

6-21-74-0

PAINT BRUSH HILLS
METROPOLITAN DISTRICT

SERVICE PLAN

PAINT BRUSH
HILLS



APRIL 1986

KKBNA
Incorporated
Consulting Engineers

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SERVICE PLAN
FOR THE
PROPOSED
PAINT BRUSH HILLS
METROPOLITAN DISTRICT

May 1986

INTRODUCTION

This Service Plan is submitted in the accordance with the provisions of the "Special District Act", Article I, Title 32, Colorado Revised Statutes, 1973, and consists of a financial survey and a preliminary engineering survey showing how the proposed services are to be provided and financed. It is intended that the proposed Paint Brush Hills Metropolitan District provide the following services and/or facilities: water, sanitary sewer, storm sewer and drainage, streets, street lights, traffic signals, bridges, mosquito control and safety protection. This Service Plan has been organized to conform to the "Special District Guidelines" established by the Board of County Commissioners of El Paso County on March 31, 1986. In addition, two buildout scenarios are being presented in order to establish the financial feasibility of the proposed Paint Brush Hills Metropolitan District in the event that the growth projections predicted in the marketing study prepared by the research group are not met. The reduced buildout scenario assumes that the Paint Brush Hills project will capture twenty-five percent (25%) of that predicted by the marketing study.

I. DESCRIPTION OF THE PROPOSED SERVICES
 C.R.S. 32-1-202(2)(a)

- A. As stated above, the services and facilities to be provided by the proposed Paint Brush Hills Metropolitan District are: water, sanitary sewer, storm sewer and drainage, streets, street lights, traffic signals, bridges, mosquito control and safety protection.
- B. The Paint Brush Hills Sketch Plan was approved by the El Paso County Planning Commission on May 18, 1984 and formally amended the 1990 Land Use Plan which is the Master Plan for El Paso County. This Service Plan is consistent with the approved Sketch and Master Plan for the Paint Brush Hills project. The project has also been rezoned in conformance with the Master Plan. The following table provides a summary of the approved land uses in the Paint Brush Hills project.

Table 5
 LAND USE DESCRIPTION OF
 PAINT BRUSH HILLS METROPOLITAN DISTRICT

<u>LAND USE</u>	<u>ACRES</u>	<u>PERCENT OF TOTAL</u>
Residential		
Single Family	706.54	73
Multi-family	22.07	2
Recreational		
Open Space	120.56	13
Activity Center	10.67	1
Commercial	42.20	5
Educational		
Existing Senior High	41.30	4
School Site (Proposed)	16.66	2

- C. The area to be served by the proposed Paint Brush Hills Metropolitan District (PBHMD) is located in the unincorporated portion of El Paso County, Colorado, approximately 3 1/2 miles east of the Colorado Springs City limits. The site consists of 960 acres of land

with Meridian Road bordering its east side and Stapleton Road bordering its south side. More specifically, it is described as follows:

"Section 25 in the east 1/2 of Section 26, Township 12 South, Range 65 West of the 6 P.M. in El Paso County, Colorado, except the easterly 30 feet and the southerly 60 feet of the easterly 3222.73 feet of said Section 25, and except that parcel described in Book 2732 at Page 860 of the records of said El Paso County, containing 945 acres, more or less."

A boundary map for the District is included as Exhibit 5.

- D. At this time, with the exception of the Falcon Fire Protection District, there are no special districts, including water, sewer, drainage or transportation districts within three miles of the boundaries of the proposed Paint Brush Hills Metropolitan District. There are also no municipalities within three miles of the boundaries of the proposed district. There are no municipal or quasi-municipal corporations, including existing special districts, which have the infrastructure or financial ability to service the Paint Brush Hills project within a reasonable time on a comperable basis to that proposed by the Paint Brush Hills Metropolitan District. Creation of the Paint Brush Hills Metropolitan District prior to platting of the property was a condition placed on the approvals of the Sketch Plan and rezonings of the Paint Brush Hills project by the El Paso County Planning Commission and Board of County Commissioners. Creation of a special district was also a condition placed on the 208 approval of the site application for the wastewater facility to be shared by the Paint Brush Hills and Woodmen Hills projects. The Colorado Department of Health requires that a special district be in place in order to insure the long term operation and maintenance of a wastewater facility.

C. Mill Levy and Indebtedness

- I. In addition to El Paso County, there are three existing taxing entities on the Paintbrush Hills property. Those entities are: School District No. 49, Falcon Fire Protection District and the Upper Black Squirrel Groundwater Management District. School District No. 49 levied 70.780 mills in 1985; the Falcon Fire Protection District levied 6.365 mills in 1985; the Upper Black

Squirrel Groundwater Mangement District levied 1.700
mills in 1985.

The financial analysis of the proposed Paintbrush Hills
Metropolitan District proposes a 15.00 mill levy.

II. FINANCIAL PLAN SHOWING HOW THE PROPOSED SERVICES ARE TO BE FINANCED

C.R.S. 32-1-202(2)(b)

A detailed analysis of the financial potential of the District has been prepared by Dain Bosworth, Inc. The details of this financial plan, including projected bond issues, assessed valuations, mill levies and sources and amounts of revenue are attached as Tables 6-15 (Tables 6-10 are based on a normal buildout scenario and Tables 11-15 are based on a reduced buildout scenario).

The planned improvements are proposed to be financed by two issues of general obligation bonds of the District in the normal buildout scenario and one issue of general obligation bonds of the District in the reduced buildout scenario. The bonds, when issued, will mature in not more than twenty (20) years from the date of their issuance as required by state statute. The proposed maximum interest rate will be eighteen percent (18%) and the maximum discount six percent (6%). The bonds will contain adequate provisions to allow the prior redemption or refinancing of bonds sold by the District and the amount of bonds sold would depend upon final engineering plans and/or actual construction contracts, as well as economic limitations of the District. The exact interest rates and discounts will be established at the time the bonds are sold by the District and will reflect market conditions at the time of sale.

The District's primary sources of revenue to retire bonded indebtedness will be water and sewer tap fee income in the early years and tax revenue derived from the mill levy on real property within the District, multiplied by the assessed valuation of such property on a year to year basis. There will also be secondary sources of funds provided in the form of capitalized interest and interest income.

Assessed valuation within the District, as shown in Tables 8 and 13, is based on projections for development within the District as shown in Tables 7 and 12. These projections estimate the amount of development that will be built during the years 1987 through the projected payoff of the proposed bonds. Average market values (in 1986 dollars) over the life of the bonds have been estimated to be \$70,000.00 per residential unit and \$5.00 per square foot for the commercial property. The total market value (in 1986 dollars) of improved real property within the District when development is complete will be \$164,588,250.00. There are no built in assumptions that the market values will increase each year and the commercial construction has been amortized

evenly over the buildout of the project. Further details are presented in Tables 6-15.

The scheduled sale of bonds to finance improvements is based upon the time when facilities will be required, estimates of growth within the District and the need to maintain an acceptable mill levy. The plan projects total bond financing of \$6,850,000.00 under the normal buildout scenario and \$1,500,000.00 under the reduced buildout scenario. However, recognizing that inflation may be greater than expected, costs may increase and different economic conditions may exist, the District will request authorization from the voters of \$10,000,000.00 in bonds. The plan provides for a mill levy of 15 mills.

As indicated above, a secondary source of income will be in the form of capitalized interest and interest income. This recognizes the fact that tax income lags two years behind construction. The plan, therefore, provides for the capitalization of bond proceeds of two years interest requirements on the proposed bond issues for 1987 and 1991 under the normal buildout scenario and 1987 under the reduced buildout scenario. This capitalized interest will permit orderly payment of interest expense during the initial start up period of the District. Interest income is projected on invested capitalized interest before its use, construction funds during the construction period and the reinvestment of any annual surplus.

It is projected that the District operations and maintenance of the wastewater plant and water and sewer lines will be funded from monthly utility revenue, primarily water and sewer user rates. It has also been assumed that the District will establish drainage fees for the construction and maintenance of all drainage structures. Therefore, it is assumed that such fees will offset the drainage costs.

As Tables 6-15 indicate, projected revenues from the District will be insufficient to pay for all development costs within the Paint Brush Hills project. It is the intent of the developers to fund much of the infrastructure from private sources and to utilize the metropolitan district's ability to finance the major infrastructure items such as sewer plant and the major water and sewer lines. Prior to the issuance of any bonds, the Board of Directors of the District and Dain Bosworth will determine what additional protective measures, such as additional revenue sources or credit enhancement, may be deemed advisable. These decisions should be made in the future, prior to the issuance of the bonds, when all the facts and circumstances are known.

III. PRELIMINARY ENGINEERING/ECONOMICAL AND SUFFICIENT SERVICE
C.R.S. 32-1-202(2)(c) and 32-1-203(2)(c)

- A. Preliminary designs of the water distribution system, wastewater system, street layout and drainage system are shown in Exhibit 1-4 hereto. Capital costs for the water, wastewater, street and storm drainage systems for the entire project are set forth in Tables 1-4a hereto.
- B. Evidence has been set forth in Section I, II, V and VI of this Service Plan indicating that the proposed Paint Brush Hills Metropolitan District is capable of providing economical and sufficient service to the area within its proposed boundaries.

IV. A MAP OF THE DISTRICT/POPULATION ESTIMATES/VALUATION
ESTIMATES

C.R.S 32-1-202(2)(d)

- A. A boundary map for the proposed Paint Brush Hills Metropolitan District is provided in Exhibit 5 hereto. The present permanent population within the boundaries within the District is zero. A future permanent population, at full development, is based on the assumption that a total of 1,994 single family homes and 331 multi-family units will be developed in two phases of buildout with a density of 3.5 capita per unit. The estimated permanent population at full development of the District will be 8,137 people. Assessed valuation projections for normal and reduced buildout scenarios are set forth in Tables 6 and 11 hereto.

The buildout projections in forecasts for the normal buildout scenario are based upon a marketing study prepared by the research group in February of 1984. That study has been submitted to the El Paso County Bond Coordinators office for review in conjunction with this Service Plan. In order to demonstrate that the proposed Paint Brush Hills Metropolitan District is financially feasible in the event that the normal buildout scenario is not met, a reduction of seventy-five percent (75%) of the normal buildout schedule was utilized. In other words a buildout schedule of twenty-five percent (25%) of that predicted by the Research Group has been utilized in the reduced buildout scenario. This reduced buildout scenario equates to a range of 13 to 26 single family units being completed in each year and 4600 square feet of commercial construction in each year beginning in 1989.

V. GENERAL DESCRIPTION OF THE FACILITIES
C.R.S. 32-1-202(2)(e)

A. Water System

1. General

Preliminary design of the central water system has been divided into two phases, corresponding to the two proposed phases of development. Each phase has been further broken into filings to evaluate capital costs through the anticipated years of development (1987-2007). The first phase (four filings) includes 676 single family units, the commercial development and schools. The second phase (seven filings) includes 1649 single family, single family cluster and multi-family units and the completed commercial development. Water will be provided by existing and new wells. Permits for development of six new wells have been approved. Two wells will be developed in the Denver, Arapahoe and Laramie Fox Hills formations. Water available from these new wells is anticipated to be approximately 974 acre-feet per year. Available data indicates that only disinfection and storage will be required.

2. Design Criteria

Preliminary design of the water system and appurtenances is based on population projections, school and commercial flows and fire demands. The design criteria is as follows:

- a. Single family units require 123,000 gallons annually; schools, 20 gallons per day per student elementary, 25 gallons per day per student junior and high; and commercial 1,500 gallons per day per acre.
- b. Maximum day usage has been estimated to be 2.0 times average daily use.
- c. Fire flow requirements are determined by the National Fire Underwriters criteria and durations by the Insurance Services Offices. These are 1.545 gallons per minute for two hours during Phase 1 and a total of 2,910 gallons per minute for three hours at buildout.
- d. Finished water storage facilities are based on

meeting maximum day demand without depleting fire flow reserves.

3. Water Distribution System

Preliminary design of the water distribution system for Phase 1 is presented in Exhibit 1. The system will be a looped system throughout the district with fire hydrants spaced to provide a service radius of 300 feet in areas where buildings will be located. It is anticipated that the entire system will be metered, with the cost of meters to be paid by the customer.

4. Water System Capital Costs

The capital costs for the system, including storage and treatment facilities, are presented in Tables 1 and 1a. Table 1 is for a normal buildout and Table 1a is for a reduced buildout.

B. Wastewater System

1. General

The general criteria for the sewage collection system and wastewater treatment facility are as follows:

- a. Sewage collection lines for residential areas are sized to account for 100 gallons per capita per day, commercial/business 1,500 gallons per day per acre, elementary schools at 20 gallons per day per student and junior high schools at 25 gallons per day per student.
- b. Minimum size of sewer lines is eight-inch diameter maintained at the minimum grade to allow a clean-out velocity of two feet per second.
- c. The wastewater treatment facility has been designated an interim plant by the PPACG. Design is for the Paint Brush Hills development and the Woodmen Hills development based on 24-hour average daily flows.
- d. The wastewater facility, as attributed to Paint Brush Hills, is designed for secondary treatment to meet discharge and stream

standards for tributaries to the Arkansas River as set forth by the Colorado Department of Health, Water Quality Control Division stream standards.

2. Sewage Collection System

All collection lines and appurtenances within the District boundary will be controlled by the PBHMD. Preliminary design of the system is set forth in Exhibit 2. Due to the topography of the area, a small sewage lift station will be required in Phase II of the development. All building sites will be provided with gravity sewer connections to the collection system.

3. Wastewater Treatment Facility

There are currently no municipal wastewater treatment facilities near Paint Brush Hills that are capable of serving the PBHMD. It is proposed that the District and developers of the Woodmen Hills project joint venture to build a single wastewater treatment facility. Paint Brush Hills and Woodmen Hills will share in the financing of the capital improvements and the operation and maintenance costs for the facility. Contributions will be based upon the estimated proportional use of discharge that each entity will generate.

4. Wastewater System Capital Costs

Construction of the District's sewage collection system and appurtenances is planned as shown on the enclosed exhibit. Associated capital costs for the complete system including lift stations, force mains and treatment facilities are presented in Tables 2 and 2a. Table 2 is the normal buildout scenario and 2a is the reduced buildout scenario. The treatment facility costs to be assessed to PBHMD are estimated to be \$289,000 (1986 dollars) with the remaining portion paid by the Woodmen Hills development. The costs are included herein under Filing 1, Phase I estimates.

5. Street Improvements

A. General

The PBHMD proposes to construct street improvements in accordance with the approved Sketch Plan for the development. All streets will be constructed in accordance with El Paso County regulations,

including inspection procedures.

B. Street Improvements

Street improvements include asphalt paving, installing street lighting and landscaping to minimize dust and to control erosion. The street layout for Phase I of the project is shown on Exhibit 3. At this time, it is assumed that all streets will be designed with three-inch flexible asphalt surfacing over six inches of compacted base course. Actual thickness will be determined during final design of road sections.

All streets will be dedicated to El Paso County for operation and maintenance after they have been accepted and the one-year warranty has lapsed.

C. Street Improvement Capital Costs

Street improvements within the District will be in accordance with the development phasing plan. Engineering cost estimates by phases are presented in Tables 3 and 3a. Table 3 is for normal buildout and Table 3a is for reduced buildout.

6. Storm Drainage

A. Criteria

The PBHMD will construct storm sewers and drainage systems in conjunction with the construction and installation of the streets. Planning of the drainage structures is based on the procedures set forth in the Areawide Urban Runoff Control Manual published by the Pikes Peak Area Council of Governments. This criteria requires that drainage structures be sized for the 100-year storm if the storm runoff volume for the 100-year storm exceeds 500 cubic feet per second (cfs). If the flow is less than 500 cfs, a five (5) year storm event is used.

B. Drainage System

The topography of the proposed District is variable, ranging from predominantly flat slopes of under 5% to greater slopes adjacent to drainageways that exceed 20%. Development is restricted on

these greater slopes with these areas being incorporated into the open space system. The natural occurring runoff will be collected in ditches constructed in conjunction with the street system. The site has been subdivided into four watersheds for analysis. The drainage system for Phase I of the development is shown on Exhibit 4. Storm water runoff management consists of appropriately sized culverts placed under the streets at locations throughout the District. Discharge of the storm water runoff will be to natural drainageways.

C. Drainage Improvements Capital Costs

Costs incurred by the District for drainage improvements will be coincidental with roadway construction and the phasing plan. Estimated costs for drainage improvements are presented in Tables 4 and 4a. Table 4 is for normal buildout and Table 4a is for the reduced buildout scenario.

VI. GENERAL DESCRIPTION OF ESTIMATED COSTS
C.R.S. 32-1-202(2)(f)

Cost estimates are contained in Tables 1-4a hereto. All cost estimates include ten percent (10%) for engineering and inspection, ten percent (10%) for contingencies and five percent (5%) for legal expenses.

VII. INTERGOVERNMENTAL AGREEMENTS
C.R.S. 32-1-202(2)(g)

A proposed intergovernmental agreement between Paint Brush Hills Metropolitan District and the proposed Woodmen Hills Metropolitan District for the joint operation of the wastewater treatment plant is attached to this Service Plan. Said Intergovernmental Agreement will become effective upon the creation of each entity.

VIII. C.R.S. 32-1-203 CRITERIA
C.R.S. 32-1-202(2)(h)

- A. In general, evidence that there is existing and projected need for organized service in the Paint Brush Hills area, that existing service in the area is inadequate for the projected needs, that the proposed Paint Brush Hills Metropolitan District is capable of providing economical and sufficient service to the area, and that the area to be included in the proposed District will have the financial ability to discharge the proposed indebtedness on a reasonable basis has all been presented in previous Sections of this Service Plan. A description of the services is provided in Section I; financial plan is provided in Section II; evidence of economical and sufficient service is provided in Section III; evidence as to all these factors is set forth in Tables 1-15.
- B. A legal opinion from Philip J. Anderson, Esq., as to whether the contemplated services are under the jurisdiction of the Special District Control Act or the Public Utilities Commission is provided in Exhibit 6 hereto. It is Mr. Anderson's opinion that the Public Utilities Commission has no jurisdiction over the services provided by the proposed Paint Brush Hills Metropolitan District if such services are entirely within the boundaries of the proposed District.
- C. An opinion letter from W.C. Wells & Co. as to the status of ownership and the ability of the District to utilize water rights owned by the developers and a report as to the sufficiency of said water rights is contained in Exhibit 7 hereto. It is the present intent of the owners and developers of the Paint Brush Hills project to convey said water rights to the proposed Paint Brush Hills Metropolitan District at no cost.
- D. The Paint Brush Hills project is in compliance with the locally and state adopted water quality management plan for El Paso County. Said plan, which was approved by the Water Quality Control Commission on May 6, 1985, proposes a joint wastewater treatment plant for the Paint Brush Hills and Woodmen Hills projects.
- E. It is agreed and understood by the proponents of the proposed Paint Brush Hills Metropolitan District that the Paint Brush Hills Metropolitan District will comply with El Paso County's Water Policy.

TABLE 1
ESTIMATED WATER SYSTEM COSTS
FILING 1, PHASE I
1987

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	1,100 LF	\$ 12/LF	\$ 13,200
8" DIP	17,860 LF	14/LF	250,040
12" DIP	930 LF	18/LF	16,740
8" Gate Valves	33 EA	600/EA	19,800
Fire Hydrants	31 EA	1500/EA	46,500
3/4" Service Lines	4,890 LF	8/LF	39,120
Storage Tank	0.5 MG	0.40/Gal	200,000
6 Wells	8,000 LF	75/LF	600,000
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetrying	1	LS	20,000
		SUBTOTAL	<u>\$1,223,400</u>

FILING 2, PHASE I
1989

6" DIP	510 LF	\$ 12/LF	\$ 6,120
8" DIP	11,760 LF	14/LF	164,640
12" DIP	2,995 LF	18/LF	53,910
8" Gate Valves	28 EA	600/EA	16,800
12" Gate Valves	8 EA	1,050/EA	8,400
Fire Hydrants	18 EA	1,500/EA	27,000
3/4" Service Lines	4,170 LF	8/LF	33,360
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Well Pump	1 EA	36,800/EA	36,800
Telemetrying	1	LS	20,000
		SUBTOTAL	<u>\$385,030</u>

TABLE 1
ESTIMATED WATER SYSTEM COSTS
FILING 3, PHASE I

1991

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	880 LF	\$ 12/LF	\$ 10,560
8" DIP	5,250 LF	14/LF	73,500
12" DIP	2,200 LF	18/LF	39,600
8" Gate Valves	13 EA	600/EA	7,800
12" Gate Valves	5 EA	1,050/EA	5,250
Fire Hydrants	13 EA	1,500/EA	19,500
3/4" Service Lines	3,930 LF	8/LF	31,440
		SUBTOTAL	<u>\$187,650</u>

FILING 4, PHASE I

1993

6" DIP	570 LF	\$ 12/LF	\$ 6,840
8" DIP	5,970 LF	14/LF	83,580
12" DIP	4,860 LF	18/LF	87,480
8" Gate Valves	16 EA	600/EA	9,600
12" Gate Valves	14 EA	1,050/EA	14,700
Fire Hydrants	16 EA	1,500/EA	24,000
3/4" Service Lines	3,600 LF	8/LF	28,800
Chorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Well Pump	1 EA	36,800/EA	36,800
Telemetrying	1	LS	20,000
		SUBTOTAL	<u>\$329,800</u>

Subtotal Phase I (All filings inclusive)	\$2,125,880
10% Engineering and Inspection	212,600
10% Contingencies	212,600
5% Legal	106,300
TOTAL	<u>\$2,657,380</u>

TABLE 1
ESTIMATED WATER SYSTEM COSTS
FILING 1, PHASE 2
1995

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	300 LF	\$ 12/LF	\$ 3,600
8" DIP	10,160 LF	14/LF	142,240
3/4" Service Line	5,000 LF	8/LF	40,000
8" Gate Valve	28 EA	600/EA	16,800
Fire Hydrants	16 EA	1,500/EA	24,000
		SUBTOTAL	<u>\$226,640</u>

FILING 2, PHASE 2
1997

6" DIP	480 LF	\$ 12/LF	\$ 5,760
8" DIP	8,720 LF	14/LF	122,080
3/4" Service Line	4,800 LF	8/LF	38,400
8" Gate Valves	19 EA	600/EA	11,400
Fire Hydrants	17 EA	1,500/EA	25,500
Storage Tank	1.0 MG	0.25/Gal	250,000
Well Pump	1 EA	36,800/EA	36,800
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetry	1	LS	60,000
		SUBTOTAL	<u>\$567,940</u>

TABLE 1
ESTIMATED WATER SYSTEM COSTS
FILING 3, PHASE 2
1998

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	180 LF	\$ 12/LF	\$ 2,160
8" DIP	5,330 LF	14/LF	74,620
3/4" Service Line	5,300 LF	8/LF	42,400
8" Gate Valve	18 EA	600/EA	10,800
Fire Hydrants	10 EA	1,500/EA	15,000
Well Pump	1 EA	36,800/EA	36,800
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetry	1	LS	60,000
		SUBTOTAL	<u>\$259,780</u>

FILING 4, PHASE 2
2001

6" DIP	420 LF	\$ 12/LF	\$ 5,040
8" DIP	7,870 LF	14/LF	110,180
12" DIP	360 LF	18/LF	6,480
3/4" Service Line	3,400 LF	8/LF	27,200
8" Gate Valves	22 EA	600/EA	13,200
12" Gate Valves	1 EA	1,050/EA	1,050
Fire Hydrants	17 EA	1,500/EA	25,500
		SUBTOTAL	<u>\$188,650</u>

TABLE I
ESTIMATED WATER SYSTEM COSTS
FILING 5, PHASE 2

2003

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	470 LF	\$ 12/LF	\$ 5,640
8" DIP	5,090 LF	14/LF	71,260
12" DIP	3,650 LF	18/LF	65,700
3/4" Service Line	4,680 LF	8/LF	37,440
8" Gate Valves	7 EA	600/EA	4,200
12" Gate Valves	8 EA	1,050/EA	8,400
Fire Hydrants	14 EA	1,500/EA	21,000
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetry	1	LS	60,000
		SUBTOTAL	<u>\$291,640</u>

FILING 6, PHASE 2

2005

6" DIP	360 LF	\$ 12/LF	\$ 4,320
8" DIP	9,790 LF	14/LF	137,060
3/4" Service Line	3,630 LF	8/LF	29,040
8" Gate Valves	25 EA	600/EA	15,000
Fire Hydrants	16 EA	1,500/EA	24,000
Well Pump	1 EA	36,800/EA	36,800
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetry	1	LS	60,000
		SUBTOTAL	<u>\$324,220</u>

TABLE 1
ESTIMATED WATER SYSTEM COSTS
FILING 7, PHASE 2

2007

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	630 LF	\$ 12/LF	\$ 7,560
8" DIP	9,840 LF	14/LF	137,760
3/4" Service Line	4,830 LF	8/LF	38,640
8" Gate Valves	19 EA	600/EA	11,400
Fire Hydrants	13 EA	1,500/EA	19,500
Well Pump	1 EA	36,800/EA	36,800
Chlorination			
A. Unit	1 EA	8,000/EA	8,000
B. Meter	1 EA	2,500/EA	2,500
C. Building	150 SF	50/SF	7,500
Telemetrying	1	LS	60,000
		SUBTOTAL	<u>\$329,660</u>
Subtotal Phase 2 (All filings inclusive)			\$2,188,530
10% Engineering and Inspection			218,850
10% Contingencies			218,850
5% Legal			109,430
TOTAL			<u>\$2,735,660</u>

TABLE 1a
ESTIMATED WATER SYSTEM COSTS

1987

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	275 LF	\$18/LF	\$4,950
8" DIP	4465 LF	\$22/LF	98,230
12" DIP	233 LF	\$32/LF	7,460
8" Gate Valves	8 EA	750/EA	6,000
Fire Hydrants	8 EA	1,800/EA	14,400
3/4" Service Lines	1220 LF	10/LF	12,200
Storage Tank	0.5 MG	0.40/LF	200,000
6 Wells	8000 LF	80/LF	640,000
Chlorination			
A. Unit	1 EA	10,000/EA	10,000
B. Meter	1 EA	3,000/EA	3,000
C. Building	150 SF	50/SF	7,500
Telemetry	1	LS	20,000
		SUBTOTAL	\$1,023,740

1988

6" DIP	275 LF	\$18/LF	\$4,950
8" DIP	4465 LF	22/LF	98,230
12" DIP	233 LF	32/LF	7,460
	8 EA	750/EA	6,000
Fire Hydrants	8 EA	1,800/EA	14,400
3/4" Service Lines	1220 LF	10/LF	12,200
		SUBTOTAL	\$143,240

1989

6" DIP	275 LF	\$18/LF	\$4,950
8" DIP	4465 LF	22/LF	98,230
12" DIP	231 LF	32/LF	7,400
8" Gate Valves	9 EA	750/EA	6,000
Fire Hydrants	7 EA	1,800/EA	12,600
3/4" Service Lines	1230 LF	10/LF	12,300
		SUBTOTAL	\$141,480

1990

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	275 LF	\$18/LF	\$4,950
8" DIP	4465 LF	22/LF	98,230
12" DIP	233 LF	32/LF	7,460
8" Gate Valves	8 EA	750/EA	6,000
Fire Hydrants	8 EA	1,800/EA	14,400
3/4" Service Lines	1220 LF	10/LF	12,200
		SUBTOTAL	\$143,240

1991

6" DIP	130 LF	\$18/LF	\$2,340
8" DIP	2940 LF	22/LF	64,680
12" DIP	750 LF	32/LF	24,000
8" Gate Valves	7 EA	750/EA	5,250
12" Gate Valves	2 EA	1,200/EA	2,400
Fire Hydrants	5 EA	1,800/EA	9,000
3/4" Service Lines	1040 LF	10/LF	10,400

Chlorination

A. Unit	1 EA	10,000/EA	10,000
B. Meter	1 EA	3,000/EA	3,000
C. Building	150 SF	50/SF	7,500

Telemetrying	1	LS	20,000
		SUBTOTAL	\$158,570

1992

6" DIP	130 LF	\$18/LF	\$2,340
8" DIP	2940 LF	22/LF	64,680
12" DIP	750 LF	32/LF	24,000
8" Gate Valves	7 EA	750/EA	5,250
12" Gate Valves	2 EA	1,200/EA	2,400
Fire Hydrants	5 EA	1,800/EA	9,000
3/4" Service Lines	1040 LF	10/LF	10,400
		SUBTOTAL	\$118,070

1993

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	120 LF	\$18/LF	\$2,160
8" DIP	2940 LF	22/LF	64,680
12" DIP	745 LF	32/LF	23,840
8" Gate Valves	7 EA	750/EA	5,250
12" Gate Valves	2 EA	1,200/EA	2,400
Fire Hydrants	3 EA	1,800/EA	5,400
3/4" Service Lines	1050 LF	10/LF	10,500
		SUBTOTAL	\$114,230

1994

6" DIP	130 LF	\$18/LF	\$2,340
8" DIP	2940 LF	22/LF	64,680
12" DIP	750 LF	32/LF	24,000
8" Gate Valves	7 EA	750/EA	5,250
12" Gate Valves	2 EA	1,200/EA	2,400
Fire Hydrants	5 EA	1,800/EA	9,000
3/4" Service Lines	1040 LF	10/LF	10,400
		SUBTOTAL	\$118,070

1995

6" DIP	220 LF	\$18/LF	\$3,960
8" DIP	1310 LF	22/LF	28,820
12" DIP	550 LF	32/LF	17,600
8" Gate Valves	3 EA	750/EA	2,250
12" Gate Valves	1 EA	1,200/EA	1,200
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	980 LF	10/LF	9,800
		SUBTOTAL	\$70,830

1996

6" DIP	220 LF	\$18/LF	\$3,960
8" DIP	1310 LF	22/LF	28,820
12" DIP	550 LF	32/LF	17,600
8" Gate Valves	3 EA	750/EA	2,250
12" Gate Valves	1 EA	1,200/EA	1,200
Fire Hydrants	3 EA	1,800/EA	5,400
3/4" Service Lines	990 LF	10/LF	9,900
		SUBTOTAL	\$69,130

SUBTOTAL 1987-1996			\$2,100,600
10% ENGINEERING AND INSPECTION			210,000
10% CONTINGENCIES			210,000
5% LEGAL			105,000
TOTAL			\$2,625,700

1997

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	220 LF	\$18/LF	\$3,960
8" DIP	1320 LF	\$22/LF	29,040
12" DIP	550 LF	32/LF	17,600
8" Gate Valves	4 EA	750/EA	3,000
12" Gate Valves	2 EA	1,200/EA	2,400
Fire Hydrants	3 EA	1,800/EA	5,400
3/4" Service Lines	980 LF	10/LF	9,800
		SUBTOTAL	<u>\$71,200</u>

1998

6" DIP	220 LF	\$18/LF	\$3,960
8" DIP	1310 LF	22/LF	28,820
12" DIP	550 LF	32/LF	17,600
8" Gate Valves	3 EA	750/EA	2,250
12" Gate Valves	1 EA	1,200/EA	1,200
Fire Hydrant	3 EA	1,800/EA	5,400
3/4" Service Lines	980 LF	10/LF	9,800
		SUBTOTAL	<u>\$69,030</u>

1999

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	140 LF	\$18/LF	\$2,520
8" DIP	1500 LF	22/LF	33,000
12" DIP	1210 LF	32/LF	38,720
8" Gate Valves	4 EA	750/EA	3,000
12" Gate Valves	3 EA	1,200/EA	3,600
Fire Hydrant	4 EA	1,800/EA	7,200
3/4" Service Lines	900 LF	10/LF	9,000

Chlorination

A.	1 EA	10,000/EA	10,000
B.	1 EA	3,000/EA	3,000
C.	150 SF	50/SF	7,500
Telemetrying	1	L.S.	20,000
		SUBTOTAL	\$137,540

2000

6" DIP	150 LF	\$18/LF	\$2,700
8" DIP	1500 LF	22/LF	33,000
12" DIP	1210 LF	32/LF	38,720
8" Gate Valves	4 EA	750/EA	3,000
12" Gate Valves	4 EA	1,200/EA	4,800
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Line	900 LF	10/LF	9,000
		SUBTOTAL	\$98,420

2001

6" DIP	140 LF	\$18/LF	\$2,520
8" DIP	1500 LF	22/LF	33,000
12" DIP	1230 LF	32/LF	39,360
8" Gate Valves	4 EA	750/EA	3,000
12" Gate Valves	3 EA	1,200/EA	3,600
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	900 LF	10/LF	9,000
		SUBTOTAL	\$97,680

2002

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	140 LF	\$18/LF	\$2,520
8" DIP	1470 LF	22/LF	32,340
12" DIP	1210 LF	32/LF	38,720
8" Gate Valves	4 EA	750/EA	3,000
12" Gate Valves	4 EA	1,200/EA	4,800
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	900 LF	10/LF	9,000

SUBTOTAL \$97,580

2003

6" DIP	75 LF	\$18/LF	\$1,350
8" DIP	2540 LF	22/LF	55,880
8" Gate Valves	7 EA	750/EA	5,250
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	1250 LF	10/LF	12,500
		SUBTOTAL	<u>\$82,180</u>

2004

6" DIP	75 LF	\$18/LF	\$1,350
8" DIP	2540 LF	22/LF	55,880
8" Gate Valves	7 EA	750/EA	5,250
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	1250 LF	10/LF	12,500
		SUBTOTAL	<u>\$82,180</u>

2005

6" DIP	75 LF	\$18/LF	\$1,350
8" DIP	2540 LF	22/LF	55,880
8" Gate Valves	7 EA	750/EA	5,250
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	1250 LF	10/LF	12,500
		SUBTOTAL	<u>\$82,180</u>

2006

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
6" DIP	75 LF	\$18/LF	\$1,350
8" DIP	2540 LF	22/LF	55,880
8" Gate Valves	7 EA	750/EA	5,250
Fire Hydrants	4 EA	1,800/EA	7,200
3/4" Service Lines	1250 LF	10/LF	12,500
		SUBTOTAL	\$82,180

SUBTOTAL 1997-2006			\$900,170
10% ENGINEERING AND INSPECTION			90,000
10% CONTINGENCIES			90,000
5% LEGAL			45,000
TOTAL			\$1,125,170

TABLE 2
ESTIMATED WASTEWATER SYSTEM COSTS
FILING 1, PHASE 1

1987

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	13,100 LF	\$ 11/LF	\$144,100
Manholes	41 EA	1,500/EA	61,500
4" Service Line	7,700 LF	8/LF	61,600
Wastewater Plant			
A. Site Construction		LS	190,560
B. Piping & Structures		LS	41,340
C. Aeration System		LS	20,300
D. Blower & Equip. Building		LS	14,500
E. Chlorination System		LS	2,900
F. Electrical		LS	8,700
G. Fencing		LS	10,700
		SUBTOTAL	<u>\$556,200</u>

FILING 2, PHASE 1

1989

8" PVC	6,370 LF	\$ 11/LF	\$ 70,070
15" PVC	2,750 LF	18/LF	49,500
Manholes	26 EA	1,500/EA	39,000
4" Service Line	4,200 LF	8/LF	33,600
		SUBTOTAL	<u>\$192,170</u>

FILING 3, PHASE 1

1991

8" PVC	10,980 LF	\$ 11/LF	\$120,780
Manholes	31 EA	1,500/EA	46,500
4" Service Line	7,900 LF	8/LF	63,200
		SUBTOTAL	<u>\$230,480</u>

FILING 4, PHASE 1

1993

8" PVC	10,700 LF	\$ 11/LF	\$117,700
Manholes	34 EA	1,500/EA	51,000
4" Service Line	7,900 LF	8/LF	63,200
		SUBTOTAL	<u>\$231,900</u>

Subtotal Phase I (All filings inclusive)	\$1,210,750
10% Engineering and Inspection	121,100
10% Contingencies	121,100
5% Legal	60,500
TOTAL	<u>\$1,513,450</u>

TABLE 2
ESTIMATED WASTEWATER SYSTEM COSTS
FILING 1, PHASE 2
1995

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	7,750 LF	\$ 11/LF	\$ 85,250
12" PVC	1,350 LF	15/LF	20,250
15" PVC	1,650 LF	18/LF	29,700
Manholes	32 EA	1,500/EA	48,000
4" Service Line	7,400 LF	8/LF	59,200
Wastewater Treatment	-	LS	622,000
		SUBTOTAL	<u>\$864,400</u>

FILING 2, PHASE 2
1996

8" PVC	7,300 LF	\$ 11/LF	\$ 80,300
Manholes	27 EA	1,500/EA	40,500
4" Service Line	8,000 LF	8/LF	64,000
		SUBTOTAL	<u>\$184,800</u>

FILING 3, PHASE 2
1999

8" PVC	3,950 LF	\$ 11/LF	\$ 43,450
Manholes	12 EA	1,500/EA	18,000
4" Service Line	7,500 LF	8/LF	60,000
		SUBTOTAL	<u>\$121,450</u>

FILING 4, PHASE 2
2001

8" PVC	6,025 LF	\$ 11/LF	\$ 66,275
Manholes	23 EA	1,500/EA	34,500
4" Service Line	5,600 LF	8/LF	44,800
		SUBTOTAL	<u>\$145,575</u>

TABLE 2
ESTIMATED WASTEWATER SYSTEM COSTS
FILING 5, PHASE 2
2003

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	5,175 LF	\$ 11/LF	\$ 56,925
Manholes	18 EA	1,500/EA	27,000
4" Service Line	7,900 LF	8/LF	63,200
		SUBTOTAL	<u>\$147,125</u>

FILING 6, PHASE 2
2005

8" PVC	11,100 LF	\$ 11/LF	\$122,100
Manholes	28 EA	1,500/EA	42,000
4" Service Line	6,000 LF	8/LF	48,000
Lift Station/Force Main	-	LS	39,000
		SUBTOTAL	<u>\$251,100</u>

FILING 7, PHASE 2
2007

8" PVC	9,300 LF	\$ 11/LF	\$102,300
Manholes	26 EA	1,500/EA	39,000
4" Service Line	8,000 LF	8/LF	64,000
		SUBTOTAL	<u>\$205,300</u>

Subtotal, Phase 2 (All filings inclusive)	\$1,919,750
10% Engineering and Inspection	192,000
10% Contingencies	192,000
5% Legal	96,000
TOTAL	<u>\$2,399,750</u>

TABLE 2a
ESTIMATED WASTEWATER SYSTEM COSTS

1987

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	3275 LF	\$16/LF	\$52,400
Manholes	11 EA	1,500/EA	16,500
4" Service Line	1925 LF	8/LF	15,400

Wastewater Plant

A. Site Construction		LS	190,560
B. Piping & Structures		LS	41,340
C. Aeration System		LS	20,300
D. Blower & Equip. Building		LS	14,500
E. Chlorination		LS	2,900
F. Electrical		LS	8,700
G. Fencing		LS	10,700
		SUBTOTAL	\$373,300

1988

8" PVC	3275 LF	\$16/LF	\$52,400
Manholes	11 EA	1,500/EA	16,500
4" Service Lines	1925 LF	8/LF	15,400
		SUBTOTAL	\$84,300

1989

8" PVC	3275 LF	\$16/LF	\$52,400
Manholes	11 EA	\$1,500/EA	16,500
4" Service Line	1925 LF	8/LF	15,400
		SUBTOTAL	\$84,300

1990

8" PVC	3275 LF	\$16/LF	\$52,400
Manholes	11 EA	1,500/EA	16,500
4" Service Line	1925 LF	8/LF	\$15,400
		SUBTOTAL	\$84,300

1991

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	1590 LF	\$16/LF	\$25,440
15" PVC	680 LF	24/LF	16,320
Manholes	9 EA	1,500/EA	13,500
4" Service Lines	1050 LF	8/LF	8,400
		SUBTOTAL	<u>63,660</u>

1992

8" PVC	1590 LF	\$16/LF	\$25,400
15" PVC	690 LF	24/LF	16,560
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1050 LF	8/LF	8,400
		SUBTOTAL	<u>\$62,300</u>

1993

8" PVC	1600 LF	\$16/LF	\$25,600
15" PVC	690 LF	24/LF	16,560
Manholes	9 EA	1,500/EA	13,500
4" Service Lines	1050 LF	8/LF	8,400
		SUBTOTAL	<u>\$64,060</u>

1994

8" PVC	1590 LF	\$16/LF	\$25,400
15" PVC	690 LF	24/LF	16,560
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1050 LF	8/LF	8,400
		SUBTOTAL	<u>\$62,360</u>

1995

8" PVC	2745 LF	\$16/LF	\$43,920
Manholes	8 EA	1,500/EA	12,000
4" Service Line	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$71,720</u>

1996

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	2745 LF	\$16/LF	\$43,920
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$71,720</u>
SUBTOTAL 1987-1996			\$1,022,020
10% ENGINEERING AND INSPECTION			102,200
10% CONTINGENCIES			102,200
5% LEGAL			51,100
TOTAL			<u>\$1,277,520</u>

1997

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	2745 LF	\$16/LF	\$43,920
Manholes	7 EA	1,500/EA	10,500
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$70,220</u>

1998

8" PVC	2745 LF	\$16/LF	\$43,920
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$71,720</u>

1999

8" PVC	2675 LF	\$16/LF	\$42,800
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$70,600</u>

2000

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	2675 LF	\$16/LF	\$42,800
Manholes	9 EA	1,500/EA	13,500
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$72,100</u>

2001

8" PVC	2675 LF	\$16/LF	\$42,800
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$70,600</u>

2002

8" PVC	2675 LF	\$16/LF	\$42,800
Manholes	9 EA	1,500/EA	13,500
4" Service Lines	1975 LF	8/LF	15,800
		SUBTOTAL	<u>\$72,100</u>

2003

8" PVC	1950 LF	\$16/LF	\$31,200
12" PVC	340 LF	20/LF	6,800
15" PVC	410 LF	24/LF	9,840
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1850 LF	8/LF	14,800
Wastewater Treatment		L.S.	155,500
		SUBTOTAL	<u>\$230,140</u>

2004

8" PVC	1940 LF	\$16/LF	\$31,040
12" PVC	350 LF	20/LF	7,000
15" PVC	415 LF	24/LF	9,960
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1850 LF	8/LF	14,800
		SUBTOTAL	<u>\$74,800</u>

2005

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
8" PVC	1930 LF	\$16/LF	\$30,880
12" PVC	330 LF	20/LF	6,600
15" PVC	410 LF	24/LF	9,840
Manholes	8 EA	1,500	12,000
4" Service Lines	1850 LF	8/LF	14,800
		SUBTOTAL	<u>\$74,120</u>

2006

8" PVC	1930 LF	\$16/LF	\$30,880
12" PVC	330 LF	20/LF	6,600
15" PVC	415 LF	24/LF	9,960
Manholes	8 EA	1,500/EA	12,000
4" Service Lines	1850 LF	8/LF	14,800
		SUBTOTAL	<u>\$74,240</u>

SUBTOTAL 1997-2006			\$880,640
10% ENGINEERING AND INSPECTION			88,100
10% CONTINGENCIES			88,100
5% LEGAL			44,000
TOTAL			<u>\$1,100,740</u>

TABLE 3
ESTIMATED STREET IMPROVEMENT COSTS

PHASE 1

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
Earthwork	60,000 CY	\$3.00/CY	\$180,000
Base Course	6"/171,000 SY	0.55/IN/SY	94,050
Pavement	3"/133,000 SY	1.70/IN/SY	226,100
Street Lights		LS	<u>60,000</u>
Subtotal			\$560,150
10% Engineering and Inspection			56,000
10% Contingencies			56,000
5% Legal			28,000
TOTAL			<u>\$700,150</u>

PHASE 2

Earthwork	85,000 CY	\$3.00/CY	\$255,000
Base Course	6"/237,800 SY	0.55/IN/SY	130,790
Pavement	3"/184,300 SY	1.70/IN/SY	313,310
Street Lights		LS	<u>90,000</u>
Subtotal			\$789,100
10% Engineering and Inspection			78,900
10% Contingencies			78,900
5% Legal			39,450
TOTAL			<u>\$986,350</u>

TABLE 3a
ESTIMATED STREET IMPROVEMENTS COSTS
1987-2006

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
Earthwork	60,000 CY	\$3.30/CY	\$198,000
Base Course	6"/171,000SY	0.60/SY	102,600
Pavement	3"/133,000SY	1.90/SY	252,700
Street Lights		L.S.	65,000
		SUBTOTAL	<u>\$618,300</u>
10% ENGINEERING AND INSPECTION			61,800
10% CONTINGENCIES			61,800
5% LEGAL			31,000
TOTAL			<u>\$772,900</u>

TABLE 4
ESTIMATED DRAINAGE IMPROVEMENT COSTS
PHASE 1

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
Culverts			
15" Diameter	1,820 LF	\$18.50/LF	\$33,670
18" Diameter	480 LF	21.00/LF	10,080
21" Diameter	60 LF	23.50/LF	1,410
24" Diameter	320 LF	25.00/LF	8,000
27" Diameter	320 LF	30.00/LF	9,600
33" Diameter	140 LF	36.50/LF	5,110
36" Diameter	60 LF	43.50/LF	2,610
42" Diameter	60 LF	56.50/LF	<u>3,390</u>
Subtotal			\$73,870
10% Engineering and Inspection			7,400
10% Contingencies			7,400
5% Legal			<u>3,700</u>
TOTAL			<u>\$92,370</u>

PHASE 2

Culverts			
15" Diameter	2,040 LF	\$18.50/LF	\$ 37,740
18" Diameter	720 LF	21.00/LF	15,120
21" Diameter	520 LF	23.50/LF	12,220
27" Diameter	120 LF	30.00/LF	3,600
30" Diameter	50 LF	34.50/LF	1,725
33" Diameter	150 LF	36.50/LF	5,475
36" Diameter	140 LF	43.50/LF	6,090
42" Diameter	380 LF	56.50/LF	21,470
48" Diameter	640 LF	70.50/LF	<u>45,120</u>
Subtotal			\$148,560
10% Engineering and Inspection			14,860
10% Contingencies			14,860
5% Legal			<u>7,430</u>
TOTAL			<u>\$185,710</u>

TABLE 4a
ESTIMATED DRAINAGE IMPROVEMENTS
1987-2006

<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Cost</u>
Culverts			
15" Diameter	1,820 LF	20.50/LF	\$37,310
18" Diameter	480 LF	23.00/LF	11,040
21" Diameter	60 LF	26.00/LF	1,560
24" Diameter	320 LF	27.50/LF	8,800
27" Diameter	320 LF	33.00/LF	10,560
33" Diameter	140 LF	46.00/LF	5,600
36" Diameter	60 LF	48.00/LF	2,880
42" Diameter	60 LF	62.00/LF	3,720
SUBTOTAL			<u>\$81,470</u>
10% ENGINEERING			8,150
10% CONTINGENCIES			8,150
5% LEGAL			4,070
TOTAL			<u>\$101,840</u>

Table 6

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

PROJECTED FINANCING SCHEDULE

Coll. Year	Cumulative Assessed Valuation	Mill Levy	Mill Levy Revenues	Specific Ownership Tax (1)	Bond Fund Investment	Capitalized Interest (2)	5.0000000% Investment Earnings	Tap Fee Income	Projected Bond Issues	Available for Debt Service	New Debt Service, Issue #1	New Debt Service, Issue #2	Total Debt Service	Ending Fund Balance	Coll. Year
1987	\$0	15.00	\$0	\$0		\$1,007,025		\$395,458	\$5,250,000	\$1,402,483	503,750		\$503,750	\$898,733	1987
1988	0	15.00	0	0			\$44,937	395,458		1,339,128	503,275		503,275	835,853	1988
1989	1,335,740	15.00	20,036	1,603			41,793	222,943		1,122,227	502,800		502,800	619,427	1989
1990	2,671,480	15.00	40,072	3,206			30,971	218,737		912,413	502,325		502,325	410,088	1990
1991	3,429,056	15.00	51,436	4,115		356,625	20,504	408,051	1,600,000	1,250,819	501,850		501,850	571,969	1991
1992	4,172,426	15.00	62,586	5,007			28,598	408,052		1,076,213	501,375	177,000	681,000	395,213	1992
1993	5,555,242	15.00	83,329	6,666			19,761	1,110,620		1,615,589	665,900	181,775	847,675	767,914	1993
1994	6,938,063	15.00	104,071	8,326			38,396	1,102,207		2,020,913	669,750	178,450	848,200	1,172,713	1994
1995	10,693,949	15.00	160,409	12,833			58,636	408,051		1,812,642	666,700	175,125	841,825	970,817	1995
1996	14,421,419	15.00	216,321	17,306			48,541	408,052		1,661,036	662,225	181,800	844,025	817,011	1996
1997	15,804,235	15.00	237,064	18,965			40,851	441,707		1,555,597	671,325	177,525	848,850	706,747	1997
1998	17,187,056	15.00	257,806	20,624			35,337	441,708		1,462,223	662,575	178,250	840,825	621,398	1998
1999	18,683,552	15.00	280,253	22,420			31,070	420,672		1,375,813	667,400	178,500	845,900	529,913	1999
2000	20,180,052	15.00	302,701	24,216			26,496	420,673		1,303,999	669,375	178,275	847,650	456,349	2000
2001	21,605,498	15.00	324,082	25,927			22,817	315,497		1,144,672	663,500	177,575	841,075	303,597	2001
2002	23,030,949	15.00	345,464	27,637			15,180	315,498		1,007,377	670,250	176,400	846,650	160,727	2002
2003	24,101,145	15.00	361,517	28,921			8,036	437,500		996,701	668,200	179,750	847,950	148,751	2003
2004	25,171,345	15.00	377,570	30,206			7,438	433,294		997,259	662,825	177,150	839,975	157,284	2004
2005	26,653,631	15.00	399,804	31,984			7,864	336,532		933,469	669,125	179,075	848,200	85,269	2005
2006	28,121,712	15.00	421,826	33,746			4,263	336,533		881,637	665,675	180,050	845,725	35,912	2006
2007	29,262,957	15.00	438,944	35,116			1,796	445,914		957,681	667,950	180,075	848,025	109,656	2007
2008	30,404,208	15.00	456,063	36,485			5,483	441,708		1,049,395	0	174,150	174,150	875,245	2008
2009	31,914,914	15.00	478,724	38,298			43,762	0		1,436,029	0	182,750	182,750	1,253,279	2009
2010	33,411,415	15.00	501,171	40,094			62,664	0		1,857,208	0	174,450	174,450	1,682,758	2010
2011	33,411,415	15.00	501,171	40,094			84,138	0		2,308,161	0	180,675	180,675	2,127,486	2011
2012	33,411,415	15.00	501,171	40,094			106,374	0		2,775,125	0	0	0	2,775,125	2012
2013	33,411,415	15.00	501,171	40,094			138,756	0		3,455,146	0	0	0	3,455,146	2013
2014	33,411,415	15.00	501,171	40,094			172,757	0		4,169,168	0	0	0	4,169,168	2014
2015	33,411,415	15.00	501,171	40,094			208,458	0		4,918,892	0	0	0	4,918,892	2015
2016	33,411,415	15.00	501,171	40,094			245,945	0		5,706,101	0	0	0	5,706,101	2016
			\$8,928,278	\$714,262		\$1,363,650	\$1,601,622	\$9,864,864		\$54,505,119	\$13,018,150	\$3,748,425	\$16,766,575		

1) Specific Ownership Tax is computed at 8.0% of the current year's Estimated Tax Revenue.

2) Interest is Capitalized for 24 months.

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

BUILD-OUT ASSUMPTIONS

Year	SINGLE-FAMILY RESIDENTIAL CONSTRUCTION				MULTI-FAMILY RESIDENTIAL CONSTRUCTION				COMMERCIAL CONSTRUCTION				
	Const Year	Compl. (Units)	Construction Value (1)	Water&Sewer Tap Fees (2)	Water&Sewer User Fees(6)	Compl. (units)	Construction Value (1)	Water&Sewer Tap Fees (2)	Water&Sewer User Fees(6)	Compl. (ft2)(5)	Construction Value (3)	Water&Sewer Tap Fees (4)	Water&Sewer User Fees(7)
1987	94		6,580,000	395,458	32,351								
1988	94		6,580,000	395,458	64,702								
1989	52		3,640,000	218,764	82,598					18,380	91,900	4,179	2,037
1990	51		3,570,000	214,557	100,151					18,385	91,925	4,180	4,075
1991	96		6,720,000	403,872	133,190					18,380	91,900	4,179	6,112
1992	96		6,720,000	403,872	166,229					18,385	91,925	4,180	8,150
1993	97		6,790,000	408,079	199,613	166	11,620,000	698,362	57,131	18,380	91,900	4,179	10,187
1994	96		6,720,000	403,872	232,652	165	11,550,000	694,155	113,917	18,385	91,925	4,180	12,225
1995	96		6,720,000	403,872	265,692				113,917	18,380	91,900	4,179	14,262
1996	96		6,720,000	403,872	298,731				113,917	18,385	91,925	4,180	16,300
1997	104		7,280,000	437,528	334,524				113,917	18,380	91,900	4,179	18,337
1998	104		7,280,000	437,528	370,316				113,917	18,385	91,925	4,180	20,375
1999	99		6,930,000	416,493	404,388				113,917	18,380	91,900	4,179	22,412
2000	99		6,930,000	416,493	438,460				113,917	18,385	91,925	4,180	24,450
2001	74		5,180,000	311,318	463,928				113,917	18,380	91,900	4,179	26,487
2002	74		5,180,000	311,318	489,396				113,917	18,385	91,925	4,180	28,525
2003	103		7,210,000	433,321	524,844				113,917	18,380	91,900	4,179	30,562
2004	102		7,140,000	429,114	559,948				113,917	18,385	91,925	4,180	32,600
2005	79		5,530,000	332,353	587,137				113,917	18,380	91,900	4,179	34,638
2006	79		5,530,000	332,353	614,326				113,917	18,385	91,925	4,180	36,675
2007	105		7,350,000	441,735	650,462				113,917	18,380	91,900	4,179	38,713
2008	104		7,280,000	437,528	686,255				113,917	18,385	91,925	4,180	40,750
2009					686,255				113,917				40,750
2010					686,255				113,917				40,750
2011					686,255				113,917				40,750
2012					686,255				113,917				40,750
2013					686,255				113,917				40,750
2014					686,255				113,917				40,750
2015					686,255				113,917				40,750
2016					686,255				113,917				40,750

(1) Residential Property is valued at \$70,000/unit.

(2) Residential Tap Fees are estimated at \$3,611/unit for water, and \$596/unit for sewer, for a total per unit cost of \$4,207.

(3) Commercial Property is valued at \$5/square foot.

(4) Commercial Tap Fees are estimated at \$8,388 per 50,000 sq.ft. for water (based on a 2" water tap), and \$2,980 per 50,000 sq.ft. for sewer (based on a 4" sewer tap), for a total cost of \$11,368 per 50,000 sq.ft., or 22.736 cents/sq.ft..

(5) Commercial Acreage to be developed is assumed to be 42.2 acres, at 20% building density. The available square footage of 367,650 sq.ft. is to be built at a constant level over 20 years.

(6) Residential water & sewer charges are based on a base monthly water fee of \$2.73/month/unit, and a base monthly sewer fee of \$6.60/month/unit. Residences are assumed to have average annual water charges of \$129/unit, and average annual sewer charges of \$103.20/unit (80% of water usage).

(7) Commercial water & sewer charges are based on a base monthly water fee of \$328/year/50,000 sq.ft., and no base annual sewer fee. Annual usage charges are assumed to be \$81.36/1,000 sq.ft. for water, and \$22.92/1,000 sq.ft. for sewer, for a total annual usage of \$104.28/1,000 ft2

Table 8

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

CONSTRUCTION & ASSESSED VALUATION

Year	Sing.-Family Residential Construct.	Mult.-Family Residential Construct.	Commercial Construct.	Total Construct.	Total Cumulative Construct.	Construction Assessed Values (1)
1987	6,580,000			6,580,000	6,580,000	
1988	6,580,000			6,580,000	13,160,000	
1989	3,640,000		91,900	3,731,900	16,891,900	1,335,740
1990	3,570,000		91,925	3,661,925	20,553,825	2,671,480
1991	6,720,000		91,900	6,811,900	27,365,725	3,429,056
1992	6,720,000		91,925	6,811,925	34,177,650	4,172,426
1993	6,790,000	11,620,000	91,900	18,501,900	52,679,550	5,555,242
1994	6,720,000	11,550,000	91,925	18,361,925	71,041,475	6,938,063
1995	6,720,000		91,900	6,811,900	77,853,375	10,693,949
1996	6,720,000		91,925	6,811,925	84,665,300	14,421,419
1997	7,280,000		91,900	7,371,900	92,037,200	15,804,235
1998	7,280,000		91,925	7,371,925	99,409,125	17,187,056
1999	6,930,000		91,900	7,021,900	106,431,025	18,683,552
2000	6,930,000		91,925	7,021,925	113,452,950	20,180,052
2001	5,180,000		91,900	5,271,900	118,724,850	21,605,498
2002	5,180,000		91,925	5,271,925	123,996,775	23,030,949
2003	7,210,000		91,900	7,301,900	131,298,675	24,101,145
2004	7,140,000		91,925	7,231,925	138,530,600	25,171,345
2005	5,530,000		91,900	5,621,900	144,152,500	26,653,631
2006	5,530,000		91,925	5,621,925	149,774,425	28,121,712
2007	7,350,000		91,900	7,441,900	157,216,325	29,262,957
2008	7,280,000		91,925	7,371,925	164,588,250	30,404,208
2009				0	164,588,250	31,914,914
2010				0	164,588,250	33,411,415
2011				0	164,588,250	33,411,415
2012				0	164,588,250	33,411,415
2013				0	164,588,250	33,411,415
2014				0	164,588,250	33,411,415
2015				0	164,588,250	33,411,415
2016				0	164,588,250	33,411,415

(1) Cumulative Assessed Values are computed by multiplying the Total Cumulative Construction by 29%, and then by 70%, and adding the total to the prior year's Cumulative Assessed Values. Assessments are lagged 2 years.

Table 9

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

^{NET}
DEVELOPER INFRASTRUCTURE COSTS (1)

Year	Water Costs	Wastewater Costs	Street Costs	Gross Total Costs	Engineering (10%)	Contingency (10%)	Legal (5%)	Net Total Costs
1987	\$1,223,400	\$556,200	\$560,150	\$2,339,750	\$233,975	\$233,975	\$116,988	\$2,924,688
1988								
1989	\$85,030	\$92,170		\$577,200	\$57,720	\$57,720	\$28,860	\$721,500
1990								
1991	\$187,650	\$230,480		\$418,130	\$41,813	\$41,813	\$20,907	\$522,663
1992								
1993	\$329,800	\$231,900		\$561,700	\$56,170	\$56,170	\$28,085	\$702,125
1994								
1995	\$226,640	\$86,400	\$789,100	\$1,880,140	\$188,014	\$188,014	\$94,007	\$2,350,175
1996								
Ph. I	\$2,352,520	\$2,075,150	\$1,349,250	\$5,776,920	\$577,692	\$577,692	\$288,846	\$7,221,150
1997	\$567,940	\$184,800		\$752,740	\$75,274	\$75,274	\$37,637	\$940,925
1998								
1999	\$259,780	\$121,450		\$381,230	\$38,123	\$38,123	\$19,062	\$476,538
2000								
2001	\$188,650	\$145,575		\$334,225	\$33,423	\$33,423	\$16,711	\$417,781
2002								
2003	\$291,640	\$147,125		\$438,765	\$43,877	\$43,877	\$21,938	\$548,456
2004								
2005	\$324,220	\$251,100		\$575,320	\$57,532	\$57,532	\$28,766	\$719,150
2006								
2007	\$329,660	\$205,300		\$534,960	\$53,496	\$53,496	\$26,748	\$668,700
2008								
Ph. II	\$1,961,890	\$1,055,350	\$0	\$3,017,240	\$301,724	\$301,724	\$150,862	\$3,771,550

(1) Drainage Improvement Costs have been omitted.

Table 10
PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

DEBT SERVICE SCHEDULE (Issue #1)

09/01/86 < DATED DATE 09/01/86 < DELIVERY DATE

DATE	PRINCIPAL	RATE	INTEREST	TOTAL	FISCAL TOTAL
03/01/87			249,375.00	249,375.00	
09/01/87	5,000	9.500%	249,375.00	254,375.00	503,750.00
03/01/88			249,137.50	249,137.50	
09/01/88	5,000	9.500%	249,137.50	254,137.50	503,275.00
03/01/89			248,900.00	248,900.00	
09/01/89	5,000	9.500%	248,900.00	253,900.00	502,800.00
03/01/90			248,662.50	248,662.50	
09/01/90	5,000	9.500%	248,662.50	253,662.50	502,325.00
03/01/91			248,425.00	248,425.00	
09/01/91	5,000	9.500%	248,425.00	253,425.00	501,850.00
03/01/92			248,187.50	248,187.50	
09/01/92	5,000	9.500%	248,187.50	253,187.50	501,375.00
03/01/93			247,950.00	247,950.00	
09/01/93	170,000	9.500%	247,950.00	417,950.00	665,900.00
03/01/94			239,875.00	239,875.00	
09/01/94	190,000	9.500%	239,875.00	429,875.00	669,750.00
03/01/95			230,850.00	230,850.00	
09/01/95	205,000	9.500%	230,850.00	435,850.00	666,700.00
03/01/96			221,112.50	221,112.50	
09/01/96	220,000	9.500%	221,112.50	441,112.50	662,225.00
03/01/97			210,662.50	210,662.50	
09/01/97	250,000	9.500%	210,662.50	460,662.50	671,325.00
03/01/98			198,787.50	198,787.50	
09/01/98	265,000	9.500%	198,787.50	463,787.50	662,575.00
03/01/99			186,200.00	186,200.00	
09/01/99	295,000	9.500%	186,200.00	481,200.00	667,400.00
03/01/2000			172,187.50	172,187.50	
09/01/2000	325,000	9.500%	172,187.50	497,187.50	669,375.00
03/01/2001			156,750.00	156,750.00	
09/01/2001	350,000	9.500%	156,750.00	506,750.00	663,500.00
03/01/2002			140,125.00	140,125.00	
09/01/2002	390,000	9.500%	140,125.00	530,125.00	670,250.00
03/01/2003			121,600.00	121,600.00	
09/01/2003	425,000	9.500%	121,600.00	546,600.00	668,200.00
03/01/2004			101,412.50	101,412.50	
09/01/2004	460,000	9.500%	101,412.50	561,412.50	662,825.00
03/01/2005			79,562.50	79,562.50	
09/01/2005	510,000	9.500%	79,562.50	589,562.50	669,125.00
03/01/2006			55,337.50	55,337.50	
09/01/2006	555,000	9.500%	55,337.50	610,337.50	665,675.00
03/01/2007			28,975.00	28,975.00	
09/01/2007	610,000	9.500%	28,975.00	638,975.00	667,950.00
03/01/2008			0.00	0.00	
09/01/2008	0	9.500%	0.00	0.00	0.00
03/01/2009			0.00	0.00	
09/01/2009	0	9.500%	0.00	0.00	0.00
03/01/2010			0.00	0.00	
09/01/2010	0	9.500%	0.00	0.00	0.00
03/01/2011			0.00	0.00	
09/01/2011	0	9.500%	0.00	0.00	0.00
03/01/2012			0.00	0.00	
09/01/2012	0	9.500%	0.00	0.00	0.00
03/01/2013			0.00	0.00	
09/01/2013	0	9.500%	0.00	0.00	0.00
03/01/2014			0.00	0.00	
09/01/2014	0	9.500%	0.00	0.00	0.00
03/01/2015			0.00	0.00	
09/01/2015	0	9.500%	0.00	0.00	0.00
03/01/2016			0.00	0.00	
09/01/2016	0	9.500%	0.00	0.00	0.00
TOTAL	\$5,250,000		\$7,768,150.00	\$13,018,150.00	
ACCRUED			0.00	0.00	
NET COST	\$5,250,000		\$7,768,150.00	\$13,018,150.00	

SOURCES:	
PAR AMOUNT OF ISSUE	\$5,250,000
=====	
USES:	
COSTS OF ISSUANCE	\$100,000
U.W. DISCOUNT (2.50%)	131,250
CAPITALIZED INTEREST	1,007,025
AVAILABLE TO ISSUER	4,011,725

TOTAL USES	\$5,250,000
=====	

TIC:	9.49999999% (FROM DELIVERY DATE)
AVG. COUPON:	9.50000000% (FROM DELIVERY DATE)
AVG. LIFE:	15.57523809 YEARS (FROM DELIV. DATE)
BOND YEARS:	81770 YEARS (FROM DELIV. DATE)
BOND YEARS:	81770 YEARS (FROM DATED DATE)
NIC:	9.50000000% (FROM DATED DATE)

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Normal Buildout

DEBT SERVICE SCHEDULE (Issue #2)

09/01/90 < DATED DATE 09/01/90 < DELIVERY DATE

DATE	PRINCIPAL	RATE	INTEREST	TOTAL	FISCAL TOTAL
03/01/91			76,000.00	76,000.00	
09/01/91	25,000	9.500%	76,000.00	101,000.00	177,000.00
03/01/92			74,812.50	74,812.50	
09/01/92	30,000	9.500%	74,812.50	104,812.50	179,625.00
03/01/93			73,387.50	73,387.50	
09/01/93	35,000	9.500%	73,387.50	108,387.50	181,775.00
03/01/94			71,725.00	71,725.00	
09/01/94	35,000	9.500%	71,725.00	106,725.00	178,450.00
03/01/95			70,062.50	70,062.50	
09/01/95	35,000	9.500%	70,062.50	105,062.50	175,125.00
03/01/96			68,400.00	68,400.00	
09/01/96	45,000	9.500%	68,400.00	113,400.00	181,800.00
03/01/97			66,262.50	66,262.50	
09/01/97	45,000	9.500%	66,262.50	111,262.50	177,525.00
03/01/98			64,125.00	64,125.00	
09/01/98	50,000	9.500%	64,125.00	114,125.00	178,250.00
03/01/99			61,750.00	61,750.00	
09/01/99	55,000	9.500%	61,750.00	116,750.00	178,500.00
03/01/2000			59,137.50	59,137.50	
09/01/2000	60,000	9.500%	59,137.50	119,137.50	178,275.00
03/01/2001			56,287.50	56,287.50	
09/01/2001	65,000	9.500%	56,287.50	121,287.50	177,575.00
03/01/2002			53,200.00	53,200.00	
09/01/2002	70,000	9.500%	53,200.00	123,200.00	176,400.00
03/01/2003			49,875.00	49,875.00	
09/01/2003	80,000	9.500%	49,875.00	129,875.00	179,750.00
03/01/2004			46,075.00	46,075.00	
09/01/2004	85,000	9.500%	46,075.00	131,075.00	177,150.00
03/01/2005			42,037.50	42,037.50	
09/01/2005	95,000	9.500%	42,037.50	137,037.50	179,075.00
03/01/2006			37,525.00	37,525.00	
09/01/2006	105,000	9.500%	37,525.00	142,525.00	180,050.00
03/01/2007			32,537.50	32,537.50	
09/01/2007	115,000	9.500%	32,537.50	147,537.50	180,075.00
03/01/2008			27,075.00	27,075.00	
09/01/2008	120,000	9.500%	27,075.00	147,075.00	174,150.00
03/01/2009			21,375.00	21,375.00	
09/01/2009	140,000	9.500%	21,375.00	161,375.00	182,750.00
03/01/2010			14,725.00	14,725.00	
09/01/2010	145,000	9.500%	14,725.00	159,725.00	174,450.00
03/01/2011			7,837.50	7,837.50	
09/01/2011	165,000	9.500%	7,837.50	172,837.50	180,675.00
03/01/2012			0.00	0.00	
09/01/2012	0	9.500%	0.00	0.00	0.00
03/01/2013			0.00	0.00	
09/01/2013	0	9.500%	0.00	0.00	0.00
03/01/2014			0.00	0.00	
09/01/2014	0	9.500%	0.00	0.00	0.00
03/01/2015			0.00	0.00	
09/01/2015	0	9.500%	0.00	0.00	0.00
03/01/2016			0.00	0.00	
09/01/2016	0	9.500%	0.00	0.00	0.00
03/01/2017			0.00	0.00	
09/01/2017	0	9.500%	0.00	0.00	0.00
03/01/2018			0.00	0.00	
09/01/2018	0	9.500%	0.00	0.00	0.00
03/01/2019			0.00	0.00	
09/01/2019	0	9.500%	0.00	0.00	0.00
03/01/2020			0.00	0.00	
09/01/2020	0	9.500%	0.00	0.00	0.00
TOTAL	\$1,600,000		\$2,148,425.00	\$3,748,425.00	
ACCRUED			0.00	0.00	
NET COST	\$1,600,000		\$2,148,425.00	\$3,748,425.00	

SOURCES:	
PAR AMOUNT OF ISSUE	\$1,600,000
=====	
USES:	
COSTS OF ISSUANCE	\$100,000
U.W. DISCOUNT (2.50%)	40,000
CAPITALIZED INTEREST	356,625
AVAILABLE TO ISSUER	1,103,375

TOTAL USES	\$1,600,000
=====	

TIC: 9.49999997% (FROM DELIVERY DATE)
 AVERAGE COUPON: 9.50000000% (FROM DELIVERY DATE)
 AVERAGE LIFE: 14.134375 YEARS (FROM DELIV. DATE)
 BOND YEARS: 22615 YEARS (FROM DELIV. DATE)
 BOND YEARS: 22615 YEARS (FROM DATED DATE)
 NIC: 9.50000000% (FROM DATED DATE)

Table 11

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Reduced Buildout

PROJECTED FINANCING SCHEDULE

Coll. Year	Cumulative Assessed Valuation	Mill Levy	Mill Levy Revenues	Specific Ownership Tax (1)	Bond Fund Investment	Capitalized Interest (2)	5.0000000% Investment Earnings	Tap Fee Income	Projected Bond Issues	Available for Debt Service	Total Debt Service	Ending Fund Balance	Coll. Year
1987	\$0	15.00	\$0	\$0		\$285,000		\$96,761	\$1,500,000	\$381,761	\$142,500	\$239,261	1987
1988	0	15.00	0	0			\$11,963	100,968		352,192	142,500	209,692	1988
1989	326,830	15.00	4,902	392			10,485	55,736		281,207	147,500	133,707	1989
1990	667,870	15.00	10,018	801			6,685	55,736		206,948	147,025	59,923	1990
1991	857,264	15.00	12,859	1,029	0		2,996	102,013	0	178,819	146,550	32,269	1991
1992	1,046,659	15.00	15,700	1,256			1,613	102,013		152,852	146,075	6,777	1992
1993	1,392,363	15.00	20,885	1,671			339	274,500		304,171	185,600	118,571	1993
1994	1,738,068	15.00	26,071	2,086			5,929	274,500		427,157	191,325	235,832	1994
1995	2,666,382	15.00	39,996	3,200			11,792	102,013		392,831	191,100	201,731	1995
1996	3,594,697	15.00	53,920	4,314			10,087	102,013		372,065	185,400	186,665	1996
1997	3,940,401	15.00	59,106	4,728			9,333	110,427		370,259	189,700	180,559	1997
1998	4,286,105	15.00	64,292	5,143			9,028	110,427		369,449	193,050	176,399	1998
1999	4,660,229	15.00	69,903	5,592			8,820	106,220		366,935	185,450	181,485	1999
2000	5,034,354	15.00	75,515	6,041			9,074	106,220		378,335	192,850	185,635	2000
2001	5,394,268	15.00	80,914	6,473			9,274	76,771		358,917	188,825	170,092	2001
2002	5,754,183	15.00	86,313	6,905			8,505	80,978		352,793	189,325	163,468	2002
2003	6,014,627	15.00	90,219	7,218			8,173	110,427		379,505	188,875	190,630	2003
2004	6,289,282	15.00	94,339	7,547			9,531	110,427		412,475	187,475	225,000	2004
2005	6,663,406	15.00	99,951	7,996			11,250	85,185		429,382	190,125	239,257	2005
2006	7,037,531	15.00	105,563	8,445			11,963	85,185		450,412	186,350	264,062	2006
2007	7,326,395	15.00	109,896	8,792			13,203	110,427		506,380	191,625	314,755	2007
2008	7,615,260	15.00	114,229	9,138			15,738	110,427		564,287	0	564,287	2008
2009	7,989,384	15.00	119,841	9,587			28,214	0		721,929	0	721,929	2009
2010	8,363,509	15.00	125,453	10,036			36,096	0		893,514	0	893,514	2010
2011	8,363,509	15.00	125,453	10,036			44,676	0		1,073,679	0	1,073,679	2011
2012	8,363,509	15.00	125,453	10,036			53,684	0		1,262,852	0	1,262,852	2012
2013	8,363,509	15.00	125,453	10,036			63,143	0		1,461,483	0	1,461,483	2013
2014	8,363,509	15.00	125,453	10,036			73,074	0		1,670,046	0	1,670,046	2014
2015	8,363,509	15.00	125,453	10,036			83,502	0		1,889,037	0	1,889,037	2015
2016	8,363,509	15.00	125,453	10,036			94,452	0		2,118,978	0	2,118,978	2016
				\$2,232,602	\$178,608		\$285,000	\$662,622	\$2,469,371	\$19,080,651	\$3,709,225		

1) Specific Ownership Tax is computed at 8.0% of the current year's Estimated Tax Revenue.

2) Interest is Capitalized for 24 months.

Table 12

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Reduced Buildout

Const Year	SINGLE-FAMILY RESIDENTIAL CONSTRUCTION			MULTI-FAMILY RESIDENTIAL CONSTRUCTION			COMMERCIAL CONSTRUCTION					
	Compl. (units)	Construction Value (1)	Water&Sewer Tap Fees (2)	Water&Sewer User Fees(6)	Compl. (units)	Construction Value (1)	Water&Sewer Tap Fees (2)	Water&Sewer User Fees(6)	Compl. (ft2)(5)	Construction Value (3)	Water&Sewer Tap Fees (4)	Water&Sewer User Fees(7)
1987	23	1,610,000	96,761	7,916								
1988	24	1,680,000	100,968	16,176								
1989	13	910,000	54,691	20,650					4,595	22,975	1,045	509
1990	13	910,000	54,691	20,650					4,596	22,980	1,045	1,019
1991	24	1,680,000	100,968	33,384					4,595	22,975	1,045	1,528
1992	24	1,680,000	100,968	41,643					4,596	22,980	1,045	2,037
1993	24	1,680,000	100,968	49,903	41	2,870,000	172,487	14,111	4,595	22,975	1,045	2,547
1994	24	1,680,000	100,968	58,163	41	2,870,000	172,487		4,596	22,980	1,045	3,056
1995	24	1,680,000	100,968	66,423				28,221	4,595	22,975	1,045	3,566
1996	24	1,680,000	100,968	74,683				28,221	4,596	22,980	1,045	4,075
1997	26	1,820,000	109,382	83,631				28,221	4,595	22,975	1,045	4,584
1998	26	1,820,000	109,382	92,579				28,221	4,596	22,980	1,045	5,094
1999	25	1,750,000	105,175	101,183				28,221	4,595	22,975	1,045	5,603
2000	25	1,750,000	105,175	109,787				28,221	4,596	22,980	1,045	6,112
2001	18	1,260,000	75,726	115,982				28,221	4,595	22,975	1,045	6,622
2002	19	1,330,000	79,933	122,521				28,221	4,596	22,980	1,045	7,131
2003	26	1,820,000	109,382	131,469				28,221	4,595	22,975	1,045	7,640
2004	26	1,820,000	109,382	140,417				28,221	4,596	22,980	1,045	8,150
2005	20	1,400,000	84,140	147,300				28,221	4,595	22,975	1,045	8,659
2006	20	1,400,000	84,140	154,184				28,221	4,596	22,980	1,045	9,169
2007	26	1,820,000	109,382	163,132				28,221	4,595	22,975	1,045	9,678
2008	26	1,820,000	109,382	172,080				28,221	4,596	22,980	1,045	10,187
2009				172,080				28,221				10,187
2010				172,080				28,221				10,187
2011				172,080				28,221				10,187
2012				172,080				28,221				10,187
2013				172,080				28,221				10,187
2014				172,080				28,221				10,187
2015				172,080				28,221				10,187
2016				172,080				28,221				10,187

(1) Residential Property is valued at \$70,000/unit.

(2) Residential Tap Fees are estimated at \$3,611/unit for water, and \$596/unit for sewer, for a total per unit cost of \$4,207.

(3) Commercial Property is valued at \$5/square foot.

(4) Commercial Tap Fees are estimated at \$8,388 per 50,000 sq.ft. for water (based on a 2" water tap), and \$2,980 per 50,000 sq.ft. for sewer (based on a 4" sewer tap), for a total cost of \$11,368 per 50,000 sq.ft., or 22.736 cents/sq.ft..

(5) Commercial Acreage to be developed is assumed to be 42.2 acres, at 20% building density. The available square footage of 367,650 sq.ft. is to be built at a constant level over 20 years.

(6) Residential water & sewer charges are based on a base monthly water fee of \$2.73/month/unit, and a base monthly sewer fee of \$6.60/month/unit. Residences are assumed to have average annual water charges of \$129/unit, and average annual sewer charges of \$103.20/unit (80% of water usage).

(7) Commercial water & sewer charges are based on a base monthly water fee of \$328/year/50,000 sq.ft., and no base annual sewer fee. Annual usage charges are assumed to be \$81.36/1,000 sq.ft. for water, and \$22.92/1,000 sq.ft. for sewer, for a total annual usage of \$104.28/1,000 ft2

Table 13

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Reduced Buildout

CONSTRUCTION & ASSESSED VALUATION

Year	Sing.-Family Residential Construct.	Mult.-Family Residential Construct.	Commercial Construct.	Total Construct.	Total Cumulative Construct.	Construction Assessed Values (1)
1987	1,610,000			1,610,000	1,610,000	
1988	1,680,000			1,680,000	3,290,000	
1989	910,000		22,975	932,975	4,222,975	326,830
1990	910,000		22,980	932,980	5,155,955	667,870
1991	1,680,000		22,975	1,702,975	6,858,930	857,264
1992	1,680,000		22,980	1,702,980	8,561,910	1,046,659
1993	1,680,000	2,870,000	22,975	4,572,975	13,134,885	1,392,363
1994	1,680,000	2,870,000	22,980	4,572,980	17,707,865	1,738,068
1995	1,680,000		22,975	1,702,975	19,410,840	2,666,382
1996	1,680,000		22,980	1,702,980	21,113,820	3,594,697
1997	1,820,000		22,975	1,842,975	22,956,795	3,940,401
1998	1,820,000		22,980	1,842,980	24,799,775	4,286,105
1999	1,750,000		22,975	1,772,975	26,572,750	4,660,229
2000	1,750,000		22,980	1,772,980	28,345,730	5,034,354
2001	1,260,000		22,975	1,282,975	29,628,705	5,394,268
2002	1,330,000		22,980	1,352,980	30,981,685	5,754,183
2003	1,820,000		22,975	1,842,975	32,824,660	6,014,627
2004	1,820,000		22,980	1,842,980	34,667,640	6,289,282
2005	1,400,000		22,975	1,422,975	36,090,615	6,663,406
2006	1,400,000		22,980	1,422,980	37,513,595	7,037,531
2007	1,820,000		22,975	1,842,975	39,356,570	7,326,395
2008	1,820,000		22,980	1,842,980	41,199,550	7,615,260
2009				0	41,199,550	7,989,384
2010				0	41,199,550	8,363,509
2011				0	41,199,550	8,363,509
2012				0	41,199,550	8,363,509
2013				0	41,199,550	8,363,509
2014				0	41,199,550	8,363,509
2015				0	41,199,550	8,363,509
2016				0	41,199,550	8,363,509

(1) Cumulative Assessed Values are computed by multiplying the Total Cumulative Construction by 29%, and then by 70%, and adding the total to the prior year's Cumulative Assessed Values. Assessments are lagged 2 years.

Table 14

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Reduced Buildout

MEWT
 DEVELOPER INFRASTRUCTURE COSTS (1)

Year	Water Costs	Wastewater Costs	Street Costs	Gross Total Costs	Engineering (10%)	Contingency (10%)	Legal (5%)	Net Total Costs
1987	\$1,023,740	\$373,300	\$309,150	\$1,706,190	\$170,619	\$170,619	\$85,310	\$2,132,738
1988	143,240	84,300		227,540	22,754	22,754	11,377	284,425
1989	141,480	84,300		225,780	22,578	22,578	11,289	282,225
1990	143,240	84,300		227,540	22,754	22,754	11,377	284,425
1991	158,570	63,600		222,170	22,217	22,217	11,109	277,713
1992	118,070	62,300		180,370	18,037	18,037	9,019	225,463
1993	114,230	64,060		178,290	17,829	17,829	8,915	222,863
1994	118,070	62,360		180,430	18,043	18,043	9,022	225,538
1995	70,830	71,720		142,550	14,255	14,255	7,128	178,188
1996	69,130	71,720		140,850	14,085	14,085	7,043	176,063
Ph. I	\$2,100,600	\$1,021,960	\$309,150	\$3,431,710	\$343,171	\$343,171	\$171,586	\$4,289,638
1997	\$71,200	\$70,220	\$309,150	\$450,570	\$45,057	\$45,057	\$22,529	\$563,213
1998	69,030	71,720		140,750	14,075	14,075	7,038	175,938
1999	137,540	70,600		208,140	20,814	20,814	10,407	260,175
2000	98,420	72,100		170,520	17,052	17,052	8,526	213,150
2001	97,680	70,600		168,280	16,828	16,828	8,414	210,350
2002	97,580	72,100		169,680	16,968	16,968	8,484	212,100
2003	82,180	230,140		312,320	31,232	31,232	15,616	390,400
2004	82,180	74,800		156,980	15,698	15,698	7,849	196,225
2005	82,180	74,120		156,300	15,630	15,630	7,815	195,375
2006	82,180	74,240		156,420	15,642	15,642	7,821	195,525
2007				0	0	0	0	0
2008				0	0	0	0	0
Ph. II	\$900,170	\$880,640	\$309,150	\$2,089,960	\$208,996	\$208,996	\$104,498	\$2,612,450

(1) Drainage Improvement Costs have been omitted.

Table 15

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Reduced Buildout

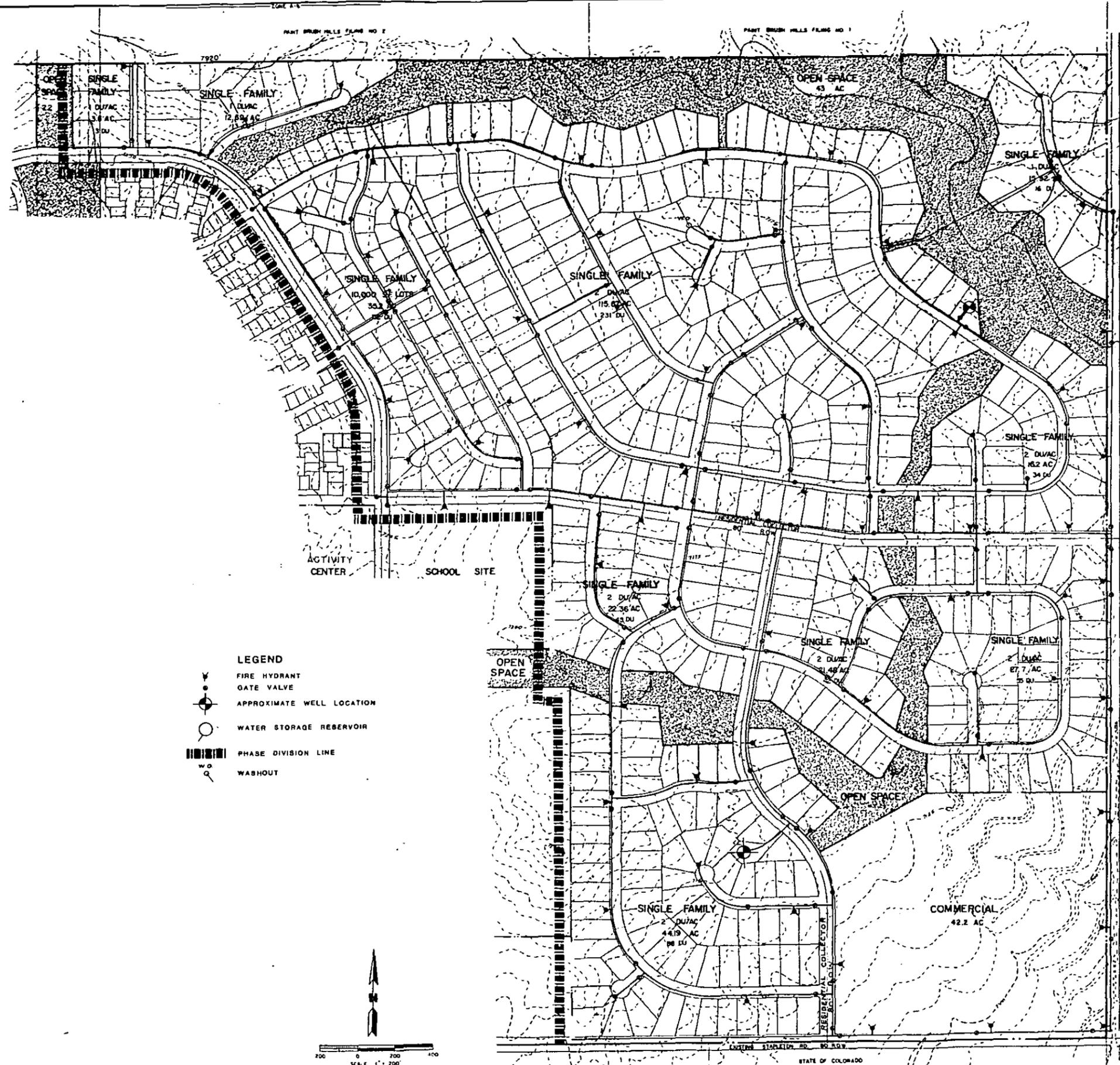
DEBT SERVICE SCHEDULE (Issue #1)

09/01/86 < DATED DATE 09/01/86 < DELIVERY DATE

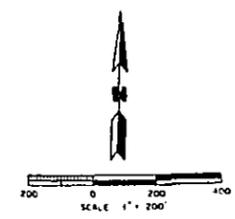
DATE	PRINCIPAL	RATE	INTEREST	TOTAL	FISCAL TOTAL
03/01/87			71,250.00	71,250.00	
09/01/87			71,250.00	71,250.00	142,500.00
03/01/88			71,250.00	71,250.00	
09/01/88			71,250.00	71,250.00	142,500.00
03/01/89			71,250.00	71,250.00	
09/01/89	5,000	9.500%	71,250.00	76,250.00	147,500.00
03/01/90			71,012.50	71,012.50	
09/01/90	5,000	9.500%	71,012.50	76,012.50	147,025.00
03/01/91			70,775.00	70,775.00	
09/01/91	5,000	9.500%	70,775.00	75,775.00	146,550.00
03/01/92			70,537.50	70,537.50	
09/01/92	5,000	9.500%	70,537.50	75,537.50	146,075.00
03/01/93			70,300.00	70,300.00	
09/01/93	45,000	9.500%	70,300.00	115,300.00	185,600.00
03/01/94			68,162.50	68,162.50	
09/01/94	55,000	9.500%	68,162.50	123,162.50	191,325.00
03/01/95			65,550.00	65,550.00	
09/01/95	60,000	9.500%	65,550.00	125,550.00	191,100.00
03/01/96			62,700.00	62,700.00	
09/01/96	60,000	9.500%	62,700.00	122,700.00	185,400.00
03/01/97			59,850.00	59,850.00	
09/01/97	70,000	9.500%	59,850.00	129,850.00	189,700.00
03/01/98			56,525.00	56,525.00	
09/01/98	80,000	9.500%	56,525.00	136,525.00	193,050.00
03/01/99			52,725.00	52,725.00	
09/01/99	80,000	9.500%	52,725.00	132,725.00	185,450.00
03/01/2000			48,925.00	48,925.00	
09/01/2000	95,000	9.500%	48,925.00	143,925.00	192,850.00
03/01/2001			44,412.50	44,412.50	
09/01/2001	100,000	9.500%	44,412.50	144,412.50	188,825.00
03/01/2002			39,662.50	39,662.50	
09/01/2002	110,000	9.500%	39,662.50	149,662.50	189,325.00
03/01/2003			34,437.50	34,437.50	
09/01/2003	120,000	9.500%	34,437.50	154,437.50	188,875.00
03/01/2004			28,737.50	28,737.50	
09/01/2004	130,000	9.500%	28,737.50	158,737.50	187,475.00
03/01/2005			22,562.50	22,562.50	
09/01/2005	145,000	9.500%	22,562.50	167,562.50	190,125.00
03/01/2006			15,675.00	15,675.00	
09/01/2006	155,000	9.500%	15,675.00	170,675.00	186,350.00
03/01/2007			8,312.50	8,312.50	
09/01/2007	175,000	9.500%	8,312.50	183,312.50	191,625.00
03/01/2008			0.00	0.00	
09/01/2008	0	9.500%	0.00	0.00	0.00
03/01/2009			0.00	0.00	
09/01/2009	0	9.500%	0.00	0.00	0.00
03/01/2010			0.00	0.00	
09/01/2010	0	9.500%	0.00	0.00	0.00
03/01/2011			0.00	0.00	
09/01/2011	0	9.500%	0.00	0.00	0.00
03/01/2012			0.00	0.00	
09/01/2012	0	9.500%	0.00	0.00	0.00
03/01/2013			0.00	0.00	
09/01/2013	0	9.500%	0.00	0.00	0.00
03/01/2014			0.00	0.00	
09/01/2014	0	9.500%	0.00	0.00	0.00
03/01/2015			0.00	0.00	
09/01/2015	0	9.500%	0.00	0.00	0.00
03/01/2016			0.00	0.00	
09/01/2016	0	9.500%	0.00	0.00	0.00
TOTAL ACCRUED	\$1,500,000		\$2,209,225.00	\$3,709,225.00	
NET COST	\$1,500,000		\$2,209,225.00	\$3,709,225.00	

SOURCES:	PAR AMOUNT OF ISSUE	
	\$1,500,000	*****
USES:		
COSTS OF ISSUANCE	\$100,000	
U.W. DISCOUNT (2.50%)	37,500	
CAPITALIZED INTEREST	285,000	
AVAILABLE TO ISSUER	1,077,500	-----
TOTAL USES	\$1,500,000	*****

TIC:	9.49999999%	(FROM DELIVERY DATE)
AVG. COUPON:	9.50000000%	(FROM DELIVERY DATE)
AVG. LIFE:	15.50333333	YEARS (FROM DELIV. DATE)
BOND YEARS:	23255	YEARS (FROM DELIV. DATE)
BOND YEARS:	23255	YEARS (FROM DATED DATE)
MIC:	9.50000000%	(FROM DATED DATE)



- LEGEND**
- FIRE HYDRANT
 - GATE VALVE
 - APPROXIMATE WELL LOCATION
 - WATER STORAGE RESERVOIR
 - PHASE DIVISION LINE
 - WASHOUT



KKBNA assumes no responsibility for utility locations. The utilities shown on this drawing have been plotted from the best available information. It is, however, the contractor's responsibility to field verify the location of all utilities prior to the commencement of any construction.

KKBNA
 INCORPORATED
 CONSULTING ENGINEERS
 4311 Kipling
 West Platte, Colorado 80031

PAINT BRUSH HILLS - PHASE ONE
WATER MAIN PLAN

NO.	DESCRIPTION OF REVISIONS	DATE

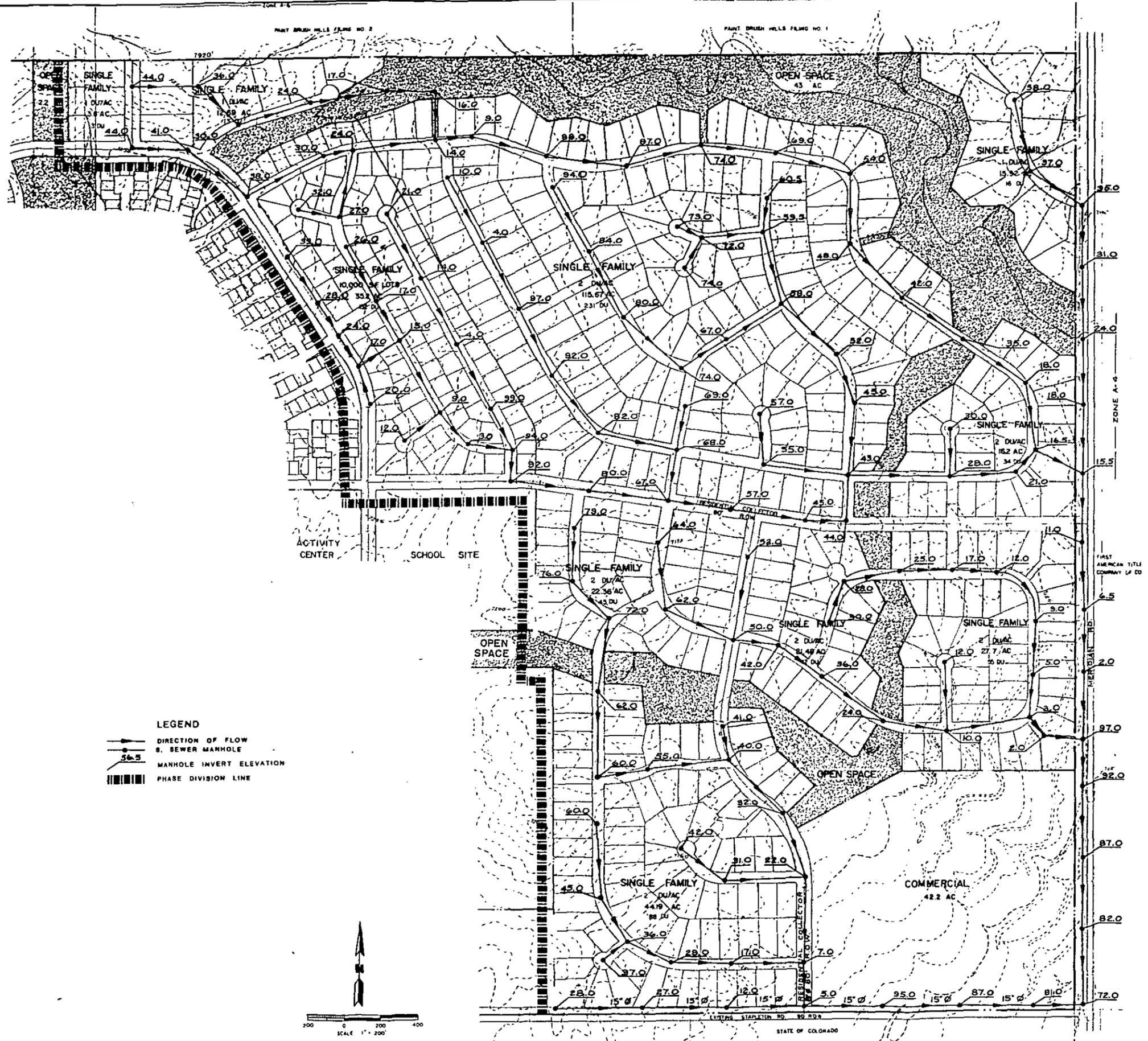
DATE: AUG. 6, 1954
 JOB NUMBER: 8097
 DESIGNED BY: L. H.
 CHECKED BY: B. Y., D. S.
 CHECKED BY: W. W. H.

SHEET NUMBER
EXHIBIT II-1

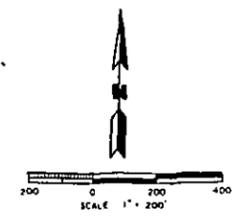
ZONE A-4
 FIRST AMERICAN TITLE COMPANY OF CO

MADE & JOLIE M BENNETT

EX-1



LEGEND
 —> DIRECTION OF FLOW
 ○ SEWER MANHOLE
 56.5 MANHOLE INVERT ELEVATION
 |||| PHASE DIVISION LINE



KKBNA assumes no responsibility for utility locations. The utilities shown on this drawing have been plotted from the best available information it is. However, the contractor shall verify the location of all utilities prior to the commencement of any construction.

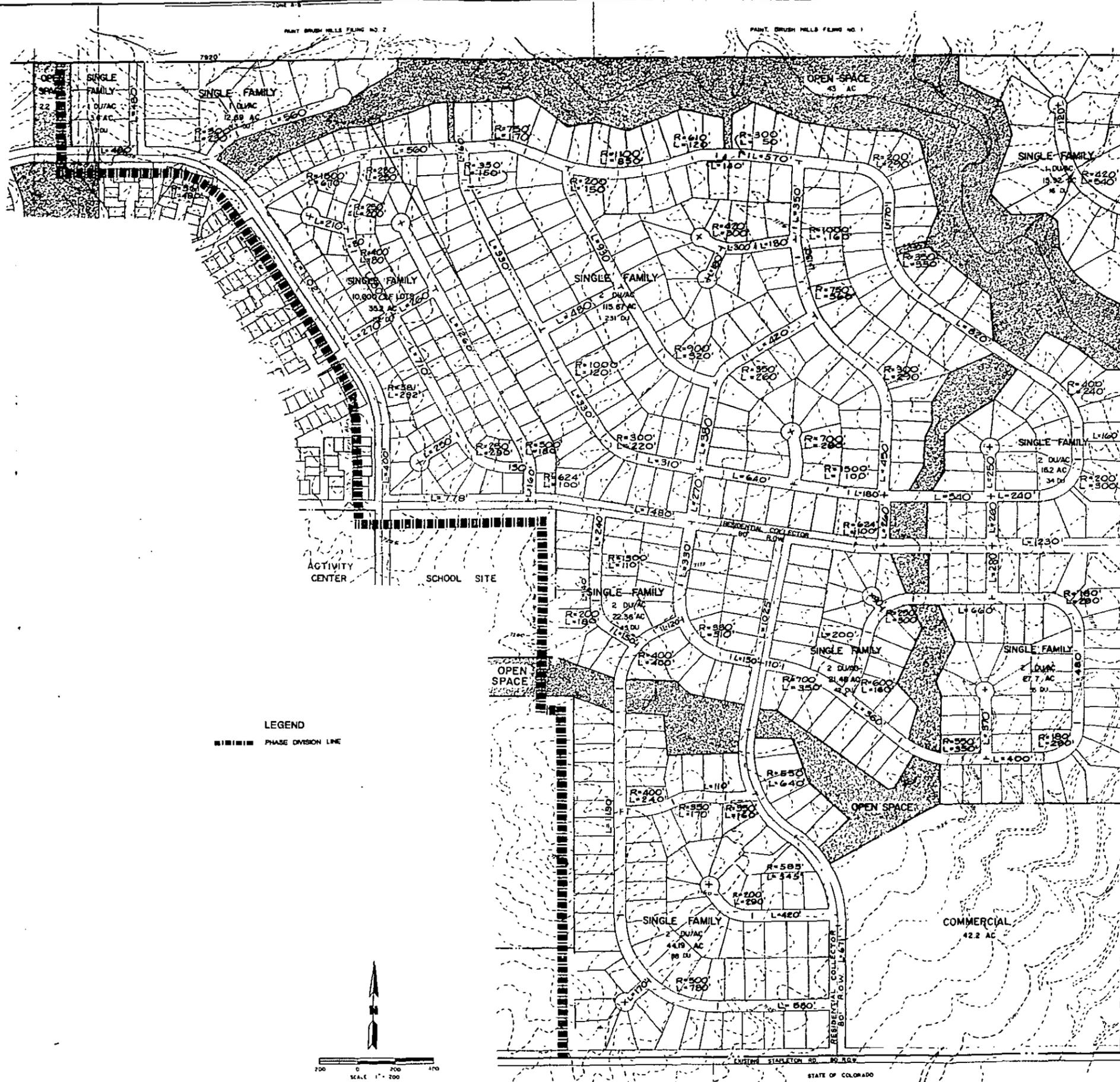
KKBNA
 INCORPORATED
 CONSULTING ENGINEERS
 4751 Kipling
 West Ridge, Colorado 80033

PAINT BRUSH HILLS - PHASE ONE
SANITARY SEWER PLAN

DATE	DESCRIPTION OF REVISION	DATE	BY

sheet number
EXHIBIT III-1
 HUGH B. JOSE & BENNETT

EX. 2



KKBNA
 INCORPORATED
 CONSULTING ENGINEERS
 4751 Irving
 Wheeling, Colorado 80033

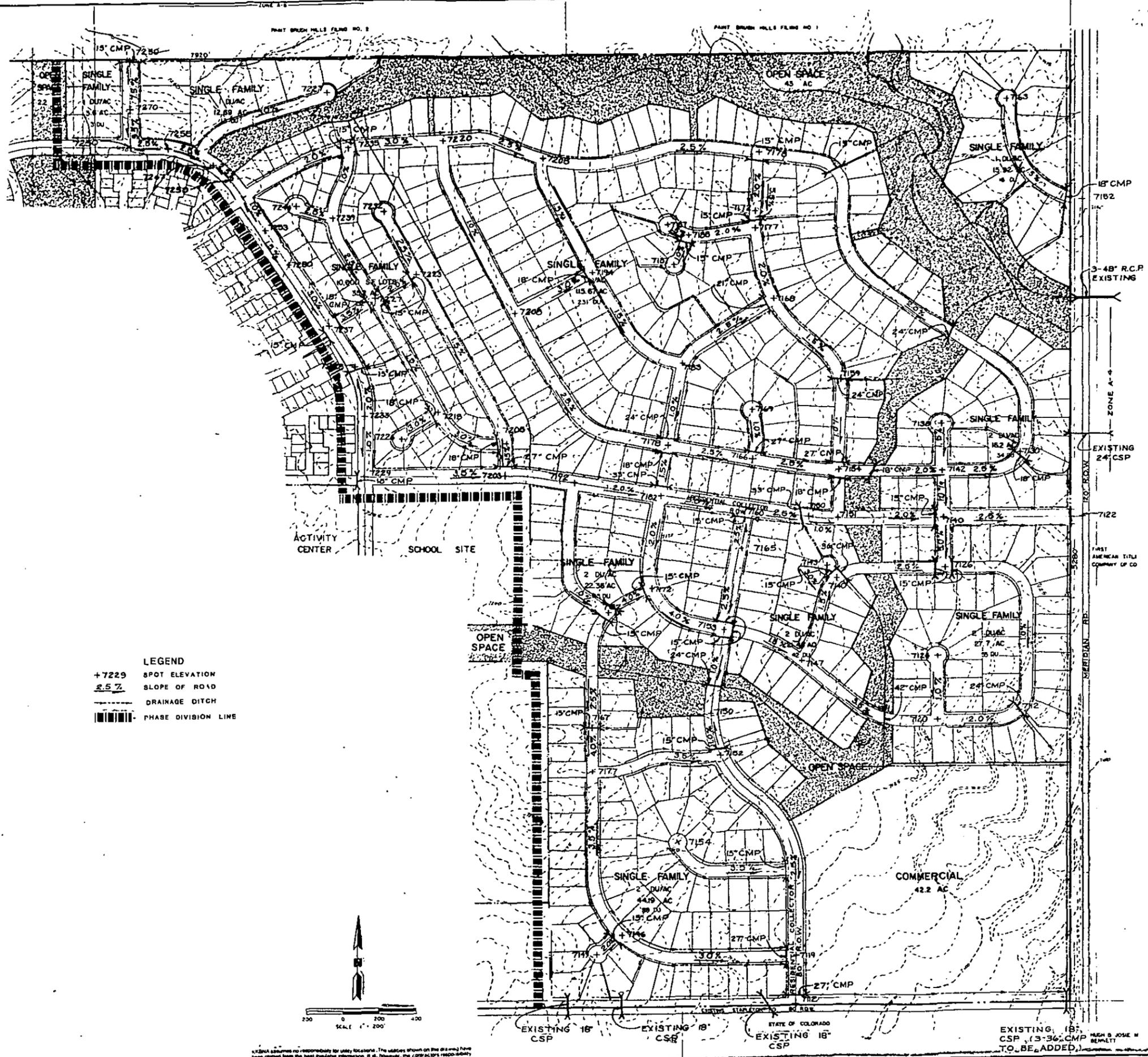
PAINT BRUSH HILLS - PHASE ONE
ROAD PLAN

Date	Description of revisions	Drawn by	Checked by
AUG. 8, 1964		L. H.	W. W. H.
JOB NUMBER 6097			
DESIGNED BY L. H.			
DRAWN BY B. V. J. D. S.			
CHECKED BY W. W. H.			

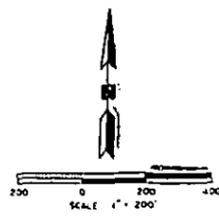
EXHIBIT IX-1

EX. 3

KKBNA assumes no responsibility for liability locations. The utilities shown on this drawing have been plotted from the best available information. It is, however, the contractor's responsibility to verify the location of all utilities prior to the commencement of any construction.



LEGEND
 +7229 SPOT ELEVATION
 2.5% SLOPE OF ROAD
 --- DRAINAGE DITCH
 ||||| PHASE DIVISION LINE



KKBNA assumes no responsibility for any inaccuracies. The utilities shown on this plan have been obtained from the best available information. It is, however, the contractor's responsibility to verify the location of all utilities prior to the commencement of any construction.

KKBNA
 INCORPORATED
 CONSULTING ENGINEERS
 4101 Kipling
 Wheat Ridge, Colorado 80033

PAINT BRUSH HILLS - PHASE ONE
GRADING AND DRAINAGE PLAN

DATE	AUG. 6, 1964
PROJECT NUMBER	6077
DESIGNED BY	L. H.
DRAWN BY	B. Y. D.S.
CHECKED BY	W. W. H.
SHEET NUMBER	

EXHIBIT Y-1

EX. 4

EXHIBIT 5

22

23

24

19

DESCRIPTION

ALL OF SECTION 25 AND THE EAST
1/2 OF SECTION 26, TOWNSHIP 12
SOUTH, RANGE 65 WEST, EL PASO
COUNTY, COLORADO

26

25

30



1" = 2000'

35

LEGEND



PHASE ONE



PHASE TWO

PAINT BRUSH HILLS
METRO SERVICE AREA MAP

EXHIBIT I-1

EXHIBIT 5

LEGAL DESCRIPTION

Unplatted portion of Faint Brush Hills

Section 25 and the East one-half of Section 26, Township 12 South, Range 65 West of the 6th P.M. in El Paso County, Colorado except the Easterly 30 feet and the Southerly 60 feet of the Easterly 3,222.73 feet of said Section 25, and except that parcel described in Book 2732 at Page 860 of the records of said El Paso County, containing 944.89 Acres, more or less.

Job No. B60269
Client: Jerry Smith

Berge-Brewer and Associates, Inc.
ENGINEERS AND LAND SURVEYORS

Philip J. Anderson, P.C.

ATTORNEY AT LAW

10 EAST COSTILLA
COLORADO SPRINGS, COLORADO 80903
(303) 633-4873

EXHIBIT 6

PAINT BRUSH HILLS METROPOLITAN
DISTRICT SERVICE PLAN

May 14, 1986

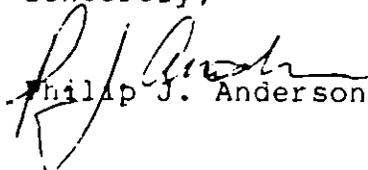
Board of County Commissioners
El Paso County
27 East Vermijo
Colorado Springs, Colorado 80903

Re: Paint Brush Hills Metropolitan District/Public Utilities
Commission

Ladies and Gentlemen:

Please be advised that I have helped to prepare the Service Plan for the proposed Paint Brush Hills Metropolitan District and as such have reviewed the Service Plan in its entirety. Said Service Plan does not plan for the provision of utility services to areas outside the boundaries of the District itself. As such it is my opinion that the Public Utilities Commission has no jurisdiction over the proposed District.

Sincerely,


Philip J. Anderson



W.C. WELLS & CO. INC. / consulting geologists
60 garden office center / broomfield, colorado 80020 / telephone (303) 466-3801

October 12, 1983

EXHIBIT 7

Mr. Jerry Smith
3730 Sinton Road, Suite 250
Colorado Springs, Colorado 80907

Re: Phase II, Paint Brush Hills Development, El Paso
County, Colorado.
Job No. 1063-160

Dear Jerry:

At your request, we have performed a preliminary ground water investigation for the second phase of the Paint Brush Hills Development. We understand you intend to develop the southern 960± acres of the project for single family homes. About 2,000 homes would be constructed and these homes would be serviced with water from a central water supply system. The water source for the system would be ground water pumped from deep wells. The objectives of our work were to assess the availability of ground water in geologic formations beneath the property to supply the development.

The occupants of the proposed homes probably would use water at a rate of about 80 gallons per day per capita. If we assume an occupancy factor of 3 people per home, the domestic water use would ultimately be about 537 acre feet of water per year. If each homeowner irrigated about 4,000 square feet of lawn or garden, irrigation water requirements

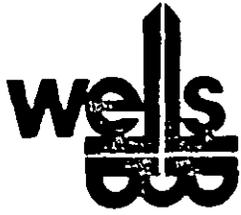


would raise the total water supply needed for the development to about 1,000 acre feet per year.

GENERAL COMMENTS

As you will recall from previous reports, the subject property is underlain by four water bearing formations. Sands, sandstones and claystones of the Dawson Arkose formation, should extend from the ground surface to a depth of about 500 feet. This formation is underlain by Denver formation shales and sandstones that should be in the interval of 500 to 1,100 feet. Sandstones and shales of the Arapahoe formation probably extend from 1,100 to 1,800 feet, while the basal Laramie Fox Hills sandstones should be in the interval 2,100 to 2,400 feet below ground surface.

We expect properly drilled municipal wells tapping the Dawson Arkose on this property should produce approximately 75± gallons per minute. Denver, Arapahoe and Laramie Fox Hills wells should respectively produce approximately 100, 150, and 100 gallons per minute each. Ground water produced from these wells should be nearly acceptable for domestic consumption almost without treatment. We should point out that locally the Dawson, Denver and Arapahoe formations do contain waters of moderately high iron concentrations. In your development planning, an iron removal system might be programmed for cost estimating purposes.



EXISTING WELLS

On the Paint Brush Hills Development, three wells are currently present. Two Dawson Arkose wells and one Arapahoe formation well are located at the sites shown on the attached Figure 1. Each well, permitted by the Colorado Ground Water Commission has been drilled and tested. On the following table we list the wells, total depths, productivity, acre foot per year appropriation, and date of well drilling.

Well Permit	Date Drilled	Depth (ft)	Yield (gpm)	Appropriation (af/yr)
17654-15	9-18-75	54	50	81
17658-11	9-05-75	700	28	45
17048	7-03-74	1900	50	<u>80</u>
			TOTAL	206
				TOTAL

WATER SUPPLY DEVELOPMENT

In addition to the 206 acre feet of water already appropriated from the property, we anticipate that additional ground water supply can be obtained. This additional water supply should be derived from the Dawson Arkose, Denver, Arapahoe and Laramie Fox Hills formations. The ground water should be appropriated by application to the Colorado Ground Water Commission, who administers and regulates the use of ground water within designated ground water basins. Paint Brush Hills is part of the Black Squirrel Creek Designated Ground Water Basin.



Ground water from "non-tributary" bedrock formations is normally appropriated to the extent of 1/100th of the ground water in storage beneath the property. This method of regulating ground water supply is pursuant to Senate Bill 213, passed in 1973, which apportions the amount of water that a landowner could develop each year. The aim of the law is to conserve ground water supplies for a reasonable period of time.

Storage of ground water beneath the property is computed by multiplying the area of the property, the thickness of saturated sand within each individual formation, and the drainable porosity (specific yield) of the sandstone formation. We have reviewed several geophysical logs in the area, including the logs of wells on the property and we anticipate that within the Denver formation there should be about 150 feet of water saturated sand. For the Arapahoe and Laramie Fox Hills formations we anticipate saturated sand thicknesses of 180 and 175 feet. Beneath the entire Paint Brush Hills development, which approximates 1,440 acres, we compute that there should be 32,400 acre feet of Denver formation ground water. In the Arapahoe and Laramie Fox Hills formations we anticipate there should be 38,800 and 31,500 acre feet of water in ground water storage. For this estimate we have utilized a specific yield of 15% for the Denver and Arapahoe formations, and 12½% for the Laramie Fox Hills formation.

A part of the Arapahoe formation ground water has already been appropriated by the existing Arapahoe well (No. 17048). We estimate future appropriation of Denver ground



water should approximate 324 acre feet of water per year. The property owner should be able to appropriate from the Arapahoe and Laramie Fox Hills wells 335 and 315 acre feet of water per year, respectively. The total amount of unappropriated non-tributary ground water beneath the Paint Brush Hills development, therefore, should be about 994 acre feet of water (Table I). Adding the appropriations from the existing wells, the total available supply on an annual basis should be about 1,180 acre feet of water per year, or clearly more than enough water to supply the proposed development.

We should point out that over the last few years the State Engineer has been looking closely at the effects of pumping ground water from semi-artesian aquifers such as the Denver formation on the flow of surface water and the stream depletions that might result from well pumping. The State Engineer has been concerned that withdrawal of ground water from the Denver formation may influence the rate of flow of surface streams further southeast in the Black Squirrel Creek area.

Although the actual analysis and procedure to be used in analyzing the depletive stream effects has not been finally determined by the State Engineer, we have been associated with such analysis that utilizes a mathematical formula developed by Dr. Glover of Ft. Collins. This formula predicts stream depletions by well pumping at any time. For this investigation we have constructed geologic cross sections to illustrate where the Denver formation sandstones would



intercept the stream channel. Utilizing this cross sectional information and reasonable aquifer coefficients, (Transmissivity of 1000 gallons per day per foot and specific yield of 15%), we anticipate that pumping a well on the property would not influence the rate of flow of the surface stream in 100 years at a rate greater than about 0.1%. We anticipate the Denver formation ground water therefore beneath the subject property is not tributary to the Black Squirrel drainage system (Table II).

Additional ground water may be present in the Dawson whose formation, however, because of the relatively short distance to the formation outcrop, we anticipate the State Engineer would find that water in this unit is tributary. It can probably not be utilized at this time without formulating an augmentation plan which would allow use of the water. Any unconsumed water would have to be released back to the stream system. The consumed water would have to be replaced from a secondary source, such as pumping the Denver, Arapahoe or Laramie Fox Hills formations. An augmentation plan in Colorado is normally a Court approved instrument by which tributary water can be used. Unfortunately, the property is within a designated ground water basin and, therefore, adjudication of such a plan cannot be accomplished. We anticipate, however, through proper submission of a plan to the Black Squirrel Creek ground water management board and the Colorado Ground Water Commission a plan to utilize the Dawson Arkose might be accomplished, hence, reducing the amount of deep well drilling on the property.



To develop the ground water supply, we anticipate that at ultimate development of two wells into the Denver, Arapahoe and Laramie Fox Hills formations should be programmed. If an augmentation plan can be approved, Dawson Arkose wells might be drilled and reduce the need for Laramie Fox Hills wells. The Denver formation wells probably would average 1,100 feet deep, while Arapahoe and Laramie Fox Hills wells would be 1,800 and 2,300 feet deep. At a well construction average cost of about \$50 per foot, these wells should cost about \$520,000. In addition, we anticipate you should program an average \$30,000 for each well for pumping equipment.

RECOMMENDATIONS

- (1) The initial action in water supply development should be the application for well permits. Generally, the State Engineer will not approve a municipal water supply system until such well permit applications have been approved. This could take 9 months to accomplish. Inasmuch as we anticipate an augmentation plan to utilize the Dawson Arkose ground water would have to be developed and submitted for approval by the Colorado Ground Water Commission, we believe your well permit applications should first be concentrated on developing the water in the Denver, Arapahoe and Laramie Fox Hills formations. These three formations should offer a sufficient water supply for the development as planned.
- (2) At the same time the well permit applications have been submitted to the Colorado Division of Water Resources, you should employ the services of a surface water hydrologist to develop a plan for augmentation. Once the plan has been prepared, it should be submitted to the Colorado Division of Water Resources on behalf of the Colorado Ground Water Commission and meetings with the Black Squirrel Creek designated ground water basin management board, should be programmed to discuss the plans and obtain approval. If this can be accomplished,



the number of wells required to develop the water supply on the project could be reduced such that possibly the Laramie Fox Hills wells would not have to be drilled at all.

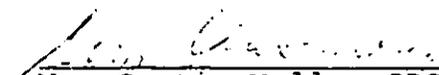
- (3) Your ground water development program should be under the direction of a qualified ground water geologist and we suggest that a legal counsel specializing in water supply development and augmentation plans be employed to assist and smooth the application for ground water appropriation.

Professional judgements have been expressed in this report. They are based in part on the information gathered for this investigation, our understanding of the project requirements, and our experience with ground water aquifers in this area. Test well drilling will be necessary to verify our preliminary judgements.

We trust this information satisfies your immediate needs. If you have any questions, or if we can be of further service, please do not hesitate to call.

Very truly yours,

W. C. WELLS & CO. INC.


Wm. Curtis Wells, CPG
Consulting Ground Water Geologist

WCW/kpv

(3 copies sent)

TABLE I
GROUND WATER AVAILABILITY

Property Area/Aquifer (-) (AC)	Pre 1973 Well Cylinder (=) (AC)	Regional Area (AC)	(x)	Sand Thickness (x) (FT)	Specific (÷) Yield	100 Years (=)	Annual Approp. (AF/YR)
Denver 1440	0	1440		150	15	100	324
Arapahoe 1440	197	1243		180	15	100	335
Laramie Fox Hills 1440	0	1440		175	.125	100	315

TABLE II

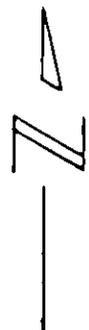
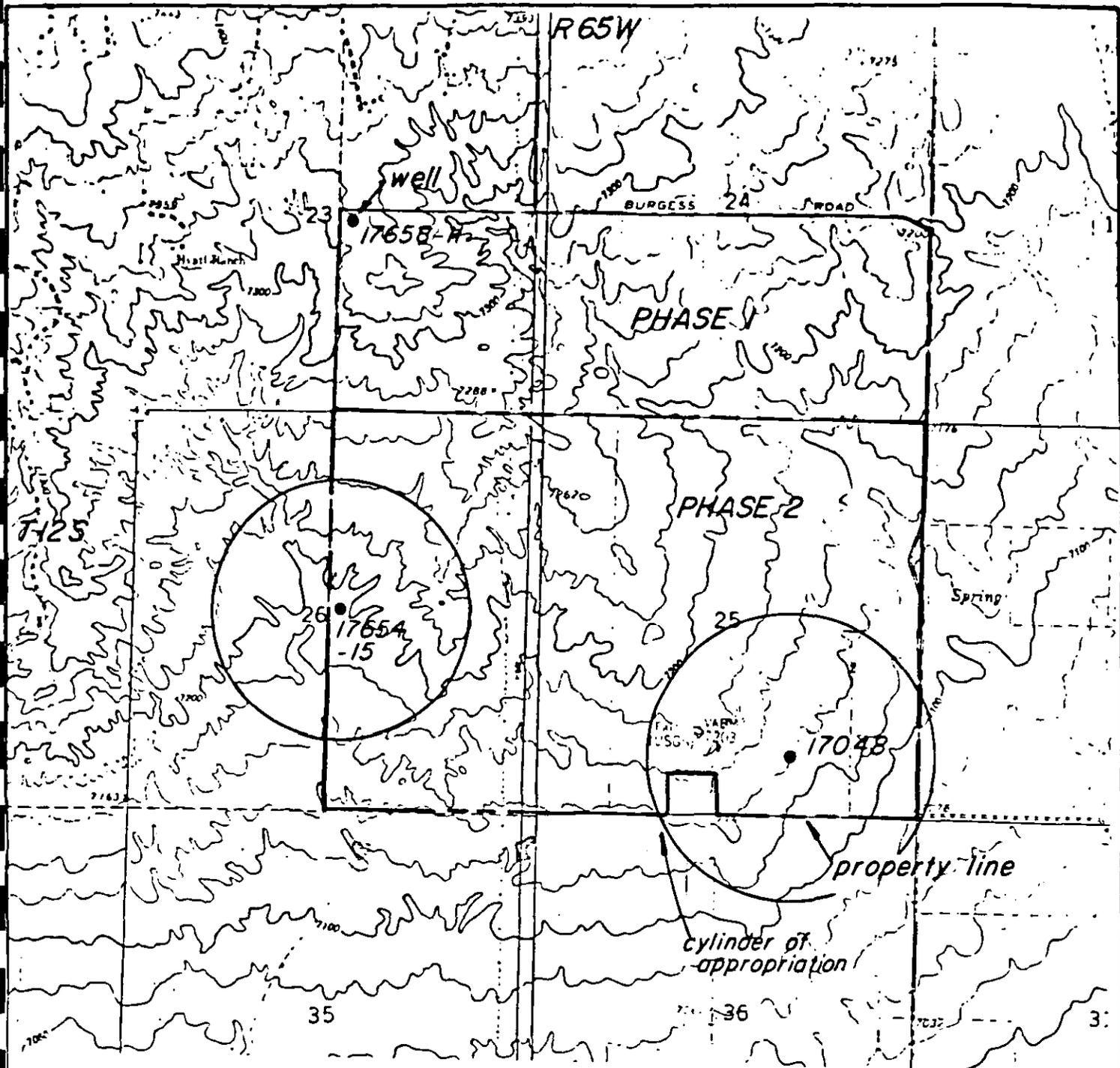
GLOVER ANALYSIS

+++++

PAINT BRUSH HILLS DENVER WELL
SE CREEK SOUTH OF FALCON

PERPENDICULAR DISTANCE= 12000
SHORT REACH DISTANCE= 16000
LONG REACH DISTANCE= 57000
TIME= 100

Q (GPM)	T (G/D/FT)	S	=
1	1000	0.150	0.128E-02
1	1500	0.150	0.462E-02
1	2000	0.150	0.919E-02
1	1000	0.100	0.462E-02



SCALE
1"=2000'

LOCATION MAP
PAINT BRUSH HILLS
W.C. WELLS & CO., INC.
consulting ground water geologists

job no. 1063-160

fig. 1

DRAFT

INTERGOVERNMENTAL PARTICIPATION AGREEMENT

WOODMEN HILLS/PAINTBRUSH HILLS
WASTEWATER TREATMENT FACILITY

1. THE PARTIES TO THIS AGREEMENT are WOODMEN HILLS METROPOLITAN DISTRICT (hereinafter called "Woodmen Hills") and PAINTBRUSH HILLS METROPOLITAN DISTRICT (hereinafter called "Paintbrush"), both of which are metropolitan service districts formed pursuant to the Special Districts statutes of the State of Colorado (hereinafter collectively referred to as either "the parties" or "Participants").

2. Recitals. This Participation Agreement is made with reference to the following facts, among others:

2.1 The parties hereto intend to provide municipal sewage disposal and treatment services to the residents of their respective districts, both of which are located in northern El Paso County, Colorado.

2.2 As a result of the recommendation of the Pikes Peak Area Council of Governments ("PPACG"), the parties have agreed to combine their requests for sewage disposal and treatment facilities into one site.

2.3 The parties have submitted a combined site location application report for a sewage disposal and treatment facility, to serve both of their districts, to the PPACG and to the Water Quality Control Division of the Colorado State Department of Health.

2.4 In furtherance of said application, the parties desire to enter into an intergovernmental contract as permitted by 29-1-203, C.R.S., to establish a mechanism for the construction, ownership, management, operation and maintenance of such wastewater treatment facility.

2.5 Inasmuch as the parties desire that this Participation Agreement shall remain in existence until mutually terminated by the parties, or until terminated as otherwise provided herein, and for so long as said service districts are operational, it is the intent of the parties that this Participation Agreement (a) does not affect any interest or estate in real property (except with respect to liens in the event of default as herein provided), (b) is intended to be perpetual in nature and the Participants forever waive any and all argument or defense to the effect that this Participation Agreement violates the Rule Against Perpetuities or any similar rule or principal of law, and (c) is intended to be proprietary in nature and is intended to bind future Boards of Directors, run with the land, and be binding

upon all future residents and property holders within the respective districts.

3. Agreement. The parties agree as follows:

4. Effective Date. This Participation Agreement shall become effective when it has been duly executed and delivered on behalf of the Participants, and approved by any governmental or regulatory agencies which have jurisdiction.

5. Definitions. The following terms, when used herein, shall have the meanings specified:

5.1 Capital Improvements: The improvement of land or land rights or the enlargement or improvement of any facilities in connection with the Treatment Facility, or the substitution thereof where such substitution constitutes an enlargement or improvement as compared with that for which it is substituted, and which in accordance with generally accepted accounting principles would be capitalized; and/or the substitution of any of portions of the Treatment Facility where such substitution does not constitute an enlargement or improvement of that for which it is substituted and which in accordance with generally accepted accounting principles would be capitalized.

5.2 Construction Account: The bank account to be established by the Projected Manager pursuant to Section _____ hereof and to be entitled "Woodmen Hills/Paintbrush Hills Construction Trust Account".

5.3 Construction Costs: The costs of performing Construction Work, as described in Section _____ hereof.

5.4 Construction Insurance: Policies of insurance relating to the Treatment Facility to be procured and maintained as provided in Section _____ hereof.

5.5 Construction Work: All engineering, design, construction, contract preparation, purchasing, land and land rights acquisition, supervision, expediting, inspection, accounting, testing and start-up for the Treatment Facility described in Section _____ hereof.

5.6 Coordinating Committee: A committee established pursuant to and which will exercise the functions described in the Project Agreements.

5.7 Date of Operation: The date established in accordance with this Participation Agreement on which the Treatment Facility is determined to be able to operate continuously at its rated capacity.

5.8 Final Completion Report: A complete summary of Construction Costs, a description of the Treatment Facility,

including "as-built" drawings and plans, and a summary of each Participant's contributions to Construction Costs.

5.9 Operating Account: The bank account to be established by the Operating Agent pursuant to Section _____ hereof, and to be entitled "Woodmen Hills/Paintbrush Hills Operating Trust Account".

5.10 Operating Agent: The Participant responsible for the performance of Operating Work in accordance with the Project Agreements, designated herein initially as Paintbrush.

5.11 Operating Capacity Entitlement: The capacity entitlement of each Participant which is equal to the product of the Treatment Facility available capacity and its Participation Share, which entitlements are initially scheduled to be _____ gallons per day for Woodmen Hills and _____ gallons per day for Paintbrush Hills.

5.12 Operating Emergency: An unplanned event or circumstance which reduces or may reduce the operating capacity of the Treatment Facility.

5.13 Operating Funds: Monies advanced to the Operating Agent for Operating Work or paid on draw requests, as the case may be, by or on behalf of the Participants or others in accordance with this Participation Agreement.

5.14 Operating Insurance: Policies of insurance to be procured and maintained in accordance with Section _____ hereof.

5.15 Operating Work: Engineering, contract preparation, purchasing, repair, supervision, training, expediting, inspection, testing, protection, operation, use, management, replacement, retirement, reconstruction, and maintenance of and for the Treatment Facility.

5.16 Participants: Either one or both of the parties to this Participation Agreement.

5.17 Participation Agreement: This Intergovernmental Participation Agreement which provides for participation in and ownership, construction, operation and maintenance of the Treatment Facility.

5.18 Participation Share: The portion of the Treatment Facility operating capacity to be paid for by a Participant, which capacity is to be reserved for the use of such Participant, and the factor to be used to determine the proportionate share of Construction and Operating Costs, as described in Exhibit _____ hereto, and as such shares may be adjusted from time to time as provided elsewhere in this Participation Agreement.

5.19 Projected Agreements: This Participation Agreement, engineering and consulting agreements with (name of engineering firm), any construction contracts for the Construction Work, reports prepared by (name of engineering firm) describing and detailing the type of treatment facility to be constructed, discharge ordinances to be prepared and adopted by the Participants, and any other agreements as the Participants find necessary or desirable and designate as Project Agreements, as the same are originally executed or as they may thereafter be supplemented, amended or superseded.

5.20 Project Manager: The person, firm or entity responsible for the construction and completion of the Treatment Facility and any addition thereto or expansion thereof in accordance with the Project Agreements.

5.21 Request for Funds: The request of the Project Manager for funds estimated to be required from the Participants for Construction Work, or the request of the Operating Agent for funds estimated to be required from the Participants for Operating Work.

5.22 Treatment Facility: The sewage disposal and treatment plant, facility and related lines and structures as described on Exhibit _____ hereto and in the report of (name of engineering firm) also attached hereto as part of said Exhibit.

Part II Ownership and Administration

6. Ownership and Title.

6.1 The Participants shall acquire and own undivided interests as tenants in common in the Treatment Facility in accordance with their Participation Shares as such Participation Shares are set forth in Exhibit _____ hereto, or as hereafter adjusted or amended.

6.2 Within six (6) months following the Date of Operation, the Participants shall jointly make, execute and deliver a supplement to this Participation Agreement in recordable form which shall describe with particularity and detail the facilities and other property then constituting the Treatment Facility not specifically described in the exhibits hereto.

6.3 In the event either Participant transfers or assigns any of its rights, title or interests in and to the Treatment Facility in accordance with the terms and conditions of this Participation Agreement, the Participants (including the transferor) and any successor(s) shall jointly make, execute and deliver a supplement to this Participation Agreement in recordable form which shall describe with particularity and detail the rights, titles and interests of each Participant and any successor following such transfer or assignment.

7. Administration.

7.1 The Participants shall establish a Coordinating Committee, whose functions and responsibilities shall be as described herein and in the Project Agreements.

7.2 The Coordinating Committee shall have the following functions, among others:

7.2.1 Provide liaison among Participants at the management level.

7.2.2 Exercise general supervision over any other permanent or ad hoc committees established pursuant to Section _____ hereof.

7.2.3 Review, discuss and act upon issues and problems referred to it by another committee.

7.2.4 Establish the Date of Operation.

7.2.5 Provide liaison among the Participants and between them and the Project Manager and the Operating Agent.

7.2.6 Review and approve the following items related to performance of the Operating Work:

a. the annual capital expenditures, budget, annual manpower table and budget, and annual operation and maintenance budget.

b. the planned downtime scheduled for maintenance and the manner of selection of any maintenance contractor for contract maintenance included in the annual operation and maintenance budget.

c. the policies for establishing the spare parts inventory and the materials and supplies inventory.

d. the written statistical and administrative reports, written budgets, and information and other similar records, and the form thereof, to be kept and furnished by the Operating Agent in accordance with Section _____ hereof.

e. the Operating Agent's analysis of the total expenditures caused by an Operating Emergency.

f. the written statement of operating practices and procedures.

7.2.7 Review and approve procedures whereby portions and systems of the Treatment Facility are turned

over from the Project Manager to the Operating Agent or are turned back to the Project Manager by the Operating Agent if found to be unsatisfactory for Operating Work.

7.2.8 Establish criteria for determination of the Date of Operation.

7.2.9 Perform general inspections, which will not interfere with Operating Work (a) prior to approval of the annual budgets and, (b) during planned maintenance.

7.2.10 Periodically revise and update operation and maintenance standards for the Treatment Facility.

7.2.11 Review periodically whether or not the operation or maintenance standards are being attained.

7.2.12 Develop procedures for proper accounting and financial liaison between Participants in connection with the Construction Work and Operating Work.

7.2.13 Review accounting, financial and internal control aspects of the Construction Work and Operating Work.

7.2.14 Make periodic audits of the records maintained by the Project Manager and Operating Agent in the performance of the Construction Work and Operating Work, respectively, and any other records maintained by the Project Manager and Operating Agent in support of their billings to Participants.

7.2.15 Certify to the Participants, for management purposes and for the use of the Participants only, that the Project Manager's and Operating Agent's accounting and records, including any allocations for Construction Work and Operating Work, are in accordance with the Project Agreements.

7.2.16 Review and approve the format and content of the Project Manager's and Operating Agent's accounting records and reports for Construction Work and Operating Work.

7.3 Within thirty (30) days after the execution of this Participation Agreement, each Participant shall designate its representative on the Coordinating Committee hereby established, with notice thereof given to the other Participant. In performance of the functions above described, the Participants may from time to time designate special representatives or agents to be attached to the Coordinating Committee as operational staff or as subcommittees.

7.4 Any action or determination of a committee must be unanimous.

7.5 The committees operating pursuant to the Project Agreement shall keep written minutes and records of all meetings, and any action, agreement or determination made by any such committee shall be reduced to writing and shall become effective when signed by a representative of each Participant on such committee; provided that in the event of an Operating Emergency, action may be taken or a determination may be made by the Coordinating Committee on the basis of oral approvals and such action or determination subsequently shall be reduced to writing.

7.6 The committees shall have no authority to modify any of the terms, covenants or conditions of the Project Agreements.

7.7 If any ad hoc, subcommittee or permanent committee shall fail to agree while performing the functions and duties delegated to them in this Participation Agreement or in the other Project Agreements, then such disagreement shall be referred to the Coordinating Committee for determination.

7.8 Each Participant shall notify the other Participant promptly of any change in the designation of its representatives on the committees. A Participant may designate an alternate to act as its representative on any committee in the absence of the regular or to act on specified occasions with respect to specified matters.

7.9 The Participants, acting through the Coordinating Committee, shall have the right to establish permanent or ad hoc committees. The authority and duties of any such committee shall be set forth in writing and shall be subject to the provisions of the Project Agreements.

7.10 The Participants shall each adopt for their respective service districts the discharge ordinances which are attached hereto as Exhibit _____. The Participants agree and covenant with each other that they shall at all times actively enforce said ordinances and that they shall from time to time cause the same to be amended as may be required by state law or good practice.

7.11 The Participants shall, through the Coordinating Committee, coordinate all services to be provided by (name of engineering firm) as Project Manager, and shall oversee and approve all construction.

8. Co-Tenancy and Nonpartitionment.

8.1 The Participants and each of them accept title to the Treatment Facility and their rights, titles and interests in the Project Agreements as tenants in common. Each participant agrees to waive any rights which it may have to partition the Treatment Facility or the Project Agreements, whether by partitionment in kind or by sale and division of the proceeds,

and further agrees that it will not resort to any action at law or in equity to partition the Treatment Facility or the Project Agreements and it waives the benefits of all laws that may now or hereafter authorize such partition for a term which shall be: (a) coterminous with the Participation Agreement, or (b) for such lesser period as may be required under applicable law.

9. Mortgage and Transfer of Interests.

9.1 Each Participant shall have the right at any time and from time to time to mortgage, create or provide for a security interest in or convey in trust all or a part of its interest in the Treatment Facility, together with an equal interest in the Project Agreements, to a trustee or trustees under a deed of trust or indenture, or to a mortgagee under a mortgage, or to secured parties under a security Agreement, as security for its present or future bonds or other obligations or securities, and to any successors or assigns thereof, without need for the prior written consent of the other Participant and without such mortgagee, trustee or secured party assuming or becoming in any respect obligated to perform any of the obligations of the Participants.

9.2 Any mortgage, trustee or secured party under present or future deeds of trust, mortgages, indentures or security agreements of either of the Participants and any successor or assignee thereof, and any receiver, referee or trustee in bankruptcy or reorganization of either of the Participants, and any successor by action of law or otherwise, and any purchaser, transferee or assignee of any of the aforementioned thereof may, without need for the prior written consent of any other Participant, succeed to and acquire all the rights, titles and interests of such Participant in the Treatment Facility and the Project Agreements and may take over possession of or foreclosure upon said rights, titles and interests of such Participant, and in such event shall assume and agree to perform and discharge all of the obligations hereunder of such Participant.

9.3 Each Participant shall have the right to transfer or assign all or part of its interest in the Treatment Facility, together with an equal interest in the Project Agreements, to any of the following entities without the need for prior written consent of the other Participant:

9.3.1 Any entity acquiring all or substantially all of the property of such Participant; or

9.3.2 Any entity merged or consolidated with such Participant; or

9.3.3 Any entity which is wholly owned or controlled by a Participant.

9.4 Except as otherwise provided in Section 9.1 and 9.2 hereof, any successor to the rights, title and interests of a Participant in the Treatment Facility, together with an equal interest in the Project Agreements, shall assume and agree to fully perform and discharge all of the obligations hereunder of such Participant, and such successor shall notify each of the other Participants in writing of such transfer, assignment or merger, and shall furnish to each Participant evidence of such transfer, reconveyance, assignment or merger.

10. Right of First Refusal.

10.1 Except as provided in Section 9 hereof, should any Participant desire to transfer its interests in the Treatment Facility or any part thereof to any person, entity or another Participant, each remaining Participant shall have the right of first refusal to purchase such interest for the original cost of such interest. If the other Participants elect not to purchase the interests of the offering Participant, the latter may proceed to sell such interests for the amount of the bona fide written offer from a prospective buyer, ready, willing and able to purchase such interest, after the expiration of the periods of giving notices specified in Sections 10.3 through 10.6 inclusive hereof.

10.2 If at any time there are more than two Participants, and if more than one of the Participants desire to purchase such interest, unless otherwise agreed, it shall be transferred in the ratio that the Participation Share of each Participant desire to purchase bears to the total Participation Shares of such Participants.

10.3 At least _____ prior to the date on which the intended transfer is to be consummated, the Participant desiring to transfer shall serve written notice of its intention to do so upon the other Participants. Such notice shall contain the proposed date of transfer and conditions of the transfer.

10.4 Each Participant shall have the option to purchase all or any part of the interest to be transferred and shall exercise said option by serving written notice of its intention upon the Participant desiring to transfer, and on the remaining Participants, if any, within _____ days after service of the written notice of intention to transfer given pursuant to Section 10.3 hereof. Failure by a Participant to exercise said option as provided herein shall be conclusively deemed to be an election not to exercise said option.

10.5 If the Participants, individually or collectively, fail to exercise their option to purchase the entire ownership interest to be transferred, then the Participant desiring to transfer shall serve written notice of this fact upon the remaining Participants within ten (10) days after its receipt of the last of the written notices given pursuant to Section 10.3

hereof, or after the expiration of the period referred to in Section 10.4 hereof, whichever is earlier.

10.6 The Participants who exercised their option to purchase less than the entire ownership interest to be transferred shall have the option to purchase the remaining ownership interest to be transferred, which such option shall be exercised by serving written notice of such election upon the Participant desiring to transfer, within thirty (30) days after the receipt of the notice given pursuant to Section 10.5 hereof.

10.7 When the options to purchase all or any portion of said ownership interest have been exercised, the Participants shall thereby incur the following obligations:

10.7.1 The Participant desiring to transfer the ownership interest and each Participant having exercised the option to purchase all or any portion of such ownership interest shall be obligated to proceed in good faith and with due diligence to obtain all required authorizations and approvals of such purchase.

10.7.2 The Participant desiring to transfer such ownership interest shall, upon request of the purchasing Participants, be obligated to obtain the release of any lien encumbering the ownership interest which is the subject of the transfer at the earliest practicable date but not later than the transfer date.

10.7.3 The Participants having exercise the option to purchase such ownership interest shall be obligated to perform all of the terms and conditions required of them to complete the purchase of said ownership interest.

10.8 The purchase of the ownership interest by the Participants having elected to purchase the same shall be fully consummated within _____ following the date upon which all notices required to be given under the Section 10 have been duly served, unless the Participants are then diligently pursuing applications for the required authorizations or approvals to effect such transfer or are then diligently pursuing or defending appeals from orders entered or authorizations issued in connection with such applications, in which event the transfer shall be consummated within _____ following the date upon which the final order is entered or authorization issued in connection with such applications.

10.9 If the Participants fail to exercise their options to purchase all of the ownership interest to be transferred, the Participant desiring to transfer such interest shall be free to transfer all, but not less than all, of such interest to the party that made the offer to purchase referred to in Section 10.1 hereof upon the terms and conditions set forth in said bona fide written offer. If such transfer is not consummated by the

proposed date of transfer referred to in Section 10.3 hereof, the Participant desiring to transfer said ownership interest must give a complete new right of first refusal to the remaining Participants pursuant to the provisions of this Section 10 before such Participant shall be free to transfer said ownership interest to another party.

10.10 The Participants who purchase the ownership interest pursuant to this Section 10 shall receive title to and shall own the interest as tenants in common, subject to the same rights, duties and obligations as are applied by the Project Agreements to the interest being transferred in the hands of the transferring Participant.

10.11 Any Participant transferring an ownership interest pursuant to the provisions of this Section 10 shall remain liable and obligated for the performance of all the terms and conditions of the Project Agreements, unless otherwise agreed to by all of the remaining Participants; provided, however, that any Participant transferring an ownership interest pursuant to the provisions of this Section 10 to a Participant or Participants shall be liable and obligated only for the performance of the terms and conditions of the Project Agreements related to such interest occurring prior to the time of transfer, and it shall not be liable or obligated for the performance of the terms and conditions of the Project Agreements occurring subsequent to the time of transfer as to the ownership interest transferred.

10.12 Any party who may succeed to an ownership interest pursuant to this Section 10 shall specifically agree in writing with the remaining Participant(s) at the time of such transfer that it will not transfer or assign all or any portion of such ownership interest without complying with the terms and conditions of this Section 10.

10.13 For the purposes of this Section 10, the term "transfer" shall mean the conveyance of either fee title or a possessory estate or right to use.

11. Capital Improvements.

11.1 All Capital Improvements, including Treatment Facility expansion pursuant to Section 20 hereof, and a contingency allowance for capital expenditures if necessitated by an Operating Emergency, shall be included in the annual capital Coordinating Committee, each Participant shall be obligated for the costs incurred for such Capital Improvements in proportion to its Participation Share, and each Participant's rights, titles and interests therein shall be in proportion to its Participation Share.

11.2 The Operating Agent shall submit to the Participants a forecast of cash requirements by months for all Capital Improvements. Said forecast shall be submitted on a yearly basis

after final budget approvals have been made. A revised forecast shall be submitted when the capital expenditures budget is revised and approved, or when significant changes in monthly expenditures from those previously forecast are anticipated.

11.3 The Operating Agent shall be responsible for the design and construction of Capital Improvements where the budgeted estimate therefor does not exceed \$ _____, and it shall submit to the Engineering and Operating Committee, for review and comment but not for approval, design and major component information. The Participants, acting through the Coordinating Committee, shall designate the party having the responsibility for the design and construction of Capital Improvements where the estimated budget therefor exceeds \$ _____, or where Treatment Facility expansion as provided in Section 20 hereof is required.

11.4 The Operating Agent shall first obtain the written approval of the Participants, through the Coordinating Committee, prior to undertaking any capital improvements.

12. Covenants Running with the Land.

12.1 All of the respective covenants and obligations of each of the Participants set forth and contained in the Project Agreements shall bind and shall be and become the respective covenants and obligations of:

12.1.1 Each such Participant'

12.1.2 All Mortgagees, trustees and secured parties under all present and future mortgages, indentures and deeds of trust, and security agreements which are or may become a lien upon any of the interest in the Treatment Facility of such Participant; provided, however, that such covenants and obligations shall become binding upon such security holders only at the time of taking possession;

12.1.3 All receivers, assignees for the benefit of creditors, bankruptcy trustees and referees of such Participant;

12.1.4 All other persons, firms, partnerships or corporations claiming through or under any of the foregoing; and

12.1.5 Any successors or assigns of any of those mentioned in Sections 12.1.1 through 12.1.4 hereof, and shall be covenants and obligations running with such Participant's respective rights, titles and interests in the Treatment Facility and in, to and under the Project Agreements, and shall be for the benefit of the respective rights, titles and interests of the Participants and their

respective successors and assigns, in and to the Treatment Facility. It is the specific intention of this provision that all such covenants and obligations shall be binding upon any party which acquires any of the rights, titles and interests of any such Participant in the Treatment Facility or in, to and under the Project Agreements and that all of the above described persons and groups shall be obligated to use such Participant's rights, titles and interests in the Treatment Facility and/or in, to or under the Project Agreements for the purpose of discharging its covenants and obligations under the Project Agreements; except that in the case of a partial assignment, the assignee shall only be required to share in the cost of fulfilling the covenants and obligations of the assigning Participants in, to and under the Project Agreements to an extent proportionate to such assignment.

13. Relationship of Participants.

13.1 The covenants, obligations and liabilities of the Participants are intended to be several and not joint or collective and, except as expressly provided in the Project Agreements, nothing contained herein shall ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on or with regard to any one or more of the Participants. Each Participant shall be individually responsible for its own covenants, obligations and liabilities as herein provided. No Participant shall be under the control or or shall be deemed to control any other Participant. No Participant shall be the agent of or have a right of power to bind any other Participant without its express written consent, except as provided in the Project Agreements.

Part III Construction Work

14. Performance and Completion of Construction Work.

14.1 Construction Work shall be performed and completed in order to implement the respective service plans of Woodland Hills and Paintbrush Hills, as follows:

14.1.1 If either Participant is not prepared to go forward with construction of the Treatment Facility at such time as the other Participant gives notice that it is so prepared, the Participant who is not ready to proceed shall assign to the other Participants all permits, licenses, authorities and other permits, and shall otherwise fully cooperate with and assist such other Participant so that the latter may proceed with construction. In such event, the Participant who is then prepared to commence Construction Work may do so, and further may cause downsizing of the Treatment Facility to the size required for

its own needs. At any time thereafter the other Participant may give notice it is ready to proceed with construction of facilities for the needs of its own district, but it shall pay the entire costs of expansion of the Treatment Facility to accommodate its needs, including all repair of any surface damage occasioned thereby, and shall also forthwith reimburse the Participant which did go forward with construction all expenses and costs incurred by such Participant in going forward alone with construction which were incurred by reason of the other Participant's failure to participate. The Participation Shares shall then be equitably allocated between the Participants.

14.1.2 If either Participant shall fail to carry out its responsibilities under the Project Agreement after the commencement of Construction Work by both Participants, such Participant shall be deemed in default under the provisions of Section 30 hereof, and the other Participant shall have available to it all rights and remedies occasioned by a default under this Participation Agreement.

14.1.3 If the defaulting Participant is to be the Operating Agent, such Participant shall be removed from said office and the non-defaulting Participant shall become Operating Agent.

14.2 The Project Manager shall be as designated in a separate Project Agreement.

14.3 Subject to this Participation Agreement and the Project Agreement the Project Manager shall:

14.4.1 With the consent of the Participants, contract for, furnish and obtain in the names of both Participants with undivided interest as tenants in common in their Participation Shares, the engineering, services and studies necessary for performance and completion of Construction Work.

14.4.2 Purchase and procure, through and from any source it may select, in the names of the Participants with undivided interests as tenants in common in their Participation Shares, the equipment, apparatus, machinery, materials, tools and supplies necessary for performance and completion of Construction Work.

14.4.3 Transmit as received from the engineer, constructor, consultants, contractors or vendors all correspondence, studies, specifications and drawings related to the Treatment Facility, to the Participants for review and comment prior to the Project Manager's review of same. Participants are entitled to attend all meetings with the engineer-creator, consultants, contractors and vendors related to the above described items and to offer comment at

or in advance of such meetings on any aspects of design and construction to be discussed.

14.4.4 Arrange to furnish Participants with duplicate original copies of all contracts with the engineering-constructor, contractors, subcontractors and vendors.

14.4.5 Review with Participants the Project Manager's recommendations for awards to vendors for equipment in advance of such awards, including the recommendations of the engineer-constructor relating to the proposed award. The Project Manager shall furnish to all Participants a bid comparison and evaluation data together with its recommendations for contract award.

14.4.6 Coordinate with the Participants the placement of Construction Insurance pursuant to Section ____ hereof.

14.4.7 Determine what contractors, subject to approval of the Participants, should be required to furnish any portion of Construction Insurance, other insurance and faithful performance and payment bonds.

14.4.8 Investigate claims arising out of our attributable to Construction Work, or the past or future performance or nonperformance of Construction Work, including persons or damage to property for which payment shall not be made on account of valid and collectible Construction Insurance carried by any Participants, and present and prosecute claims against any insurer or other party for losses and damages in connection with Construction Work. The agreement of the Participants, acting through the Coordinating Committee, shall be obtained by the Project Manager before any claim or combination of claims arising out of the same transaction or incident is settled for more than \$500.00, or the amount of any Construction Insurance deductible, whichever may be greater.

14.4.9 Assist any insurer in the investigation, adjustment and settlement of any loss or claim.

14.4.10 Submit for approval and execution of the Participants all contracts to be performed in the Construction Work.

14.4.11 Comply with (i) any and all laws and regulations applicable to the performance of Construction Work, and (ii) the terms and conditions of any contract relating to Construction Work.

14.4.12 Expend the funds advanced to the Project Manager only for Construction Costs, in accordance with the terms and conditions of this Participation Agreement.

14.4.13 Keep and maintain records of monies received and expended, obligations incurred, credits accrued, estimates of Construction Costs, and contracts entered into in the performance of Construction Work, and make such records available for inspection by the Participants at reasonable times and places.

14.4.14 Obtain or cause to be obtained necessary construction permits, temporary access rights and other licenses and approvals requisite to the performance and completion of Construction Work.

14.4.15 Provide each Participant with all necessary and required records and information pertaining to performance of the Construction Work, including a monthly progress report.

14.4.16 Keep each Participant fully and promptly informed of any known default under the provisions of this Participation Agreement.

14.4.17 As soon as practicable prior to commencement of Construction Work, furnish each Participant with a detailed forecast of total Construction Costs. Said forecast shall be revised and furnished to each Participant every month thereafter until completion of Construction Work, provided that any significant changes in said forecast shall be submitted to each Participant as soon as practicable after such changes become evident. In addition, and as soon as practicable after commencement of Construction Work, furnish each Participant a detailed monthly forecast of each Participant's estimated weekly expenditure for the succeeding month for Construction Work, which said forecast shall be furnished each Participant monthly thereafter until completion of Construction Work.

14.4.18 Use its best efforts in the performance of its responsibilities hereunder to effect the completion of Construction Work in accordance with Section 14.6 hereof.

14.4.19 Keep each Participant fully and promptly advised of the major developments in connection with the performance and completion of Construction Work.

14.4.20 Prepare and distribute the Final Completion Report to each Participant within _____ days after the Date of Operation of the Treatment Facility.

14.4.21 Provide the Coordinating Committee with all necessary and required records and information pertaining to the performance of the Construction Work.

14.4.22 Construct the Treatment Facility so as to comply with the Project Agreements.

14.4.23 Conduct tests in cooperation with the Operating Agent to verify that specified characteristics of equipment items for the Treatment Facility have been achieved and, if necessary, make final equipment modifications or adjustments to meet the specified requirements thereof.

14.4.24 Provide for and enforce any and all warranties on equipment, facilities and materials sold or furnished for the Treatment Facility.

14.5 All change orders and approval for payment of Construction Costs shall be approved and executed by the Coordinating Committee.

14.6 Following the Final Completion Report, the Project Manager shall turn over to each of the Participants a set of complete files pertaining to the Construction Work, including but not necessarily limited to engineering studies, specifications and bills of material, purchase orders, reproducible final as-built drawings, equipment operating and instructions manuals, warranties, recommended Spare Parts lists, duplicate original copies of all contracts of engineer-constructor, consultants, contractors, subcontractors and vendors. Project manager shall provide each of the Participants with a set of all written material and design information required to implement the intent of this Section.

14.7 The Project Manager shall construct or cause to be constructed the Treatment Facility with the objective of having it available for operation by _____.

15. Construction Costs.

15.1 Construction costs shall consist of payments made and obligations incurred (other than for interest during construction) for the account of Construction Work.

15.2 In cases where the allocation of a cost item is made between Construction Work and any other work, such allocation shall be made a fair and equitable basis as determined by the Coordinating Committee.

16. Advances During Construction.

16.1 The Participants shall, during the course of and until the final completion of Construction Work, advance to the Project Manager such funds as shall enable it to pay estimated Construction Costs.

16.2 During the course of Construction Work, each Participant shall advance funds to the Construction Account in proportion to its Participation Share, to cover estimated construction costs.

16.3 Funds shall be advanced by the Participants to the Project Manager in response to a Request for Funds. The Request for Funds shall be submitted no later than the 25th of each month, and shall be funded and paid by the Participants by the 15th of the following month. Alternatively, in lieu of an advance of funds, such Request for Funds (at the discretion of either Participant) shall constitute a draw request in accordance with normal construction practice for work previously completed, less appropriate retainages as determined by any lender from whom such funds are obtained.

16.4 If a Participant shall dispute any portion of any amount specified in a Request for Funds, the dispute shall be resolved by the Coordinating Committee. If the Coordinating Committee is unable to unanimously agree, the disputant shall nevertheless (subject to any restrictions of any lender) make the payment requested under the provisions of Section 30.4 hereof.

17. Adjustment for Payment of Actual Construction Costs.

17.1 As soon as practicable after the preparation of the Final Completion Report, cash adjustments shall be made between the Participants so that each item of Construction costs shall be shared by each Participant on the basis of its Participation Share.

17.2 When the total and final Construction Costs have been incurred and calculated, each Participant shall pay forthwith any deficit between total advances mad by it and its share of said total and final Construction Costs on the basis of its Participation Share or shall forthwith be reimbursed for any credit between said total advances made by it and its share of said total and final Construction Costs on the basis of its Participation Share.

18. Termination of Construction Phase.

18.1 This Part III, pertaining to the Construction Work, Sections 14 through 17, inclusive, shall continue in force and effect until the date of termination described in Sections 18.2 and 18.3 hereof.

18.2 When it deems Construction Work to be completed in accordance with Sections 14 through 17, inclusive, the Project Manager shall serve written notice of that fact upon the Participants in the form of the Final Completion Report. This Part III shall terminate _____ days after submission of the Final Completion Report unless a Participant objects in writing within such period by giving written notice to the other Participant and the Project Manager, specifying the items of Construction Work claimed not to be completed.

18.3 If objection is made by either Participant under Section 18.2 hereof, this Part III shall terminate when both Participants agree, or when a binding determination through arbitration or otherwise has been made, that Construction Work has been completed.

Part IV Operating Work

19. Performance of Operating Work. The Operating Work shall be performed as follows:

19.1 _____ shall be the Operating Agent.

19.2 The Participants do hereby appoint the Operating Agent as their agent to undertake the responsibility for the performance of the Operating Work in accordance with this Participation Agreement.

19.3 Subject to this Participation Agreement, the Operating Agent shall:

19.3.1 Perform the Operating Work in accordance with generally accepted practices in the sewage disposal and treatment industry as such practices may be affected by the design and operational characteristics of the Treatment Facility, the rights and obligations of the Participants under the Project Agreements, and any other special circumstances affecting the Operating Work.

19.3.2 Contract for, furnish, and obtain the services and studies necessary for performance of Operating Work.

19.3.3 Execute, enforce, and comply with all contracts entered into the name of the Operating Agent, acting as agent for the Participants in connection with the performance of Operating Work.

19.3.4 Furnish and train the necessary personnel for performance of Operating Work.

19.3.5 Comply with any and all laws and regulations applicable to the performance of the Operating Work.

19.3.6 Purchase and procure, through and from any source it may select, in the name of the Participants with undivided interests in accordance with their Participation Shares, as tenants-in-common, the equipment, apparatus, machinery, tools, materials and supplies and spare parts necessary for the performance of Operating Work.

19.3.7 Expend the Operating Funds in accordance with the Participation Agreement.

19.3.8 Keep and maintain records of monies received and expended, obligations incurred, credits accrued, and contracts entered into in connection with the performance of the Operating Work and make such records available for inspection by the other Participants at reasonable times and places.

19.3.9 Not suffer any liens in connection with Operating Work to remain in effect unsatisfied against the Treatment Facility; provided that the Operating Agent shall not be required to pay or discharge any such lien as long as the Operating Agent in good faith shall be contesting the same or the lawfulness or validity thereof, which contest shall operate during the pendency thereof to prevent the collection or enforcement of such lien so contested.

19.3.10 Provide the Coordinating Committee with all written statistical and administrative reports, written budgets, accounting records and information, and other records pertaining to Operating Work which may be necessary for such committees to perform their responsibilities hereunder.

19.3.11 Keep the other Participant fully and promptly advised of major changes in conditions or other major developments which affect the performance of Operating Work, and furnish such Participant with copies of any notices given or received pursuant to the Project Agreements.

19.3.12 Arrange for the placement and maintenance of the Operating Insurance as provided in Section _____ hereof.

19.3.13 Present claims to any insurer for losses and damages covered by valid and collectible Operating Insurance procured by the Operating Agent and by either Participant directly from the insurer. Investigate, adjust, settle, decline and defend claims against the Participants arising out of the performance of the Operating Work when said claims are not covered by valid and collectible

Operating Insurance; provided that, prior to disposing of any claim or combination of claims arising out of the same occurrence which exceeds \$ _____, and with respect to which the Operating Agent is not required to indemnify the other Participant pursuant to Section 19.5 hereof, the Operating Agent shall first obtain the written agreement of the other Participant.

19.3.14 Assist, as requested, the other Participant and its insurer in the investigation, adjustment, and settlement of any loss or claim arising out of Operating Work for which payment may be made on account of valid and collectible Operating Insurance; provided, that a Participant procuring any policy or policies of Operating Insurance in accordance with Section _____ hereof shall have the authority to present, investigate, adjust, settle, decline and defend claims or potential claims covered by said policies in favor of the Participants and against any one or more of said insurers.

19.3.15 Determine available operating capacity.

19.3.16 Upon the request of the other Participant, provide such Participant a copy of any report, record, list, budget, manual, accounting or billing summary, classification of accounts or other documents or revisions of any of the aforesaid items, all as prepared in accordance with this Participation Agreement.

19.3.17 Administer and enforce any Project Agreements with third parties relating to the Operating Work.

19.3.18 Keep the other Participant fully and promptly informed of any known default of the Project Agreements.

19.3.19 Periodically test or arrange for testing of all meters and devices used to measure flow through the Treatment Facility. The other Participant may ask for a test of such meters or devices, and it will be the duty of the Operating Agent to inform such Participant in advance so it may have a representative present at such test. Any such test shall be held at a reasonable time, and each Participant shall bear and pay its own costs therefor.

19.3.20 Maintain plant charts and operating records as may be required for reporting to any regulatory agencies having jurisdiction.

19.3.21 Establish, periodically review and from time to time, revise and submit to the Engineering and Operating Committee for review and approval the following information:

a. Safety procedures for the protection of personnel, for removing equipment and systems, including clearance procedures for removing equipment from service for inspection, test and maintenance.

b. A book of "Plant Operational Orders" listing all permanent or semipermanent instructions to operating personnel.

c. A book of "Equipment Operating Instructions" outlining standard procedures for equipment and systems startup, operation and shutdown.

d. A book of "Preventative Maintenance Instructions and Schedules" outlining standard procedures, schedules and testing for the performing mechanical, electrical and instrument maintenance.

19.4 The other Participant shall lend and be properly reimbursed for all necessary and available assistance as may be requested by the Operating Agent in the performance of the Operating Work.

19.5 The Operating Agent shall indemnify and hold the other Participant harmless against any penalties, fines, liabilities or other claims arising from the operation and maintenance of the Treatment Facility by the Operating Agent.

19.6 The Operating Agent shall operate the Treatment Facility so as to provide to _____ return flow credits equal to 100% of _____ influent to the Treatment Facility, less plant evaporation.

19.7 The non-Operating Agent Participant shall have the right at any time, and from time to time, to physically inspect the Treatment Facility, to conduct tests, and to perform such other inspection functions as it may determine.

20. Entitlement to Waste Treatment and Facility Expansion.

20.1 The Operating Agent shall keep the other Participant advised of the Available Operating Capacity.

20.2 After the Date of Operation, each Participant shall be entitled to schedule wastewater treatment of influent from their respective metropolitan districts in accordance with and up to the maximum capacity of the Treatment Facility reserved and paid for by such Participant.

20.3 At any time after the Date of Operation, either Participant shall have the right to acquire firm entitlement in the treatment capacity of the Treatment Facility in excess of its Participation Share, provided that such entitlement will not materially interfere with the right of the other Participant to

utilize such Participant's then unused reserve treatment capacity in the Treatment Facility, and upon commencing payment of an adjusted share of operating costs based on such Participant's actual usage of Treatment Facility capacity. The Participations Shares of the parties hereto shall then be adjusted accordingly. Further, the Participant utilizing such portion of the other Participant's reserve capacity shall compensate the other Participant a proportionate share of the Construction Costs thereof, based on the Final Completion Report of the Project Manager.

20.4 At such time as the Treatment Facility is utilized to 80% of its maximum capacity, the parties shall undertake the design of additional Treatment Facility capacity, to be based on existing and future anticipated usage and needs. The Participants shall pay for such design costs on a fair and equitable basis in accordance with their existing Participation Shares and their anticipated usage of the planned expansion.

20.5 At such time as the Treatment Facility is utilized to 95% of its then designed capacity, the parties shall undertake construction of the designed expansion, and shall diligently complete the same so as to bring such expansion on-line to properly meet the demands on the Treatment Facility. The Construction Costs of such expansion shall be paid for by the Participants on a fair and equitable basis in accordance with their respective Participation Shares and their anticipated need for such additional capacity, and shall be advanced, used and accounted for in accordance with the provisions of Part III hereof. The Coordinating Committee shall let the construction contract for competitive bidding and shall select a Project Manager to manage the Construction Work. Conduct of the Construction Work shall be in accordance with the provisions of the Project Agreements.

21. Operating Emergency.

21.1 In the event of an Operating Emergency, the Operating Agent shall take any and all steps reasonably necessary and required to terminate the Operating Emergency, subject to the provisions of this Section 21.

21.2 As soon as practicable after the commencement of an Operating Emergency, the Operating Agent shall advise the Participants of the occurrence thereof, its nature and the steps taken or to be taken to terminate the same, including a preliminary estimate of the expenditures required to terminate the same.

21.3 A meeting of the Coordinating Committee shall be held forthwith, at which the Operating Agent shall provide information regarding the estimated date when the Operating Emergency can be terminated, the persons or entities the Operating Agent proposes would perform the work and furnish the materials necessary to terminate the emergency, the costs proposed to be capitalized, facilities to be retired, the salvage

to be realized, the costs proposed to be charged as maintenance expense, and any other information which may be necessary and required by the Coordinating Committee to determine the manner in which the emergency can be terminated.

21.4 The Coordinating Committee shall review and approve the items set forth in Section 23.3 hereof or shall agree upon an alternative thereto.

21.5 The costs incurred and amounts expended and charged to maintenance expense by the Operating Agent for repair, restoration or reconstruction of the Treatment Facility shall be allocated between the Participants in proportion to their respective Participation Shares. Further, such costs which are capitalized shall be allocated between the Participants in proportion to their respective Participation Shares.

21.6 Following the termination of an Operating Emergency, the Operating Agent shall submit to the Participants a report containing a summary of the costs incurred and expenditures made in connection with the repair, restoration or reconstruction and such other information as may be required by the Coordinating Committee.

22. Operation and Maintenance Expenses.

22.1 Except as otherwise provided in this Agreement or as otherwise agreed by the Participants, the expenses of Operating Work shall be allocated to the Participants in accordance with their Participation Shares.

22.1 As soon as practicable after the end of each calendar year, the Operating Agent shall submit to the Coordinating Committee for review a detailed summary of the operation and maintenance expenses for the Treatment Facility for the calendar year. To the extent that such expenses are more or less than those already paid by the Participants during said year, the Operating Agent shall bill or credit the Participants for the amount of such difference.

23. Advancement of Operating Funds.

23.1 Not less than thirty (30) days before incurring any operating cost on behalf of the Participants pursuant to this Participation Agreement, the Operating Agent shall establish the Operating Account.

23.2 All Operating Funds required to be advanced or paid by the Participants in accordance with this Participation Agreement shall be made payable to the Operating Account. All Operating Funds shall be deposited in the Operating Account, and the Operating Agent shall, unless otherwise agreed to by all Participants, make disbursements from the Operating Account only

for expenditures or obligations incurred by it in the performance of the Operating Work.

23.3 Prior to establishment of the Operating Account, the Coordinating Committee shall establish a minimum amount for the Operating Account so that the Operating AGent will have Operating Funds to pay for expenditures or obligations incurred by the Operating Agent pursuant to this Participation Agreement. Such sum shall be payable by the Participants in accordance with their respective Participation Shares within fifteen (15) days following notification of the minimum amount or any revision thereof.

23.4 At such time as either Participant is or becomes self-supporting, such Participant shall advance Operating Funds to the Operating Account on the basis of monthly bills received from the Operating Agent which reflect such Participant's share of costs and expenses determined in accordance with this Participation Agreement, including those anticipated expenses to be billed on an estimated basis, together with appropriate adjustments for prior months' estimated expenditures. Until a Participant becomes self supporting, such Participant shall advance Operating Funds as above provided if permitted by its lender or developer, and is not so permitted, the Participant shall make payments on the basis of draw requests submitted by the Operating Agent on or before the 25th day of each month, to be paid no later than the 15th of the following month.

23.5 Within forty-five (45) days following the end of each calendar year the Operating Agent shall submit to the Participants a final audited accounting for the previous calendar year showing all amounts deposited into the Operating Account and the apportionment of expenditures between the Participants. Adjustments shall be made between the Participants, if necessary, so that all costs incurred in the performance of the Operating Work shall have been shared by each Participant in accordance with this Participation Agreement. In addition, within twenty days following each calendar quarter, the Operating AGent shall submit to the Participants an unaudited quarterly accounting showing similar information.

23.6 If a Participant shall dispute any portion of any amount specified in a request for Operating Funds, dispute shall be resolved by the Coordinating Committee. If not so resolved, the disputant shall nevertheless make the total payment specified in the Request for Funds under Section 30.4 hereof.

24. Annual Budgets.

24.1 Not less than ninety (90) days before the Date of Operation and by September 1st of the year preceding each calendar year thereafter, the Operating Agent shall prepare and submit to the Coordinating Committee for its review and approval a proposed annual budget capital expenditures budget, annual manpower

budget, and annual operating and maintenance budget for Operating Work for the initial year of operation and for each such calendar year thereafter.

24.2 The Coordinating Committee shall review and approve, or make modifications and amendments to, such annual budgets no later than the Date of Operation (with respect to the initial such budgets) and the beginning of the calendar year for which such budgets are prepared.

24.3 The Coordinating Committee may at any time during the year approve revisions to the annual budgets above described.

Part V
Miscellaneous Provisions

25. Environmental Protection.

25.1 The Participants shall design and construct the Treatment Facility in conformance with the environmental criteria for wastewater and sewage treatment facilities published by those governmental authorities having jurisdiction over the Treatment Facility.

25.2 The Operating Agent shall operate the Treatment Facility, and the related waste material control, sewage control and disposal facilities as are necessary to comply with all applicable federal, state and local laws, orders and regulations.

25.3 The Participants and the Project Manager shall take appropriate measures to minimize the effect of the Treatment Facility on the environment and shall recognize and consider the ecology of the area in the design of the Treatment Facility. In developing plans for appurtenant buildings and facilities, due consideration shall be given to minimizing adverse effects to the terrain on which they are located and to the surrounding area.

26. Taxes

26.1 The Participants shall use their best efforts to have any taxing authority imposing any taxes or assessments on the Treatment Facility, assess and levy such taxes or assessments directly against each Participant on the basis of its Participation Share.

26.2 If any taxes or assessments are levied or assessed in a manner other than as specified in Section 26.1 hereof, it shall be the responsibility of the Coordinating Committee to establish equitable practices and procedures for the apportionment of such taxes and assessments between the Participants.

28. Insurance.

28.1 Unless otherwise specified by the Coordinating Committee, during the performance of the Construction Work the Project manager shall see that there is procured and maintained in force, policies of Construction Insurance of the following types:

28.1.1 Comprehensive bodily injury, personal injury and property damage liability insurance. Contractors and materialmen may be required by the Project Manager or Operating Agent to furnish certificates of insurance covering the items under this Section.

28.1.2 All risk builder's risk insurance covering the Treatment Facility and Construction Work.

28.1.3 Contractor's equipment all risk floater insurance covering owned, hired or furnished equipment used by any contractor in connection with performance of the Construction Work.

28.1.4 Workmen's compensation and employer's liability insurance, covering employees of the Project Manager and contractors and their employees engaged in the performance of the Construction Work.

28.2 Prior to the Date of Operation the Operating Agent shall procure and maintain in force, or cause to be procured and maintained in force, policies of Operating Insurance of such types and in such amounts as may be specified by the Coordinating Committee, which by their terms shall become effective as of the Date of Operation.

28.3 Any deductible shall be apportioned between the Participants on the basis of the Participation Shares.

28.4 The costs and expenses of Construction Insurance and Operating Insurance shall be allocated between the Participants in proportion to their Participation Shares.

29. Liability.

29.1 Each Participant shall be liable for the consequences of its own willful or negligent action and shall indemnify and hold harmless the other Participant from the consequences thereof.

29.2 Either Participant whose customer shall make a claim or bring an action against the other Participant for any death, injury, loss or damage arising out of sewer service or sewer treatment service (or lack thereof) to such customer shall indemnify and hold harmless the other Participant, its directors,

officers, and employees, from and against any liability for such death, injury, loss or damage.

29.3 The provisions of this Section shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid Construction Insurance or Operating Insurance policies.

30. Defaults and Covenants Regarding other Agreements.

30.1 Each Participant hereby agrees that it shall pay all monies and carry out all other duties and obligations agreed to be paid and/or performed by it pursuant to all of the terms and conditions set forth and contained in the Project Agreements, and a default by any Participant in the covenants and obligations to be kept by it and performed pursuant to the terms and conditions set forth and contained in any of the Project Agreement shall be an act of default under this Participation Agreement.

30.2 In the event of an alleged default by a Participant, the non-defaulting Participant may remedy such default either by advancing the necessary funds and/or commencing to render the necessary performance.

30.3 In the event of an alleged default by a Participant and the giving of notice as herein provided, the defaulting Participant shall take all steps necessary to cure such default as promptly and completely as possible and shall pay promptly upon demand to the non-defaulting Participant and the total amount of money and/or the reasonable equivalent in money or non-monetary performance, if any, paid and/or made by such non-defaulting Participant, together with interest on such amount at the rate of 12% per annum, from the date of expenditure of such money and/or date of completion of such non-monetary performance by the non-defaulting Participant to the date of such reimbursement, or such greater amount as may be otherwise specified in the Project Agreements.

30.4 Except as otherwise provided in this Participation Agreement, in the event a Participant shall dispute an asserted default by it, such Participant shall nevertheless pay the disputed amount or perform the disputed obligation, but may do so under protest. The protest shall be in writing and shall accompany the disputed payment or precede the performance of the disputed obligation, and shall specify the reasons upon which the protest is based. In the event it is determined that a protesting Participant is entitled to a refund of all or any portion of a disputed payment or payments or is entitled to the reasonable equivalent in money of non-monetary performance of a disputed obligations theretofore made, then, upon such determinations, the nonprotesting Participant shall promptly pay such amount to the protesting Participant, together with interest thereon at the

rate of 12% per annum from the date of payment or performance of a disputed obligation to the date of reimbursement.

30.5 In the event a default by either Participant in the payment or performance of any obligation under the Project Agreements shall continue for a period of two (2) months or more after notice thereof (except for failure to make required payments, with respect to which no notice shall be required), without having been cured by the defaulting Participant or without such Participant having commenced or continued action in good faith to cure such default, or in the event default continues for two (2) months following final determination of the question of whether an act of default has occurred, without the defaulting Participant having cured such default or commenced action within such two (2) month period and continued the same in good faith to cure such default, then at any time thereafter the non-defaulting Participant may, by written notice to all customers of the defaulting Participant, claim a lien upon all real property served by the metropolitan district of the defaulting Participant for the amount of the default, together with accrued and accruing interest at the rate of 12% per annum and the reasonable costs and expenses of foreclosure of said liens, including reasonable attorney's fees, which liens may be foreclosed upon in the manner provided by law. The amount of the default shall be apportioned among the average billing for the preceding twelve (12) month period bears to the total billings to customers in such service district for the same period of time. Written notice hereof shall be placed of record in the Office of the County Clerk and Recorder of El Paso County, Colorado, as record notice to the customers of each service district.

30.6 The rights and remedies of the Participants set forth in this Participation Agreement shall be in addition to the rights and remedies of the Participants set forth in any other of the Project Agreements.

31. Dispute Resolution.

31.1 If a dispute between the Participants should arise under any of the Project Agreements, either Participant may call for submission of the dispute to arbitration, which call shall be binding unless objected to in writing by the other Participant. Acceptance of the other Participant of such call for arbitration shall be presumed unless written notice of denial thereof is given within fifteen (15) days after receipt of notice of such call.

31.1.1 Except as otherwise herein provided, any such arbitration proceedings shall be conducted and governed in accordance with the rules of the American Arbitration Association from time to time in force, except that if such rules and practice should conflict with Colorado law then in force, such law shall govern.

31.1.2 Each Participant shall designate one arbitrator. The arbitrators shall meet promptly following their selection and shall select one additional arbitrator. If the arbitrators selected by the Participants cannot, within twenty (20) days following their selection, select such additional arbitrator, then they shall request from the American Arbitration Association a list of arbitrators who are qualified to serve as hereinafter provided. The arbitrators selected by the Participants shall take turns striking (with the Participant calling for arbitration to strike first) names from the list, and the last name remaining on said list shall be the additional arbitrator.

31.1.3 All arbitrators shall be persons skilled and experienced in the field which gives rise to the dispute, and no person shall be eligible for appointment as an arbitrator who is or was an officer or employee of any of the parties to the dispute or the Project Manager or the Operating Agent or is otherwise interested in the matter to be arbitrated.

31.1.4 Any arbitration award shall be in accordance with applicable law and shall contain findings relative to the materiality of the default, and the period of time within which the defaulting party must remedy the default or commence remedial action.

31.1.5 The award and findings of a majority of the arbitrators shall be final and binding upon the Participants to the extent permitted by applicable law.

31.1.6 The fees and expenses of the arbitrators shall be shared by the Participants equally, unless the decision of the arbitrators shall specify some other apportionment of such fees and expenses. All other expenses and costs of the arbitration shall be borne by the Participant incurring the same.

31.2 In the event either Participant shall elect not to make a call for arbitration or in the event such call for arbitration is rejected by the other Participant, such Participant shall be entitled to seek legal and/or equitable remedies in the District Court of El Paso County, Colorado. The successful party in any such litigation shall be awarded as damages, in addition to any other relief to which it may be entitled, its reasonable legal fees and expenses incurred in prosecuting or defending such action.

32. Actions Pending Resolution of Disputes.

32.1 If a dispute should arise which is not resolved by the Coordinating Committee, then pending resolution thereof by arbitration or judicial proceedings, the Project Manager or

Operating Agent shall proceed with the Construction Work and/or Operating Work in a manner consistent with the Project Agreements and generally accepted practice in the sewage disposal industry, and the Participants shall advance or pay on draw requests the funds required to perform such Construction Work and/or Operating Work in accordance with the applicable provisions of the Project Agreements.

33. Removal of Operating Agent.

33.1 The Operating Agent shall serve as such during the term of and pursuant to the provisions of this Participation Agreement or until either one resigns by giving written notice to the Participants at least _____ in advance of the date of resignation, or until receipt by either one of notice of its removal following a determination that it is in default of this Participation Agreement.

33.2 In the event a Participant shall be of the opinion that an action taken or failed to be taken by the Operating Agent constitutes a violation of this Participation Agreement, it may give written notice thereof to the Operating Agent, together with a statement of the reasons for its opinion. Thereupon, the Operating Agent may prepare a rebutting statement of the reasons justifying its action or failure to act. The matter shall then be submitted to the Coordinating Committee. In the event that agreement on the matter is not reached, the matter shall be decided as provided in Section 31 hereof. During the continuance of such proceedings, the Operating Agent may continue such action taken or failed to be taken in the manner it deems most advisable and consistent with this Participation Agreement.

33.3 In the event the Operating Agent has either failed to correct or commence action to correct the violation within two (2) months following the determination of existence of a violation, it shall be deemed to be in default under this Participation Agreement shall be subject to removal upon receipt of written notice to that effect from the other Participant.

33.4 The provisions of this Section 33 shall not apply to disputes as to whether or not an action or nonaction of the Operating Agent, in its capacity as such, is a violation or a default under this Participation Agreement as a Participant hereunder.

33.5 Upon the effective date of resignation or removal as provided in this Section 33, the Operating Agent shall vacate said position. The other Participant shall have the right to be designated for the vacancy as new Operating Agent. In the event the other Participant elects not to take such position, it shall be filled by an independent Operating Agent to be mutually agreed upon by the Participants, or selected in accordance with Section 31 hereof dealing with resolution of disputes. Acceptance by the new Operating Agent of its appointment as such shall

constitute its agreement to perform the obligations of said position pursuant to this Participation Agreement.

34. Uncontrollable Forces.

34.1 No Participant shall be considered to be in default in the performance of any of its obligations under the Project Agreements (other than obligations to pay costs and expenses) when a failure of performance is caused to uncontrollable forces. As a failure of performance is caused to uncontrollable forces. As used herein, the term "uncontrollable forces" shall be any cause beyond the control of the Participant affected, including but not restricted to failure or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or nonaction by or failure to obtain the necessary authorizations or approvals or approvals from any governmental agency or authority, which by exercise of due diligence such Participant could not reasonable have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Either Participant rendered unable to fulfill any of its obligations under the Project Agreements by reason of an uncontrollable force shall give prompt notice of such fact to the other Participant and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Governing Law.

35.1 This Participation Agreement shall be governed by the laws of the State of Colorado.

36. Binding Obligations.

36.1 All of the obligations set forth in the Project Agreements shall bind the Participants and their successors, assigns, and such obligations shall run with the Participants' rights, titles and interests in the Treatment Facility and with all of the interests of the Participants in the Project Agreements; provided that any mortgagee, trustee or secured party shall not be obligated for obligations arising prior to taking of possession other than obligations to the Participants under this Participation Agreement.

37. Term and Rights of Participants Upon Termination.

37.1 This Participation Agreement shall continue in force and effect from the date hereof until _____, and shall continue in force and effect for year to year thereafter unless otherwise agreed. Except as otherwise provided herein, the parties intend that this Agreement shall be perpetual in nature and the parties hereto mutually and forever waive any and all arguments or defense to the effect that this Agreement

violates the Rule Against Perpetuities or any similar rule or principal of law.

37.2 Upon termination of this Participation Agreement the facilities comprising the Treatment Facility shall be disposed of in a manner to be mutually agreed upon by the Participants.

38. Notices.

38.1 Except as set forth in Section 38.2 hereof, any notice, demand or request provided for in the Project Agreements shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by certified mail, postage prepaid, to the persons specified below:

WOODMEN HILLS METROPOLITAN DISTRICT

c/o _____

PAINTERUSH HILLS METROPOLITAN DISTRICT

c/o _____

38.2 Informal communications of a routine nature involving committee matters, shall be given in such manner as the committee shall arrange.

38.3 Either Participant may, at any time, by notice to the other Participant, designate different or additional persons or different addresses for the giving of notices hereunder.

39. Miscellaneous Provisions.

39.1 Each Participant agrees, upon request by the other Participant, to make, execute and deliver any and all documents reasonably required to implement the Project Agreements.

39.2 The captions and headings appearing in the Project Agreements are inserted merely to facilitate reference and shall have no bearing upon the interpretation thereof.

39.3 Each term, covenant and condition of the Project Agreements is deemed to be an independent term, covenant and condition, and the obligation of any Participant to perform all

of the terms, covenants and conditions to be kept and performed by it is not dependent on the performance by the other Participant of any or all of the terms, covenants and conditions to be kept and performed by it.

39.4 In the event that any of the terms, covenants or conditions or any of the Project Agreements, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction in the premises, the remainder of such Project Agreement, and the application of its terms, covenants or conditions to such persons or circumstances shall not be affected thereby.

39.5 The Project Agreements shall be subject to filing with, and to such changes or modifications as may from time to time be directed by competent regulatory authority, if any, in the exercise of its jurisdiction.

39.6 Any waiver at any time by either Participant of its rights with respect to a default or any other matter arising in connection with the Participation Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

IN WITNESS WHEREOF, the parties have caused this Participation Agreement to be executed and delivered as of _____, 1985.

WOODLAND HILLS METROPOLITAN DISTRICT

By: _____

ATTEST:

By: _____
Secretary

PAINTBRUSH HILLS METROPOLITAN DISTRICT

By: _____

ATTESTS:

By: _____
Secretary