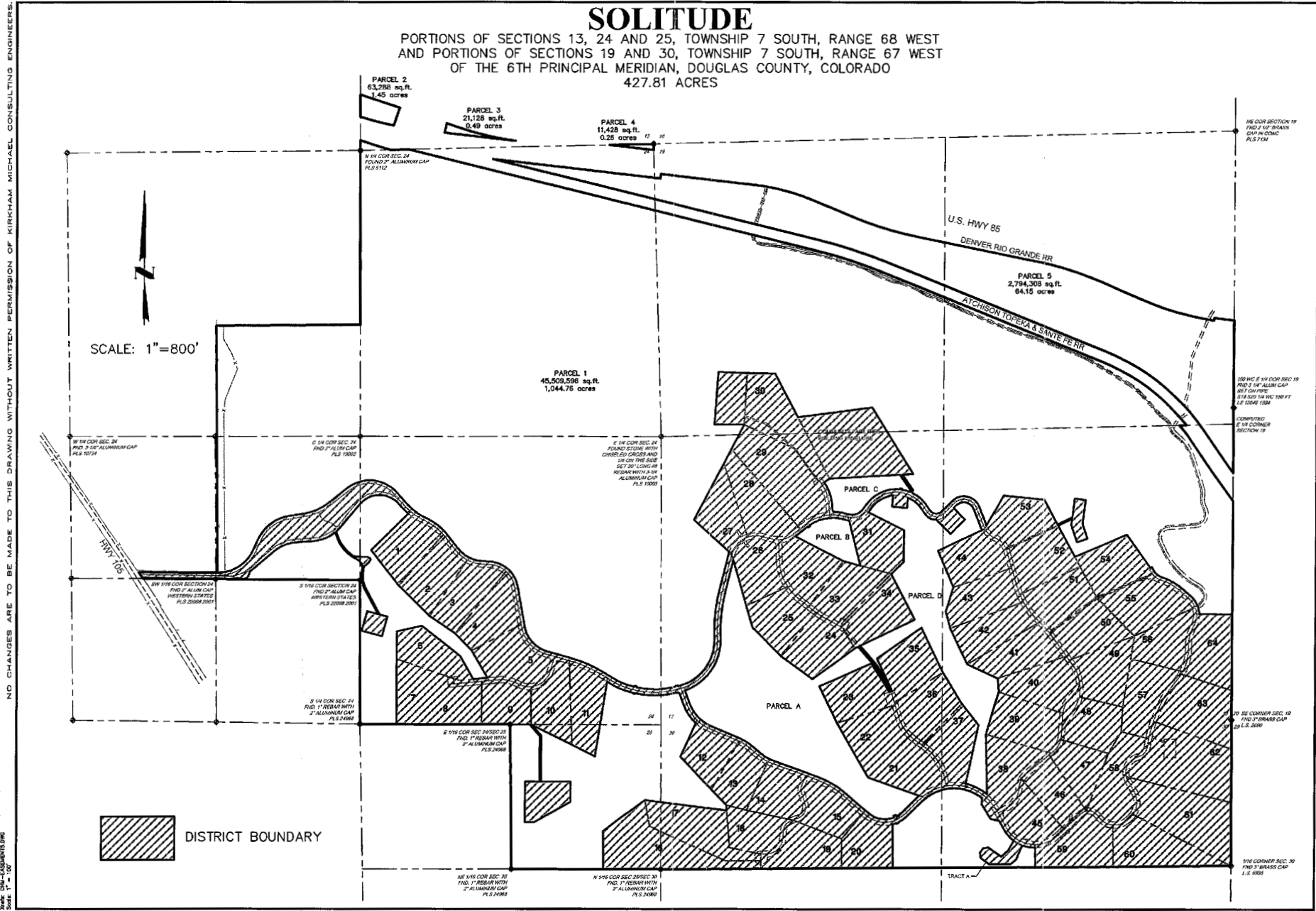
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EXHIBIT B
Map of District Service Area

EXHIBIT C
District Boundary Map and Vicinity Map

SOLITUDE

PORTIONS OF SECTIONS 13, 24 AND 25, TOWNSHIP 7 SOUTH, RANGE 68 WEST
AND PORTIONS OF SECTIONS 19 AND 30, TOWNSHIP 7 SOUTH, RANGE 67 WEST
OF THE 6TH PRINCIPAL MERIDIAN, DOUGLAS COUNTY, COLORADO
427.81 ACRES



NO CHANGES ARE TO BE MADE TO THIS DRAWING WITHOUT WRITTEN PERMISSION OF KIRKHAM MICHAEL CONSULTING ENGINEERS.

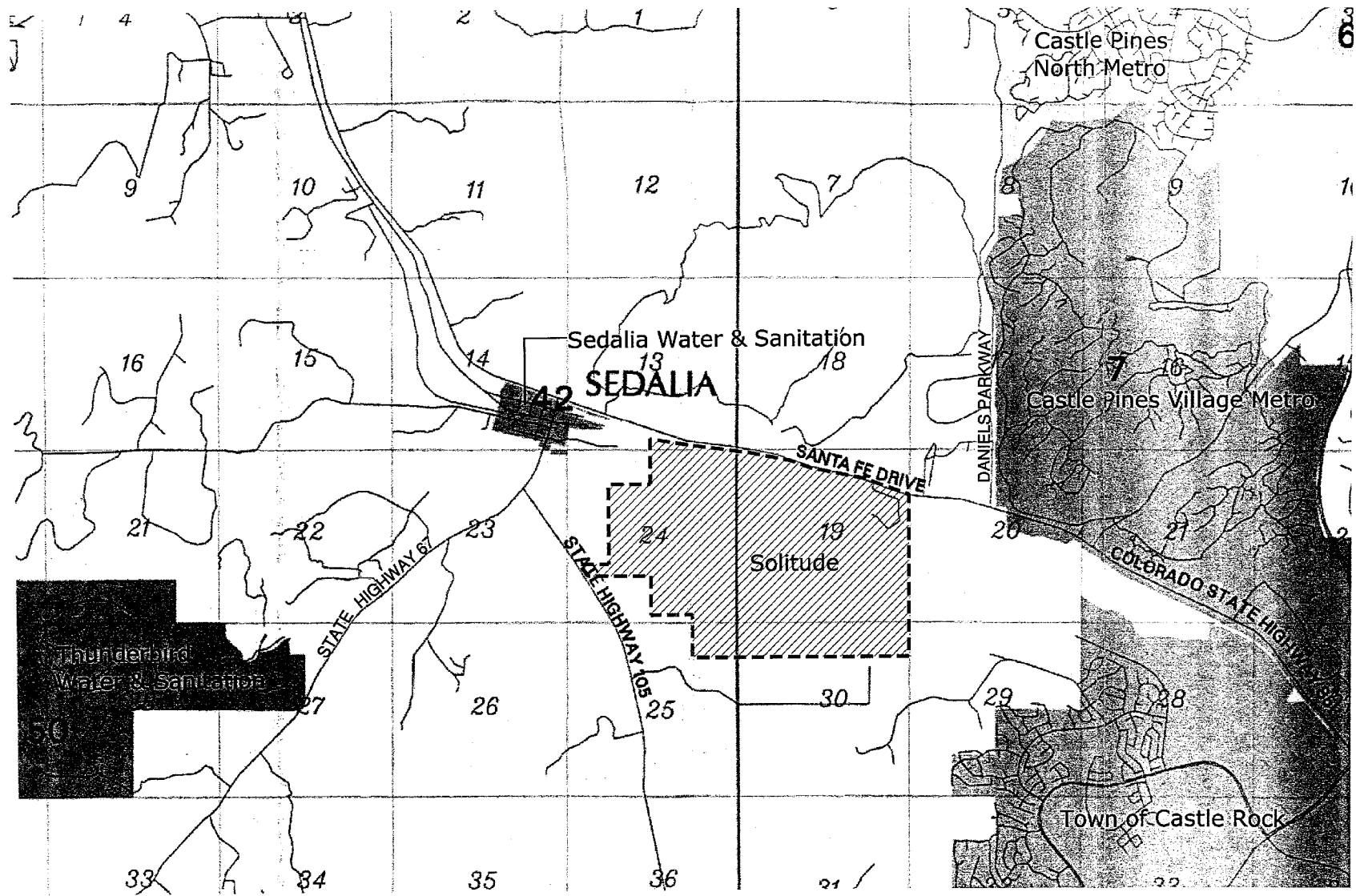


Revisions:	
Date:	
Drawn by:	
Checked by:	
Scale:	

CHEROKEE KOELBEL

SOLITUDE METROPOLITAN DISTRICT DISTRICT BOUNDARY EXHIBIT

DATE: 5/21/02
DESIGN:
DRAWN: C.K.H.
CHECKED:
K.M.A. NO. E-000771
SHEET NO. 1 OF 1



SOLITUDE
vicinity map



EXHIBIT D
Projected Cost

**Solitude - Metropolitan District
Opinion of Probable Costs**

Date: May 30, 2002
By: Kirkham Michael

Rev 9-10-02

CONSTRUCTION COSTS

PHASE 1

Water System Costs

Well 1 (Denver)	\$574,000
Treatment	\$574,000
Storage	\$236,500
Distribution	\$417,000

Drainage Costs

Culverts	\$0
Wild Life Pond A	\$29,000
Detention Ponds	\$175,000

Total \$2,005,500

PHASE 2

Water System Costs

Distribution	\$200,000
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Drainage Costs

Culverts	\$0
Wild Life Pond B	\$29,000
Ranch Gathering Pond	\$165,000
Detention Ponds	\$110,000

Total \$504,000

PHASE 3

Water System Costs

Distribution	\$340,000
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Drainage Costs

Culverts	\$0
Detention Ponds	\$125,000

Total \$465,000

TOTAL ALL PHASES

\$2,974,500

**OPERATION AND MAINTENANCE COSTS
(Based on 25 year projection)**

Water Treatment, Storage, & Distribution	\$857,000
Well 1 Denver	\$465,500
Storm Drainage	\$215,000

Total \$1,537,500

Average Annual Costs (25 years) \$61,500

OPERATION & MAINTENANCE OPINION OF PROBABLE COST

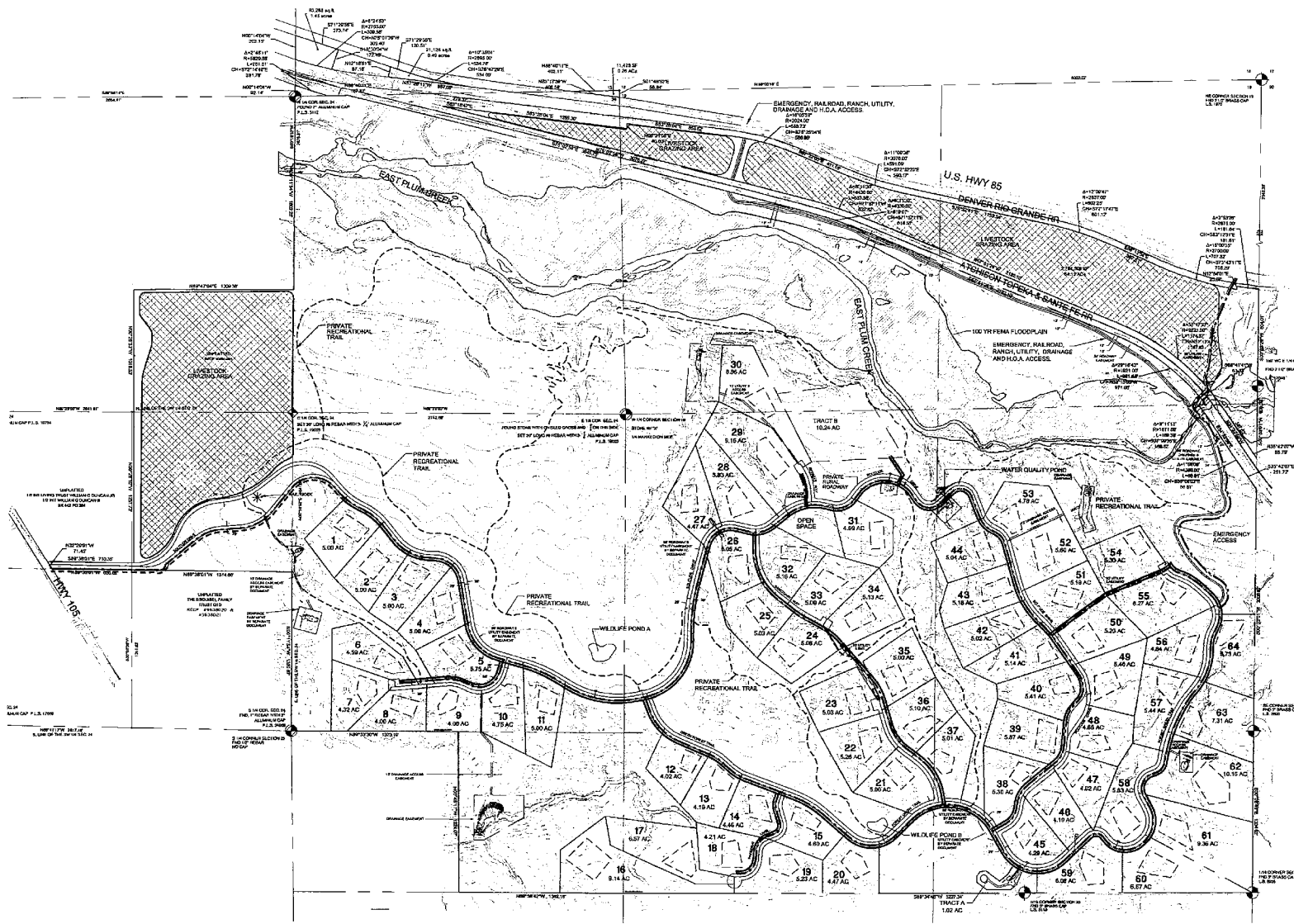
PROJECT: SOLITUDE METRO DISTRICT ENGINEER: MEURER & ASSOCIATES JEHN WATER CONSULTANTS, INC.
 OWNER: KOELBEL AND COMPANY DATE: May 30, 2002 Rev 9-10-2002
 KIRKHAM MICHAEL

ITEM	FREQUENCY YEARS	COST	YEARS												YEARS
			1	2	3	4	5	6	7	8	9	10	11	12	
BOOSTER PUMP STATION															
Power	1	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Exterior Building Maintenance (Painting)	10	\$5,000											\$5,000		
Pump Skid															
General Maintenance	1	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	
Pump Seals	5	\$2,000						\$2,000					\$2,000		
Pump Motor Replacement	7	\$2,000								\$2,000					
Pump End Replacement	10	\$2,000										\$2,000			
FirePump Seals	5	\$2,500						\$2,500				\$2,500			
FirePump Motor Replacement	15	\$5,000													
FirePump End Replacement	25	\$2,500													
Generator															
Diesel Fuel	1	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	
General Maintenance	1	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$2,000	\$500	\$500	
WATER STORAGE TANK															
Cleaning / Inspection	3	\$3,500			\$3,500				\$3,500			\$3,500		\$3,500	
Painting (Interior)	20	\$20,000													
Painting (Exterior)	10	\$20,000										\$20,000			
WATER TREATMENT															
Chemicals (Chlorine)	1	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	
Chemicals (Polymer)	1	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	
LMI Pump Replacement	3	\$2,000			\$2,000				\$2,000			\$2,000		\$2,000	
SITE MAINTENANCE															
Gravel Access Road Regrading	5	\$2,000	\$2,000					\$2,000				\$2,000			
SYSTEM MAINTENANCE															
Site Visit 1/per week	1	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	
Flushing of Mains / Exercise Valves	1	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	
Leak Repair	3	\$3,000			\$3,000				\$3,000			\$3,000		\$3,000	
Valve and Hydrant Maintenance	5	\$1,500						\$1,500				\$1,500			
Water Quality Testing															
Quarterly and Annual Water Quality Testing	1	\$2,500	\$4,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
Subtotal			\$29,600	\$26,100	\$34,600	\$26,100	\$34,100	\$34,600	\$28,100	\$26,100	\$34,600	\$62,600	\$26,100	\$34,600	
DENVER WELL															
Pump/Motor Replacement	7	\$3,500 \$126,000	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	
Subtotal			\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$129,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	
STORM DRAINAGE MAINTENANCE															
Maintenance Culverts and Ditches	1	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Water Quality Ponds	1	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Wildlife Ponds	1	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	
Culvert Repair/Replacement	5	\$2,000						\$2,000				\$2,000		\$2,000	
Subtotal			\$8,200	\$8,200	\$8,200	\$8,200	\$10,200	\$8,200	\$8,200	\$8,200	\$8,200	\$10,200	\$8,200	\$8,200	
TOTAL			\$41,300	\$37,800	\$46,300	\$37,800	\$47,800	\$46,300	\$165,800	\$37,800	\$46,300	\$76,300	\$37,800	\$46,300	

Total Cost **\$1,537,500** **Average Annual Costs (over 25 years)** **\$61,500**

NOTES:
 These O&M costs are 2002 values.

EXHIBIT E
Map of Improvements







SOLITUDE

DOUGLAS COUNTY, COLORADO

PROPOSED UTILITY LAYOUT PLAN

LEGEND

-  PROPOSED RECREATIONAL TRAIL
-  100 YEAR FLOODPLAIN
-  PROPOSED UTILITY LINES
(Utilities include gas, electric, phone & cable)
-  PROPOSED WATER LINES

800 Linnace St., Suite 100, Denver, CO 80204



SITE DESIGN, LAND PLANNING
& LANDSCAPE ARCHITECTURE
PHONE 303-852-8166
FAX 303-852-4984

DATE: JULY 24, 2002

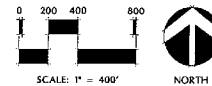


EXHIBIT F
Finance Plan

Expected Buildout

**Solitude
Metropolitan District
Sources and Uses of Cash**

	Total	2002	2003	2004	2005	2006	2007	2008	2009	2010
Beginning Cash Available		0	0	307,571	490,205	690,642	682,851	778,377	926,260	944,459
Revenues:										
Debt Service Property Taxes	6,847,466	0	8,764	8,852	8,941	39,500	70,364	111,694	163,593	226,168
General Fund Property Taxes				0	0	0	0	0	0	0
6.00% S.O. Tax	410,848	0	526	531	536	2,370	4,222	6,702	9,816	13,570
30,000 Tap Fees	1,920,000	0	180,000	180,000	240,000	300,000	360,000	360,000	300,000	0
85 Monthly User Fees	3,404,668	0	9,720	20,023	34,373	53,107	76,580	101,413	123,799	127,513
DS Bond Proceeds	3,353,000	0	3,353,000	0	0	0	0	0	0	0
4.00% Reserve Fund	443,520	0	0	0	9,240	9,240	9,240	9,240	9,240	9,240
DS Capitalized Interest	722,400	0		392,700	329,700	0	0	0	0	0
Working Capital Deposit	150,000	0	150,000	0	0	0	0	0	0	0
4.00% Investment Income	613,819	0	0	12,303	19,608	27,626	27,314	31,135	37,050	37,778
Total Annual Income	17,865,721	0	3,702,010	614,409	642,398	431,842	547,720	620,184	643,498	414,270
Expenditures:										
DS Debt Service	11,368,100	0	0	392,700	392,700	397,700	397,275	416,850	424,725	436,750
CONST Construction	3,353,000	0	3,353,000	0	0	0	0	0	0	0
1.50% Tax Collection Fees	108,875	0	139	141	142	628	1,119	1,776	2,601	3,596
3.00% Operations & Maintenance	2,270,716	0	41,300	38,934	49,120	41,305	53,799	53,674	197,974	46,489
Total Annual Expenses	17,100,691	0	3,394,439	431,775	441,962	439,633	452,193	472,300	625,300	486,835
Ending Cash Available	765,030	0	307,571	490,205	690,642	682,851	778,377	926,260	944,459	871,893
Mill Levy										
O&M Mill Levy			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service Mill Levy		0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Total			37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Assessed Valuation										
Beginning		234,532	236,877	239,246	241,638	1,067,555	1,901,730	3,018,747	4,421,435	6,112,649
1.00% Increase From Inflation	1,222,954	2,345	2,369	2,392	2,416	10,676	19,017	30,187	44,214	61,126
Increase From Construction	8,784,000	0	0	0	823,500	823,500	1,098,000	1,372,500	1,647,000	1,647,000
Cumulative	10,241,486	236,877	239,246	241,638	1,067,555	1,901,730	3,018,747	4,421,435	6,112,649	7,820,776
Absorption										
Residential Units	64	0	6	6	8	10	12	12	10	0
9.15% Residential Value	96,000,000	0	0	9,000,000	9,000,000	12,000,000	15,000,000	18,000,000	18,000,000	15,000,000
Total Market Value	96,000,000	0	0	9,000,000	9,000,000	12,000,000	15,000,000	18,000,000	18,000,000	15,000,000
Assessed Valuation	8,784,000	0	0	823,500	823,500	1,098,000	1,372,500	1,647,000	1,647,000	1,372,500

Assumptions:

- (1) Specific Ownership Taxes are calculated at 6% of Property Taxes.
- (2) Reserve Fund Earnings are calculated at 4% annually.
- (3) Earnings on Cash Balance are calculated at 4% annually.
- (4) Tax Collection Fees are calculated at 1.5% of the taxes collected.
- (5) Operations and Maintenance expenses are in future dollars at a 3% growth rate. Currently project to be paid by user fees.
- (6) Existing Property Values are assumed to grow at 1% annually.
- (7) Residential Property is assessed at 9.15%.

**Solitude
Metropolitan District
Sources and Uses of Cash**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Cash Available	871,893	848,326	807,997	790,949	769,627	768,357	584,173	550,039	559,503	573,651
Revenues:										
Debt Service Property Taxes	289,369	343,045	346,475	349,940	353,439	356,974	360,544	364,149	367,791	371,468
General Fund Property Taxes	0	0	0	0	0	0	0	0	0	0
6.00% S.O. Tax	17,362	20,583	20,789	20,996	21,206	21,418	21,633	21,849	22,067	22,288
30,000 Tap Fees	0	0	0	0	0	0	0	0	0	0
85 Monthly User Fees	131,339	135,279	139,337	143,517	147,823	152,258	156,825	161,530	166,376	171,367
DS Bond Proceeds	0	0	0	0	0	0	0	0	0	0
4.00% Reserve Fund	9,240	9,240	9,240	9,240	9,240	9,240	9,240	9,240	9,240	9,240
DS Capitalized Interest	0	0	0	0	0	0	0	0	0	0
Working Capital Deposit	0	0	0	0	0	0	0	0	0	0
4.00% Investment Income	34,876	33,933	32,320	31,638	30,785	30,734	23,367	22,002	22,380	22,946
Total Annual Income	482,185	542,080	548,161	555,332	562,494	570,624	571,608	578,770	587,854	597,310
Expenditures:										
DS Debt Service	442,500	477,400	508,900	507,000	504,250	505,650	505,775	504,625	507,200	508,075
CONST Construction	0	0	0	0	0	0	0	0	0	0
1.50% Tax Collection Fees	4,601	5,454	5,509	5,564	5,620	5,676	5,733	5,790	5,848	5,906
3.00% Operations & Maintenance	58,651	99,554	50,800	64,090	53,894	243,483	94,234	58,891	60,658	76,527
Total Annual Expenses	505,752	582,409	565,209	576,654	563,763	754,809	605,742	569,306	573,706	590,508
Ending Cash Available	848,326	807,997	790,949	769,627	768,357	584,173	550,039	559,503	573,651	580,452
Mill Levy										
O&M Mill Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service Mill Levy	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Total	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Assessed Valuation										
Beginning	7,820,776	9,271,484	9,364,198	9,457,840	9,552,419	9,647,943	9,744,422	9,841,867	9,940,285	10,039,688
1.00% Increase From Inflation	78,208	92,715	93,642	94,578	95,524	96,479	97,444	98,419	99,403	100,397
Increase From Construction	1,372,500	0	0	0	0	0	0	0	0	0
Cumulative	9,271,484	9,364,198	9,457,840	9,552,419	9,647,943	9,744,422	9,841,867	9,940,285	10,039,688	10,140,085
Absorption										
Residential Units	0	0	0	0	0	0	0	0	0	0
9.15% Residential Value	0	0	0	0	0	0	0	0	0	0
Total Market Value	0	0	0	0	0	0	0	0	0	0
Assessed Valuation	0	0	0	0	0	0	0	0	0	0

**Solitude
Metropolitan District
Sources and Uses of Cash**

	2021	2022	2023	2024	2025	2026	2027
Beginning Cash Available	580,452	609,546	543,522	344,670	389,702	442,722	489,976
Revenues:							
Debt Service Property Taxes	375,183	378,935	382,724	386,552	390,417	394,321	398,264
General Fund Property Taxes	0	0	0	0	0	0	0
6.00% S.O. Tax	22,511	22,736	22,963	23,193	23,425	23,659	23,896
30,000 Tap Fees	0	0	0	0	0	0	0
85 Monthly User Fees	176,508	181,804	187,258	192,875	198,662	204,621	210,760
DS Bond Proceeds	0	0	0	0	0	0	0
4.00% Reserve Fund	9,240	9,240	9,240	9,240	9,240	9,240	240,240
DS Capitalized Interest	0	0	0	0	0	0	0
Working Capital Deposit	0	0	0	0	0	0	0
4.00% Investment Income	23,218	24,382	21,741	13,787	15,588	17,709	19,599
Total Annual Income	606,660	617,096	623,926	625,647	637,332	649,551	892,759
Expenditures:							
DS Debt Service	507,250	504,725	505,500	504,150	505,675	504,650	506,075
CONST Construction	0	0	0	0	0	0	0
1.50% Tax Collection Fees	5,965	6,025	6,085	6,146	6,208	6,270	6,332
3.00% Operations & Maintenance	64,352	172,370	311,193	70,319	72,429	91,377	105,299
Total Annual Expenses	577,567	683,120	822,778	580,615	584,311	602,297	617,706
Ending Cash Available	609,546	543,522	344,670	389,702	442,722	489,976	765,030
Mill Levy							
O&M Mill Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service Mill Levy	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Total	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Assessed Valuation							
Beginning	10,140,085	10,241,486	10,343,901	10,447,340	10,551,813	10,657,331	10,763,905
1.00% Increase From Inflation	101,401	102,415	103,439	104,473	105,518	106,573	107,639
Increase From Construction	0	0	0	0	0	0	0
Cumulative	10,241,486	10,343,901	10,447,340	10,551,813	10,657,331	10,763,905	10,871,544
Absorption							
Residential Units	0	0	0	0	0	0	0
9.15% Residential Value	0	0	0	0	0	0	0
Total Market Value	0	0	0	0	0	0	0
Assessed Valuation	0	0	0	0	0	0	0

**Solitude
Metropolitan District
Sources and Uses of Cash**

Construction by Year										Residential Units	Commercial		Residential	Cummulative
Year	Filing 1	Commercial								# Units	Average Value (\$000)	Value By Year (\$000)	Value By Year (\$000)	Value (\$000)
2002		0	0	0	0	0	0	0	0	0	0	0	0	
2003	6	0	0	0	0	0	0	0	6	0	0	0	0	
2004	6	0	0	0	0	0	0	0	6	0	0	9,000	9,000	
2005	8	0	0	0	0	0	0	0	8	0	0	9,000	18,000	
2006	10	0	0	0	0	0	0	0	10	0	0	12,000	30,000	
2007	12	0	0	0	0	0	0	0	12	0	0	15,000	45,000	
2008	12	0	0	0	0	0	0	0	12	0	0	18,000	63,000	
2009	10	0	0	0	0	0	0	0	10	0	0	18,000	81,000	
2010	0	0	0	0	0	0	0	0	0	0	0	15,000	96,000	
2011	0	0	0	0	0	0	0	0	0	0	0	0	96,000	
2012	0	0	0	0	0	0	0	0	0	0	0	0	96,000	
2013		0	0	0	0	0	0	0	0	0	0	0	96,000	
2014		0	0	0	0	0	0	0	0	0	0	0	96,000	
Total	64	0	0	0	0	0	0	0	0	0	0	96,000		

Construction by Year Cost Per Unit										Commercial	Residential	Cummulative
Area \$000/Unit	1500	Commercial								Value By Year (\$000)	Value By Year (\$000)	Value (\$000)
2002	0	0	0	0	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0	0	0	0	0
2004	9,000	0	0	0	0	0	0	0	0	9,000	9,000	9,000
2005	9,000	0	0	0	0	0	0	0	0	9,000	18,000	18,000
2006	12,000	0	0	0	0	0	0	0	0	12,000	30,000	30,000
2007	15,000	0	0	0	0	0	0	0	0	15,000	45,000	45,000
2008	18,000	0	0	0	0	0	0	0	0	18,000	63,000	63,000
2009	18,000	0	0	0	0	0	0	0	0	18,000	81,000	81,000
2010	15,000	0	0	0	0	0	0	0	0	15,000	96,000	96,000
2011	0	0	0	0	0	0	0	0	0	0	96,000	96,000
2012	0	0	0	0	0	0	0	0	0	0	96,000	96,000
2013	0	0	0	0	0	0	0	0	0	0	96,000	96,000
2014	0	0	0	0	0	0	0	0	0	0	96,000	96,000
Total	96,000	0	0	0	0	0	0	0	0	0	96,000	

**Solitude
Metropolitan District
Sources and Uses of Cash**

	Projected Market Value				Projected Assessed Value (Excluding Inflation)			
	Commercial Value By Year (000)	Residential Value By Year (000)	Total Value By Year (000)	Cummulative Value (000)	29.00% Commercial Assessed By Yr (000)	9.15% Residential Assessed By Yr (000)	Total Assessed By Year (000)	Cummulative Assessed (000)
2002	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
2004	0	9,000	9,000	9,000	0	824	824	824
2005	0	9,000	9,000	18,000	0	824	824	1,647
2006	0	12,000	12,000	30,000	0	1,098	1,098	2,745
2007	0	15,000	15,000	45,000	0	1,373	1,373	4,118
2008	0	18,000	18,000	63,000	0	1,647	1,647	5,765
2009	0	18,000	18,000	81,000	0	1,647	1,647	7,412
2010	0	15,000	15,000	96,000	0	1,373	1,373	8,784
2011	0	0	0	96,000	0	0	0	8,784
2012	0	0	0	96,000	0	0	0	8,784
2013	0	0	0	96,000	0	0	0	8,784
2014	0	0	0	96,000	0	0	0	8,784
Total	0	96,000	96,000		0	8,784	8,784	

Debt Service

SOURCES AND USES OF FUNDS

Solitude Metropolitan District
General Obligation Bonds, Series 2003

Dated Date 12/01/2003
Delivery Date 12/01/2003

Sources:

Bond Proceeds:	
Par Amount	4,620,000.00
	<hr/> 4,620,000.00

Uses:

Project Fund Deposits:	
Project Construction Fund	3,353,000.00
Working Capital	<u>150,000.00</u>
	3,503,000.00

Other Fund Deposits:	
Debt Service Reserve Fund	231,000.00
Capitalized Interest	<u>748,123.85</u>
	979,123.85

Delivery Date Expenses:	
Cost of Issuance	50,000.00
Underwriter's Discount	<u>87,780.00</u>
	137,780.00

Other Uses of Funds:	
Additional Proceeds	96.15
	<hr/> 4,620,000.00

BOND DEBT SERVICE

Solitude Metropolitan District
General Obligation Bonds, Series 2003

Dated Date 12/01/2003
Delivery Date 12/01/2003

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2003					
06/01/2004			196,350.00	196,350.00	
12/01/2004			196,350.00	196,350.00	392,700
06/01/2005			196,350.00	196,350.00	
12/01/2005			196,350.00	196,350.00	392,700
06/01/2006			196,350.00	196,350.00	
12/01/2006	5,000	8.500%	196,350.00	201,350.00	397,700
06/01/2007			196,137.50	196,137.50	
12/01/2007	5,000	8.500%	196,137.50	201,137.50	397,275
06/01/2008			195,925.00	195,925.00	
12/01/2008	25,000	8.500%	195,925.00	220,925.00	416,850
06/01/2009			194,862.50	194,862.50	
12/01/2009	35,000	8.500%	194,862.50	229,862.50	424,725
06/01/2010			193,375.00	193,375.00	
12/01/2010	50,000	8.500%	193,375.00	243,375.00	436,750
06/01/2011			191,250.00	191,250.00	
12/01/2011	60,000	8.500%	191,250.00	251,250.00	442,500
06/01/2012			188,700.00	188,700.00	
12/01/2012	100,000	8.500%	188,700.00	288,700.00	477,400
06/01/2013			184,450.00	184,450.00	
12/01/2013	140,000	8.500%	184,450.00	324,450.00	508,900
06/01/2014			178,500.00	178,500.00	
12/01/2014	150,000	8.500%	178,500.00	328,500.00	507,000
06/01/2015			172,125.00	172,125.00	
12/01/2015	160,000	8.500%	172,125.00	332,125.00	504,250
06/01/2016			165,325.00	165,325.00	
12/01/2016	175,000	8.500%	165,325.00	340,325.00	505,650
06/01/2017			157,887.50	157,887.50	
12/01/2017	190,000	8.500%	157,887.50	347,887.50	505,775
06/01/2018			149,812.50	149,812.50	
12/01/2018	205,000	8.500%	149,812.50	354,812.50	504,625
06/01/2019			141,100.00	141,100.00	
12/01/2019	225,000	8.500%	141,100.00	366,100.00	507,200
06/01/2020			131,537.50	131,537.50	
12/01/2020	245,000	8.500%	131,537.50	376,537.50	508,075
06/01/2021			121,125.00	121,125.00	
12/01/2021	265,000	8.500%	121,125.00	386,125.00	507,250
06/01/2022			109,862.50	109,862.50	
12/01/2022	285,000	8.500%	109,862.50	394,862.50	504,725
06/01/2023			97,750.00	97,750.00	
12/01/2023	310,000	8.500%	97,750.00	407,750.00	505,500
06/01/2024			84,575.00	84,575.00	
12/01/2024	335,000	8.500%	84,575.00	419,575.00	504,150
06/01/2025			70,337.50	70,337.50	
12/01/2025	365,000	8.500%	70,337.50	435,337.50	505,675
06/01/2026			54,825.00	54,825.00	

BOND DEBT SERVICE

Solitude Metropolitan District
General Obligation Bonds, Series 2003

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2026	395,000	8.500%	54,825.00	449,825.00	504,650
06/01/2027			38,037.50	38,037.50	
12/01/2027	430,000	8.500%	38,037.50	468,037.50	506,075
06/01/2028			19,762.50	19,762.50	
12/01/2028	465,000	8.500%	19,762.50	484,762.50	504,525
	4,620,000		7,252,625.00	11,872,625.00	11,872,625

NET DEBT SERVICE

Solitude Metropolitan District
General Obligation Bonds, Series 2003

Period Ending	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service
12/01/2004	392,700		392,700	
12/01/2005	392,700		392,700	
12/01/2006	397,700	9,240		388,460
12/01/2007	397,275	9,240		388,035
12/01/2008	416,850	9,240		407,610
12/01/2009	424,725	9,240		415,485
12/01/2010	436,750	9,240		427,510
12/01/2011	442,500	9,240		433,260
12/01/2012	477,400	9,240		468,160
12/01/2013	508,900	9,240		499,660
12/01/2014	507,000	9,240		497,760
12/01/2015	504,250	9,240		495,010
12/01/2016	505,650	9,240		496,410
12/01/2017	505,775	9,240		496,535
12/01/2018	504,625	9,240		495,385
12/01/2019	507,200	9,240		497,960
12/01/2020	508,075	9,240		498,835
12/01/2021	507,250	9,240		498,010
12/01/2022	504,725	9,240		495,485
12/01/2023	505,500	9,240		496,260
12/01/2024	504,150	9,240		494,910
12/01/2025	505,675	9,240		496,435
12/01/2026	504,650	9,240		495,410
12/01/2027	506,075	9,240		496,835
12/01/2028	504,525	240,240		264,285
	11,872,625	443,520	785,400	10,643,705

Mill Levy Comparison
Solitude Metropolitan District

Area Example	Metro District Mill Levy	Total Overlapping Mill Levies
Castle Pines Metro District	47.3	113.2
Solitude Metro District	37	119.68
Castle Pines North Metro District	64	127.3
Pinery West Metro Districts 1 and 2	35	126.4
Heritage Hills Metro District	67.4	130.9

EXHIBIT H
Estimated Water Demands

DRAFT

**TABLE
ESTIMATED DEMANDS
SOLITUDE**

	Total Demands (af/yr)
64 HOMES	64.00

NEIGHBORHOOD PONDS	Surface Acres	Net Evap (ft/yr)	Annual Pond Evap (af/yr)
POND A	0.093	1.96	0.18
POND B	0.145	1.96	0.28
POND C	0.116	1.96	0.23
POND D	0.169	1.96	0.33

COMMUNITY LANDSCAPING	Acres	Application Rate (ft/yr)	Total Demands (af/yr)
	8.17	2.50	20.43

RANCH GATHERING AREA

STOCK TANK	No. Horses per Day	Demand (gpd/horse)	Total Demands (af/yr)
	18	20	0.40

RESTROOMS	Visitors/day	gal/day/visitor	Total Demand (gpd)	Total Demand (af/yr)
	20.00	5.00	100.00	0.11

RANCH AREA & COMMUNITY GARDEN	Acres	Application Rate (ft/yr)	Total Demands (af/yr)
	3.44	2.50	8.60

POND	Surface Acres	Net Evap (ft/yr)	Annual Pond Evap (af/yr)
	2.5	1.96	4.90

TOTAL DEMANDS 99.47 af/yr

EXHIBIT I
Well Field Analysis and Maps of Projected Well Locations

Jehn Water Consultants, Inc.

Water Resources and Environmental Consulting

August 1, 2002

Mr. Robert Taylor
Koebel And Company
5291 Yale Circle
Denver, Colorado 80222

Re: Response to Halepaska and Assoc. Letter to Douglas County
Job No. 486.2

*1565 Gilpin Street
Denver, Colorado 80218
(303) 321-8335
(303) 321-8346 (FAX)*

Dear Robert:

The purpose of this letter is to respond to the letter dated July 11, 2002 from Bruce Lytle of John C. Halepaska and Associates to Douglas County Planning and Community Development. The letter, directed to Joe Fowler, summarizes the project with a few errors, that we wish to clear up, and includes a request for additional work, which is also addressed below.

It appears that there is some confusion in regard to the proposed demands for the Solitude development. In paragraph 4 the statement is made that "...there will be no additional irrigation outside the residential lots..." As shown in the attached table, that is also Exhibit H in the Service Plan submittal and Exhibit B of the Water Supply Overlay Appeal, there is approximately 100 af/yr of proposed demands for the Solitude development which includes the residential lots, community landscaping and ranch and community garden irrigation along with aesthetic pond evaporation and stock watering.

Paragraph 5 discusses the required reservation of ground water for the development. As you know, for the Appeal narrative we have defined exactly what water will be reserved for the development. The District is proposing to utilize 100 af/yr of Denver aquifer water to meet the demands of the Solitude development. To utilize 100 af/yr of Denver aquifer water requires the reservation of 100 af/yr of Laramie-Fox Hills aquifer water and approximately 0.96 af/yr of Arapahoe aquifer water for augmentation purposes. The District also proposes to reserve 10 af/yr of additional Arapahoe aquifer water for an emergency backup supply. Therefore, the District proposes to reserve a total of 110 af/yr (Denver/Arapahoe) to meet water demands and an additional 100.96 af/yr (Arapahoe/Laramie-Fox Hills) to meet augmentation requirements.

Paragraph 6 requests additional analyses be completed for the well field analysis included in the Service Plan. Bruce requests that the analysis of effect on existing water rights not be limited to the closest wells to the development, but also to adjacent property. Bruce also requested that the well field analysis include the potential effects on the neighboring property of the pumping of the excess water underlying the property that has the potential to be sold.

The well field analysis, that was included in the initial Service Plan, is still correct in regard to the Denver aquifer, in that we provided the effect on the closest neighboring well from pumping the Denver aquifer well at 100 af/yr for 100 years. Since we are not reserving 100 af/yr out of the Arapahoe aquifer to serve the development, that analysis, which was also included in the initial draft of the Service Plan, can be removed. In addition to the original Denver aquifer well field analysis, we also looked at the drawdown effects at radial distances of 0.5 mile and 1 mile from the proposed well locations, utilizing the same parameters as described in the Service Plan and summarized below:

Mr. Robert Taylor

August 1, 2002

Page 2

Denver aquifer well	Estimated Hydraulic Conductivity	5.25 gpd/ft ²
	Estimated Saturated Thickness	450 feet
	Specific Yield	0.17

As shown on the attached Figure 1, at 100 years of pumping the Solitude Denver aquifer well the estimated drawdown at the 0.5 mile radius is 9.36 ft and at the 1 mile radius is 5.41 ft. Based on this analysis, there would be no injurious impacts to neighboring wells and/or water rights from the pumping of the Denver aquifer well to meet the demands of the Solitude development.

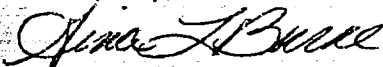
The second analysis is based on a "what if approach" - what if the Arapahoe and remaining Denver aquifer ground water was sold and pumped from within the property boundary. For this analysis we utilized the same parameters discussed above for the Denver aquifer. The Arapahoe aquifer parameters are the same as discussed in the Service Plan and summarized below:

Arapahoe aquifer well	Estimated Hydraulic Conductivity	3.80 gpd/ft ²
	Estimated Saturated Thickness	340 feet
	Specific Yield	0.17

We placed the hypothetical wells in locations closer to East Plum Creek. As shown on Figure 2, we pumped the Denver well at 148 af/yr for 100 years and analyzed the effects at the same radial distances discussed above. The estimated drawdown for the Denver well at the 0.5 mile radius is 13.84 ft and at the 1 mile radius is 8.0 ft. For the Arapahoe aquifer, we pumped the well at 556 af/yr for 100 years at the same radial distances, as shown on Figure 3. The estimated drawdown for the Arapahoe well at the 0.5 mile radius is 77.26 ft and at the 1 mile radius is 38.93 ft. Based on these analyses, there would be no injurious impacts to neighboring wells and/or water rights in the pumping of the Denver or Arapahoe aquifer wells if the remaining water was sold in the future.

We believe this letter addresses the additional requests made by Halepaska And Associates. Please feel free to call with and questions.

Sincerely,



Gina L. Burke
Project Manager

**TABLE
ESTIMATED DEMANDS
SOLITUDE METROPOLITAN DISTRICT**

64 HOMES	Total Demands
	(af/yr)
	64.00

NEIGHBORHOOD PONDS	Surface Acres	Net Evap (ft/yr)	Annual Pond Evap
			(af/yr)
POND A	0.093	1.96	0.18
POND B	0.145	1.96	0.28
POND C	0.116	1.96	0.23
POND D	0.169	1.96	0.33

COMMUNITY LANDSCAPING	Acres	Application Rate	Total Demands
		(ft/yr)	(af/yr)
	8.17	2.50	20.43

RANCH GATHERING AREA

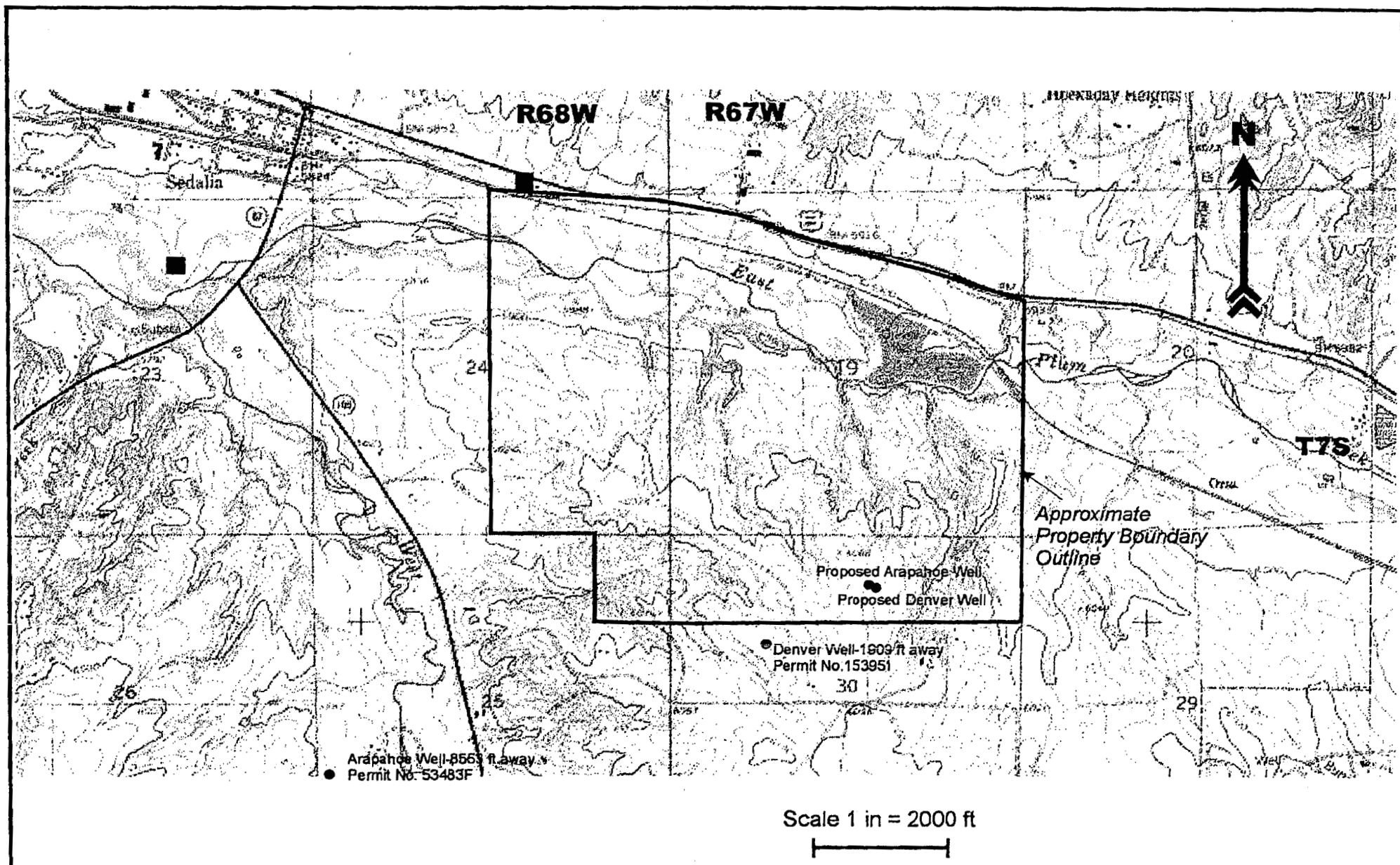
STOCK TANK	No. Horses per Day	Demand	Total Demands
		(gpd/horse)	(af/yr)
	18	20	0.40

RESTROOMS	Visitors/day	gal/day/visitor	Total Demand	Total Demand
			(gpd)	(af/yr)
	20.00	5.00	100.00	0.11

RANCH AREA & COMMUNITY GARDEN	Acres	Application Rate	Total Demands
		(ft/yr)	(af/yr)
	3.44	2.50	8.60

POND	Surface Acres	Net Evap (ft/yr)	Annual Pond Evap
			(af/yr)
	2.5	1.96	4.90

TOTAL DEMANDS 99.47 af/yr

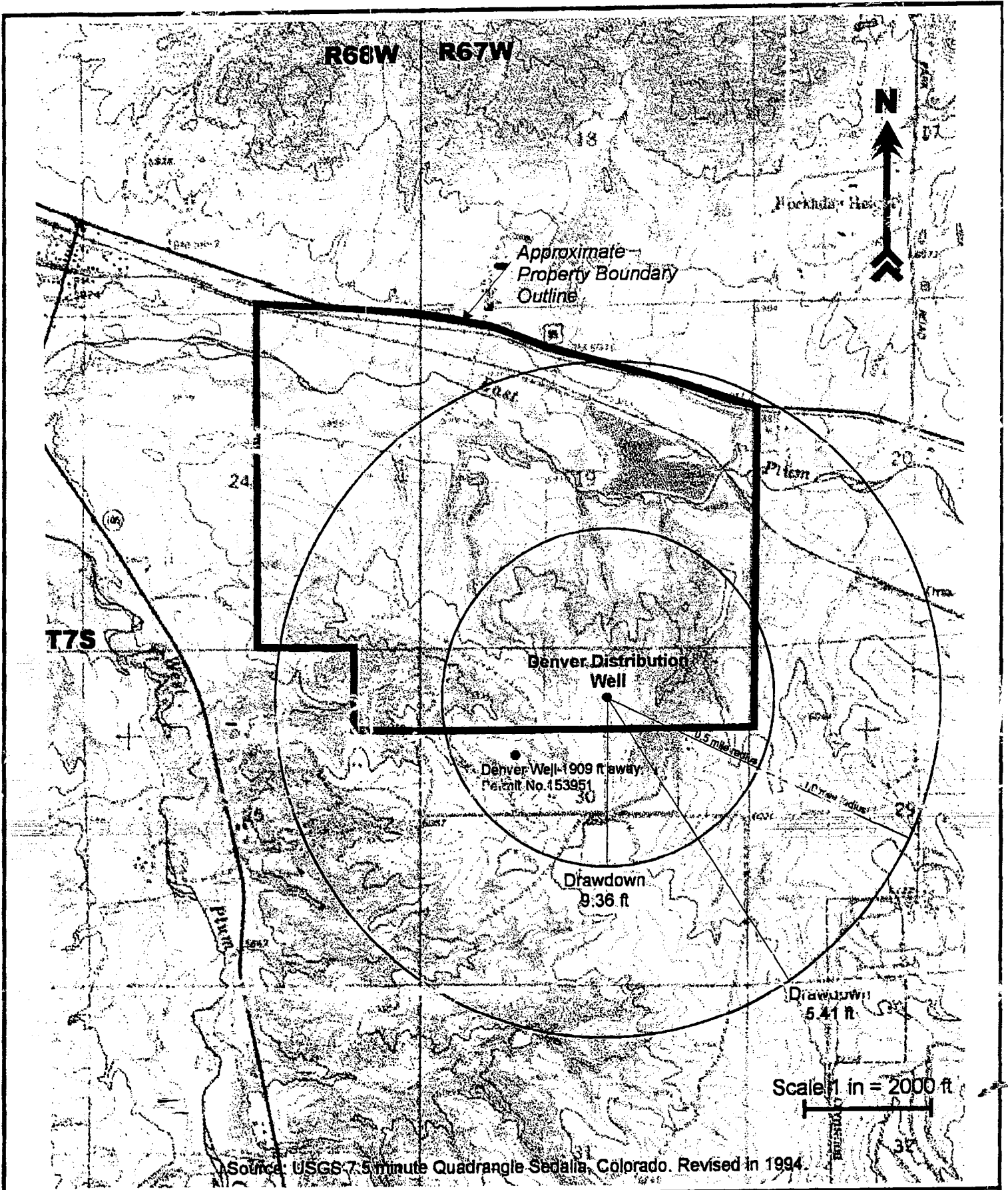


Jehn Water Consultants, Inc.
 1565 Gilpin St.
 Denver, CO 80218

SOLITUDE WELL LOCATIONS

May 23, 2002

Job No. 486.2

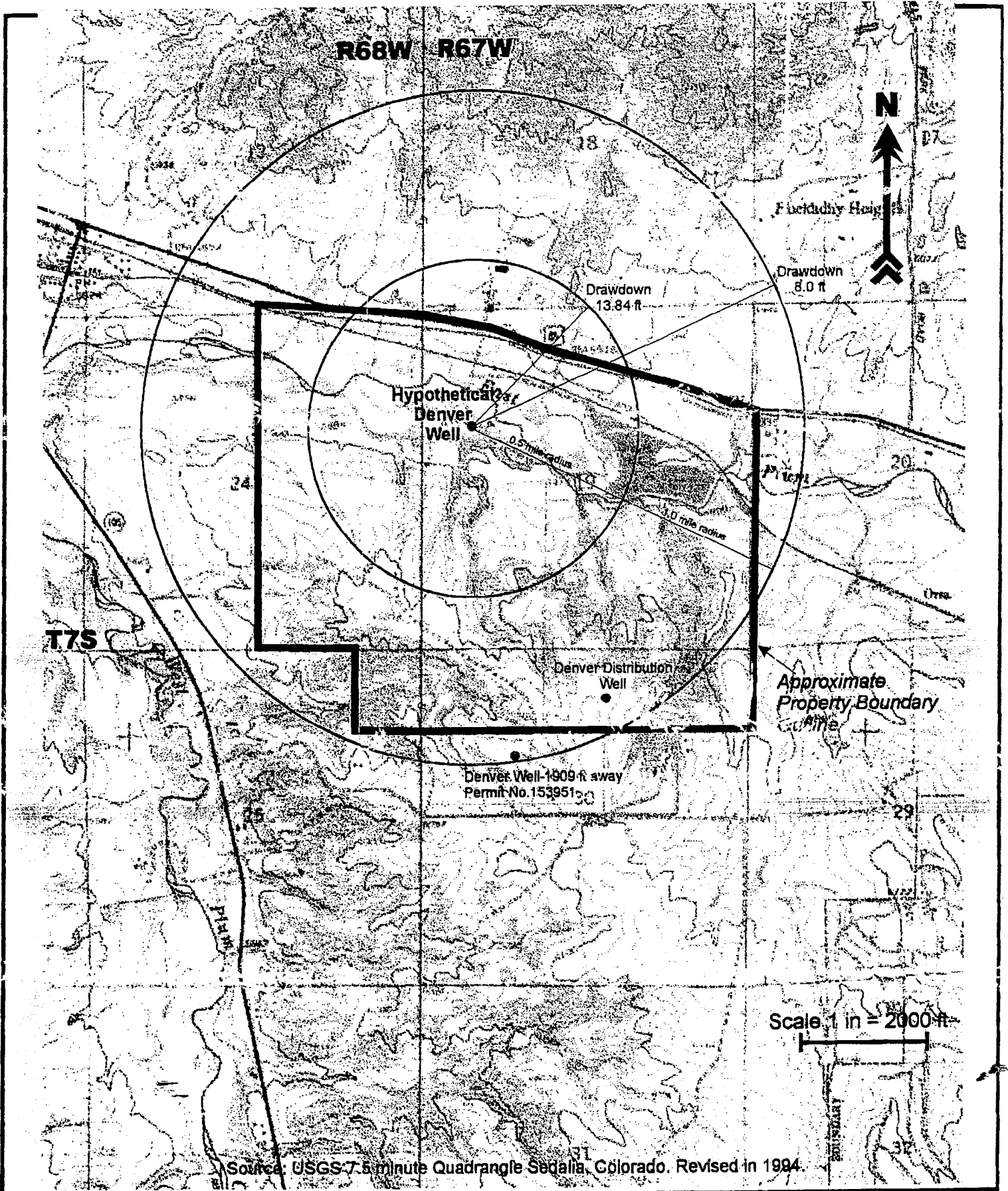


Jehn Water Consultants, Inc.
 1565 Gilpin St.
 Denver, CO 80218

**FIGURE 1. SOLITUDE METROPOLITAN DISTRICT
 PROPOSED DENVER WELL**

August 1, 2002

Job No. 486.2

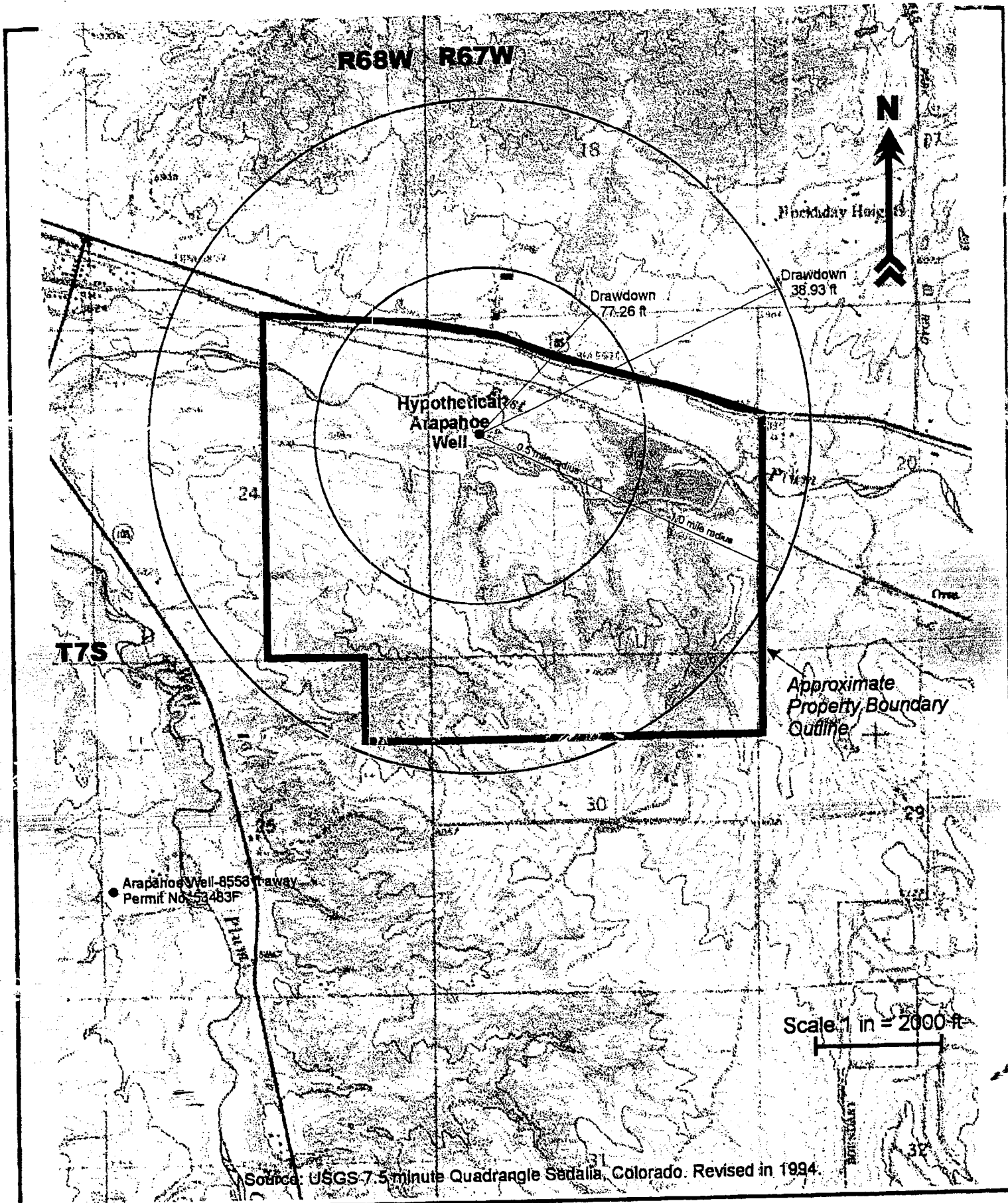


Jehn Water Consultants, Inc.
 1565 Gilpin St.
 Denver, CO 80218

**FIGURE 2. SOLITUDE METROPOLITAN DISTRICT
 HYPOTHETICAL DENVER WELL**

August 1, 2002

Job No. 486.2



Jehn Water Consultants, Inc.
 1565 Gilpin St.
 Denver, CO 80218

**FIGURE 3. SOLITUDE METROPOLITAN DISTRICT
 HYPOTHETICAL ARAPAHOE WELL**

August 1, 2002

Job No. 488.2

EXHIBIT J
Opinion of Water Counsel

BROWNSTEIN HYATT & FARBER, P.C.

Avra O. Morgan
Email: amorgan@bhfs.com
Direct Dial: (303) 223-1180

ATTORNEYS AT LAW
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DENVER, CO 80202-4437
(303) 223-1100
FAX (303) 223-1111

WASHINGTON OFFICE
1615 L STREET, N.W.
SUITE 450
WASHINGTON, D.C. 20036
Phone: (202) 296-7353
Fax: (202) 296-7009

May 17, 2002

Robert Taylor
Cherokee Koelbel, LLC
5291 Yale Circle
Denver, CO 80222

Re: *Cherokee-Koelbel; Opinion Letter Regarding Ownership of Denver Basin Ground Water*

Dear Robert:

1. Introduction.

This letter responds to your request for our opinion regarding ownership of ground water in the Denver Basin aquifers underlying the property (the "Subject Ground Water") owned by Cherokee- Koelbel, LLC, which is more particularly described on Appendix 1, and is depicted on the map attached as Appendix 2 (the "Property"). We understand that Douglas County requested this opinion letter from you in order to satisfy the Water Supply Overlay District requirements set forth in the Douglas County Zoning Resolution. See Douglas County Zoning Resolution, adopted March 10, 1999, as amended, Section 1808A.02.2 ("Resolution"). Based on our review of the Resolution, the Property is not subject to the Water Overlay District requirements because the Property qualifies as a "Rural Site Plan," as defined in Section 3A of the Resolution, which is not subject to the terms of Section 18 of the Resolution. See Resolution, Section 3A, paragraphs 302A and 303A. We are, nevertheless, providing this opinion as you requested.

2. Scope of Analysis.

In preparing this letter, we have relied in part on the title commitment no. 75064 prepared by Lawyers Title Insurance Corporation, dated May 19, 2000 (the "Title Commitment"), in connection with the purchase of the Property by Cherokee-Koelbel on June 12, 2000. In addition, we have reviewed documents in the chain of title to the Property recorded in the Douglas County real property records between 1970 and the present, that were obtained and provided to us by Title Services, Inc. For the purposes of this letter, we have assumed that the information in the title commitment is correct and that the title documents provided are

complete. We have not independently verified the work of the title companies. Finally, we have reviewed the real estate contract by which Cherokee-Koelbel took title to the Property, the Memorandum of Agreement dated June 12, 2002, between Cherokee-Koelbel, the seller of the Property, Cherokee Ranch and Castle Foundation, Inc., and its predecessor in interest, Cherokee Ranch, Inc., regarding title to the Subject Ground Water, and the Decree in Case No. 98CW219, adjudicating the Subject Ground Water.

3. Summary of Opinion.

Based on our review of the documents referred to above, and subject to the limitations contained in this letter, it is our opinion that Cherokee Ranch, Inc. owns the Subject Ground Water, but that its title is subject to a contract under which Cherokee-Koelbel is to acquire the Subject Ground Water on August 4, 2002.

4. Summary of Ground Water Rights.

The application in Case No. 98CW219 was filed by Cherokee Ranch and Castle Foundation and Cherokee Ranch, Inc., as co-applicants. The decree entered in that case by the District Court, Water Division 1, on October 8, 1999, attached as Appendix 3, adjudicates Denver Basin ground water underlying property owned by the co-applicants, including the Property and a separate piece of property lying to the north of the Property, comprised of 3,058 acres (the "Northern Parcel"). In an agreement between the co-applicants dated February 25, 2000, recorded in the real property records of Douglas County at Reception No. 0014759 (the "February 25, 2000 Agreement"), ownership of the Denver Basin ground water decreed in Case No. 98CW219 was divided between the Northern Parcel and the Property based on the amount of land comprised by each. The February 25, 2000 Agreement allocates the following Denver Basin ground water to the Property:

<u>Aquifer</u>	<u>Average Annual Amount of Groundwater</u>
Denver aquifer (not nontributary):	706 acre feet (only 248 acre feet of which are subject to original plan for augmentation)
Arapahoe aquifer (nontributary):	567 acre feet
Laramie-Fox Hills aquifer (nontributary):	248 acre feet

These amounts of ground water therefore compromise the "Subject Ground Water."

5. Discussion.

Cherokee-Koelbel's interest in the Subject Ground Water derives from the unrecorded Contract to Buy and Sell Real Estate ("Real Estate Contract"), dated February 24, 2000, as amended, pursuant to which Cherokee Ranch and Castle Foundation ("Castle Foundation") agreed to convey the Property and the Subject Ground Water to Cherokee-Koelbel. The Real Estate Contract, as amended, provides that the Property would be transferred to Cherokee-Koelbel on June 12, 2000, and that the Subject Ground Water will be transferred to Cherokee-Koelbel on August 4, 2002. Consistent with the Real Estate Contract, the Property was transferred to Cherokee-Koelbel by General Warranty Deed dated June 12, 2000, recorded in the real property records of Douglas County at Reception No. 0041202, on June 15, 2000.

Castle Foundation acquired its interest in the Property from Cherokee Ranch, Inc., pursuant to a special warranty deed dated November 8, 1996, recorded in the real property records of Douglas County at Reception No. 9664663, on November 19, 1996. Pursuant to this deed, Cherokee Ranch, Inc. reserved title to the water associated with the Property to itself, including all rights to nontributary and not nontributary ground water. In recognition of Cherokee Ranch Inc.'s interest in the water rights associated with the Property, Castle Foundation, Cherokee Ranch, Inc. and Cherokee-Koelbel entered into a Contract, reflected by a signed Memorandum of Contract, dated June 12, 2000, recorded in the real property records of Douglas County at Reception No. 00041203, on June 15, 2000, whereby Cherokee Ranch, Inc. agreed to convey its interest in the Subject Ground Water to Cherokee-Koelbel on August 4, 2002, and Castle Foundation recognized its continuing obligation under the Real Estate Contract to convey its interest in the Subject Denver Water to Cherokee-Koelbel on that date. Cherokee Ranch and Castle Foundation and Cherokee Ranch, Inc. further entered into a license agreement with Cherokee-Koelbel dated June, 2001, granting Cherokee-Koelbel a license to withdraw up to 15 acre-feet of the Subject Ground Water and to construct wells and other infrastructure for this purpose, as of the date of the license agreement.

As mentioned above, we have reviewed the Title Commitment and recorded documents in the chain of title to the Property between 1970 and the present, obtained and provided to us by Title Services, Inc. Because a number of the deeds conveyed the Property without express mention of the underlying Denver Basin ground water, we have relied on the presumption established in the Colorado Supreme Court case of *Bayou Land Co. v. Talley*, 924 P.2d 136, 150 (Colo. 1996), that the right to withdraw nontributary ground water is presumed to pass with the title to land overlying such water, unless it is specifically excepted from the conveyance. No documents that we reviewed reserved, conveyed or encumbered the Denver Basin ground water underlying the Property apart from the Property itself, save for the deed reserving the water rights to Cherokee Ranch, Inc., referred to above. On this basis, we have confirmed that title to the Subject Ground Water is currently held by Cherokee Ranch, Inc., free of liens and encumbrances, and that, therefore, when such water rights are transferred to Cherokee-Koelbel on August 4, 2002, Cherokee-Koelbel will hold title to them.

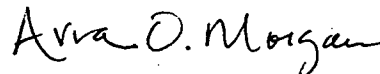
Mr. Robert Taylor
May 17, 2002
Page 4

The year 1970 was chosen as an appropriate starting date for this review because it would include any transfers of water occurring after the passage of Senate Bill 213 in 1973. Senate Bill 213 marked the first time under Colorado law that the right to use and control nontributary ground water was tied to ownership of the overlying land. Prior to 1973, it is unlikely that an owner of the Property would assume that it could transfer any nontributary groundwater apart from the land without making a traditional "appropriation" of that water by withdrawing it and placing it to beneficial use, and obtaining a water rights decree or well permit. We have not identified any decrees or well permits that would allow withdrawal of the Subject Ground Water other than the Decree. However, it is important to recognize that the limitation of the search period does result in some risk that ground water could have been conveyed away from the Property prior to 1970. We are, of course, willing to perform a more extensive search if you would consider it necessary.

In conclusion, it is our opinion that Cherokee-Koelbel holds a contractual right to purchase the Subject Ground Water on August 4, 2002. This opinion letter is for the limited purpose of compliance with the Douglas County Water Overlay District requirements, and shall not be used or relied upon for any other purpose.

Sincerely,

BROWNSTEIN HYATT & FARBER, P.C.



Avra O. Morgan

Attachments

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the County of Douglas, State of Colorado, described as follows:

The East one-half of Section 24,
Excepting therefrom all highway and railroad rights-of-way;

The Northeast $\frac{1}{4}$ Northeast $\frac{1}{4}$ of Section 25;

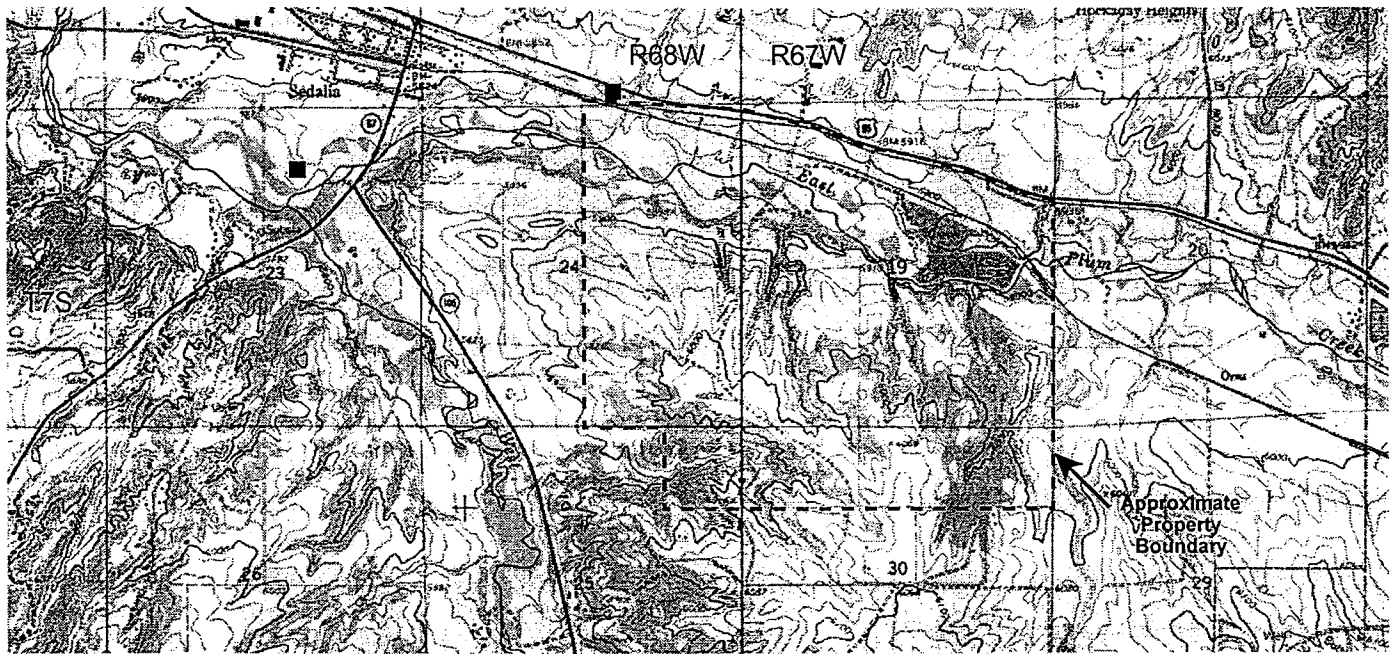
All in Township 7 South, Range 68 West of the 6th Principal Meridian.

All of Section 19 lying south of the Denver and Rio Grande Railway Company right-of-way,
Excepting therefrom rights-of-way for Atchison, Topeka and Santa Fe Railway Company; and

The North $\frac{1}{2}$ of the North $\frac{1}{2}$ of Section 30;

All in Township 7 South, Range 67 West of the 6th Principal Meridian.

Appendix 1



Scale 1in = 2000 ft



Source USGS 7.5 Minute Quadrangle for Sedalia, CO (Photorevised in 1980).

Jehn Water Consultants
1565 Gilpin Street
Denver, CO 80218

APPENDIX 2
CHEROKEE KOELBEL PROPERTY LOCATION MAP

February 27, 2002

Job No. 486.1

MEMORANDUM OF CONTRACT

DC00041203

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Brownstein Hyatt & Farber, P.C.
410 17th Street, 22nd Floor
Denver, CO 80202
Attn: Steven M. Sommers



(6)

(Space Above For Recorder's Use)

MEMORANDUM OF CONTRACT

THIS MEMORANDUM OF CONTRACT ("Memorandum") is made this 12th day of June, 2000, by and between CHEROKEE RANCH AND CASTLE FOUNDATION, INC., a Colorado nonprofit corporation ("Seller") and CHEROKEE KOELBEL, LLC, a Delaware limited liability company ("Buyer") and CHEROKEE RANCH, INC. a Colorado corporation ("CRI").

P R E A M B L E:

A. Seller and Buyer have entered into that certain unrecorded Contract to Buy and Sell Real Estate dated February 24, 2000. Under the Contract, Seller was obligated to (1) convey certain real property described in the Contract to Buyer (the "Property") on or about June 12, 2000, and (2) convey to Buyer all water rights associated with the Property and/or adjudicated in favor of Seller relating to the Property (the "Water Rights"), on August 4, 2002. The Property is located in the unincorporated area of the County of Douglas, State of Colorado, more particularly described on Exhibit "1", which is attached hereto and incorporated herein by this reference.

B. Buyer and Seller wish to record this Memorandum to provide record notice of Buyer's continuing right to acquire, and Seller's outstanding obligation to convey to Buyer, the Water Rights.

C. Seller and Buyer believe that CRI has an interest in the Water Rights and desire to have CRI execute and acknowledge this Memorandum for the purpose of providing its consent and agreement to the conveyance of the Water Rights to Buyer.

THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby mutually acknowledged, Seller, Buyer and CRI agree as follows:

1. Right to Acquire Water Rights.

Seller has covenanted to convey to Buyer upon payment of the consideration specified in the Contract, all those Water Rights associated with the Property and adjudicated in favor of Seller and CRI, described in Exhibit B to the Contract as follows:

Denver Aquifer	706 Acre Feet
Arapahoe Aquifer	567 Acre Feet
Laramie-Fox Hills Aquifer	248 Acre Feet

The recordation of a Deed conveying the Property to Buyer shall not effect or work a merger of Seller's obligations under the Contract with respect to the transfer of the Water Rights.

2. Time for Conveyance.

Seller is obligated to convey the Water Rights to Buyer and Buyer is obligated to make payment for the Water Rights no later than August 4, 2002. Seller and CRI shall convey the Water Rights in a form and manner acceptable to Buyer.

3. Consent to Conveyance.

CRI is executing this Memorandum to evidence its consent and agreement to the conveyance of the Water Rights to Buyer. CRI covenants and agrees to execute in recordable form such documents as may be necessary to transfer the Water Rights to Buyer, without any consideration in addition to the consideration payable by Buyer to Seller for the Water Rights pursuant to the Contract.

4. Interpretation.

The purpose of this Memorandum is to give notice of the existence of the rights of Buyer under the Contract. If there is any inconsistency between the provisions of this Memorandum and the provisions of the Contract regarding the conveyance of the Water Rights to Buyer, the provisions of this Memorandum shall control. Except as otherwise expressly provided herein, all of the words and phrases used in this Memorandum shall have the same meanings as set forth in the Contract.

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The Parties have executed this Memorandum on the date first set forth above.

CHEROKEE RANCH AND CASTLE FOUNDATION, a Colorado non-profit corporation,

By: Stenly Zuwardowski
Its: President

CHEROKEE RANCH, INC., a Colorado corporation,

By: Stenly Zuwardowski
Its: President

CHEROKEE KOELBEL, LLC, a Delaware limited liability company.

By: Walter A. Koelbel Jr.
Koelbel and Company
Managing Member

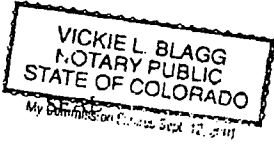
By: WALTER A. KOELBEL JR.
Its: MANAGER / PRESIDENT

{acknowledgements on following page}

STATE OF COLORADO)
) ss.
COUNTY OF Yuma)

On June 13, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Joseph Anthony Blagg; personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

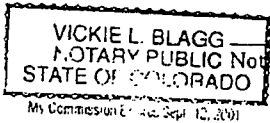


Vickie L. Blagg
Notary Public in and for said State

STATE OF COLORADO)
) ss.
COUNTY OF Yuma)

On June 13, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Joseph Anthony Blagg; personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Vickie L. Blagg
Notary Public in and for said State

SEAL

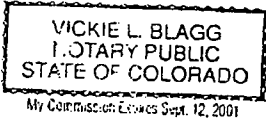
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4

STATE OF COLORADO)
) ss.
COUNTY OF Monte Vista)

On August 17, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Steve Letourneau, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Vickie L. Blagg
Notary Public in and for said State

SEAL

MEMORANDUM OF CONTRACT

EXHIBIT 1

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the County of Douglas, State of Colorado, described as follows:

The East one-half of Section 24,
Excepting therefrom all highway and railroad rights-of-way;

The Northeast $\frac{1}{4}$ Northeast $\frac{1}{4}$ of Section 25;

All in Township 7 South, Range 68 West of the 6th Principal Meridian.

All of Section 19 lying south of the Denver and Rio Grande Railway Company right-of-way,
Excepting therefrom rights-of-way for Atchison, Topeka and Santa Fe Railway Company;
and

The North $\frac{1}{2}$ of the North $\frac{1}{2}$ of Section 30;

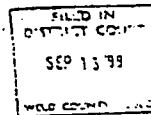
All in Township 7 South, Range 67 West of the 6th Principal Meridian.

Together with all of Grantor's right, title and interest in and to minerals (including coal), unprocessed oil, gas, petroleum, and other hydrocarbon substances in or under or which may be produced from the above described property.

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DISTRICT COURT, WATER DIVISION I, COLORADO

Case No. 98CW219



FRAME
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FINDINGS OF FACT, CONCLUSIONS OF LAW, RULING OF THE REFEREE,
JUDGMENT AND DECREE

DC99094548

CONCERNING THE APPLICATIONS FOR WATER RIGHTS OF CHEROKEE
RANCH, INC. AND CHEROKEE RANCH AND CASTLE FOUNDATION,

IN THE NONTRIBUTARY ARAPAHOE AND LARAMIE-FOX HILLS AND THE NOT
NONTRIBUTARY DENVER AQUIFERS,

IN DOUGLAS COUNTY.

This claim for nontributary and not nontributary ground water and approval of
plan for augmentation, having been filed on February 27, 1998, and all matters contained
in the application having been reviewed, and testimony having been taken where such
testimony is necessary, and such corrections made as are indicated by the evidence
presented herein, the following is hereby the Ruling of the Referee:

FINDINGS OF FACT

1. Name and address of Applicants:

Cherokee Ranch, Inc., a Colorado corporation
6113 N. Daniels Park Road
Sedalia, Colorado 80135

Cherokee Ranch and Castle Foundation,
a Colorado non-profit corporation
P.O. Box 472
Sedalia, Colorado 80135

2. Objections: Statements of opposition were filed to the application by the State and
Division Engineers, the City of Englewood, the Town of Castle Rock, the City of
Thornton, and Centennial Water and Sanitation District, and Castle Pines Metropolitan
District. No other statements of opposition were filed and the time for filing of such
statements has expired.

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Ruling and Decree 98CW219
Page 2

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3. Subject matter jurisdiction: Timely and adequate notice of the application was published as required by statute, and the Court has jurisdiction over the subject matter of this proceeding and over the parties affected hereby, whether they have appeared or not.

APPROVAL OF GROUND WATER RIGHTS

4. Aquifers and location of ground water: Applicants seek a decree for rights to all ground water recoverable from the not nontributary Denver and nontributary Arapahoe and Laramie-Fox Hills aquifers underlying approximately 4,057 acres of land located in all or parts of Sections 7, 8, 17, 18, 19 and 30, T7S, R67W, and Sections 12, 13, 14, 24, and 25, T7S R68W, both of the 6th P.M. ("Subject Property"), as more particularly described and shown on Attachment A hereto. Applicant Cherokee Ranch and Castle Foundation is the owner of all the groundwater underlying and associated with that part of the Subject Property, lying north of the right of way of the Atchison, Topeka and Santa Fe Railroad as shown on Attachment A hereto, and estimated to be approximately 3058 acres. Applicant Cherokee Ranch, Inc. is the owner of all the groundwater underlying and associated with that part of the Subject Property, lying south of the right of way of the Atchison, Topeka and Santa Fe Railroad as shown on Attachment A hereto, and estimated to be approximately 999 acres. The land is not located within the boundaries of a designated ground water basin.

5. Well locations, pumping rates and annual amounts: The ground water may be withdrawn at rates of flow necessary to efficiently withdraw the amounts decreed herein. The ground water will be withdrawn through any number of wells necessary, to be located at any location on the Subject Property, in the following annual amounts. Applicants hereby waive any 600 foot spacing rule for wells located on the Subject Property, but must satisfy the requirements of Section 37-90-137(2), C.R.S. for wells located on adjacent properties. Applicants are not quantifying the amounts available in the Lower Dawson aquifer:

<u>Aquifer</u>	<u>Annual Amount</u>
Denver	2320 acre-feet(NT)
Arapahoe	2301 acre-feet(NT)
Laramie-Fox Hills	1009 acre-feet(NT)

The amounts conform with the values and amounts referenced in the State Engineer's Determination of Facts dated June 16, 1998.

6. Proposed use: The water withdrawn from the subject aquifers will be used, reused, successively used, leased, sold, or otherwise disposed of for the following beneficial purposes: municipal, domestic, industrial, commercial, irrigation, stock watering, recreational, and fish and wildlife, both on and off the Subject Property. Said water will be produced for immediate application to said uses, for storage and subsequent application to said uses, for exchange purposes, for replacement of depletions resulting from the use of water from other sources, and for augmentation purposes.

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7. Final average annual amounts of withdrawal:

A. Final determination of the applicable average saturated sand thicknesses and resulting average annual amounts available to Applicants will be made pursuant to the retained jurisdiction of this Court, as described in paragraph 24 below. The Court shall use the acre-foot amounts in paragraph 5 herein in the interim period, until a final determination of water rights is made.

B. The allowed annual amount of ground water which may be withdrawn through the wells specified above and any additional wells, pursuant to Section 37-90-137(10), C.R.S., may exceed the average annual amount of withdrawal, as long as the total volume of water withdrawn through such wells and any additional wells therefor subsequent to the date of this decree does not exceed the product of the number of years since the date of the issuance of any well permit or the date of this decree, whichever is earliest in time, multiplied by the average annual amount of withdrawal, as specified above or as determined pursuant to the retained jurisdiction of the Court.

8. Source of ground water and limitations on consumption:

A. The ground water to be withdrawn from the Arapahoe and Laramie-Fox Hills aquifer is "nontributary ground water" as defined in Section 37-90-103(10.5), C.R.S., and in the Denver Basin Rules, the withdrawal of which will not, within 100 years, deplete the flow of a natural stream, including a natural stream as defined in Section 37-82-101(2) and Section 37-92-102(1)(b), C.R.S., at an annual rate greater than 1/10 of 1% of the annual rate of withdrawal. The ground water to be withdrawn from the Denver aquifer is "not nontributary" as defined in Sections 37-90-103(10.7) and 37-90-137(9)(c), C.R.S., and part of the Denver aquifer groundwater decreed herein may be withdrawn pursuant to the augmentation plan decreed herein.

B. Applicants may not consume more than 98% of the annual quantity of water withdrawn from the nontributary Arapahoe and Laramie-Fox Hills aquifers. The relinquishment of 2% of the annual amount of water withdrawn to the stream system, as required by the Denver Basin Rules effective January 1, 1986, may be satisfied by any method selected by the Applicants and satisfactory to the State Engineer, so long as Applicants can demonstrate that an amount equal to 2% of such withdrawals (by volume) has been relinquished to the stream system.

C. There is unappropriated ground water available for withdrawal from the subject aquifers beneath the Subject Property, and the vested water rights of others will not be materially injured by such withdrawals as described herein. Withdrawals hereunder are allowed on the basis of an aquifer life of 100 years, assuming no substantial artificial recharge within 100 years. No material injury to vested water rights of others will result from the issuance of permits for wells which will withdraw nontributary ground water or the exercise of the rights and limitations specified in this decree.

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9. Additional wells and well fields:

A. Applicants may construct additional and replacement wells in order to maintain levels of production, to meet water supply demands or to recover the entire amount of groundwater in the subject aquifers underlying the Subject Property. As additional wells are planned, permit applications shall be filed in accordance with Section 37-90-137(10), C.R.S.

B. Two or more wells constructed into a given aquifer shall be considered a well field. In effecting production of water from such well field, Applicants may produce the entire amount which may be produced from the given aquifer through any combination of wells within the well field.

C. In considering applications for permits for wells or additional wells to withdraw the groundwater which is the subject of this decree, the State Engineer shall be bound by this decree and shall issue said permits in accordance with provisions of Section 37-90-137(4) and (10), C.R.S.

D. In the event that the allowed average annual amounts decreed herein are adjusted pursuant to the retained jurisdiction of the Court, the State Engineer shall issue, following the receipt of a proper application, an amended well permit to reflect such adjusted average annual amounts. New permits for any wells herein shall likewise reflect any such adjustment of the average annual amounts decreed herein.

E. The water in the Denver aquifer is not nontributary and up to 1009 acre-feet per year and no more than 100,900 acre-feet total of water from the Denver aquifer may be withdrawn pursuant to the augmentation plan decreed herein.

APPROVAL OF PLAN FOR AUGMENTATION

10. Approval of plan for augmentation:

A. Structures to be augmented: Denver aquifer wells withdrawing up to 1009 acre-feet per year of not nontributary Denver aquifer groundwater decreed herein.

B. Water to be used for augmentation: Return flows associated with use of the not nontributary groundwater and return flows or direct discharge of nontributary groundwater decreed herein.

C. Development and Consumptive Use: The subject Denver aquifer ground water will be used for all decreed uses. For purposes of this decree, consumptive use from domestic and commercial uses utilizing nonevaporative septic systems will be considered to be 10% of that use and utilizing central sewer will be considered to be 5% of that use, and consumptive use from irrigation use will be approximately 90% of that use.

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D. Replacement during pumping: For purposes of this decree, 500 acre-feet per year of the Denver aquifer to be withdrawn pursuant to this plan for augmentation is located in an area which requires replacement in an amount equal to 4% of the amount withdrawn as shown on Attachment B hereto (4% area). Also, for purposes of this decree, 509 acre-feet per year of the Denver aquifer to be withdrawn pursuant to this plan for augmentation is located in an area which requires replacement of actual depletions to the affected stream system as shown on Attachment B (actual replacement area). In the 100th year, the total depletion to the South Platte River stream system from the pumping of 509 acre-feet of Denver aquifer groundwater located in the actual replacement area is approximately 2.296% of the amount withdrawn. Return flows from use of the water on the Subject Property accrue to the South Platte River stream system via Plum Creek, and those return flows are sufficient to replace the combined amount of (1) 4% of 500 acre-feet per year withdrawn from the 4% area, and (2) the actual depletions resulting from withdrawals of 509 acre-feet per year from the actual replacement area, while the wells are being pumped. Prior to obtaining credit for return flows from use through nonevaporative septic systems or irrigation use, the Applicants shall establish, to the satisfaction of the State Engineer, the timing, location and amount of such return flows reaching a surface stream or its saturated alluvium and shall show that such return flows are adequate to meet the augmentation obligations herein. At a minimum, the Applicants shall provide evidence to the State Engineer that said return flows occur over a saturated alluvium or a continuous shallow water table in hydraulic connection with a surface stream or its saturated alluvium. Objectors Centennial and Thornton shall receive notice of and be entitled to participate in the proceedings related to obtaining credit for such return flows and either party can reopen this decree if unsatisfied with the determinations made by the State Engineer. Prior to obtaining credit for return flows from a central sewer system, Applicants shall provide requisite notice to other water users in Division 1 of the location of the central sewer system treatment plant. Applicants shall have the burden of proving in the water court that they are entitled to claim such return flows, that such return flows meet the requirements of downstream senior appropriators and that such return flows are adequate to meet the augmentation obligations set forth herein.

E. Post-pumping Depletion Augmentation: The total maximum depletion to the South Platte River stream system from pumping of 1009 acre-feet is approximately 3.147% or 31.75 acre-feet which occurs in the 194th year. It is Applicants' position that depletions which occur after pumping ceases are not injurious. The Office of the State Engineer does not agree with this position. Nevertheless, in order to reach settlement with the Office of the State Engineer, Applicants will reserve 1009 acre-feet per year and 100,900 acre-feet total of the nontributary Laramie-Fox Hills water decreed herein for use in this plan. Applicants shall take whatever measures are necessary to insure that such reserved water is replaced to Plum Creek in the appropriate amount at the appropriate time, consistent with paragraph 12.D below. The Court retains continuing jurisdiction in this matter to determine if the supply is adequate. The court also retains jurisdiction to decrease the amount of Denver aquifer water which may be withdrawn pursuant to this plan for augmentation to make amounts of Laramie-Fox Hills aquifer water available for

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other uses, if necessary.

F. Applicants shall replace post-pumping depletions for the shortest of the following periods: the period provided by Section 37-90-137(9)(c), C.R.S.; the expressed period specified by the Colorado Legislature, should it specify one and providing the Applicants obtain Water Court approval for such modification; the period determined by the State Engineer, should he or she choose to set such a period and have jurisdiction to do so; the period established through rulings of the Colorado Supreme Court on relevant cases, or until Applicants petition the Water Court and after notice to parties in the case and the State Engineer's Office prove that they have complied with any statutory requirement.

11. Applicants or successors in interest shall pay the cost imposed by operation of this augmentation plan and shall reserve the Laramie-Fox Hills aquifer groundwater decreed herein for use in this augmentation plan. Failure of the Applicants or successors in interest to comply with the terms of this decree may result in an order of the Division Engineer's office to curtail or eliminate pumping of the subject groundwater. This decree shall be recorded in the real property records of Douglas County and the requirements of the decree shall be a covenant running with the Subject Property and shall be binding on the Applicants, their successors and assigns.

12. Administration of plan for augmentation:

A. Applicants shall report to the Division Engineer for Water Division 1 upon request, a summary of the withdrawals made pursuant to this decree and a summary of water uses on an accounting form acceptable to the Division Engineer.

B. All withdrawals which are the subject of this decree will be metered.

C. Pursuant to Section 37-92-305(8), C.R.S., the State Engineer shall curtail all out-of-priority diversions, the depletions from which are not so replaced as to prevent injury to vested water rights.

D. The Applicants at the direction of the Division Engineer, shall make post-pumping replacements to the South Platte River stream system via Plum Creek pursuant to the amounts referenced on the depletion curve attached as Attachment C hereto for the Denver aquifer water in both the 4% area and the actual replacement area.

13. Retained jurisdiction for plan for augmentation:

A. Pursuant to Section 37-92-304(6), C.R.S., the Court retains continuing jurisdiction over the plan for augmentation decreed herein for reconsideration of the question whether the provisions of this decree are necessary and/or sufficient to prevent injury to vested water rights of others. The Court also has jurisdiction for the purposes of determining compliance with the terms of the augmentation plan.

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B. Any person seeking to invoke the retained jurisdiction of the Court shall file a verified petition with the Court. The petition to invoke retained jurisdiction or to modify the Decree shall set forth with particularity the factual basis and the requested decretal language to effect the petition. The party lodging the petition shall have the burden of going forward to establish prima facie facts alleged in the petition. If the Court finds those facts to be established, Applicants shall thereupon have the burden of proof to show: (1) that any modification sought by Applicants will avoid injury to other appropriators, or (2) that any modification sought by Objector is not required to avoid injury to other appropriators, or (3) that any term or condition proposed by Applicants in response to the Objector's petition does avoid injury to other appropriators.

C. The Court retains jurisdiction for the purpose of determining whether the continued reservation of the nontributary water for use on the property is required. After notice to the State Engineer's Office and Objectors Centennial and Thornton, if Applicants can demonstrate to the Court that post-pumping depletions need no longer be replaced, the Court may remove the requirement that the nontributary water must be reserved.

CONCLUSIONS OF LAW

14. The Water Court has jurisdiction over this proceeding pursuant to Section 37-90-137(6), C.R.S. This Court concludes as a matter of law that the application herein is one contemplated by law. Section 37-90-137(4), C.R.S. The application for a decree confirming Applicants right to withdraw and use all unappropriated ground water from the nontributary Arapahoe and Laramie-Fox Hills aquifers beneath the property as described herein pursuant to Section 37-90-137(4), C.R.S., should be granted, subject to the provisions of this decree. The application for a decree confirming Applicants right to withdraw and use all ground water decreed herein from the Denver aquifer should be granted pursuant to Section 37-90-137(4) and (9)(c), C.R.S., subject to the provisions of this decree. The withdrawal of up to 1009 acre-feet per year and no more than 100,900 acre-feet total of the Denver aquifer in accordance with the terms of this decree will not result in material injury to vested water rights of others.

15. This plan for augmentation satisfies the requirements of Section 37-90-137(9)(c), C.R.S., for replacement of an amount equal to 4% of the amount of 500 acre-feet per year and for replacement of actual depletions from withdrawals of 509 acre-feet per year of Denver aquifer groundwater.

16. The rights to ground water determined herein shall not be administered in accordance with priority of appropriation. Such rights are not "conditional water rights" as defined by Section 37-92-103(6), C.R.S., requiring findings of reasonable diligence. Therefore, diligence requirements are not applicable to the ground water rights determined herein. The determination of ground water rights herein need not include a date of initiation of the withdrawal project. See Section 37-92-303(11), C.R.S.

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JUDGMENT AND DECREE

The Findings of Fact and Conclusions of Law set forth above are hereby incorporated into the terms of this Judgment and Decree as if the same were fully set forth herein.

17. Full and adequate notice of the application was given, and the Court has jurisdiction over the subject matter and over the parties whether they have appeared or not.

18. The Applicants may withdraw the subject ground water herein through wells to be located anywhere on the property, in the average annual amounts and at the estimated average rates of flow specified herein, subject to the limitations herein and the retained jurisdiction by this Court.

19. Applicants may withdraw up to 1009 acre-feet per year and no more than 100,900 acre-feet total of not noncontributory ground water from the Denver aquifer under the plan for augmentation decreed herein pursuant to Section 37-90-137(9)(c), C.R.S. The remaining amount of Denver aquifer groundwater decreed herein will not be withdrawn until such time as the court has approved a plan of augmentation for withdrawal of that water in a separate water court case.

20. Applicants have complied with all requirements and met all standards and burdens of proof, including but not limited to Sections 37-90-137(9)(c), 37-92-103(9), 37-92-302, 37-92-304(6), 37-92-305(1),(2),(3),(4),(6),(8),(9), C.R.S., to adjudicate their plan for augmentation and are therefore entitled to a decree confirming and approving their plan for augmentation as described in the findings of fact.

21. Pursuant to Section 37-92-305(5), C.R.S., the replacement water herein shall be of a quality and quantity so as to meet the requirements for which the water of the senior appropriator has normally been used.

22. The proposed plan for augmentation as described in the findings of fact is hereby approved, confirmed, and adjudicated, including and subject to the terms and conditions specified herein.

23. No owners of or person entitled to use water under a vested water right or decreed conditional water right will be injured or injuriously affected by the operation of the plan for augmentation as decreed herein.

24. Retained Jurisdiction:

A. The Court retains jurisdiction as necessary to adjust the average annual amounts of ground water available under the property to conform to actual local aquifer characteristics as determined from adequate information obtained from wells, pursuant to

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Section 37-92-305(11), C.R.S. Within 60 days after completion of any well decreed herein or any test hole(s), Applicants or any successor in interest to these water rights shall serve copies of such log(s) upon the State Engineer.

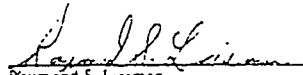
B. At such time as adequate data is available, any person, including the State Engineer, may invoke the Court's retained jurisdiction to make a Final Determination of Water Right. Within four months of notice that the retained jurisdiction for such purpose has been invoked, the State Engineer shall use the information available to him to make a final determination of water rights findings. The State Engineer shall submit such finding to the Water Court, Applicants, and parties herein.

C. If no protest to such finding is made within 60 days, the Final Determination of Water Rights shall be incorporated into the decree by the Water Court. In the event of a protest, or in the event the State Engineer makes no determination within four months, such final determination shall be made by the Water Court after notice and hearing.

25. Continuing Jurisdiction:

Pursuant to Section 37-92-304(6), C.R.S., the Court retains continuing jurisdiction over the plan for augmentation decreed herein for reconsideration of the question of whether the provisions of this decree are necessary and/or sufficient to prevent injury to vested water rights of others. The Court also retains continuing jurisdiction for the purpose of determining compliance with the terms of the augmentation plan, for the purpose of determining the amount, location, timing and suitability of replacement sources claimed herein or for the purpose of amending this decree to reduce the amount of Denver aquifer groundwater which may be withdrawn pursuant to the plan for augmentation herein.

ENTERED this 13 day of Sept, 1999.


Raymond S. Liesman
Water Referee
Water Division 1

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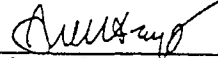
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THE COURT DOETH FIND THAT NO PROTEST WAS FILED IN THIS
MATTER, THEREFOR THE FOREGOING RULING IS CONFIRMED AND
APPROVED, AND IS HEREBY MADE THE JUDGMENT AND DECREE OF THIS
COURT.

Dated: OCT 08 1999


Jonathan W. Hays
Water Judge
Water Division 1

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ATTACHMENT A

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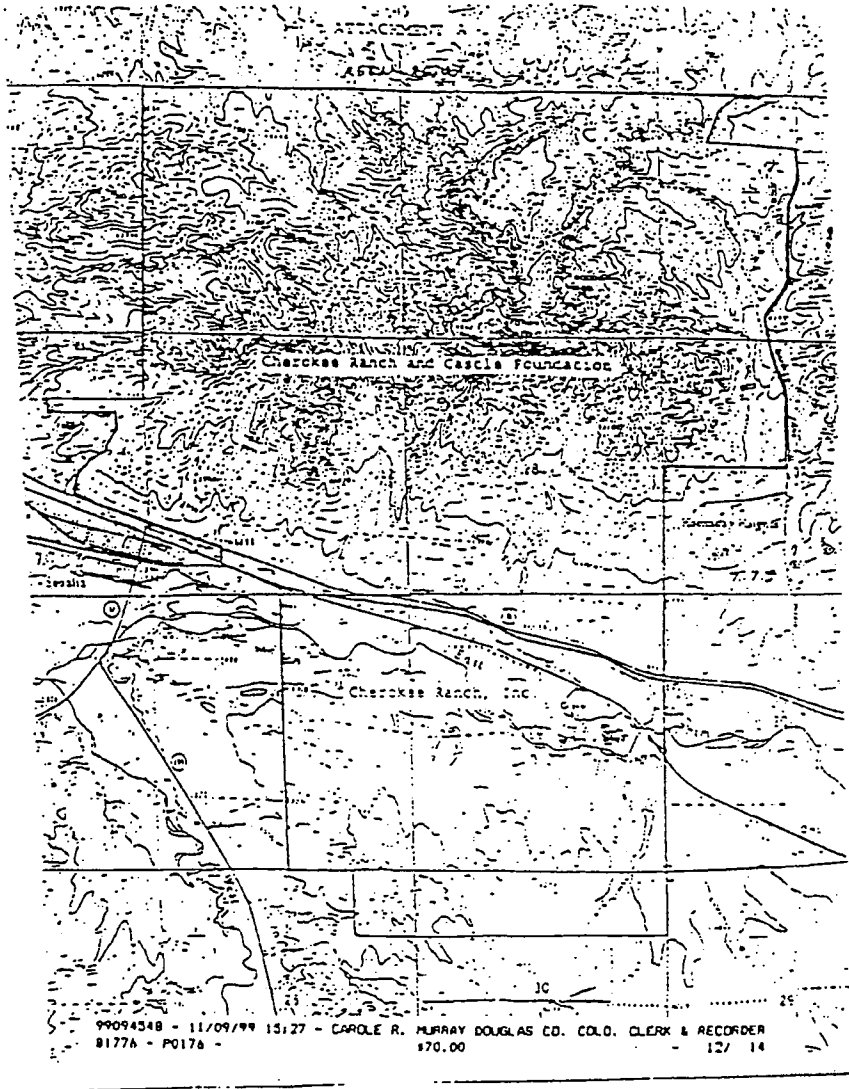
The East one-half of Section 24 excepting therefrom all highway and railroad right-of-way; the Northeast 1/4 Northeast 1/4 of Section 25 all in Township 7 South, Range 68 West of the 6th Principal Meridian; all of Section 19 lying South of the Denver and Rio Grande Railway Company right-of-way excepting therefrom right-of-way for Atchison, Topeka and Santa Fe Railway Company; and the North 1/2 of the North 1/2 of Section 30 all in Township 7 South, Range 67 West of the 6th Principal Meridian all in the County of Douglas, State of Colorado.

All of Section 7 except the South 1/2 South 1/2; all of Section 8 lying West of Daniels Park Road except that portion described in Book 1073 at Page 250; all of the Northwest 1/4 of Section 17 lying West of Daniels Park Road; and all that portion of the South 1/2 of Section 3 described in Book 341 at Page 29 all in Township 7 South, Range 67 West of the 6th Principal Meridian, County of Douglas, State of Colorado; and all of Section 12 and the North 1/2 of Section 13 and all of the Southwest 1/4 of Section 13 lying North of State Highway 85; that portion of Section 14 described as follows: beginning at a point whence the Northeast corner of Section 14, Township 7 South, Range 68 West of the 6th Principal Meridian bears North 1220 feet, thence West 1940 feet, thence South 1777 feet, thence South 67 degrees 40 minutes East 2100 feet, thence North 1220 feet, thence East 33 feet, thence North 1233 feet to Place of Beginning, excepting therefrom any portion within State Highway 85 right-of-way and except any portion conveyed in deed recorded October 23, 1978 in Book 345 at Page 125 and corrected in deed recorded April 23, 1979 in Book 351 at Page 127, all in Township 7 South, Range 68 West of the 6th Principal Meridian, County of Douglas, State of Colorado.

All of Section 13, Township 7 South, Range 67 West of the 6th Principal Meridian; 1/2 of the Southeast 1/4 of Section 13 lying North of State Highway 85 in Township 7 South, Range 68 West of the 6th Principal Meridian; all of the South 1/2 South 1/2 of Section 7, Township 7 South, Range 67 West of the 6th Principal Meridian; and all that portion of Section 19, Township 7 South, Range 67 West of the 6th Principal Meridian lying North of Highway 85, all in the County of Douglas, State of Colorado.

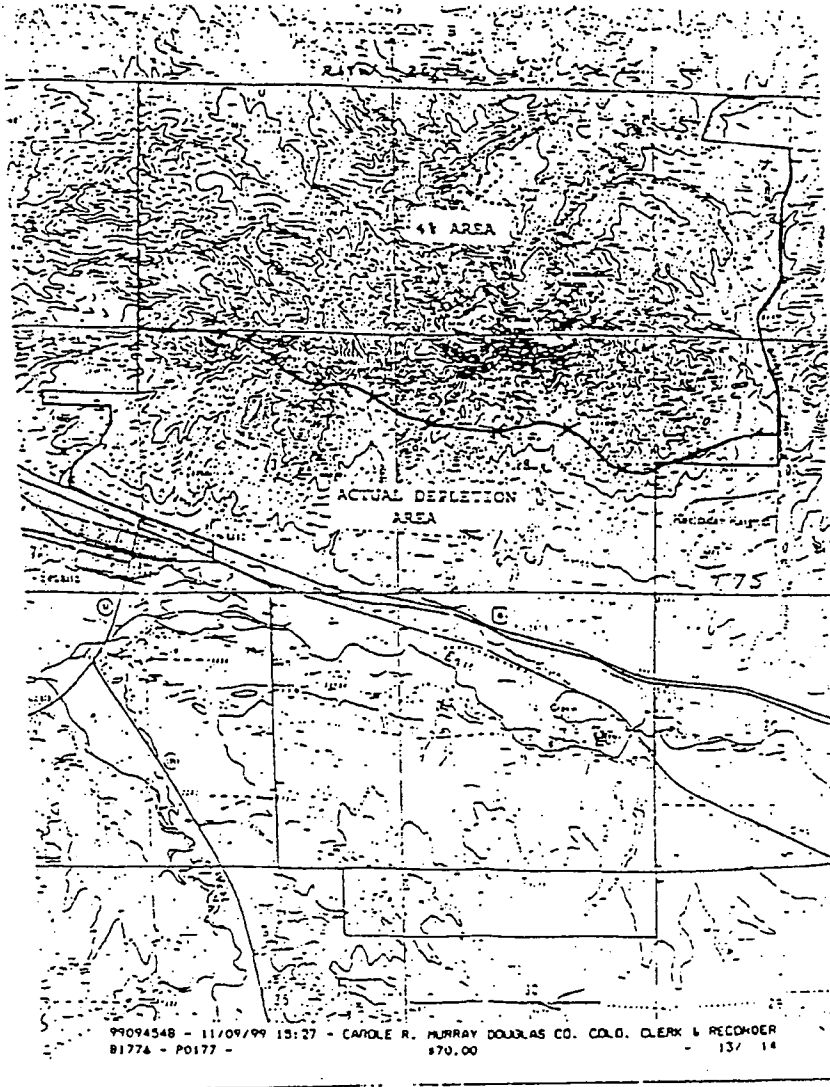
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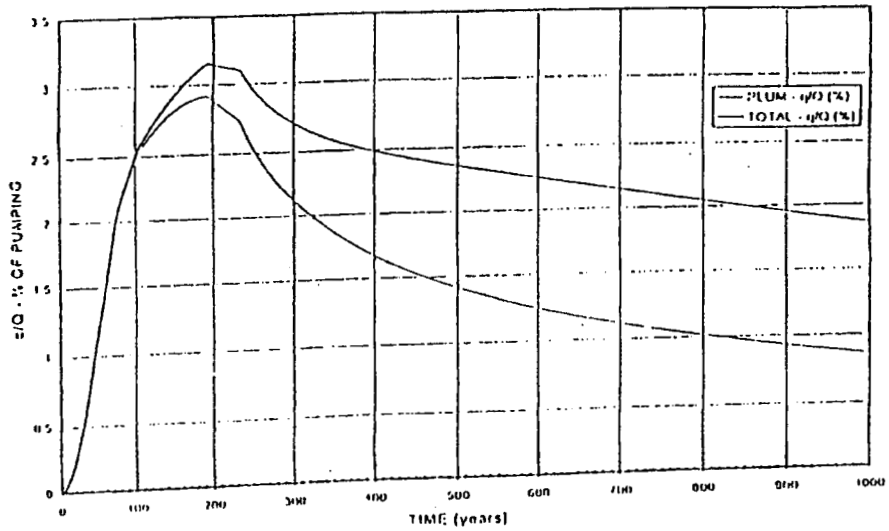


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ATTACHMENT C

STREAM DEPLETION - CASE NO. 98CW219
Denver Aquifer - Model No. DE00



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DISTRICT COURT, WATER DIVISION 1, COLORADO

Weld County Courthouse
901 9th Avenue, P.O. Box C
Greeley, CO 80632
Telephone: (970) 351-7300

CONCERNING THE APPLICATION FOR WATER
RIGHTS OF CHEROKEE RANCH AND CASTLE
FOUNDATION, INC., CHEROKEE RANCH, INC. AND
CHEROKEE KOELBEL, LLC

IN DOUGLAS COUNTY.

PETROCK AND FENDEL, P.C.

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Fredrick A. Fendel III #10476
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Denver, CO 80202
Phone: (303) 534-0702
E-mail: jjp@petrockfendel.com
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BROWNSTEIN HYATT & FARBER, P.C.

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Avra O. Morgan #30246
410 17th Street, 22nd Floor
Denver, CO 80202
Phone: (303) 223-1100
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amorgan@bhfs.com

▲ COURT USE ONLY ▲

Case No. 2002CW 45

**APPLICATION FOR APPROVAL OF SUPPLEMENT TO PLAN FOR
AUGMENTATION DECREED IN CASE NO. 98CW219**

Applicants, Cherokee Ranch and Castle Foundation, Inc., a Colorado non-profit corporation (the "Foundation"), and Cherokee Ranch, Inc. (the "Ranch"), a Colorado corporation (collectively, "Cherokee"), and co-applicant, Cherokee Koelbel, LLC ("Koelbel"), a Delaware limited liability company, by and through their respective attorneys, respectfully request the Court to enter a decree approving the following application to supplement the plan for augmentation decreed in Case No. 98CW219, and as grounds therefor, state as follows:

INTRODUCTION

The Decree in Case No. 98CW219, District Court, Water Division 1, Douglas County, entered on October 8, 1999 ("Decree"), adjudicated to Cherokee nontributary groundwater rights in the Arapahoe and Laramie Fox Hills aquifers and not nontributary groundwater rights in the Denver aquifer, as well as a plan for augmentation of depletions from pumping the not nontributary Denver aquifer groundwater. Subsequent to the entry of the Decree, Koelbel entered into a purchase contract ("Purchase Contract") with the Foundation, pursuant to which Koelbel acquired certain land (the "Property") overlying a portion of the water rights that are the subject of the Decree. The Property is depicted on the map attached hereto as Exhibit A, and a legal description of the Property is attached as Exhibit B. Pursuant to the Purchase Contract and subsequent agreements, Cherokee agreed to convey to Koelbel the portion of the ground water rights adjudicated in the Decree, underlying the Property, as follows:

<u>Aquifer</u>	<u>Average Annual Amount of Groundwater</u>
Denver aquifer (not nontributary):	706 acre feet (only 248 acre feet of which are subject to original plan for augmentation)
Arapahoe aquifer (nontributary):	567 acre feet
Laramie-Fox Hills aquifer (nontributary):	248 acre feet

The Purchase Contract provides that the conveyance of the above described water rights to Koelbel will close on or after August 4, 2002.

The sole purpose of this application, as set forth below, is to supplement the augmentation plan decreed in Case No 98CW219 ("original plan for augmentation"), to add the direct discharge of a portion of the 567 acre feet per year of nontributary Arapahoe aquifer groundwater rights that are subject to the Purchase Contract (the "subject Arapahoe aquifer groundwater") as an additional source of augmentation water, to be used to augment depletions associated with pumping the 248 acre feet per year of not nontributary Denver aquifer groundwater rights subject to the Purchase Contract and the original plan for augmentation (the "subject 248 acre feet of Denver aquifer groundwater"). The portion of the 567 acre-feet of Arapahoe aquifer water that is not utilized by Koelbel for augmentation may be used for any other uses decreed in the Decree, or conveyed, leased or otherwise disposed of in any manner consistent with the Decree. The remaining 458 acre feet per year of not nontributary Denver aquifer groundwater subject to the Purchase Contract may not be withdrawn until an additional augmentation plan is decreed by the District Court.

1. Names, addresses and telephone numbers of Applicants:
 - A. Cherokee Ranch and Castle Foundation, Inc., a Colorado non-profit corporation
c/o Deborah Jordy
P.O. Box 472
Sedalia, Colorado 80135
(303) 688-5555
 - B. Cherokee Ranch, Inc., a Colorado corporation
c/o Deborah Jordy
P.O. Box 472
Sedalia, Colorado 80135
(303) 688-5555
 - C. Cherokee Koelbel, LLC, a Delaware limited liability company
c/o Robert Taylor
5291 Yale Circle
Denver, Colorado 80222
(303) 758-3500

2. Names of structures to be augmented:
 - A. Structures to be augmented under original plan for augmentation: Paragraph 10.A. of the Decree provides that the structures to be augmented include "Denver aquifer wells withdrawing up to 1,009 acre feet per year of not nontributary Denver aquifer groundwater". Said 1,009 acre feet per year of Denver Aquifer groundwater includes the subject 248 acre feet of Denver aquifer groundwater.
 - B. Structures to be augmented in proposed supplement to original plan: Denver aquifer wells withdrawing all or any portion of the subject 248 acre feet of Denver aquifer groundwater.

3. Replacement during pumping:
 - A. Replacement under the original plan for augmentation: Paragraph 10.D. of the Decree provides that depletions associated with pumping up to 1,009 acre feet of not nontributary Denver aquifer groundwater will be replaced with credit from return flows from the use of such water on the "Subject Property", as defined in the Decree, through nonevaporative septic systems, a central sewer system or irrigation use. Prior to taking

credit for return flows through nonevaporative septic systems or irrigation use, paragraph 10.D. of the Decree states that Applicants must prove their entitlement to such return flows to the State Engineer, with notice to, and the participation of, opposers Centennial Water and Sanitation District and the City of Thornton. Prior to taking credit for return flows from the use of water through a central sewer system, paragraph 10.D. requires Applicants to prove their entitlement to such return flows in the Water Court.

- B. Replacement in proposed supplement to original plan: Under this supplement to the original plan for augmentation, actual depletions from pumping all or a portion of the subject 248 acre feet of Denver aquifer groundwater may be augmented by direct discharge of the necessary amount of the subject Arapahoe aquifer groundwater, instead of, or in addition to, augmentation of such depletions by return flows as provided in paragraph 10.D. of the original plan for augmentation. Direct discharge of such Arapahoe aquifer water will be made to East Plum Creek, at a location within the boundaries of the Property described on Exhibits A and B.

Under this supplement to the original plan for augmentation, the amount of Arapahoe aquifer groundwater discharged will be equal to the amount of groundwater withdrawn from the Denver aquifer, multiplied by the corresponding depletion percentage shown on the modeled stream depletion schedule ("Depletion Schedule"), attached hereto as Exhibit C. The Depletion Schedule was prepared by the State Engineer's Office in connection with the Decree and includes the Denver Aquifer groundwater underlying the Property. Discharge of Arapahoe aquifer augmentation water will be made on a monthly basis, or on another schedule proposed by the Applicant and approved by the Division Engineer. An accounting form based on the attached Depletion Schedule shall be submitted to and approved by the Division Engineer.

The original plan for augmentation decreed will remain unchanged with respect to groundwater that is not subject to the Purchase Contract, and with respect to the 458 acre feet of not nontributary Denver aquifer groundwater that is subject to the Purchase Contract, but which is not subject to the original plan for augmentation.

WHEREFORE, the Applicants respectfully request the Court to enter a decree granting this application and approving the requested supplement to the original plan for augmentation, and specifically determining that:

1. Depletions associated with pumping of up to 248 acre feet of the subject Denver aquifer groundwater may be augmented through the direct discharge of the necessary portion of the subject Arapahoe aquifer groundwater, in addition or in the alternative to the originally decreed sources of augmentation water.
2. The portion of the subject Arapahoe aquifer groundwater that is not needed for augmentation may be used for any other uses, or conveyed, leased or otherwise disposed of in any manner consistent with the Decree.
3. Augmentation under the supplemented augmentation plan shall be subject only to approval by the Division Engineer of an accounting form setting forth a schedule for replacement of actual depletions by the direct discharge of the subject Arapahoe aquifer groundwater consistent with the attached Depletion Schedule, and no further approvals by the State Engineer's Office or the Water Court shall be required.
4. The supplement to the original plan for augmentation described herein will not cause injury to the owners of absolute water rights or decreed conditional water rights.

DATED this 28th day of February, 2002

Respectfully submitted,

BROWNSTEIN HYATT & FARBER, P.C.

By: *Ava O. Morgan*
Wayne F. Forman, #14082
Ava O. Morgan, #30246
410 Seventeenth Street, 22nd Floor
Denver, Colorado 80202
(303) 223-1100

ATTORNEYS FOR CHEROKEE KOELBEL, LLC

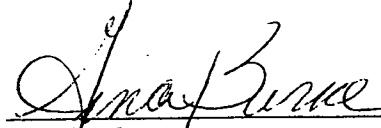
PETROCK AND FENDEL, P.C.

By: Ana Morgan for James Petrock
James J. Petrock #2881
Fredrick A. Fendel III #10476
1530 Welton Street, Suite 200
Denver, CO 80202
Phone: (303) 534-0702

ATTORNEYS FOR CHEROKEE RANCH AND
CASTLE FOUNDATION, INC., AND
CHEROKEE RANCH, INC.

VERIFICATION

I, Gina Burke, consultant for Applicants, state that I have read the foregoing Application for Approval of Supplement to Plan for Augmentation Deceed in Case No. 98CW219, and verify its contents.



Gina Burke

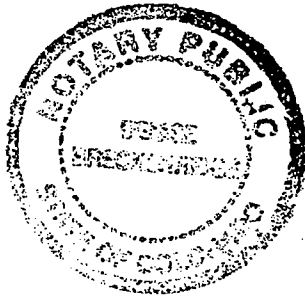
STATE OF COLORADO)
City + COUNTY OF ~~DOUGLAS~~ ^{Denver}) ss.

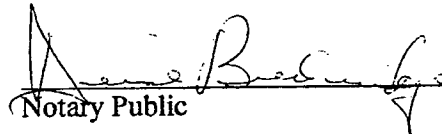
Subscribed and sworn to before me this 27 day of February, 2002, by Gina Burke.

My Commission expires: ~~My Commission Expires June 8, 2002~~

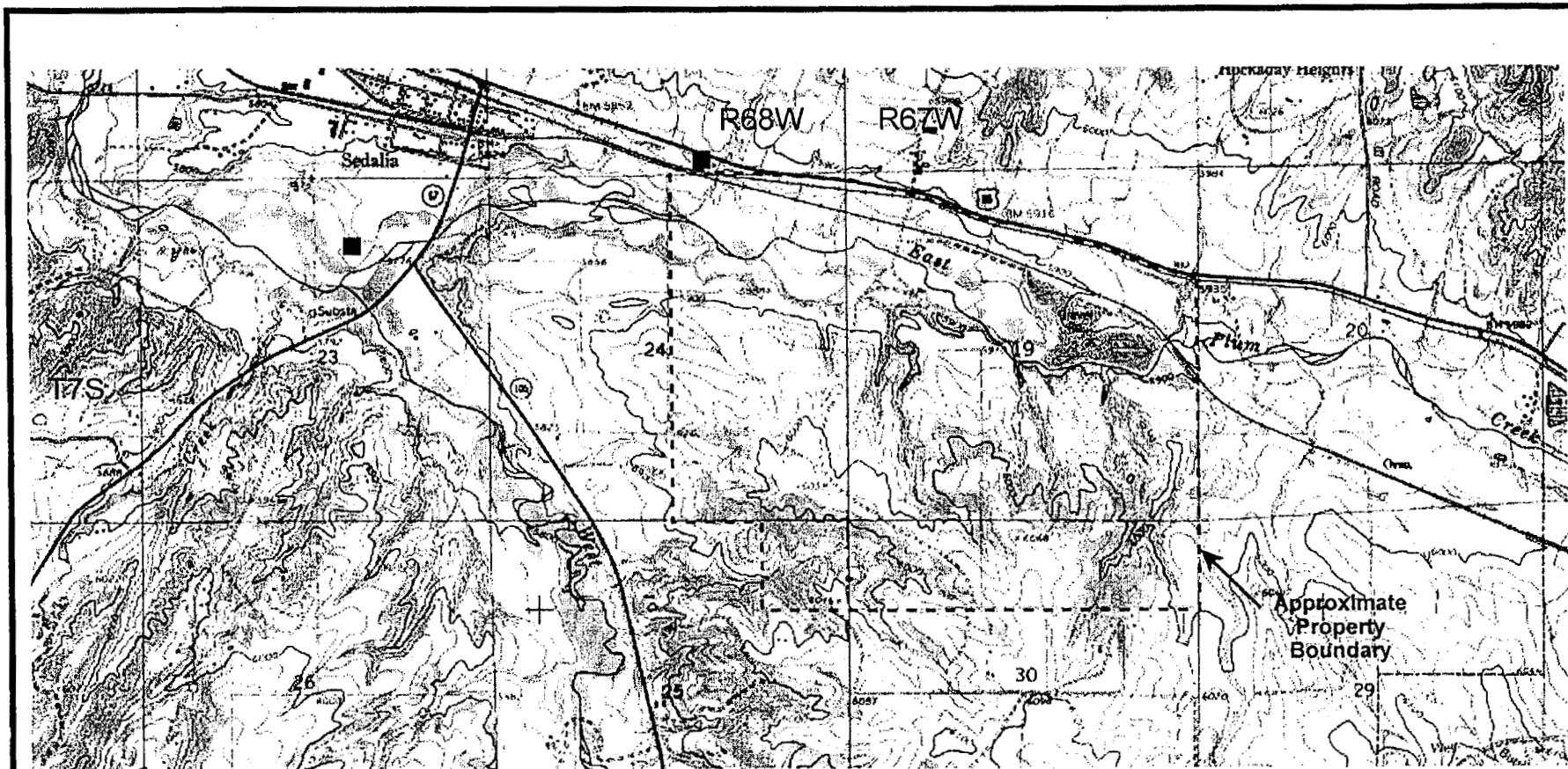
Witness my hand and official seal.

[SEAL]





Notary Public



Scale 1in = 2000 ft



Source USGS 7.5 Minute Quadrangle for Sedalia, CO (Photorevised in 1980).

Jehn Water Consultants
1565 Gilpin Street
Denver, CO 80218

EXHIBIT A CHEROKEE KOELBEL PROPERTY LOCATION MAP

February 27, 2002

Job No. 486.1

EXHIBIT B

Legal description of Cherokee Koelbel Property:

The E1/2 of Section 24 and the NE1/4 NE1/4 of Section 25, all in Township 7 South, Range 68 West of the 6th Principal Meridian.

All of Section 19 lying South of the Denver Rio Grande Railway Company right-of-way, with exceptions, and the N1/2 of the N1/2 of Section 30, all in Township 7 South, Range 67 West of the 6th Principal Meridian, all in the County of Douglas, State of Colorado.

EXHIBIT C

**TOTAL MODELED STREAM DEPLETIONS
SEO DENVER AQUIFER MODEL
CHEROKEE KOELBEL - CASE NO. 02CW _____**

No. Years	Depletions %	No. Years	Depletions %
0 - 5	0.008	51 - 55	0.933
6 - 10	0.031	56 - 60	1.079
11 - 15	0.071	61 - 65	1.228
16 - 20	0.130	66 - 70	1.379
21 - 25	0.207	71 - 75	1.531
26 - 30	0.300	76 - 80	1.683
31 - 35	0.407	81 - 85	1.835
36 - 40	0.526	86 - 90	1.987
41 - 45	0.655	91 - 95	2.137
46 - 50	0.791	96 - 100	2.287

NOTES: Depletion analysis provided by the SEO.

Brownstein | Hyatt | Farber

410 Seventeenth Street
Twenty-Second Floor
Denver, Colorado 80202-4437
bhf-law.com

August 20, 2002

Teresa E. Teevan
Paralegal
T 303.223.1339
F 303.223.0339
tteevan@bhf-law.com

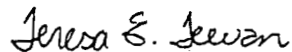
Mr. Robert Taylor
Cherokee Koelbel, LLC
5291 Yale Circle
Denver, CO 80222

Re: General Warranty Deed conveying water to Cherokee Koelbel, LLC

Dear Robert:

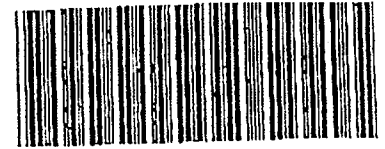
Per your request, enclosed is the original, certified General Warranty Deed which was recorded at the Douglas County Clerk and Recorder's office this morning.

Sincerely,



Teresa E. Teevan

Enclosure



2002083016 5 PGS

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

Cherokee Koelbel, LLC
5291 East Yale Avenue
Denver, Colorado 80222
Attention: Robert Taylor

Brownstein Hyatt & Farber
410 17th Street, 22nd Floor
Denver, Colorado 80202
Attention: Avra O. Morgan

OFFICIAL RECORDS
DOUGLAS COUNTY CO
CAROLE R. MURRAY
CLERK & RECORDER
RECORDING FEE: \$25.00
5 PGS

2002083016
08/20/2002 10:51 AM

(Space Above for Recorder's Use)

GENERAL WARRANTY DEED
(Water Rights)

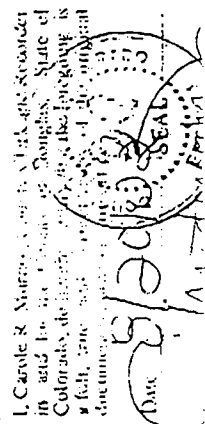
5

KNOW ALL PERSONS BY THESE PRESENTS, that, effective on this 19th day of August, 2002, CHEROKEE RANCH AND CASTLE FOUNDATION, INC., a Colorado non-profit corporation, whose address is P.O. Box 472, Sedalia, CO 80135

_____ , and CHEROKEE RANCH, INC., a Colorado corporation ("Grantors"), whose address is P.O. Box 472, Sedalia CO 80135

_____ , for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby grant, bargain, sell, and convey to CHEROKEE KOELBEL, LLC, a Delaware limited liability company ("Grantee"), whose address is 5291 East Yale Avenue, Denver, Colorado 80222, all right, title and interest in and to the following:

All water and water rights, ditches and ditch rights, reservoirs and reservoir rights, springs and seeps, whether adjudicated or unadjudicated, conditional or absolute, surface or underground, tributary, nontributary or not-nontributary and the priorities therefor, appurtenant to, on the surface of, or underlying the real property described below (the "Property"), including, but not limited to, that portion of those ground water rights decreed in the Findings of Fact, Conclusions of Law, Judgment and Decree in



Case No. 98CW219, District Court, Water Division No. 1, entered on October 8, 1999 (the "Decree"), underlying the 999 acres of the 1012 acre Property that are subject to the Decree, as specifically described on the attached Exhibit A, and the right to use water attributable to the foregoing water and water rights, either along or in conjunction with other water and water rights, directly or indirectly, together with all wells, well permits, permit applications and drill holes, whether permitted or completed, exchanges and exchange rights, plans for augmentation and substitute supply plans associated with said water and water rights, including but not limited to the plan for augmentation included in the Decree, as supplemented pursuant to the Application for Supplementation of Decreed Plan for Augmentation in Case No. 98CW219, filed in the District Court, Water Division No.1 on February 28, 2002, together with all personalty and fixtures associated with said water and water rights, including, without limitation, all improvements, pumps and equipment, meters, pipelines, conduits, collection or storage ponds, tanks or other facilities, together with the right to apply for and receive well permits and the right to seek and obtain adjudications of rights and priorities in connection with said water and water rights (collectively, the "Water and Water Rights").

The Property, which is described as follows, is located in the unincorporated area of Douglas County, State of Colorado, and is comprised of approximately 1012 acres:

The East one-half of Section 24,
 Excepting therefrom all highway and railroad rights-of-way;
 The Northeast $\frac{1}{4}$ Northeast $\frac{1}{4}$ of Section 25;
 All in Township 7 South, Range 68 West of the 6th Principal Meridian;

All of Section 19 lying south of the Denver and Rio Grande Railway Company right-of-way;

Excepting therefrom rights-of-way for Atchison, Topeka and Santa Fe Railway Company; and
 The North $\frac{1}{2}$ of the North $\frac{1}{2}$ of Section 30;
 All in Township 7 South, Range 67 West of the 6th Principal Meridian.

TO HAVE AND TO HOLD to Grantee, Grantee's successors and assigns forever. Grantors, and the successors and assigns of Grantors, covenant with Grantee, Grantee's successors and assigns, that Grantors are lawfully seized in fee simple of the Water and Water Rights that the Water and Water Rights are free from any encumbrances; that Grantors have good right to sell and convey the Water and Water Rights; that Grantors, and the successors and assigns of Grantors, warrant the title to the Water and Water Rights and the quiet and peaceable possession of the same to Grantee and Grantee's successors and assigns; and that Grantors, and

EXHIBIT A

Portion of the ground water rights decreed in Case No. 98CW219, District Court, Water Division No. 1, conveyed to Grantee pursuant to the General Warranty Deed:

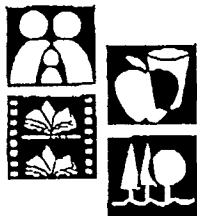
<u>Aquifer</u>	<u>Average Annual Volume</u>
Denver aquifer (actual replacement):	706 acre feet (not nontributary)
Denver aquifer (4% replacement):	0
Arapahoe aquifer:	567 acre feet (nontributary)
Laramie-Fox Hills aquifer:	248 acre feet (nontributary)

EXHIBIT K
Compliance with Water Supply Overlay Requirements

RECEIVED

MAY 01 2002

Douglas County Planning



Tri-County Health Department

Serving Adams, Arapahoe and Douglas Counties

Richard L. Vogt, M.D.
Executive Director

May 1, 2002

Steve Koster
Douglas County Community Development Department
Planning Division
100 Third Street
Castle Rock, CO 80104

Re: Rural Site Plan for Bluebird Ranch (EX00-012)
64 Residential Parcels on 1111.8 acres
West of Highway 85, south of Sedalia and east of Highway 105

Dear Mr. Koster:

In our previous letter of December 12, 2002, we expressed concerns about Individual Sewage Disposal Systems (ISDS), water quality, and the community water system. Based on those comments, the applicant's engineer (Church and Associates) has submitted letters responding to our concerns. The Church and Associates letter of February 26, 2002 includes four recommendations to address our concerns regarding ISDS or Onsite Wastewater Systems (OWS). Those recommendations are:

1. Establish an operation and management program for OWS;
2. Review all proposed OWS through an architectural and site planning process;
3. Provide prospective purchasers and residents with educational materials on OWS; and
4. Utilize dosed trenches and drip irrigation OWS to reduce nutrient loadings.

These recommendations address those concerns we expressed regarding OWS. At our site visit on March 27, 2002, the representative from Koelbel, Robert Taylor indicated that he was agreeable to those recommendations.

At our March 27, 2002 site visit, we visited the "problem lots" identified in our December 12, 2002 letter. Based on that site visit, we believe that these lots have sufficient suitable area to construct OWS.

As indicated in our prior letter, we recommended that the Chatfield Basin Authority review the project to address their concerns about water quality. Since that letter was written, I have discussed the project with the Authority's Technical Review Committee (TRC). Tri-County Health Department and the TRC have recommended that the developer agree to monitor groundwater to evaluate if the project is impacting the Plum Creek alluvium and the reservoir. Groundwater monitoring for all new developments in the Basin is typically recommended as a policy of the Chatfield Basin Authority. This request was brought to the attention of Koelbel through Church and Associates. In their letter of April 16, 2002, Church indicates the following:

1. There is an existing network of twenty monitoring wells on the Aggregate Industries property located along Plum Creek, immediately north of the Bluebird Ranch project;
2. That Koelbel is agreeable to allowing access to these wells for monitoring, provided the Authority receives approval from the Army Corps of Engineers, and U.S. Fish and Wildlife; and
3. That Koelbel is not willing to pay for groundwater monitoring.

Based on information provided by Russ Clayshulte, with DRCOG (administrator for the Chatfield Basin Authority), the Authority does not have the resources to do this monitoring.


We acknowledge and appreciate the effort that Koelbel and Church and Associates have made to respond to our concerns. We believe that monitoring the alluvial groundwater of Plum Creek, as recommended by the Chatfield Basin Authority, is necessary to assess any impacts from this development. We support the project subject to the following recommendations:

1. That the developer provide a letter stating that they agree to implement the recommendations from Church and Associates, regarding OWS;
2. That we have the opportunity to review the homeowner association documents concerning OWS; and
3. That Koelbel and/or the homeowner's association agree to pay for monitoring groundwater in some of the existing wells on the Aggregate Industries property. Considering that these wells are already in place, the cost to sample and analyze the groundwater for temperature, dissolved oxygen, specific conductivity, nitrogen and phosphorus is estimated to be approximately \$500-\$1000 per year. We believe that this cost is both a reasonable and necessary expense.

Mr. Taylor indicated that they are working with Meurer and Associates to develop the plans and specifications for the water system. As indicated in our prior letter, we will need to review and approve those plans, in addition to the Colorado Department of Public Health and Environment (CDPHE).

If you have any questions concerning these comments, please call me at 303 846-6225 or email at brown@tchd.org.

Sincerely,



Warren S. Brown, P.E.
Public Health Engineer

Cc: Gary Hartzell, TCHD (Castle Rock)
Lloyd Williams, TCHD (Englewood)
Ed Church, P.E., Church & Associates
Russ Clayshulte, DRCOG

EXHIBIT L
Absorption Analysis



KOELBEL AND COMPANY

5291 YALE CIRCLE • DENVER, COLORADO • 80222
(303) 758-3500 FAX (303) 758-6632

August 1, 2002

Joe Fowler
Douglas County Planning and Community Development
100 Third Street, 2nd Floor
Castle Rock, CO 80104

RE: *Revised market analysis data for Solitude Metropolitan District Service Plan.*

Dear Mr. Fowler:

Thank you for meeting with me, and our consultants Mr. Philip Volpi and Mr. Les Willson, last Wednesday to clarify some matters related to the Solitude Metropolitan District Service Plan. Generally, we felt the meeting was productive and we resolved some matters presented in your letter dated July 10, 2002, as well as outline the hearing schedule for the service plan.

The relevant matters I could discern from the meeting related to the proposed Residential Values (average) and the absorption rates for sales at Solitude. To specifically address both of these items, we acknowledged modifications were necessary to provide staff with a necessary comfort level this district would be viable, as examined under different scenarios. As requested a third party opinion was sought to supplement information previously submitted from a firm specializing in real estate marketing and sales analysis. As a reminder, The Genesis Group (Genesis) has been involved with the Solitude (formerly Bluebird Ranch) project since 2000, when the property was acquired from the Cherokee Ranch and Castle Foundation. Given the realities of the tight schedule, and the important deadlines we need to meet to maintain for an election in November, we contacted Genesis immediately with this new assignment. Unfortunately, I was informed our primary contact person at Genesis has left the company and no longer available to us for consultation. While the staff at Genesis performed a great deal of work, this project was under her direction as she was involved with all intricate details and market analysis for the project. Due to her departure, we contacted Mr. Mike Rinner, a senior staff member at Genesis, who has been able to supply us with updated (2002) market information for Douglas County. This information would have been used, with past research performed for us to formulate the basis of an opinion. Unfortunately, Mr. Rinner had a scheduled vacation this week and was barely able to provide a few hours to this specific assignment. Thus, there was no sufficient time to become totally familiar with the project and prepare an opinion worthy of your consideration.

Revised Methodology for Service Plan

Based on our recent meeting with staff, we decreased the original Residential Values (average) from \$3.0 million to \$1.5 million. In addition, we generated scenarios that include: 1) Original absorption rates (Scenario #1); 2) 75% of the original absorption rates (Scenario #2); and 3) 50% of the original absorption rate (Scenario #3). We believe these scenarios will present information to address concerns regarding the strength of the market in Douglas County and the viability of the district. Our previous market analysis included a much broader area including the south Denver metropolitan area. Again, this was modified based on staff's request to examine the Douglas County market only. As shown in the scenario, the project is still viable with 75% of the



modified absorption rate. Problems do become apparent with a slower absorption rate of 50% where negative totals for the Ending Cash Available appears in 2007. Obviously, we are optimistic we will exceed these projections, but needed to create these scenarios in the event economic and market conditions influence the project in a negative direction.

Contributing Factors for Success

In addition to the market research information (Denver metro area and Douglas County), Genesis assisted us with a series of focus group discussions with residents from the Castle Pines community. Ms. Paula Livingston, a certified real estate broker and resident of Castle Pines, also assisted with the gathering of sales and marketing information for our analysis for the project. Based on updated sales and market activity information, focus group discussions, evaluation of area projects (competition), and through detailed site plan analysis, Solitude is planned to serve a specific segment of the Douglas County market.

Based on what we have learned from the Castle Pines residents and new buyers, we refer to Solitude as a "move-up market" for Castle Pines, with the exception of the golf enthusiasts. We have carefully identified several elements incorporated into the project such as: 1) larger lot sizes (4-11 acres with an average of 5.38 acres); 2) smaller intimate scale of the community (64 lots) with a sense of "community"; 3) Gentle topography to allow a broader range of architectural programming (single story opportunities); 4) A 6-mile internal trail network for pedestrian, bicycle, and equestrian activity; 5) Potential equestrian center for residents only; 6) Stricter architectural design guidelines and covenants; 7) Private roadways and gated access; 8) Centralized water system; 9) 745 acres of open space protected by a conservation easement; and 10) Protection of the natural environment through a sensitive land plan.

Overview of Market Activity in Douglas County

From March of 2001 to March 2002 there were 43 new home sales ranging in price from \$1,011,200 to \$2,407,300. This average sale was \$1,366,680. This information was prepared by the Home Builders Research for Denver Metro New Homes Sales Activity. During this 12 month period it would equate to a sales rate of 3.58 per month.

In Douglas County from 1998 through 2001 there were 149 sales of homes ranging \$1,000,000 to \$3,000,000 plus (or average of 37.5 per year). A positive trend was detected over time for indicating more sales in the upper range due to increasing interest and new development in Douglas County. The upward trend is as follows:

1998-	11 sales (26 listings)	rate of .91 per month
1999-	21 sales (21 listings)	rate of 1.75 per month
2000-	48 sales (64 listings)	rate of 4.0 per month
2001-	<u>69 sales (130 listings)</u>	rate of 5.75 per month
	149 sales	

We recognize there will be future development projects throughout Douglas County in the near future. However, few of these projects will offer a direct competition to Solitude based on several of the factors discussed above. Some of the future projects include: Jackson Creek, Daniels Gate, Pradera Pass, The Canyons, Liberty Village, Reata, Rocking Horse, Rangeview Ranch, Castle Oaks, The Oaks, Castlewood Ranch, Crystal Valley, Timber Canyon, and The Lakes.

Castle Pines - Submarket Analysis

More directly related to our analysis of Douglas County was the Castle Pines submarket based on our proximity and knowledge of the community. Therefore, specific information is reflected below to identify important aspects related to the potential success rate of Solitude:



<u>Project Name</u>	<u>Home Price Range</u>	<u>Lot Price Range</u>	<u>Available/Sold</u>
Castle Pines Village	\$474,000 – 2.9 million	\$320-475,000	27/16
The Pointe @ Castle Pines	Custom Homes*	\$975,000-1.45 million	17/10
The Enclave @ Castle Pines Village	Custom Homes*	\$595,000 - \$1.5 million	5/5
*Castle Pines North (*Separate community)	\$900,000 and up	\$190-385,000	47/21

Castle Pines Sales Activity

	<u># of units/lots</u>	<u>Average Sales</u>	<u>Average Lot Size</u>
2002 Home Sales (New)	78	\$1,276,257	.79 acres
Lots Only For Sale	18	\$953,605	2.91 acres (.59 to 6.64 acres)
		(Range \$175,000 to \$1.5 million)	
Total	96		
2001 Home Sales (New)	78	\$1,031,615	.76 acres
Lot Only For Sale	17	\$607,276	2.43 acres (.64 to 6.95 acres)
		(Range \$249,000 to \$1.42 million)	
Total	95		
2000 Home Sales (New)	43	\$938,584	.75 acres
Home Sales (Resale)	57	\$805,282	.75 acres
Total	100	\$862,602 (ave)	.75 acres
1999 Home Sales (New)	68	\$753,363	.70 acres
Home Sales (Resale)	68	\$805,057	.92 acres
Total	136	\$779,210 (ave)	.81 acres
*Homes \$1 million +	22	\$1,264,742	1.34 acres
		(Range \$1.0 million to \$2.4 million)	

Absorption Rates

2002	Home Sales	78	6.5 per month
	Lot Sales	18	1.5 per month
	Total	96	8.0 per month
2001	Home Sales (Total)	78	6.5 per month
	Lot Sales	17	1.4 per month
	Total	95	7.9 per month
2000	Home Sales (New)	43	3.5 per month
	Home Sales (Resale)	57	4.8 per month
	Total	100	8.3 per month
1999	Home Sales (New)	68	5.6 per month
	Home Sales (Resale)	68	5.6 per month
	Total	136	11.3 per month



Based on the information above, especially related to the vacant lot sales, the Solitude community projects the following absorption schedule:

2003	6	.5 per month
2004	6	.5 per month
2005	8	.66 per month
2006	10	.83 per month
2007	12	1 per month
2008	12	1 per month
2009	10	.83 per month

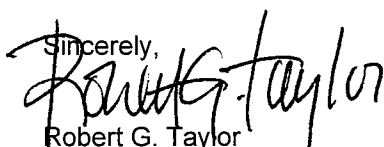
If the absorption schedule were to achieve a sales rate of 75% of the original projections, the absorption schedule would be stretched out further into the year 2012 and the district would still be operating efficiently with a positive cash flow:

2003	4	.33 per month
2004	4	.33 per month
2005	6	.5 per month
2006	7	.58 per month
2007	9	.75 per month
2008	9	.75 per month
2009	7	.58 per month
2010	7	.58 per month
2011	7	.58 per month
2012	4	.33 per month

Experience

Koelbel and Company is celebrating its 50th year as a leader in the real estate development field, with experience in structuring and operating metropolitan districts in Colorado. Over this time we have created distinguished communities that serve specific segments of the market. Specific communities include: Pinehurst Country Club, The Preserve at Greenwood Village, Cherry Hills Park, and The Breakers. Each of these projects has enjoyed enormous success and lasting beauty through the careful attention and resources of our company. In addition to the residential component of our company, we also specialize in large commercial centers such as Centennial Promenade (northwest corner of I-25 and County Line Road) and Centennial Valley (550 acre master planned area in Louisville at US 36 and McCaslin); office parks such as Orchard Valley Business Park (SE area of I-25 and Orchard), Broadway Business Park (from C-470 to Mineral along both sides of Broadway); and finally the Cascade Village (125 acre mixed use development with the Westin Hotel) at Lionshead in Vail. These distinctive projects have earned the respect and reputation for our company and the general public is now accustomed to associating the Koelbel "brand" with quality.

Our successful experience developing quality projects, and operating metropolitan districts, should reflect our ability to understand these delicate details and provide some assurance to staff of our commitment to creating a project with lasting value. We hope this information has addressed some of your concerns regarding the original service plan for the Solitude Metropolitan District. If you should have any questions, or require additional information, please contact us at (303) 758-3500. Thank you.

Sincerely,

Robert G. Taylor
Director of Residential Development