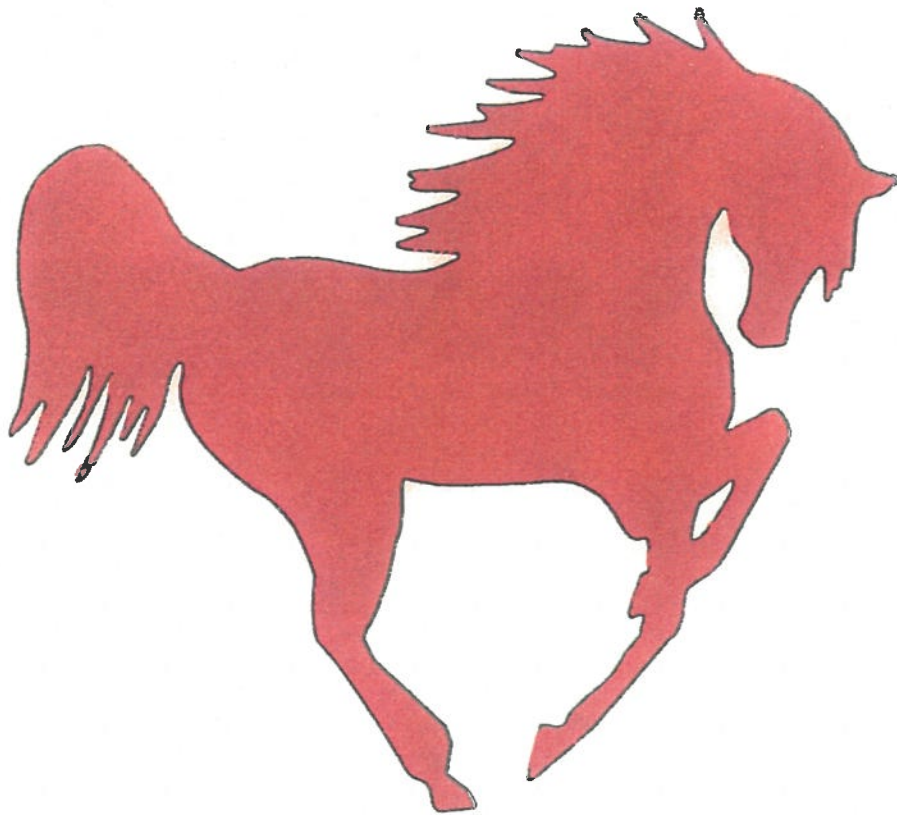


ARABIAN ACRES METROPOLITAN DISTRICT SERVICE PLAN



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ARABIAN ACRES METROPOLITAN DISTRICT

SERVICE PLAN

I. INTRODUCTION

The name of the proposed district is ARABIAN ACRES METROPOLITAN DISTRICT (the "District"). The District is located entirely within unincorporated Teller County (the "County"). This Service Plan ("Service Plan"), is submitted in accordance with Part 2 of § 32-1-201, et seq., C.R.S. (the "Act"). The Service Plan has been prepared by Arabian Acres Water Company, LLC, as the District Organizer (the "Company" or "Organizer"), and the following consultants:

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II. PURPOSE OF THE DISTRICT

A. Purpose and Intent.

Arabian Acres Water Company, LLC (hereinafter "AAWC" or the "Company") provides potable water service to approximately 125 lots in the Arabian Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4 and parts of Filing No. 2 and a few large acreage lots adjacent to the subdivision. It also provides commercial taps to Trout Haven Resort and Camp Iana. The water system was constructed between 1972 and 1979, with significant expansions and upgrades completed in 1994.

The Rupp family is the sole owner of AAWC through the Rupp Family Partnership RLLLP. The Rupp family does not wish to continue in the water service business. In order to assure continued service to its customers, AAWC wishes to convey all of its interest in the water supply and water system to the District.

The Company conducted several public meetings with area residents, County staff and elected officials regarding the formation of a water district. Community feedback supported the formation of a metropolitan district with authority to provide additional services and facilities as needed or desired by the community.

B. Need for District.

Due to the age and health of members of the Rupp family, the Rupp Family Partnership is

no longer in a position to continue operating AAWC. The Partnership has no plans for continued expansion or improvements to the facilities and is solely focusing on divesting itself of AAWC in the near future. The Partnership's options for divesting AAWC include: (1) organizing a special district to purchase the existing system and take over service in perpetuity; (2) selling the system to a private entity; (3) abandoning the system; or (4) including into a water district or public entity.

The main advantage to forming a metropolitan district is local control. The district would own the system and water rights in perpetuity, and the board of directors would be elected from residents and property owners of the District. Another advantage to the formation of a metropolitan district is flexibility. At a later date, the District Board may decide to activate the District's park and recreation or street powers to identify and fund construction or acquisition of additional improvements within or without the District's boundaries.

The other options are not appealing to the Rupp family or area residents and property owners because there is no guarantee of continued service or local control over rates and level of service. Discussions were had with other special districts. However, these entities do not appear willing to incorporate the system into their own, but are interested in gaining access to the existing water supply.

The District's immediate purpose is to acquire the Company's water system for the use and benefit of the District's residents, taxpayers and the owners of real property within the existing service area, as shown on Exhibit C. The District will provide for the purchase, operation, maintenance and extension of the system within and without its boundaries, as needed, to assure local control and the continuation of water service to the residents and owners of real property within its service area. Property owners using existing private wells will not be required to obtain

service from the District, nor will they be denied obtaining a tap at a later date.

The District will also offer mosquito control within its boundaries. The District anticipates contracting out for this service, as needs are identified by the Board of Directors. The cost of surface treatment for larvae and mosquito control is insignificant. The District Board may provide additional services or facilities to the community in the future. The exercise of additional powers authorized by this Service Plan shall be considered a material modification of the Service Plan and must be approved by the Board of County Commissioners with specific design, construction and financial plans, before implementation.

C. General Powers.

The District shall have the authority and powers proscribed for a Metropolitan District under § 32-1-201, et. seq., C.R.S. to be exercised as delegated herein.

1. Authorized and Approved Powers.

The District is authorized to provide the following services:

a. Water. The design, acquisition, installation, construction relocation, operation and maintenance, within or without the boundaries of the District, of a complete water and irrigation system, including water rights, water supply, ownership of properties and facilities, including storage facilities, transmission and distribution lines, pumping stations, wells, reservoirs, retention ponds, detention ponds, lakes, treatment works, fire hydrants, meters, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Mosquito Control. The design, acquisition, installation, construction,

relocation, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

2. Powers Requiring Additional Review.

Activation or exercise of the following powers is a material modification of this Service Plan. The powers may be activated only by request of the District Board and review and approval of development, construction and financing plans by the Teller County Board of County Commissioners.

a. Streets. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of roadway improvements through the construction and installation of curbs, gutters, culverts, storm sewers and installation or relocation of other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, snow removal, utility relocation necessitated by public rights-of-way, monumentation, signage, utility lines, and other street improvements, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Traffic and Safety Controls. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the District's boundaries, of a system of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways and at railroad crossings, including traffic signals and signage, environmental monitoring, traffic-related computer systems, as well as other facilities and improvements including without limitation signalization at intersections, traffic

signs, area identification signs, directional assistance, and driver information signs, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

c. Sanitation. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of storm or sanitary sewer system improvements, including storage facilities, collection and transmission lines, pumping stations, retention and settling ponds or basins, sludge drying beds, composting facilities, treatment works, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

d. Parks and Recreation. The design, acquisition, installation, construction, relocation, operation and maintenance of park and recreation facilities or programs including, without limitation, open space, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public plazas and courtyards, ponds or other water features, signage, public foundations and sculpture, art, botanic gardens, equestrian trails and centers, swimming pools and spas, tennis courts, golf courses, exercise facilities, picnic areas, playground areas, park shelters, community events, common area landscaping and weed control, outdoor lighting of all types, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

e. Transportation. The design, acquisition, installation, construction, relocation, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, shuttle facilities, parking structures, signage, roofs, covers, bicycle racks, other transportation-related facilities, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities or systems.

f. Telecommunication Systems and Services. The design, acquisition, installation, construction, relocation, operation and maintenance of television relay and translator facilities, including without limitation, digital, satellite and cable television, communication systems and other technologies, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

D. Miscellaneous Powers.

The District shall have the following miscellaneous powers with respect to activities conducted pursuant to this Service Plan.

1. Legal Powers. The powers of the District will be exercised by its Board of Directors to the extent necessary to provide the services contemplated in this Service Plan. The facilities, improvements, programs and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act (§ 32-1-101, et seq., C.R.S.), Teller County Regulations, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to

time.

2. Other. In addition to the powers enumerated above, the Board of Directors of the District shall also have authority:

a. To amend this Service Plan for material modifications, as provided in Section IX, by following the procedures set forth in § 32-1-207(2), C.R.S., including written notice to Teller County of actions which the District believes are permitted but which may be unclear or by other means provided by the County or Colorado Statutes; and

b. To furnish contractual service to lots within the Arabian Acres and Trout Haven Subdivisions, if any, which may, by present exclusion from the District by the Board of County Commissioners, be outside District Boundaries, and establish responsible fees for them. The provision of such service by contract to these properties shall not be considered a material modification of the Service Plan requiring approval of the Board of County Commissioners.

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

d. To provide all additional services and exercise all powers expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise, or in its discretion, choose to provide or exercise; and

e. To exercise all necessary and implied powers under The Special District Act in the reasonable discretion of the Board of Directors of the District, subject to and

in accordance with the powers described herein.

III. BOUNDARIES, POPULATION & VALUATION

The service area of the District consists of approximately 750 acres located in all of Section 16, and parts of Sections 9, 17, 20 and 21, Township 13 South, Range 70 West of the Sixth Principal Meridian, in unincorporated Teller County. It is generally bounded by the west section line of Section 16, the south section line of Section 16, portions of Section 9 to the north, and the east section line of Section 16. The proposed District boundaries are based upon the Decreed Service area contained in the Decree issued in Water Court Case No. 94CW281, attached hereto as Exhibit F.

The legal description of the District is attached as Exhibit A, a map identifying the general vicinity of the District is attached as Exhibit B, and a detailed boundary map of the District is attached as Exhibit C.

The majority of the District consists of rural residential lots contained in the Arabian Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4, part of Filing No. 2, and a few large acre residential lots adjacent to the Arabian Acres Subdivision. The Arabian Acres Subdivision is at approximately forty percent of full build-out. Trout Haven Estates Filing Nos. 1, 3, 4, and part of Filing No. 2 are at approximately fifty-one percent of full build-out. The District anticipates serving a total population of 750 residents, or 340 properties at full build-out.

The District also contains two commercial properties, the Trout Haven Resort and Camp Iana. The Trout Haven Resort is a private fishing club. The Trout Haven "Lost Dutchman Pavilion" is an events center, catering primarily to functions such as weddings, business events

and community groups. Camp Iana is a church camp, consisting of approximately twenty-two acres for the main complex. It is affiliated with numerous churches in the immediate area. Numerous retreats, workshops and youth programs are offered throughout the year.

The valuation for assessment of the District for 2002 is \$2,968,718. The valuation for assessment for the District at full build-out is expected to be \$6,566,993 in 2017. For purposes of the Financing Plan, the valuation for assessment is presumed to be \$3,057,779 by the end of 2003.

IV. DESCRIPTION OF PROPOSED FACILITIES

A. Improvements.

The District will acquire, operate, maintain and expand, as necessary, the water system and provide for mosquito control within its boundaries. The improvements and assets to be acquired by the District consist of eight wells, two treatment facilities, one storage tank, mains, real property holdings, two reservoirs, water rights and easements. The appraised value of the water system is approximately \$1,100,000. A recent appraisal is attached as Exhibit D.

Maps depicting the location of the water system improvements are attached as Exhibit E. The District will be authorized to acquire, construct or replace any improvements necessary to provide water service, subject to County regulations.

The District will fully cooperate with the right of all currently unbuilt lot property owners within the District to apply for, and receive, a well permit from the Office of the State Engineer-Division of Water Resources provided that District service to the lot, at the time of construction, neither exists nor is expected to exist within a reasonable period of time, which is to say by the time

a Certificate of Occupancy is anticipated to be issued by Teller County.

All Agreements or other documents of public record as of August 13, 2002 between members of the Rupp Family, jointly or severally d/b/a Arabian Acres Water Company, LLC, and any individual property owner or owners within the Arabian Acres Subdivision or Trout Haven Subdivision, their heirs or assigns, regarding the ability to drill or replace a well, the prepayment of the fees, the ability to request and receive future water service, easements, or any other matter, shall remain in full force and effect as recorded, and are binding on the District. Copies of such Agreements are attached as Exhibit N.

B. Existing Conditions.

The original water system was built to service the Arabian Acres Subdivision. Trout Haven Estates Filing Nos. 1, 3, 4, part of Filing No. 2, a few large acre lots adjacent to the Arabian Acres Subdivision, and commercial taps to the Trout Haven Resort and Camp Iana have been added to the system. The system relies on well rights for its water supply and currently serves approximately 125 customers.

Arabian Acres Subdivision (the "Subdivision") was platted in the 1960s and contains 229 lots. When platted, it was assumed that each lot would contain one single-family home. The Water Court Decree in Case No. 94CW281, attached as Exhibit F (the "Decree"), reflects that assumption. There is a growing trend within the Subdivision, however, to construct single-family homes on multiple lot sites. Current estimates project the Subdivision to contain approximately 190 single-family homes at full build-out.

Trout Haven Estates was platted in the early 1960s as well. These filings contained 169 original lots. As with Arabian Acres, it was assumed that the lots in Trout Haven would also

contain one single-family home per lot, however the trend is to construct single-family homes on multiple lot sites. Current estimates project that Trout Haven Estates will contain approximately 141 single-family homes at full build out.

There are several adjacent tract properties that are not platted within either subdivision. These properties are "pre-Senate Bill 35" and are quite problematic for inclusion in any platted subdivision. The District boundaries are based upon AAWC's decreed service area.

All water usage is metered. The Decree anticipated a per capita water usage of 65 gallons per day. A study of water usage between June, 1999 and June, 2001 shows that actual water consumption is 123 gallons per home per day. The Findings of Fact, Conclusions of Law, Judgement and Decree in Water Court Case No. 94CW281 approved an augmentation plan (the "Augmentation Plan") based upon depletions associated with the measured water to customers. See, Exhibit F. The Water System Evaluation and Master Plan for Arabian Acres Water Company dated July, 2002 prepared by JDS-Hydro Consultants, Inc. concludes that the water resources of the Company are sufficient to serve 445 units, well in excess of the 340 units anticipated at final build out of the subdivisions. See, Exhibit M. Therefore, additional customers may be served by the District without exceeding the allowed maximum water usage set forth in the Decree.

The water system is supplied by well water taken from several locations. The water rights supporting the wells are described in detail in the Decree. The rights allow for a total of 6.906 acre-feet of annual consumptive use and development of a total of seventeen wells.

The system currently contains seven active wells. An eighth well has been drilled and the piping has been completed. It is now being analyzed for water quality and quantity. These rights are supported by 220 shares of the Mountain Mutual Reservoir Company. These rights do not

allow irrigation. The Reservoir Company shares will be conveyed to the District as part of the water system.

In addition to the decreed water rights, the Company has raw water storage that may be used to augment flows in an out-of-priority situation for the decreed source. The storage rights were decreed in Case No. 96CW238 and a copy of the Decree is attached as Exhibit G.

C. Anticipated Development.

A major expansion to the water system was completed in 1994. The intent is to maximize the customer base of water users in order to lower the cost of providing service. The District will have the capability to service approximately 340 single-family units, in addition to the commercial taps, based on existing metered usage.

The District does not anticipate making major changes to the system in the near future aside from running additional lines to accommodate new customers and replacing improvements as needed. One of the purposes of organizing a metropolitan district is to provide a mechanism for long range planning and financing.

Once the District is formed, water taps shall, at all times, be reserved and set aside for, and be available to, the owners of all legally subdivided and platted but unbuilt lots in Arabian Acres and Trout Haven and all currently unplatted tract properties within the District boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," until such time as full build-out of these subdivisions and properties occurs.

D. Teller County Construction Standards.

All District improvements will be designed and constructed in accordance with the standards, specifications and requirements of Teller County. The District will obtain approval of

civil engineering plans and permits for construction and installation of improvements from the County.

E. Dedication of Improvements.

The District does not intend to dedicate any public improvements to the County or any other public entity. Teller County shall not be obligated to accept any dedication of proposed lands, facilities, or other improvements within the Service District except as otherwise may be accepted by separate resolution of the Board of County Commissioners.

F. Ownership and Operation of Facilities by the District.

Upon conveyance of the water system, the District shall own, design, construct, operate, maintain and replace all water system improvements, or as otherwise agreed with or required by the County. As a condition of organization, within the first year of operation, the District Board will adopt a long term capital improvements plan ("CIP"). A proposed CIP for review and approval by the Board of Directors is attached as Exhibit M.

Both the Capital Improvements Plan and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. These plans, over time, may be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid.

G. Rules and Regulations.

The District Board will adopt Rules and Regulations governing the operation of the system and ensuring water quality and longevity of the water supply. The Rules and Regulations may be revised from time to time.

H. Compliance with Teller County Master Plan.

Pursuant to § 30-28-106 and § 32-1-203(2.5)(c), C.R.S., the District is in compliance with the County's Growth Management Plan because the District is located within approved existing subdivisions and the District is not creating any new development within the County.

I. Compliance with Teller County Long Range Water Quality Management Plan.

Pursuant to § 32-1-203(2.5)(c), the District is in compliance with the Pikes Peak Area Council of Governments 408 Water Quality Plan. AAWC has been a member of the Colorado Rural Water Association since 1995. It has also been a member of the Teller County Water Quality Association since 1996. AAWC participates in the Colorado SWAP response program and several other programs to identify water resources and the protection of all area water sources. See letter from the Teller County Water Quality Association attached hereto as Exhibit L.

J. Compliance with Teller County Land Use Regulations.

The District is subject to compliance with federal, state and local laws and regulations. In its particulars, the Teller County Land Use Regulation, and any amendments thereto, shall govern and control development within the District.

V. FINANCIAL INFORMATION

A. Overview.

This section describes the nature, basis, method of funding, debt, and mill levy limitations associated with the District's purchase of the water system and operations. A detailed Financing Plan and statement of assumptions are contained in Exhibit H. The Financing Plan assumes the issuance of debt and shows anticipated repayment based on the projected development within the

District boundaries. The Plan assumes the District will incur debt through general obligation bonds. The District does not anticipate borrowing operating funds because service charges from existing customers will generate sufficient operating revenue.

B. Bond Limitations.

The bonds may be issued to the general public or to certain investors of the bonds, but must comply with the applicable limitations found in § 32-1-1101(6)(a)(I), (II), (III), or (IV), or § 32-1-1101(6)(b)), C.R.S., to wit:

(6) (a) The total principal amount of general obligation debt of a special district issued pursuant to subsection (2) of this section, which debt is issued on or after July 1, 1991, shall not at the time of issuance exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the special district, as certified by the assessor, except for debt which is:

(I) Rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations;

(II) Determined by the board of any special district in which infrastructure is in place to be necessary to construct or otherwise provide additional improvements specifically ordered by a Federal or state regulatory agency to bring the district into compliance with applicable Federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes;

(III) Secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:

(A) With a net worth of not less than ten million dollars in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;

(B) With the minimum regulatory capital as defined by the primary regulator of such depository institution to meet such obligation; and

(C) Where the obligation does not exceed ten percent of the total capital and surplus of the depository institution, as those terms are defined by the primary regulator of such depository institution; or

(IV) Issued to financial institutions or institutional investors.

(b) Nothing in this title shall prohibit a special district from issuing general obligation debt or other obligations which are either payable from a limited debt service mill levy, which mill levy shall not exceed fifty mills, or which are refundings or restructurings of outstanding obligations, or which are obligations issued pursuant to part 14 of this article.

C. Debt Authorization.

The Financing Plan anticipates that approximately \$1.3 million will be required to finance capital costs associated with the acquisition of the public improvements (not including the cost recovery and reimbursement for advances and operation costs) and the funding of a capital improvements account. To pay these amounts, finance the costs of issuance, pay cost recovery and reimbursements for advances, as well as other contingencies, the District will seek the authorization of its electors to issue up to \$1.5 million in general obligation indebtedness. Such authorization will be sought pursuant to the terms of the Special District Act and the Colorado Constitution, as they may be amended from time to time.

In the discretion of the Board of Directors, using the procedures and criteria found in Section 20, Article X, of the Colorado Constitution (TABOR) and state law, the District may set up enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status. To the extent allowed by law, any enterprise created by the District will remain under the control of the Board of Directors of the District.

The District has also built in an initial capital improvements fund of \$120,000 into the bond proceeds so that the initial District Board of Directors will have the opportunity and flexibility to make capital improvements. The District Board will consult with the Divide Fire Protection District regarding the fire flow standards to be applied to the design and construction

of improvements and other new construction. Upgrading the system will be an ongoing project.

D. Debt Issuance.

The provision of facilities by the District will be primarily financed by the issuance of general obligation bonds, secured by the *ad valorem* taxing authority of the District. The bonds are anticipated to be issued in 2003. The District will be entitled to modify the proposed structure of its Financing Plan as contemplated in this Service Plan. Subject to the limitations contained herein, the refunding of any debt or other obligations shall not require County approval.

The District may obtain financing to purchase the water system through the issuance of general obligation bonds, payable from the imposition of *ad valorem* property taxes, service charges, tap fees and other sources. The District intends to issue bonds in the amount of One Million Three Hundred Twenty-five Thousand Dollars (\$1,325,000), exclusive of obligations issued to refund or refinance. The District may increase or decrease the amount of bonds to be issued as necessary to accommodate its needs, at the discretion of the Board of Directors and subject to the provisions of this Service Plan. The exact interest rates and discounts will be determined at the time the bonds are sold by the District, taking into account market conditions at the time of sale; however, the proposed maximum voted net effective interest will be 12%. The proposed maximum underwriting discount will be 5%.

Any bonds issued, will not mature more than thirty (30) years from the date of issuance, with the first maturity being not later than three (3) years from the date of their issuance, as required by statute.

Refunding bonds may be issued by the District to defease original issue bonds in compliance with law. The District may also issue notes, certificates, debentures or other

evidences of indebtedness, as permitted by law. The figures contained herein, depicting costs of purchasing the infrastructure and operations, shall not constitute legal limits on the financial powers of the District; provided, however, that the District shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law.

The total appraised value of the water system components is One Million Forty-Five Thousand Four Hundred Eleven Dollars (\$1,045,411). The County is not responsible for assuming any of the costs of the improvements funded by the District. The amount to be voted by the District's taxpaying electors is expected to exceed the amount of bonds anticipated to be sold, as shown in the Financing Plan, to allow for the utilization of alternative financing mechanisms, unforeseen contingencies, increases in costs due to changed market conditions or inflation, expansions of the District's boundaries, and to cover all issuance costs.

E. Operations.

The estimated cost of operating the District for 2003, its initial year of operation, is expected to be approximately Twenty Thousand Dollars (\$20,000) for legal, administrative and financial services, and is expected to be approximately Forty-two Thousand Dollars (\$42,000) for operating expenses. Legal and financial service expenses will decline sharply after the issuance of bonds and acquisition of the system and water rights.

F. Identification of District Revenue

The District will rely on tap fees, service charges and property taxes as sources of revenue. A schedule of the District's anticipated fees, rates and charges is attached as Exhibit I.

1. Tap Fees. Commercial and residential tap fees will be paid by all new

customers prior to activation of service. Fees may be adjusted by the District's Board of Directors from time to time.

2. Service Charges. All service charges will be listed in the District's Rules and Regulations and may be adjusted by the District's Board of Directors from time to time. No property with a well permit issued by the State of Colorado-Division of Water Resources within the District's boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," shall be required to use the services of the District; nor shall any such property owner be required to remit to the District any service charge, fee, rate, penalty, toll, levy or other assessment intended for repayment of District revenue bonds (as opposed to general obligation debt) although same may be made against property owners using District services.

3. Ad Valorem Property Tax Levy. The District will assess a mill levy for the repayment of debt through the bond repayment period. Service charges and tap fees will fund the costs of District administration, operations and maintenance. The District anticipates that the mill levy needed to support the debt is six (6) mills over the life of the bonds. In no event will the District's debt service mill levy exceed twelve (12) mills.

4. Contract Service. The District may provide contract service to properties as described in §II. D. 3. b.

The District Board may utilize any combination revenue sources authorized by law and this Service Plan for debt service, operations and maintenance. This includes the power to assess fees,

rates, tolls, penalties, or charges as provided in § 32-1-1001(1) and § 32-1-1006, C.R.S. Substantial deviations from this section shall be deemed a material modification of the Service Plan.

G. Security for Debt.

The District's debt shall be general obligation indebtedness and/or revenue bonds secured by the District's revenues or *ad valorem* taxing authority. The District shall not pledge any County funds or assets for security for the indebtedness set forth in the Financing Plan of the District. For general obligation bonds, bondholders will be advised that so long as the District is certifying the required mill levy, no other remedy will be available to bondholders to obtain payment. This mechanism will help assure that bonds cannot default as long as the mill levy is being certified and the property owners will pay only the required mill levy.

H. Financing Plan.

The Financing Plan prepared by the District and attached as Exhibit H, contains the following:

- a. The debt anticipated to be issued by the District;
- b. The total amount of debt to be issued during the three (3) year period commencing with the formation of the District;
- c. All proposed sources of revenue and projected District expenses, as well as the assumptions upon which they are based, for at least a ten-year period from the date of organization of the District;
- d. The dollar amount of any anticipated financing, including capitalized interest, costs of issuance, estimated maximum rates and discounts, and any expenses related to the organization and initial operation of the District;

e. A detailed repayment plan covering the life of any financing, including the frequency and amounts expected to be collected from all sources; and

f. The amount of any reserve fund and the expected level of annual debt service coverage that will be maintained for any financing.

Although the Financing Plan demonstrates the payment of the District's debt within a thirty-year period, it projects anticipated operations, maintenance and other costs to be incurred due to the implementation of a CIP, as adopted by the District's Board of Directors during its first year of operation. A preliminary CIP is attached as part of the Master Plan found at Exhibit M. Both the CIP (Exhibit M) and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. They may, over time, be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid.

VI. REGIONAL IMPROVEMENTS

Unless otherwise required by the County, the District will not participate in the funding of any regional public infrastructure improvements, except after an amendment to this Service Plan approved by the County.

VII. ANNUAL REPORTING

The District shall, if requested by the County, submit an annual report, as described in § 32-1-207(3)(c) and (d), C.R.S., to the Teller County Board of County Commissioners. The District will provide annual audits and budgets to the State of Colorado as required by law.

The District will pay a fee of \$500 to the County when reports are submitted for review

and maintenance of the District file. The fee may be adjusted administratively, no more than once per year, based on the maximum local district annual percentage change in spending provided for under Article X, Section 20 of the State Constitution. Fees may be adjusted legislatively as deemed necessary.

VIII. LANDOWNERS PUBLIC IMPROVEMENTS

The creation of the District will not relieve the landowners or developers of the property, their successors or assigns, of any obligation to construct public improvements required by any agreement entered into with the County or other governmental entity.

IX. MODIFICATION OF SERVICE PLAN

The District will obtain approval from the County before making any material modifications to this Service Plan. Material modifications include:

- a. The addition of new types of services.
- b. Change in any service or facilities to be provided.
- c. A decrease in the financial ability of the district to discharge existing or proposed indebtedness.
- d. A decrease in existing or projected need for organized service in the area.
- e. Inclusion of any additional property into the district.
- f. Exclusion of any property from the district.
- g. Change in the maximum mill levy.
- h. Consolidation with any other district.
- i. Except for assumed changes in conversion from constant dollars to current dollars, material changes in cost estimates provided.

- j. Change in the dissolution date.
- k. Change in the revenue source(s) for bonded indebtedness.
- l. Failure to provide annual reports or other information to Teller County as may be required by C.R.S.
- m. Reduction in any bond ratings or the failure of any credit enhancement technique.
- n. Issuance of debt in any amount or type or at any time not authorized by the approved Service Plan.
- o. Default in any of the terms and/or conditions of any Facilities Funding, Construction and Operations Agreement (FFCOA), if any, or any proposed or actual termination thereof, or any material alteration thereof.
- p. Other such changes that may constitute a change in the basic or essential nature of the original service plan, including, without limitation, any increase or decrease in the District's service area.
- q. The provision of services to any new subdivision of lands pursuant to the Teller County Land Use Regulations within the boundaries of the District as depicted in Exhibit C, "Arabian Acres Metropolitan District Boundary Map." It must be clearly demonstrated that there is adequate water to provide water to all lots in Arabian Acres and Trout Haven subdivisions, and all tracts of land currently unplatted, in addition to any new subdivision of land proposed.

County approval is not required for modifications to this Service Plan necessary for the execution of financing, purchase, or construction of public improvements already outlined in this Service Plan.

X. DISTRICT CONSOLIDATION OR DISSOLUTION

In order to foster efficiencies and reduce the number of special districts within Teller County, at such time as the purchase of the system is complete and all debt contemplated in this Service Plan has been issued; the District may consider consolidation with one or more special districts for the continued provision of water service and/or other services. The District is not

contemplating dissolution because the District is being formed for the purpose of providing an ongoing service.

XI. DISCLOSURE

The District will take steps to ensure that the developers of property located within the District provide written notice at the time of closing to purchasers of land regarding the existence of taxes, charges, or assessments which may be imposed in connection with the District. The District will also record the Order of the District Court organizing the District in the real property records of the Clerk and Recorder of Teller County, Colorado, so that all future property owners within the District will have notice regarding the existence of the District.

XII. INTERGOVERNMENTAL AGREEMENTS

None are anticipated at this time.

XIII. RESOLUTION OF APPROVAL

The District incorporates the Teller County Board of County Commissioners' Resolution approving this Service Plan, including any conditions of approval, into this Service Plan as Exhibit J.

XIV. STATUTORY REQUIREMENTS

This Service Plan for the Arabian Acres Metropolitan District meets the requirements of the Special District Control Act (§ 32-1-201, et seq., C.R.S.) and the requirements of the Colorado

Constitution. It is further submitted that pursuant to § 32-1-203(2) and (2.5), C.R.S.:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District. The formation of the District is necessary to decrease the number of individual wells drilled in the area due to the use of individual septic systems on the same properties and water quality issues identified by the County; the need for long range planning and financing of an infrastructure system capable of meeting fire flow rates as identified by the County; and area residents and property owners desire to own and control the water system and water rights servicing their properties, as well as providing means for making future improvements desired or needed by the community.
2. The existing service in the area to be served by the District is inadequate for present and projected needs. The Rupp Family Partnership is divesting AAWC and has no interest or financial wherewithal to make long-term improvements to the water system.
3. The District is capable of providing economical and sufficient service to the proposed development within its boundaries as shown on the attached Financial Plan.
4. The area to be included within the District does have and will have the financial ability to discharge the proposed indebtedness on a reasonable basis as shown on the Financial Plan.
5. Adequate service is not, or will not be, available to the area through County or other existing municipal or quasi-municipal corporations, including existing special

districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the proposed special district are compatible with the facility and service standards of Teller County. The District will be taking over existing facilities and services, built to County specifications at the time of construction. Additional improvements will be built to County specifications.
7. The proposal is in substantial compliance with any Teller County Master Plan adopted pursuant to § 30-28-106, C.R.S., as stated above.
8. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area, as stated above.
9. The creation of the proposed special district will be in the best interests of the area proposed to be served because a metropolitan district will provide service in perpetuity by an elected board consisting of District residents and property owners. The financing mechanisms available to a special district allow for long range planning and low cost financing of system improvements. In addition, the metropolitan district will provide for the implementation of expanded facilities and services desired or requested by the District constituents that the County is unable or unwilling to provide.

XVI. CONCLUSION

Therefore, it is requested that the Teller County Board of County Commissioners adopt a resolution to be included herein as Exhibit J approving this Service Plan for the Arabian Acres Metropolitan District



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT A

LEGAL DESCRIPTION

LEGAL DESCRIPTION

Beginning at the NW Corner of Section 16; thence, S89°39'03"E coincident with the North line of said Section 16 and the Northerly line of Lot 7, Arabian Acres Fourth Filing as recorded in the office of the Teller County Clerk and Recorder, a distance of 800.33 feet to the Southwest Corner of Lot 6, Arabian Acres Fourth Filing; thence, N00°47'35"E coincident with the Westerly lines of Lot 6 and Lot 4, a distance of 1319.02 feet to the Northwest Corner of said Lot 4; thence, S89°50'48"E coincident with the Northerly boundary of said Arabian Acres Fourth Filing, a distance of 620.00 feet; thence, S89°50'48"E coincident with the Southerly boundary line of the Twin Rock Subdivision as recorded in the office of the Teller County Clerk and Recorder, a distance of 1177.82 feet to a point on the North-South centerline of Section 9; thence, S00°55'09"W coincident with the said North-South centerline of Section 9, a distance of 1324.24 feet to the Quarter Corner between Section 9 and 16; thence, S88°42'57"E coincident with the North line of said Section 16, a distance of 2626.26 feet to the Northeast Corner of said Section 16; thence, S00°08'29"W coincident with the East line of said Section 16, a distance of 5242.20 feet to the Southeast Corner of said Section 16; thence, S89°24'51"W coincident with the South line of said Section 16, a distance of 2640.42 feet to the South Quarter Corner of said Section 16; thence, the following (21) courses are as shown on Monumented Land Survey Plat, prepared by William S. Kitlica, PLS, May 6, 1997, under reception no. 0000296, as recorded in the office of the Teller County Clerk and Recorder; thence, (1) S00°23'56"E, a distance of 333.40 feet; thence, (2) N82°52'21"W, a distance of 427.23 feet; thence, (3) N82°28'39"W, a distance of 119.61 feet; thence, (4) N84°53'23"W, a distance of 136.08 feet; thence, (5) N78°04'50"W, a distance of 228.59 feet; thence, (6) N89°31'16"W, a distance of 173.68 feet; thence, (7) S89°28'24"W, a distance of 52.59 feet; thence, (8) S87°20'55"W, a distance of 839.40 feet; thence, (9) S87°04'02"W, a distance of 248.89 feet; thence, (10) N87°47'24"W, a distance of 217.93 feet; thence, (11) N87°30'50"W, a distance of 473.82 feet; thence, (12) N01°40'17"W, a distance of 108.22 feet; thence, (13) N03°21'46"W, a distance of 246.40 feet; thence, (14) N02°02'03"W, a distance of 201.91 feet; thence, (15) N02°53'21"W, a distance of 135.67 feet; thence, (16) N01°37'42"W, a distance of 270.92 feet; thence, (17) N01°51'22"W, a distance of 43.18 feet; thence, (18) N06°48'49"E, a distance of 127.75 feet; thence, (19) N08°12'03"E, a distance of 414.41 feet; thence, (20) N13°18'44"E, a distance of 552.22 feet; thence, (21) N45°55'09"E, a distance of 92.42 feet; thence, N00°09'01"E coincident with the Easterly line of Lot 2, Revised Plat of Hidden Forest Ranch No. 2, as recorded in the

889.49 feet to the NE corner
boundary line of said Lot
the Easterly line of Lot
County Clerk and R
boundary line o
way line of r
radius of .8
N52°53'
519.1'

N52°53'E
beginning.
Containing



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT B

VICINITY MAP

VICINITY MAP

FLORISSANT

DIVIDE

SKYWAY RANCH

ROAD



COUNTY 1

HWY. 67

SITE

SCALE: N.T.S.

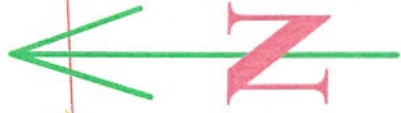


RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

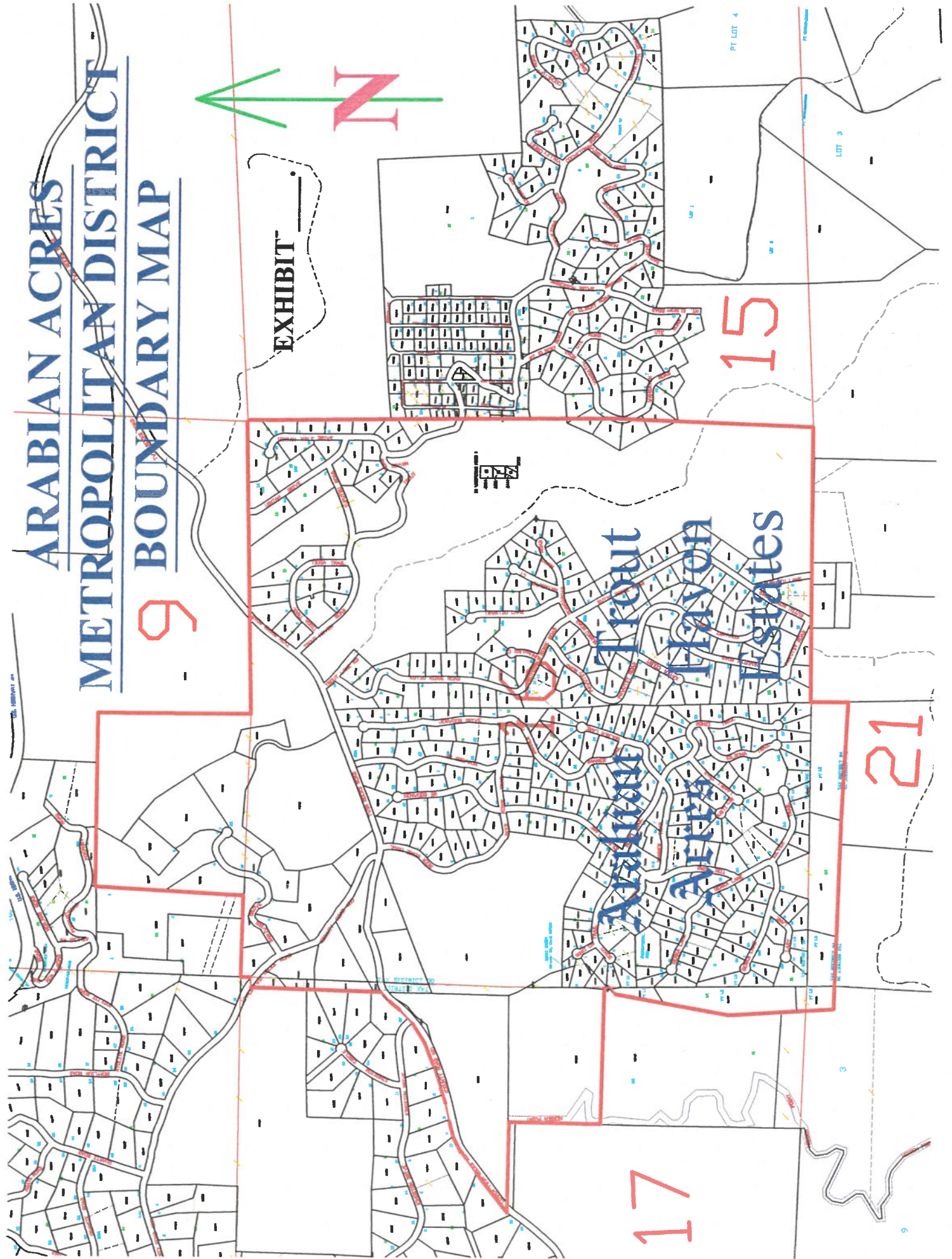
EXHIBIT C

BOUNDARY MAP OF DISTRICT

ARABIAN ACRES METROPOLITAN DISTRICT 9 BOUNDARY MAP



EXHIBIT





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT D

APPRAISAL OF SYSTEM FACILITIES

**Arabian Acres Water Company
Water System Appraisal**

January, 2002

JDS-Hydro Project Number 102.05

Prepared For:

Arabian Acres Water Company
37 Widefield Boulevard
Colorado S3579 County Road #42
Florissant, CO 80816

Prepared By:

JDS-Hydro Consultants, Inc.
545 East Pikes Peak Avenue, Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Arabian Acres Water Company

System Appraisal

(Rev. January 2002)

1.0 BACKGROUND AND APPROACH

The Arabian Acres Subdivision contains approximately 229 platted lots. The Arabian Acres Water Company (AAWC) provides water service. Service is provided to the subdivision as well as a few large acre lots adjacent to the subdivision. The system relies on well rights for source of supply. One commercial tap, Trout Haven, is served on the east side of Arabian Acres. Currently there are between 115 and 118 customers.

The original system was constructed between 1972 and 1979. Significant expansions were completed in 1994. The system is in good condition and is well maintained. This appraisal was initially completed in 1996 and is updated January 2002. In 2001, AAWC completed significant documentation of the system mapping location, size, and length of pipelines and facilities. The work was completed in AutoCAD so it may be easily transferred, and updated.

In 1996 the original appraisal was completed with the following documentation:

1. A site visit and discussion with Mr. Rupp to review the system and the facilities.
2. Scaled system maps showing the location, length, age, and size of the water distribution system. Certain details were also included.
3. Water rights documentation: Purchase agreements, and decrees.
4. Miscellaneous documents:
 - Customer list
 - Assessor evaluations
 - Tank design
 - Inventory
 - Income/expense sheets

This revision has been prepared in December 2001. To complete the update, we reviewed:

1. Maps of the system, outlining lengths, sizes of extensions
2. Documentation on easements
3. Land Valuation documents completed by Steven Allaby
4. Inventory listing submitted by Ken Rupp.

There are three possible methods for the valuation of a water system. First, typical appraisals rely heavily on comparable sales of like assets. However, in the case of a complete small water system it

is difficult to draw any parallels for several reasons. The sale of water systems is rare. Also, few systems are similar enough to draw valid conclusions. Finally using purchase cost is difficult because of differing conditions, facility dissimilarities and the fact that there are only a few complete systems typically constructed or financed through a single source.

A second option is to capitalize the profit/loss of the system. A business evaluation would have to be performed by a qualified accountant, which we understand will also be completed after this effort.

The third option is to determine the depreciated replacement value of the system. There are a couple of different options in approaching the valuation of this water system. In this particular case the actual expenditures in installing the system and materials purchase figures are incomplete or not available. Depreciated replacement cost is a little more conservative but adequately addresses the value. In order to determine the replacement value we used the previously mentioned documents, site visit, and finally we have also relied on engineering judgment

The December 2001 update updated information on the system, updated replacement costs, further depreciated assets and added new assets.

2.0 DESCRIPTION AND EVALUATION OF WATER SYSTEM

2.1 Water Rights

The Arabian Acres Water System is supplied by well water taken from several locations. The water rights supporting those wells are described in detail in the Decree attached as Exhibit B in the Appendix. The Decree (Case No. 94CW281) allows for a total of 6.906 acre-feet of annual consumptive use for the wells. These rights are supported with 220 shares of Mountain Mutual Reservoir Company. The exact release and description can be reviewed in Exhibit B. The total depletion is measured by totalization of all water meters minus the total water provided to livestock times ten percent plus the number of boarded livestock multiplied by ten gallons per head per day.

The right does not allow for irrigation by Arabian Acres Water Company customers. This right should be more than sufficient for the development of the 229 lots and some extraneous lots outside the actual subdivision.

In addition to the decreed water rights, the AAWC also has some raw water storage that can potentially be used to augment flows in an out-of-priority situation for the decreed source. The storage rights were decreed by Case No. 96CW238.

2.2 Source of Supply

The AAWC rights allow for a total of up to 17 wells to be developed to serve the AAWC customers. Since 1996, AAWC has incorporated isolated water service areas into the overall system. These isolated wells were worked into the system through upgrades completed in 2000. These wells are #3, #4, and #5.

The 1996 system is currently supplied by two wells known as Well #1 and Well #2. Well #1 is located on lot 11 Block 8 of Arabian Acres. This well is approximately 130 feet in depth and produces about 4 gallons per minute (GPM). This well is fed through the treatment unit situated at the same site. Well #2 is located to the west in what is known as "Well Valley". The current well is

250 feet deep with a capacity of 24 GPM. Both wells are protected with "motor minders" which act as an emergency shutdown in case of excessive drawdown. "Well Valley" is the area from which additional wells will be drilled to accommodate growing demands as the area "builds out."

Two additional wells, #6 and #7 were added in 1999.

The current wells are sufficient to meet the needs of the existing 115-118 customers, which includes a 3" tap for Trout Haven.

Table 1
Arabian Acres Well Summary

Well	Date	Depth/Perforation (Feet/Feet)	Casing (Dia.-In.)	Equipment	Yield (GPM) Actual/Permitted
#1		120/80-120	4" PVC	0.75 HP	4/20
#2		300/260-300	4" PVC	0.75 HP	8/20
#3		25/6-25	7 ft. MH Gallery		7/30 (Alluvial)
#4		200/No Casing	8" No Casing		2/20
#5		20/6-20	7 ft. MH Gallery		8/20 (Alluvial)
#6		300/250-290	4" PVC	0.75 HP	7/15
#7		400/290-310 &350-370	4" PVC	0.75 HP	7/15

2.3. *Treatment and Storage*

There are two similar central locations for water treatment. Treatment Building A provides treatment for wells #1, #2, #6, and #7. Treatment Building A is located at Well #1 on Lot 11 Block 8. Treatment includes pH control using soda ash and chlorination using liquid hypochlorite solution. The treatment unit consists of housing, soda mixing, metering and variable feed of both chemicals. The treatment units, and housing were constructed in 1994 and are well maintained.

Treatment Building B provides treatment for wells #3, #4, and #5. Treatment Building B is located at Well #3. Treatment includes pH control using soda ash and chlorination using liquid hypochlorite solution. The treatment unit consists of bag filtration, housing, soda mixing, metering and variable feed of both chemicals. The treatment units, and housing were constructed in 1999 and are well maintained.

Storage consists of a steel ground storage tank on Lot 34 Block 1 of Arabian Acres 2nd Filing. The tank has a capacity of 38,200 gallons and has an overflow at 18 feet. Tank level is controlled using an ultrasonic device at the tank with telemetry to the Newport controller, which starts and stops wells. The tank is in excellent shape and was installed in 1994. Tank capacity is sufficient for current domestic supply equalization storage. The tank is expected to be sufficient for equalization storage at full build out assuming well capacity keeps pace with maximum daily use. Fire storage is somewhat limited but it is more substantial than most systems of this size and isolated location.

2.4. *Transmission and Distribution*

The AAWC system consists of 2 inch through 6-inch water lines. Many of the pipelines were installed between 1972 and 1979 with substantial upgrades being completed between 1990 and 1996. Further system upgrades occurred in 1999 and 2000. There are gate valves, air relief and

vacuum valves and flush hydrants located throughout the system. The lines are generally PVC material. Smaller diameter lines are SDR 27 and larger recent expansions are C-900 DR 18. Some small diameter pipelines recently constructed are Poly-ethylene (PE)

PRV's (Pressure Reducing Valves) are placed on services where high pressures exist. Individual booster pumps provide adequate pressure to users directly around the tank. Services are installed at the time of house construction with all lots being separately metered. Meters and service lines are the responsibility of the homeowner. Lines are adequate for the current service level.

2.5. Miscellaneous

Along with the water rights and facilities, the system includes some pipe and coupling inventory and an inventory of real estate. There are three real properties associated with the system. Lot 11 Block 8 contains Well #1, pipe storage and parts, and the treatment and central control system. Lot 34 Block 1 contains the water storage tank site. There is a 3.5 acre easement along "Well Valley" along with the right to drill up to 15 wells exists. This easement cannot be built upon in order to protect the area and preserve the area for source of supply development.

Additional wellhead protection limitations are placed on lands around "Well Valley and other wells. While these lands are not owned, some value is associated with the limitations placed on these lands.

A small reservoir (A. C. Rupp Reservoir #1) exists on the property and is designated as a recreational parcel. A second reservoir (A. C. Rupp Reservoir #2) exists just to the northwest of the service area and can be used as a backup source of water.

Additional easements are dedicated for pipelines and wells. However, most of the water system is contained within dedicated right-of-way and therefore does not require easements. There are loops that tie cul-de-sacs together to provide looped service. At the previous appraisal, some of the pipeline easements were not documented. That lack of documentation has been corrected in many areas as of this revision.

3.0 WATER SYSTEM VALUATION

3.1 Non-Depreciable Assets

The AAWC owns land and water rights, which can be considered as non-depreciable assets. This evaluation does not include any market analysis of the land value. Included in the Appendix are two appraisals recently completed for Lots and lands held by AAWC. A fee-title value of \$20,000/acre is assigned for developable land not covered by an appraisal

The value of the water is based on the value of the depletion right rather than the diversion right. The value includes the purchase price plus added value for appreciation, value of soft costs associated with augmentation, and a value added for the raw water backup storage. The water storage rights are allocated to two reservoirs AC Rupp #1 and AC Rupp #2. Both are junior rights, which are not directly piped into the system, but offer some potential for back-up and augmentation supply. Both are also used for recreational and livestock watering purposes. The rights include 4.0 Acre-feet of absolute storage in AC Rupp #1 and conditional rights for alternate beneficial uses.

The rights in AC Rupp #2 include 21.18 Acre-feet Absolute and 18.19 acre-feet for alternate beneficial uses.

Base Water Value	\$ 100,355
Plus soft costs	\$ 15,000
Appreciation/Added Value	\$ 31,423
<u>Raw Water Storage Jr (1981)</u>	<u>\$ 25,810*</u>
Total	\$ 172,588

* The value for back-up raw water storage/recreation has been assigned at \$1000/AF

Land is valued at roughly \$ 20,000 per acre as follows:

Lot 11, Block 8	\$ 14,000
<u>Lot 34, Block 1</u>	<u>\$ 18,000</u>
Total	\$ 32,000

Easements and other ownerships can be valued at 10 to 50 % of the actual land value. Permitted uses in rights-of-way are generally not valued although they are necessary for service. Specific easements for water lines across lots and the easement in "Well Valley" can be shown to have value. The "Well Valley" easement has significant value.

Arabian Acres Four

1999 4-inch:(1225 X 30)/43560 acres X \$20,000 X 30% =	\$ 5,062
Well #5: ((75 X 75)/3.1415)/ 43560 acres X \$20,000 X 40% =	\$ 3,245

Wellhead Protection Zone

Well Valley WHPA: 30 acres X \$ 10,000 X 5% =	\$15,000
Well #5 WHPA: 4 acres X \$10,000 X 5%	\$2,000

"Well Valley" and Well Easement

3.6 acres X \$20,000 X 40% =	\$ 28,800
------------------------------	-----------

Trout Haven Easements

Stowe:(155 X 20)/43560 acres X \$20,000 X 30% =	\$ 427
Wilson:(121 X 10)/43560 acres X \$20,000 X 30% =	\$ 167

Well #6 and #7 Easement

(525 X 30)/43560 acres X \$20,000 X 40% =	\$ 2,892
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Reservoir (A.C. Rupp #1)

\$ 50,000 X 50% =	\$ 25,000
Total Easement Value	\$ 82,593

Notes:

1. Easements for pipelines are allocated at 30% of \$ 20,000/acre.
2. Easements for wells or other above ground fixtures are allocated at 40% of \$ 20,000/acre.
3. Wellhead Protection Restrictions are allocated at 5% of \$10,000/acre
4. 50% of the appraised value of lands used for reservoir/water storage.

TABLE 2
Summary of Non-Depreciable Assets

Item	Value
Water	\$172,588.00
Land	\$ 32,000.00
<u>Easements</u>	<u>\$ 82,593.00</u>
Total	\$ 287,181.00

3.2 Conditional Assets

In addition to easement and lands dedicated to water service there are a few contingent properties that can be valued as assets once these properties are transferred to water utility operations. There are two potential assets expected to be dedicated. First, A. C. Rupp Reservoir #2 resides on lands owned by a larger holding entity but the reservoir and reservoir access is intended to be transferred to the water entity for water operations. Second, it is anticipated that Well #3, it's surrounding lands and an associated Well Head Protection Zone will be dedicated for utility use. These potential assets are not current assets but are noted here as contingent assets as these are expected to be dedicated in the near future

Well #3 Area and Wellhead Protection Zone	
Well #3 WHPA: 3 acres X \$ 10,000 X 5% =	\$1,500
Well #3 and Operations easement: .05 acres X \$20,000 X 40%	\$4,000
Reservoir (A.C. Rupp #2)	
Access Easement (900 X 25)/43560 acres X \$20,000 X 40% =	\$ 4,132
Reservoir Easement: (3.75. acres) \$20,000 X 50%	<u>\$ 37,500</u>
Total Conditional Easement Value	\$ 47,132.00

3.3 Physical Improvements

The physical improvements of the water system are depreciable and are treated as such. The method of valuation is to assign a replacement value and then depreciate the facility linearly in accordance with its life and age. Table 3 is an accounting of the major components in the system. The useful life of each of the assets is assigned based on traditionally accepted values and engineering judgment.

The breakdown for the distribution system is included in the Appendix because of its size. Pipeline age is quoted as known, which in some cases is given as a range. Where age is quoted as a range, the median year in the range is used as the actual age (ex: age is between 1972 and 1979; 1976 is used as the date of installation).

From Appendix C, there is a depreciated value of \$ 428,386 in pipelines. There is a total of 38,800 feet or about 7.2 miles of pipeline in the system. The "un-depreciated" value or replacement value of the pipelines is \$ 630,936.

Together with the \$ 282,742.00 depreciated value of other facilities, the physical system improvements are valued at \$ 711,128.

Table 3
Depreciated Value of System Components

Item	Year Installed	Effective Year	Quantity	Unit Cost	Replacement Value	Useful Life	Years of Depreciation	Depreciation	Depreciated Value
Source of Supply									
Well #1/Well & Casing	1995	1995	1	\$11,050.00	\$11,050	50	6	\$1,326	\$9,724
Well #1/Equipment	1995	1995	1	\$3,500.00	\$3,500	25	6	\$840	\$2,660
Well #2/Well & Casing	1997	1997	1	\$21,250.00	\$21,250	50	4	\$1,700	\$19,550
Well #2/Equipment	1997	1997	1	\$7,800.00	\$7,800	25	4	\$1,248	\$6,552
Well #3 Well and Casing	1985	1985	1	\$2,150.00	\$2,150	30	16	\$1,147	\$1,003
Well #3 Equipment	1985	1985	1	\$2,500.00	\$2,500	25	16	\$1,600	\$900
Well #4/Well & Casing	1999	1999	1	\$5,050.00	\$5,050	50	2	\$202	\$4,848
Well #4/Equipment	1999	1999	1	\$3,500.00	\$3,500	25	2	\$280	\$3,220
Well #5 Well and Casing	UNK	1976	1	\$2,150.00	\$2,150	30	25	\$1,792	\$368
Well #5 Equipment	UNK	1976	1	\$2,500.00	\$2,500	25	25	\$2,500	\$0
Collection Pipeline	1999	1999	560	\$12.50	\$7,000	50	2	\$280	\$6,720
Well #6 Well and Casing	2000	2000	1	\$18,000.00	\$18,000	50	1	\$360	\$17,640
Well #6 Equipment	2000	2000	1	\$9,500.00	\$9,500	25	1	\$380	\$9,120
Well #7 Well and Casing	2000	2000	1	\$24,000.00	\$24,000	50	1	\$480	\$23,520
Well #7 Equipment	2000	2000	1	\$10,500.00	\$10,500	25	1	\$420	\$10,080
Treatment A									
Main Housing	1994	1994	1	\$15,000.00	\$15,000	40	7	\$2,625	\$12,375
Extra Housing	1972/ 1979	1976	1	\$1,000.00	\$1,000	30	25	\$833	\$167
Equipment	1994	1994	1	\$23,500.00	\$23,500	25	7	\$6,580	\$16,920
Treatment B									
Re-Hab Housing	1999	1999	1	\$2,000.00	\$2,000	40	2	\$100	\$1,900
Equipment	1999	1999	1	\$27,500.00	\$27,500	25	2	\$2,200	\$25,300
Storage									
Tank	1994	1994	1	\$53,000.00	\$53,000	50	7	\$7,420	\$45,580
Equipment	1994	1994	1	\$9,700.00	\$9,700	20	7	\$3,395	\$6,305
Services									
3" Meter	1994	1994	1	\$2,000.00	\$2,000	20	7	\$700	\$1,300
3" Other	1994	1994	1	\$1,800.00	\$1,800	40	7	\$315	\$1,485
									\$0

Table 3 (Continued)
Depreciated Value of System Components

Instrumentation and Control	1994 1999 1994-1999	1994 1999 1996	1	\$5,000.00 \$5,000.00 \$10,000.00	\$5,000 \$5,000 \$10,000	15 15 15	7 2 5	\$2,333 \$667 \$3,333	\$2,667 \$4,333 \$6,667
Master Control at Building A Master Control at Building B Control Wire									
Inventory									
Pipe Shed (8 X 20)	1999	1999	1	\$4,800.00	\$4,800	30	2	\$320	\$4,480
Pipe Shed (8 X 8)	1999	1999	1	\$2,000.00	\$2,000	30	2	\$133	\$1,867
3/4" PVC Pipe	2001	2001	2000	\$0.50	\$1,000			\$0	\$1,000
1" PVC Pipe	2001	2001	220	\$0.65	\$143			\$0	\$143
2" PVC Pipe SDR 21	2001	2001	160	\$1.35	\$216			\$0	\$216
2" PVC Pipe Sch 80	2001	2001	60	\$1.45	\$87			\$0	\$87
3" PVC Pipe Sch 80	2001	2001	40	\$1.95	\$78			\$0	\$78
4" PVC Pipe SDR 21	2001	2001	200	\$2.45	\$490			\$0	\$490
4" PVC Pipe C-900	2001	2001	180	\$2.65	\$477			\$0	\$477
6" PVC Pipe C-900	2001	2001	100	\$4.00	\$400			\$0	\$400
Curb Stop Boxes	2001	2001	9	\$65.00	\$585			\$0	\$585
Street Valve Boxes	2001	2001	2	\$75.00	\$150			\$0	\$150
2" Gate Valve	2001	2001	2	\$150.00	\$300			\$0	\$300
4" Gate Valve	2001	2001	1	\$250.00	\$250			\$0	\$250
6" Gate Valve	2001	2001	2	\$450.00	\$900			\$0	\$900
Cable	2001	2001	500	\$0.25	\$125			\$0	\$125
PVC Fittings	2001	2001	1	\$400.00	\$400			\$0	\$400
Mechanical Joint Fittings	2001	2001	1	\$600.00	\$600			\$0	\$600
Misc Meters, House Filters, etc	2001	2001	1	\$400.00	\$400			\$0	\$400
Miscellaneous and Tools									
Magnetic Locator	2001	2001	1	\$2,400.00	\$2,400	10	0	\$0	\$2,400
Misc Cones, Bar, Valve Keys, Etc								\$0	\$500
Engineering/Mapping	N/A	N/A	1	\$26,000.00	\$26,000		0	\$0	\$26,000
TOTAL REPLACEMENT VALUE OF FACILITIES				\$328,251					
TOTAL DEPRECIATED VALUE OF FACILITIES									\$282,742

107.01

4.0 CONCLUSIONS

Following are a listing of the conclusions of our efforts:

1. The AAWC owns and operates a well-maintained water system. Continuation of the diligence and effort will keep a reliable water source available for the users of the system. A system analysis should be completed that better establishes the source of supply and system sufficiency for the full build-out condition.
2. Treatment facility A should discharge to the smaller 2 inch line directly to the tank rather than be tied directly to users. This will allow for proper detention time for disinfection prior to use. It will also help mitigate freezing in the tank and maintain circulation in the tank in the winter. As system users increase this will start becoming a problem.
3. Wells # 3 and #5 are directly under the influence of surface water. Some work has been done to assure that the State Health Dept. regs. have been followed, but a review is suggested.
4. As determined herein, a summary of our opinion of the value of the water system is \$998,309 as follows:

TABLE 4
Summary of System Value

<u>Item</u>	<u>Value</u>
Water	
Land	\$172,588.00
Easements	\$ 32,000.00
Pipelines	\$ 82,593.00
Facilities	\$ 428,386.00
	<u>\$ 282,742.00</u>
Total	\$ 998,309.00

5. There is conditional value that is anticipated and can be realized if the A. C. Reservoir easement and access are recorded. Some additional conditional value can be applied to an anticipated wellhead and operation zone at Well #3. If the anticipated easements are determined and dedicated an approximate additional value of \$47,132 might be realized in the system.

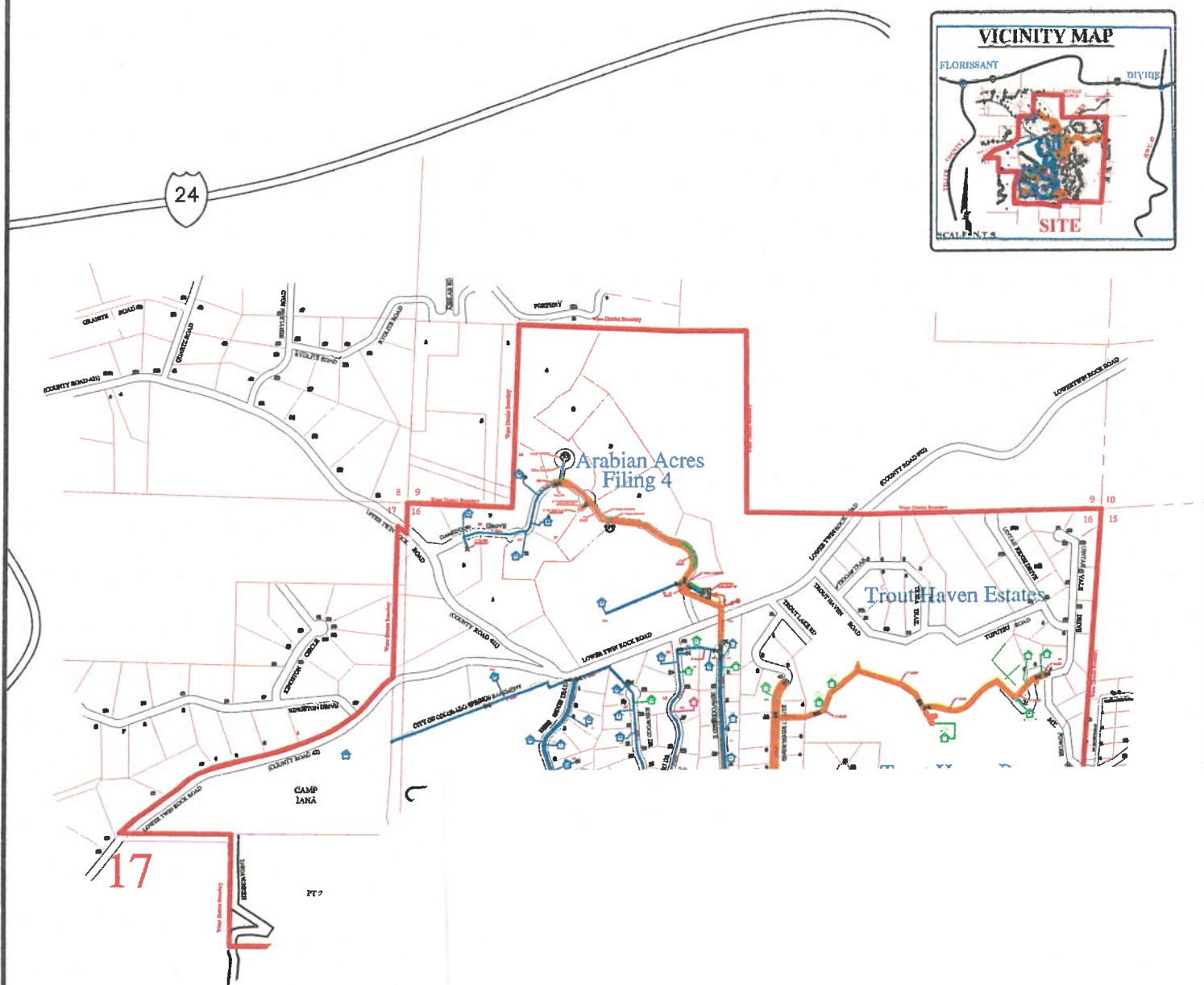
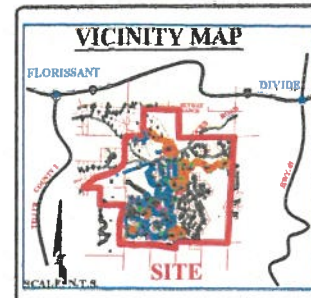


RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT E

**MAPS DEPICTING THE LOCATION
OF WATER SYSTEM IMPROVEMENTS**

Arabian Acres Metropolitan District Water Distribution System

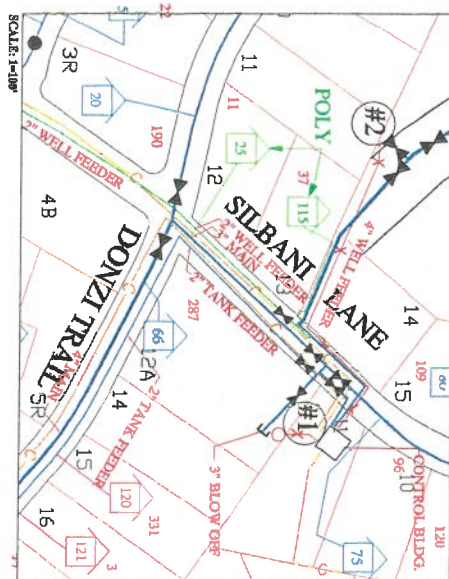


NO.	DATE	DESCRIPTION
1	June 6, 2002	Metropolitan District

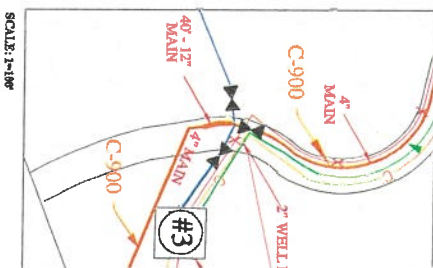
Arabian Acres Water Company, LLC. Water Details



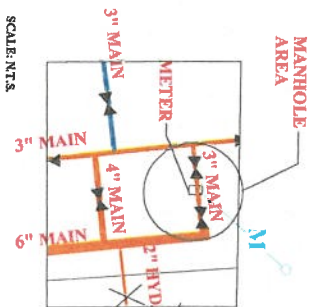
DETAIL "A"



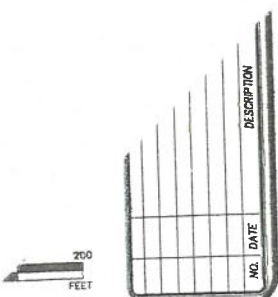
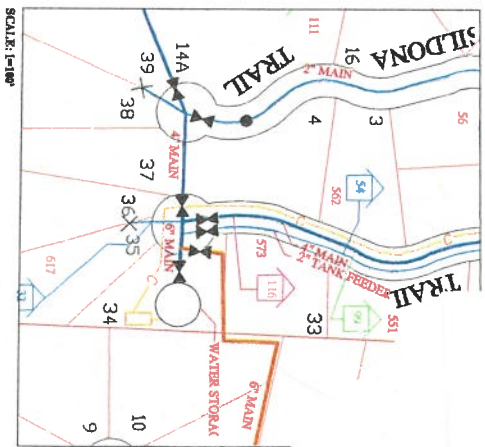
DETAIL



DETAIL "D"



DETAIL



A red silhouette of a horse in motion, facing right. The horse is depicted in a dynamic pose, with its front legs extended forward and its hind legs pushing off. The mane and tail are flowing, suggesting movement. The silhouette is solid red and stands out against the white background.

10'-0"

30x36 DOOR

CABINETS

100-GAL SODA ASH

50-GAL NaOCl

FLOOR DRAIN

ELECTRIC/CONTROL PANELS

SODA ASH STORAGE (50# BAGS)

10'-0"

4" POTABLE WATER LINE TO SYSTEM

WELL METER PIPING

WOOD FRAME BUILDING

4" RAW WATER LINE WELL #1, #2, & #3 (FUTURE W7 & W8)

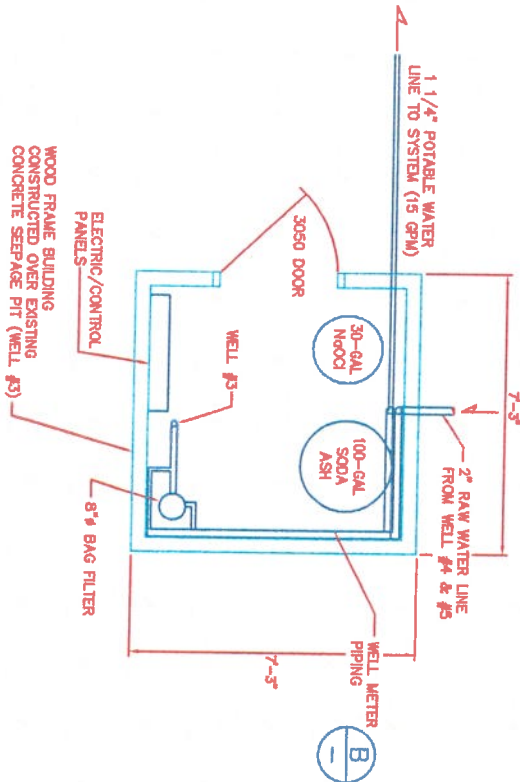
(19 GPM)

CONTROL BUILDING A PLAN

SCALE: 1/2"=1'-0"

CONTROL BUILDING A PLAN

SCALE: 1/2"=1'-0"



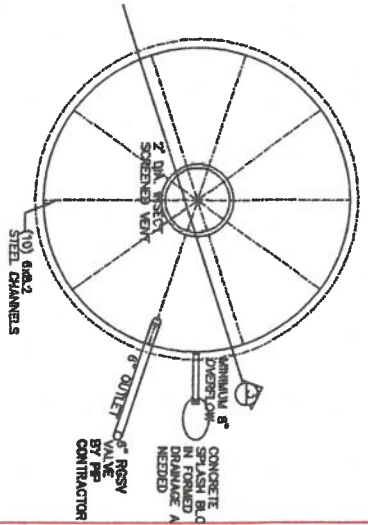
CONTROL BUILDING B PLAN

SCALE: 1/2"=1'-0"

- 1. MIRROR P.V.
- 2. ELECTRIC SIGNAL
- 3. OPTICAL MIRROR
- PUMP SYSTEM P.V.
- STREET LIGHTING P.V.

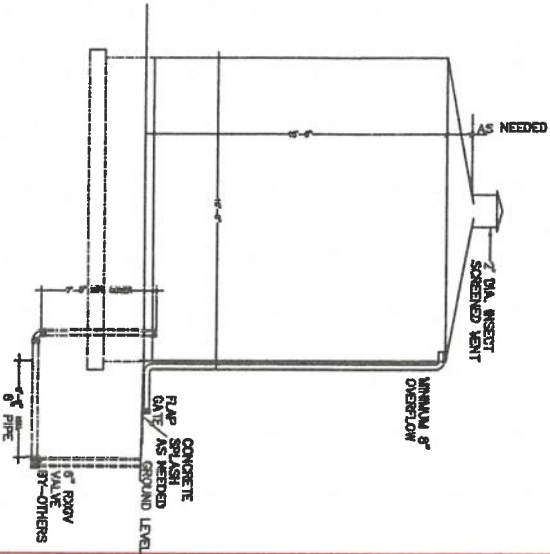
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Water Storage Tank



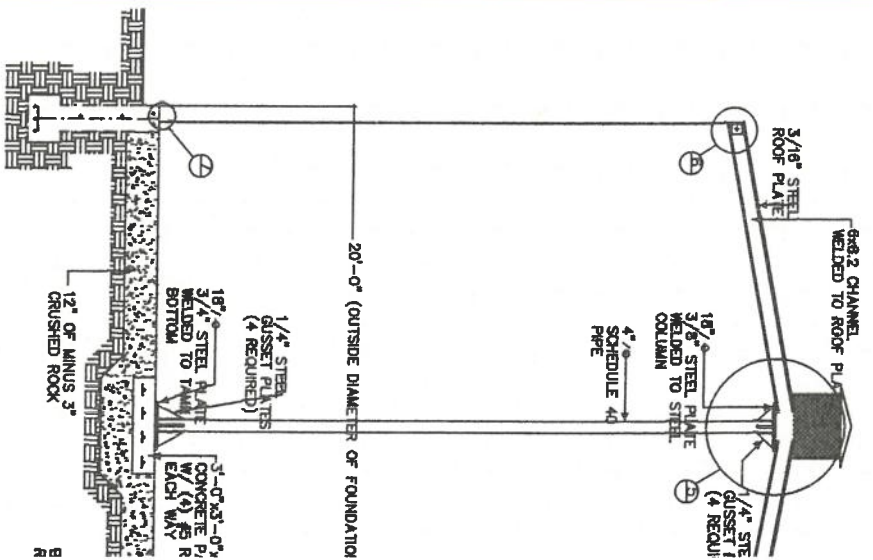
TOP VIEW

SCALE: 1/4" = 1'-0"



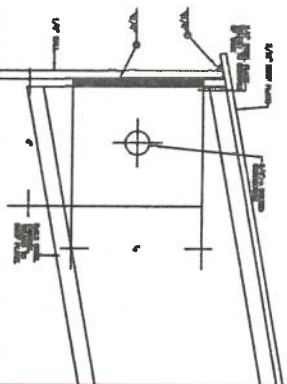
SIDE VIEW

SCALE: 1/4" = 1'-0"



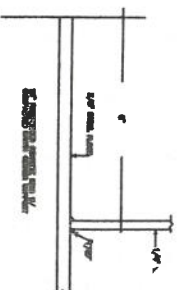
CROSS SECTION

SCALE: 1/2" = 1'-0"



DETAIL @ BEAM CONNECTION

SCALE: 6" = 1'-0"



DETAIL @ FLOOR

SCALE: 6" = 1'-0"



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT F

WATER COURT DECREE, CASE NO. 94CW281

DISTRICT COURT, WATER DIVISION 1, COLORADO

CASE NO. 94CW281)

DIS

NOV 95

WELD COUNTY

FINDINGS OF FACT, CONCLUSIONS OF LAW, JUDGMENT AND DECREE OF THE
WATER COURT APPROVING A PLAN FOR AUGMENTATION AND CHANGE OF WATER
RIGHTS, INCLUDING EXCHANGES

CONCERNING THE APPLICATION FOR WATER RIGHTS OF A. C. RUPP (A/K/A
THE ARABIAN ACRES WATER COMPANY), NORTH FORK ASSOCIATES AND THE
MOUNTAIN MUTUAL RESERVOIR COMPANY,

IN TELLER AND PARK COUNTIES

THIS MATTER, having come on for consideration upon the
Application of A. C. Rupp (a/k/a the Arabian Acres Water Company),
North Fork Associates and Mountain Mutual Reservoir Company for
Approval of a Plan for Augmentation and Change of Water Rights,
Including Exchanges, and the Referee having considered the
pleadings, the files herein, the evidence presented and the
comments of the Division Engineer does find.

The Application was filed with the Water Clerk, Water Division
No. 1, on December 30, 1994. All notices required by law of the
filing of this Application have been fulfilled, and the Referee has
jurisdiction over the subject matter of this proceeding and over
all parties affected hereby, whether they have appeared or not.
The land and water rights involved herein are not included within
the boundaries of any designated groundwater basin.

Statements of Opposition to the Application were filed on
February 15, 1995, by Lost Dutchman Creek, Inc.; on February 27,
1995, by the Highland Lakes Water District; on February 27, 1995,
by Donna L. Loudon; and on February 28, 1995, by the Farmers
Reservoir and Irrigation Company. Donna L. Loudon subsequently
withdrew her Statement of Opposition. No other statements of
opposition have been filed and the time for filing such statements
has now expired.

FINDINGS OF FACT

1. A. C. Rupp and members of his family (hereinafter
referred to as "Rupp"), operate a private water system which is
referred to as the Arabian Acres Water Company. The system
provides municipal water service to the Arabian Acres Subdivision
and surrounding areas. When originally platted in the mid 1960's,
the Arabian Acres Subdivision consisted of 229 single family lots

12-28-95
KEENA A. KOEHLER

A. C. Rupp (a/k/a Arabian
Acres Water Company)
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located within the W 1/2 of Section 16, Township 13 South, Range 70 West, 6th P.M., Teller County. The lots are approximately 29,000 square feet in size. Rupp owns property adjacent to the Arabian Acres Subdivision in Section 9, Township 13 South, Range 70 West, 6th P.M. which will be subdivided into residential lots having sizes of between 0.5 and 2.5 acres each. Current plans are to create an additional 50 to 75 lots, all of which will receive water service from the system operated by the Arabian Acres Water Company. In addition, water service will be provided to customers located in Sections 9, 16 and 17, Township 13 South, Range 70 West, 6th P.M. Rupp's mailing address is as follows:

A. C. Rupp
Arabian Acres Water Company
3579 County Road 42
Florissant, Colorado 80816

2. Rupp owns the following wells which are used to supply the water requirements of customers of the Arabian Acres Water Company:

a. Rupp Well No. 1-55210. The well is located in the NE 1/4 SW 1/4 of Section 16, Township 13 South, Range 70 West, 6th P.M., Teller County, at a point approximately 2,062 feet North and 1,725 feet East of the Southwest corner of said Section 16. The well can also be described as being located on Lot 11, Block 8 of the Arabian Acres Subdivision, Second Filing. Its source is groundwater which is tributary to an unnamed tributary of Grape Creek, a tributary of Twin Creek, which in turn is a tributary of the South Platte River. A Decree for the well was entered in Case No. W-7410-73, dated February 28, 1977, in the amount of 0.11 of a cubic foot per second for domestic and stock watering purposes.

b. Rupp Well No. 4-58790. The well is located in the NW 1/4 SW 1/4 of Section 16, Township 13 South, Range 70 West, 6th P.M., Teller County, at a point approximately 2,580 feet from the South section line and 1,100 feet from the West section line of said Section 16. Its source is groundwater which is tributary to an unnamed tributary of Grape Creek, a tributary of Twin Creek, which in turn is a tributary of the South Platte River. A Decree for the well was entered in Case No. W-7410-73, dated February 28, 1977, in the amount of 0.09 of a cubic foot per second for domestic and stock watering purposes. The well was originally located in the SW 1/4 NW 1/4 of Section 16 approximately 1,000 feet from its current location. The well was redrilled in September of 1994 pursuant to Permit No. 044311-F.

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Acres Water Company)
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Pursuant to the Decree entered in Case No. 81CW379, water diverted from the Rupp Well No. 1-55210 and the Rupp Well No. 4-58790 was authorized to be used as a source of supply for the municipal water system operated by the Arabian Acres Water Company.

3. As the physical water requirements of the customers of the Arabian Acres Water Company increase, Rupp shall be allowed to construct up to fifteen additional wells pursuant to this augmentation plan. Such wells will be located in the W 1/2 of Section 16, the E 1/2 SW 1/4 SW 1/4 of Section 9 and the SE 1/4 SW 1/4 of Section 9, Township 13 South, Range 70 West, 6th P.M. When Rupp desires to construct an additional well or wells, permits for same shall be obtained from the State Engineer's office pursuant to the provisions set forth in Paragraph No. 28, infra. Each new well will divert groundwater which is tributary to Grape Creek and/or Twin Creek, for municipal, domestic and stock watering purposes. The rate of diversion shall be 50 gallons per minute, or the capacity of the well once constructed, whichever is less. All such wells will be administered in accordance with this plan for augmentation.

4. The Arabian Acres Subdivision was included in a plan for augmentation decreed by the Water Court in 1986 (i.e. Case No. 81CW379). The source of augmentation water in the prior plan was water stored in the A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2, pursuant to storage priorities decreed to both structures. The reliability of the Reservoirs as augmentation sources has proven to be problematic. As a consequence, Rupp has elected to obtain a more dependable source of augmentation water and process this augmentation plan.

5. All customers of the Arabian Acres Water Company are metered. The Decree issued in Case No. 81CW379 assumed that meters would not be used within the Arabian Acres Subdivision, and that water usage would average approximately 225 gallons per residence. This figure was based on an occupancy of 3.5 persons per household and a per capita water usage of 65 gallons per day. Meter readings compiled by Rupp indicate that per capita water usage for the 30 residences presently being served by the Arabian Acres Water Company is less than 35 gallons per day. Rather than assume a fixed water usage figure, this plan for augmentation shall be based on the depletions associated with measured water deliveries to customers of the Arabian Acres Water Company.

6. Wastewater from all in-building uses of water supplied to customers of the Arabian Acres Water Company is treated using non-evaporative septic systems connected to soil absorption leach fields. Return flows from the septic systems are to the Grape Creek and Twin Creek drainage basins. No more than ten percent

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Acres Water Company)
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(10%) of the water used for in-building purposes is consumed. Wastewater treatment systems which consume less water may be utilized if demonstrated to be more effective than the standard non-evaporative septic type system. In the event that a mechanical type of treatment system is used in the future, consumption shall be reduced to five percent (5%) of gross water usage for in-building purposes.

7. This augmentation plan will also cover the depletions associated with the watering of up to 25 head of domestic livestock. It is assumed that the livestock will be present on a year around basis, that each animal will require ten gallons of water per day and that all of the water will be consumed. No outside irrigation will be allowed by customers of the Arabian Acres Water Company.

8. Maximum out-of-priority stream depletions associated with water use by customers of the Arabian Acres Water Company, plus any water to offset transportation charges allocable to this plan, shall not exceed 6.906 acre feet per year unless additional augmentation water is acquired by Rupp. The use of additional augmentation water to replace depletions in excess of 6.906 acre feet shall first be approved by the State Engineer under a substitute water supply plan, or in the alternative shall be approved by the Water Court.

9. In order to provide the necessary replacement water to the stream system, A. C. Rupp has contracted with North Fork Associates for the purchase of 220 shares of the capital stock of the Mountain Mutual Reservoir Company, a nonprofit Colorado corporation which has been created for the following principal purposes:

i. To receive and hold title to direct flow and storage water rights, reservoirs and interests therein, lands, easements, rights-of-way, and other related facilities, in trust, for its shareholders; and

ii. To administer water rights and operate facilities for its shareholders, in accordance with individual plans for augmentation approved by the Water Court.

The 220 shares of stock represents the right to receive 6.906 acre feet of augmentation water per year from the water rights and storage facilities which Mountain Mutual Reservoir Company holds for the benefit of its shareholders. A copy of Mountain Mutual's Bylaws is on file with the Court.

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Acres Water Company)
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10. North Fork Associates and Mountain Mutual Reservoir Company own the following water rights which will be used to meet the annual augmentation requirements for the Arabian Acres Water Company:

a. Guiraud 3T Ditch. North Fork Associates and Mountain Mutual Reservoir Company own 2.556 cubic feet per second of the water rights decreed to the Guiraud 3T Ditch as follows:

Adjudication Date :	Appropriation Date	Amount
Oct. 18, 1889	July 1, 1867	20 cfs
(Original Adjudication, Water District 23)		

The Guiraud 3T Ditch headgate is located on the South bank of the Middle Fork of the South Platte River in the NE 1/4, Section 8, Township 11 South, Range 76 West, 6th P.M., Park County, Colorado, at a point whence the Northeast Corner of the NE 1/4 of said Section 8 bears North 63° 35' East, 1,305 feet. Originally decreed for irrigation uses, this water right has been subject to various change proceedings. A decree authorizing a change of the point of diversion and place of use was entered on May 15, 1954, in Civil Action No. 3376, Park County District Court. Subsequent to 1954, various change of water right and plan for augmentation proceedings have either been decreed or are pending which are anticipated to reduce the quantity of water left at the Guiraud 3T Ditch headgate to 0 cfs. Historically, water diverted through the Guiraud 3T Ditch was used to irrigate 276.28 acres of hay meadows in Sections 9, 10 and 15, Township 11 South, Range 76 West, 6th P.M., Park County, Colorado. Past decrees have determined the average annual consumptive use under the Guiraud 3T Ditch to be 1.5 acre feet per acre. The owner of the lands historically irrigated by the 2.556 cfs now owned by North Fork Associates and Mountain Mutual Reservoir Company has contracted to remove and has removed 37.19 acres of land from irrigation. Said acreage has been surveyed and monumented in the field.

b. Spinney Mountain Reservoir. North Fork Associates and Mountain Mutual Reservoir Company are the owners by deed of a firm annual yield of 80 acre feet of water stored in Spinney Mountain Reservoir. Said Reservoir is located on the South Platte River, with the left abutment of the dam being at a point whence the Southwest Corner of Section 36, Township 12 South, Range 74 West, 6th P.M., Park County, Colorado, bears South 23° 26' West, a distance of 8,314.3 feet. A storage decree for the Reservoir has been entered for domestic, irrigation, municipal and all other beneficial uses as follows:

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<u>Adjudication</u> <u>Date</u>	<u>Appropriation</u> <u>Date</u>	<u>Amount</u> <u>(AF)</u>
1973: Case No. W-7395	March 26, 1973	86,000

In addition, various decreed direct flow water rights have been transferred to storage in the structure by the District Court for Water Division No. 1 and provide the basic yield of the annual allotment of 80 acre feet.

c. Lower Sacramento Creek Reservoir No. 1. North Fork Associates owns a 25.2 percent interest in the Lower Sacramento Creek Reservoir No. 1. The Reservoir has been constructed and holds the following decree for domestic, municipal, commercial, industrial, irrigation, fish and wildlife propagation, recreational and all other beneficial purposes, including exchange, to compensate for depletions in the South Platte River or its tributaries:

<u>Adjudication</u> <u>Date</u>	<u>Appropriation</u> <u>Date</u>	<u>Amount</u> <u>(AF)</u>
1974: Case No. W-7741-74	July 25, 1974	40

The Reservoir is located in the NE 1/4 NW 1/4, Section 32 and the SE 1/4 SW 1/4, Section 29, Township 9 South, Range 77 West, 6th P.M., Park County, Colorado. Releases from the Reservoir are made pursuant to the Decrees issued in Case Nos. 84CW250 and 85CW465.

11. In order to assure that sufficient augmentation water will be available for the Arabian Acres Water Company, North Fork Associates has agreed to assign to Mountain Mutual Reservoir Company for the benefit of A. C. Rupp, his successors and assigns, and for use in this augmentation plan, 0.134 of a cubic foot per second of the Guiraud 3T Ditch priority, yielding 2.918 acre feet of water per year, from the 2.556 cubic feet per second above described. In addition, North Fork Associates has agreed to assign to Mountain Mutual Reservoir Company, 3.988 acre feet of its right to annual water deliveries from Spinney Mountain Reservoir. In order to provide augmentation water from the Guiraud 3T Ditch for use in this plan, North Fork Associates and Mountain Mutual Reservoir Company have caused 0.667 of an acre of the grounds historically irrigated by the Guiraud 3T Ditch to be removed from irrigation for each acre foot of consumptive use water under the Ditch. Sufficient acreage has previously been monumented in the field and set aside for the benefit of plans for augmentation administered by Mountain Mutual Reservoir Company. The approval and monumentation of the dried up lands are on the basis of criteria which have been approved and accepted by the Water Court in prior plans for augmentation and which have been adopted by the State Engineer. Deliveries from the Guiraud 3T Ditch and Spinney

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Mountain Reservoir which are committed to other augmentation plans and stockholders of Mountain Mutual Reservoir Company are set forth in the attached Exhibits "A" and "B."

12. Depletions to the South Platte River drainage basin which are attributable to water use at the proposed development will principally be augmented during the period May through September, inclusive, by leaving the above referenced Guiraud 3T Ditch water rights in the stream. During times when the Guiraud 3T Ditch is not in priority and during the months of October through April, inclusive, depletions will be augmented by releasing water from Spinney Mountain Reservoir or the Lower Sacramento Creek Reservoir No. 1. Transportation charges from the point where water is released to the stream system from Mountain Mutual Reservoir Company's facilities, to the point of depletion, shall be computed on the basis of 0.13 percent per mile, as set forth in the attached Exhibit "C."

13. In order to provide the necessary augmentation water for this and other augmentation plans, Mountain Mutual Reservoir Company will attempt to fill the Lower Sacramento Creek Reservoir No. 1 under the Reservoir's own priority. If the structure cannot be so filled, Mountain Mutual Reservoir Company may elect to exchange water from Spinney Mountain Reservoir to storage in the Lower Sacramento Creek Reservoir No. 1. The exchange has been decreed in prior plans for augmentation. Mountain Mutual Reservoir Company has previously agreed to limit the exchange between Spinney Mountain Reservoir and the Lower Sacramento Creek Reservoir No. 1 to those times when all vested water rights with priority dates senior to February 29, 1980, which divert water from Sacramento Creek and/or the Middle Fork of the South Platte River between the point of diversion for the Lower Sacramento Creek Reservoir No. 1 and Spinney Mountain Reservoir are either in priority and fully satisfied to the extent of their call, or are out-of-priority because of a downstream call initiated by a more senior water right which can be at least partially satisfied by the release of Spinney Mountain Reservoir water. The decreed rate of exchange into Lower Sacramento Creek Reservoir No. 1 is limited to 2 c.f.s. Evaporation losses incurred by the Lower Sacramento Creek Reservoir No. 1 will be replaced by the exchange of Spinney Mountain Reservoir water to storage.

14. Due to the small volume of annual stream depletions projected to occur from the service area of the Arabian Acres Water Company, instantaneous stream depletions during times when the Guiraud 3T Ditch water right is not used for augmentation purposes, shall be aggregated and replaced by one or more releases of short duration from storage. The rate and timing of an aggregated release shall be determined by the Division Engineer or his

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designated representative; provided, however, that an aggregated release shall be required no more frequently than once per month. With respect to releases to be made from Spinney Mountain Reservoir, the Mountain Mutual Reservoir Company and the Division Engineer, or his designated representative, shall provide the City of Aurora, operator of Spinney Mountain Reservoir, with at least 24 hours prior notice during regular working hours, Monday through Friday, of the required time and amount of such releases.

15. The Referee finds that the source of replacement water and the protective terms outlined above are sufficient to protect the vested rights of other water users in the South Platte River Basin.

CONCLUSIONS OF LAW

16. This Application was filed with the Water Clerk, Water Division No. 1, pursuant to §37-92-302(a), 15 C.R.S. (1990). Statements of Opposition were filed by Lost Dutchman Creek, Inc., the Highland Lakes Water District, Donna L. Loudon and the Farmers Reservoir and Irrigation Company. Donna L. Loudon later withdrew her Statement of Opposition. As is specified in §37-92-302(1)(c), 15 C.R.S. (1990), the time for filing statements of opposition has expired.

17. The Application for Approval of a Plan for Augmentation and Change of Water Rights, Including Exchanges, described herein is contemplated and authorized by law, and if administered in accordance with this decree, will permit the uninterrupted utilization of the wells described in Paragraph Nos. 2 and 3, supra, without adversely affecting any other vested water rights in the South Platte River or its tributaries. Sections 37-92-305(3), (5) and (8), §37-80-120 and §37-83-104, 15 C.R.S. (1990).

18. The State Engineer may lawfully be required to administer this plan for augmentation and change of water rights and the water exchanges, in the manner set forth herein.

19. As a result of the operation of the Plan for Augmentation set forth herein, there is water available for withdrawal from the wells described in Paragraph Nos. 2 and 3, supra, and the construction and use of same will not result in the material injury of the vested water rights of others. Accordingly, the State Engineer shall approve applications for well permits or replacement well permits submitted by Rupp, or their successors-in-interest, subject to the conditions set forth in Paragraph No. 28, infra. Section 37-90-137(2), 15 C.R.S. (1990) and Cache La Poudre Water Users Association v. Glacier View Meadows, 191 Colo. 53, 550 P.2d 288 (1976).

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NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS
FOLLOWS:

20. The plan for augmentation, change of water rights and water exchanges, proposed by Rupp, North Fork Associates and Mountain Mutual Reservoir Company are approved.

21. The State Engineer, the Division Engineer and/or the Water Commissioner for former Water District No. 23 shall not, at the request of appropriators, or on their own initiative, curtail the diversion and use of water by the Arabian Acres Water Company which are covered by this plan for augmentation, so long as the out-of-priority depletions associated with such diversions are replaced to the stream system pursuant to the conditions contained herein. To the extent that Rupp, or the successors and assigns of Rupp are ever unable to provide the replacement water required, then the wells described in Paragraph Nos. 2 and 3, supra, shall not be entitled to operate under the protection of this Plan, and shall be subject to administration and curtailment in accordance with the laws, rules and regulations of the State of Colorado. Pursuant to §37-92-305(8), 15 C.R.S. (1990), the State Engineer shall curtail all out-of-priority diversions which are not so replaced as to prevent injury to vested water rights.

22. All of the foregoing Findings of Fact and Conclusions of Law are incorporated by reference herein, and are to be considered a part of the decretal portion hereof as though set out in full.

23. Rupp and the successors and assigns of Rupp, shall make available for release to the stream system, a sufficient quantity of water to replace depletions caused by diversions from the above referenced wells. The volume of augmentation water required to be released each year shall be limited to out-of-priority depletions to the stream system directly attributable to diversions through the wells described in Paragraph Nos. 2 and 3, supra.

24. A total of 0.134 of a cubic foot per second of the above described 2.556 cubic feet per second decreed to the Guiraud 3T Ditch is hereby changed to allow replacement of depletions associated with water use within the Arabian Acres Water Company service area, at the point of injury rather than at its present point of diversion in the NE 1/4 of Section 8, Township 11 South, Range 76 West, 6th P.M., Park County, Colorado. The Referee also confirms that storage water available to Rupp in Spinney Mountain Reservoir and the Lower Sacramento Creek Reservoir No. 1 can be utilized for replacement and augmentation purposes to replace depletions associated with out-of-priority water use within the service area.

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25. The point of depletion associated with the out-of-priority diversions from the wells described herein is upstream of the point of delivery of augmentation water from the Guiraud 3T Ditch, Spinney Mountain Reservoir and the Lower Sacramento Creek Reservoir No. 1. Rupp, and the successors and assigns of Rupp, are therefore decreed appropriative rights of substitute supply and exchange pursuant to §37-80-120 and §37-92-302(1)(a), 15 C.R.S. (1990). The reach of the stream system affected by this appropriative right of substitute supply and exchange, shall extend from the confluence of the South Platte River and Twin Creek near the Southeast Corner of Section 30, Township 12 South, Range 71 West, 6th P.M. at Lake George, up Twin Creek to its confluence with Grape Creek in the SW 1/4 of Section 2, Township 13 South, Range 71 West, 6th P.M., up Grape Creek to its confluence with an unnamed tributary of Grape Creek in the SW 1/4 SW 1/4 of Section 12, Township 13 South, Range 71 West, 6th P.M., and up the unnamed tributary of Grape Creek to the East line of the W 1/2 of Section 16, Township 13 South, Range 70 West, 6th P.M. The reach shall also extend up Twin Creek to the confluence of Twin Creek and an unnamed tributary of Twin Creek in the NW 1/4 SW 1/4 of Section 9, Township 13 South, Range 70 West, 6th P.M., and up the unnamed tributary of Twin Creek to the South line of Section 9. This unnamed tributary is downstream of and different than the unnamed tributary of Twin Creek referred to as Lost Dutchman Creek in Case No. 94CW271. The program of substitute supply and exchange shall operate to replace depletions to the flow of water in the above referenced streams as the depletions occur. The program shall be administered with a priority date of June 24, 1994, at a maximum flow rate of 0.25 of a cubic foot per second, to the extent of 6.65 acre feet per year.

26. Depletions from the wells described in Paragraph Nos. 2 and 3, supra, shall be calculated by adding: (1) the sum of the individual water meters of the customers of the Arabian Acres Water Company, minus the total water provided to livestock as determined in (2) below; multiplied by either ten percent (10%) or five percent (5%); and (2) the number of livestock boarded by customers of the Company, multiplied by 10 gallons per animal per day. Mountain Mutual Reservoir Company shall include such depletions which are out-of-priority in the monthly reports made to the State water officials for other plans for augmentation which utilize Mountain Mutual Reservoir Company augmentation water supplies. On the basis of the submitted reports, and in accordance with the directives of the Division Engineer, Mountain Mutual Reservoir Company shall make the required release of augmentation water by properly documenting the instream delivery of replacement water from the Guiraud 3T Ditch or the release of storage water from Spinney Mountain Reservoir and the Lower Sacramento Creek Reservoir

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No. 1. Releases of storage water shall be subject to the conditions stated in Paragraph No. 14, supra. It shall be the responsibility of Rupp or the Arabian Acres Water Company to complete an annual survey on or before October 1 of each year, of the number of horses or equivalent livestock units that are owned by customers of the Company. Mountain Mutual Reservoir Company shall be provided with a copy of the annual survey and the appropriate water use figures so that adequate replacement of depletions can be made. An example of the type of information to be included in the water accounting to be maintained by the Applicants is attached as Exhibit "C." It is not the Court's intention to mandate the use of Exhibit "C" in its existing format. The Exhibit has been included simply to provide an illustration of the information that must be gathered and recorded. The Applicants, in coordination with the Division Engineer, shall be allowed to modify the form in the future as changes become necessary for proper administration.

27. The point of diversion for the Rupp Well No. 4-58790 (i.e. Permit No. 044311-F), is hereby changed from the SW 1/4 NW 1/4 to the NW 1/4 SW 1/4 of Section 16, Township 13 South, Range 70 West, 6th P.M., at a point approximately 2,580 feet from the South section line and 1,100 feet from the West section line of said Section 16. Water diverted from the Rupp Well No. 1-55210 and the Rupp Well No. 4-58790 shall be available for municipal, domestic and stock watering uses.

28. As a result of the approval of this Plan for Augmentation, water will be made available from the tributary wells described in Paragraph Nos. 2 and 3, supra, and the vested rights of others will not be materially injured by the contemplated diversions therefrom. Accordingly, if this plan for augmentation is operating as envisioned herein at the time an application for constructing one of the wells is submitted to the State Engineer, and the well will be constructed no closer than 600 feet from any then existing decreed or permitted well which is not owned by Rupp, or the successors or assigns of Rupp, a permit for construction of the well shall be granted pursuant to §37-92-137(2), 15 C.R.S. (1990). The reconstruction of all wells described in Paragraph Nos. 2 and 3, supra, shall be approved upon the submittal of new applications to the State Engineer if the location of the replacement well will be within 200 feet of the location of the existing well; provided, however, that if the well to be replaced is within 600 feet of another well not owned or used by Rupp, or the successors or assigns of Rupp, such reconstruction will not result in the replacement well being moved any closer to the existing structure. Well permit requests which would result in the location of a new well at a point closer than 600 feet to an existing well not owned or used by Rupp or his assigns, or which

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would result in the relocation of a well already within 600 feet of an existing well to a point closer to the existing well, shall be approved if the construction will not result in material injury to the existing well after a hearing pursuant to §37-90-137(2), 15 C.R.S., (1990), or if the owner of the existing well executes a written waiver of objection to the proposed location.

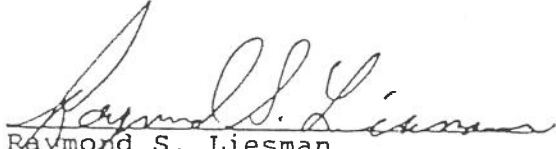
29. The Referee finds that the Arabian Acres Water Company is a viable provider of water utility services to the lots within the Arabian Acres Subdivision. Accordingly, pursuant to §37-92-602(6), 15 C.R.S. (1990), the exemptions set forth in §37-92-602 are not applicable to the owners of undeveloped lots within the Arabian Acres Subdivision, and the State Engineer shall not issue exempt well permits to the owners of undeveloped lots unless it can be conclusively demonstrated that the owner of the lot is unable to obtain water service from the Arabian Acres Water Company because water mains have not been extended to the lot, and cannot be economically extended within a reasonable period of time. The owners of seven lots within the Arabian Acres Subdivision have previously been issued exempt well permits by the State Engineer. A listing of the existing exempt wells is set out in Exhibit "D." Such wells, and the owners' ability to redrill or obtain replacement permits for such wells, shall not be affected by this decree, but the owners of the lots shall be allowed to obtain water service from the Arabian Acres Water Company if they so choose in the future.

30. Pursuant to the provisions contained in §37-92-304(6), 15 C.R.S. (1990), the plan for augmentation decreed herein shall be subject to the reconsideration of this Court, for the purpose of evaluating injury to vested water rights, for a period of five years. Any person, within the five year period, may petition the Court to invoke its retained jurisdiction. Any such request shall state with particularity the factual basis for requesting that the Court evaluate injury to vested water rights associated with the operation of this decree, together with proposed decretal language to effect the petition. Unless otherwise stated herein, the party lodging the petition shall have the burden of going forward to establish the prima facie facts alleged in the petition. If the Court finds those facts to be established, the Applicants shall thereupon have the burden of proof to show: (a) that any modification sought by the Applicants will avoid injury to other appropriators, or (b) that any modification sought by an opposer is not required to avoid injury to other appropriators, or (c) that any term or condition proposed by the Applicants in response to opposer's petition does avoid injury to other appropriators. Such petition shall be filed with the Court under the above styled caption and case number and shall be served by certified mail, return receipt requested, on all parties who have appeared herein,

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or on their counsel of record. If no such petition is lodged within the five year period, and the retained jurisdiction period is not extended by the Court in accordance with the provisions of the statute, this decree shall become final under its own terms.

DATED this 29 day of November, 1995.


Raymond S. Liesman
Water Referee
Water Division No. 1

THE COURT DOTH FIND: NO PROTEST WAS FILED IN THIS MATTER

THE FOREGOING RULING IS CONFIRMED AND APPROVED, AND IS HEREBY MADE THE JUDGMENT AND DECREE OF THIS COURT.

DATED: December 21, 1995

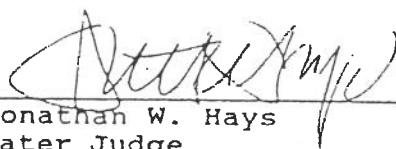

Jonathan W. Hays
Water Judge
Water Division No. 1
State of Colorado

EXHIBIT A
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)
May 1995

Decreed Plans For Augmentation

<u>Decree Date</u>	<u>Division I Case Number</u>	<u>Names of Application & Development</u>	<u>Decreed to PFA (cfs)</u>	<u>Surplus (cfs)</u>
09/22/1983	W-6355-72	Mountain W&S Dist. J. T. McDowell & Sons	0.500	0.500 ^(a)
12/03/1973	W-7440	Hartsel Ranch Corp. J. T. McDowell & Sons	2.000	0.0
11/11/1974	W-7466	Woodside Park Assoc., J. T. McDowell & Sons; Woodside Park	1.000	0.0
03/12/1975	W-7388	Parkview Associates Ltd., Parkview	0.330	0.0
03/12/1975	W-7590	Arnold C. Harms; Ravenswood	0.035	0.005
03/18/1975	W-7610	Beaver Ridge, Ltd. James T. McDowell; Beaver Ridge Recreation Village	1.000	0.0
07/18/1975	W-7785-74	Venture 73 Partnership J. T. McDowell & Sons; Venture 73 Subdivision	0.080	0.0
12/02/1975	W-7784-74	L. S. Development Co., J. T. McDowell & Sons	0.460	0.770
03/08/1976	W-7742-74	T-R Development Corp; Valley of the Sun	0.710	0.0
07/29/1976	W-8107-75	Elkhorn Ranch Co., J. T. McDowell & Sons; Elkhorn Ranch	0.750	0.0
03/10/1977	W-8259-76	Helen M. Brockman, Ronald T. Grice, William L. Annen, James S. Mueller & Gerald J. Bylsma; Piano Meadows	0.074	0.0

EXHIBIT A (Contd.)
 TABULATION OF GUIRAUD 3-T WATER
 IN PLANS FOR AUGMENTATION (PFA)
 May 1995

Decreed Plans For Augmentation

<u>Decree Date</u>	<u>Division I Case Number</u>	<u>Names of Application & Development</u>	<u>Decreed to PFA (cfs)</u>	<u>Surplus (cfs)</u>
08/04/1977	W-8109-75	Western Union Realty Corp.; Western Union Ranch	3.500	0.0
04/11/1978	W-8625-77	F. B. Howes, Jr., D/B/A S & H Construction Co.; Broken Wheel Village	0.130	0.0
05/15/1978	W-8568-77	Chatfield East Development Co.	0.386	0.0
Dismissed	W-8572-77	Warm Springs Ranch	0.0	1.500 ⁽²⁾
05/17/1978	W-8389-76	Widdowfield & Parkview Assoc. Ltd; Widdowfield Subdivision	0.170	0.0
08/22/1978	W-8574-77	Richard R. Helmick, J. T. McDowell & Sons; Wildwood Recreational Village	1.250	0.0
12/07/1978	W-8648-77	Kenneth H. Winchell, J. T. McDowell & Sons	1.048	0.690 ⁽²⁾
12/07/1978	W-8668-77	Thomas L. Debonis, Roberta J. Debonis, & Venture 73 Partnership	0.170	0.0
01/16/1979	W-8345-76	J. T. McDowell & Sons	1.012 ⁽¹⁾	0.0
05/10/1979	W-8770-77	Woodside Ltd.	(2)	0.0
07/30/1979	W-9358-78	Kenneth H. Barber, William W. Poleson, J. T. McDowell & Sons; Silverheels Ranch	0.500	0.0
03/25/1980	W-8480-77	Fairplay-Four Mile Creek Ltd; Foxtail Pines	0.640	0.0

EXHIBIT A (Contd.)
 TABULATION OF GUIRAUD 3-T WATER
 IN PLANS FOR AUGMENTATION (PFA)
 May 1995

Decreed Plans For Augmentation

<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Application & Development</u>	<u>Decreed to PFA (cfs)</u>	<u>Surplus (cfs)</u>
08/11/1980	79-CW-163	William W. Poleson; Michigan Hill Ranch	0.490	0.0
04/17/1981	80-CW-131	Thomas L. Debonis, Robert J. Debonis & Venture 73 Partnership; Spruce Hill	0.0 ⁽⁴⁾	0.0
12/02/1981	80-CW-194	Frank and Jean Ann Leach; Adventure Placer & Key Placer	0.170	0.0
06/15/1981	80-CW-195 (79-CW-163)	Melba Farr; Sun Mountain	0.130 ⁽⁶⁾	0.0
10/04/1983	81-CW-129	Woodside Park S&6 Homeowners Association, North Fork Associates, Mountain Mutual Res. Co.; Woodside Park	0.0 ⁽⁷⁾	0.0
TOTALS FROM DECREES AND PLANS			16.535	3.465

EXHIBIT A (Contd.)
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)

May 1995

Plans for Augmentation Based on
North Fork Associates' 2.556 cfs(3)(8)(9)

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Applicants & Development</u>	<u>Decree or Application Amount (cfs)</u>
03/29/1980	05/02/1982	80CW050	North Fork Associates, Mountain Mutual Res. Co., Burland Meadows, Ltd.; Burland Meadows	.205
04/30/1981	06/09/1983	81CW144	North Fork Associates, Mountain Mutual Res. Co., Will-O-Wisp; Will-O-Wisp P.U.D.	.467
04/20/1981	05/16/1989	81CW145	North Fork Associates, Mountain Mutual Res. Co., Crystal Lake Resort Properties; Pine Valley North and Pine Valley South Subdivision	.020
07/01/1981	05/25/1983	81CW212	North Fork Associates Mountain Mutual Res. Co., Wagon Tongue Company; Wagon Tongue Subdivision	(10)
08/31/1981	05/13/1983	81CW282	North Fork Associates, Mountain Mutual Res. Co., David Hall, Golden Hill Estates	.024
05/27/1983	12/19/1983	83CW124	North Fork Associates Mountain Mutual Res. Co., Woodside Park 5 and 6 Homeowners Association; Woodside Park Units 5 and 6	.010
12/27/1983	12/12/1984	83CW323	North Fork Associates, Mountain Mutual Res. Co.; Raven's Subdivision	.001
04/26/1985	04/29/1987	85CW110	North Fork Associates, Mountain Mutual Res. Co., Camp ID-RA-HA-JE Assn.	.058

EXHIBIT A (Contd.)
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)

May 1995

Plans for Augmentation Based on
North Fork Associates' 2.556 cfs(3)(8)(9)

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Applicants & Development</u>	<u>Decree or Application Amount (cfs)</u>
09/30/1985	12/24/1986	85CW254	Freedonia Company North Fork Associates Mountain Mutual Res. Co. Freedonia Ranch	.009
06/29/1988	06/27/1990	88CW102	Tranq. Ac Wtr. Supply, Inc. North Fork Associates	.060
08/28/1986 ⁽ⁿ⁾	12/04/1987	85CW326	Mooredale Ranch Resort, Inc.	.052
08/28/1987 12/20/1987 ⁽ⁿ⁾	06/02/1988	87CW148	Douglass Ranch Venture, Inc.	.113 ⁽¹¹⁾
01/29/1988	11/22/1988	88CW013	Robert Kessler	.007
03/30/1988	11/18/1988	88CW060	Jeff. Co. Sch. Dist. R-1 North Fork Assoc. Mountain Mutual Res. Co.	.034
12/ /1988	06/29/1990	88CW205	Marcus J. Pardi North Fork Assoc. Mountain Mutual Res. Co.	.003
05/30/1989	07/03/1990	89CW079	Maurice W. Davis North Fork Assoc. Mountain Mutual Res. Co. Rancho Mirage	.022
08/31/1990	04/03/1991	90CW063	Hendrie Associates, Ltd. North Fork Assoc. Mountain Mutual Res. Co.	.014
06/28/1991	01/22/1992	91CW050	James P. Campbell North Fork Assoc. Mountain Mutual Res. Co.	.007
12/31/1991	11/17/1992	91CW119	Sharon F. Manning Charles W. Manning North Fork Assoc. Mountain Mutual Res. Co.	.028

Case No.

EXHIBIT A (Contd.)
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)
May 1995

Plans for Augmentation Based on
North Fork Associates' 2.556 cfs(3)(8)(9)

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Applicants & Development</u>	<u>Decree or Application Amount (cfs)</u>
06/30/1992	11/18/1992	92CW074	Conifer Associates North Fork Assoc. Mountain Mutual Res. Co.	.070
07/31/1992	01/29/1993	92CW087	Maurice Davis North Fork Assoc. Mountain Mutual Res. Co. Belle Meade Subdivision	.040
09/30/1992	08/13/1993	92CW107	Florissant Water And Sanitation District North Fork Assoc. Mountain Mutual Res. Co.	.238
11/30/1992	06/18/1993	92CW124	Safari Ranch, Ltd. North Fork Assoc. Mountain Mutual Res. Co.	.010
06/30/1993	In Process	93CW076	Lost Valley Ranch North Fork Assoc. Mountain Mutual Res. Co.	.208
07/30/1993	07/29/1994	93CW089	Rocky Mountain Christian Conf. Grounds Assoc., Inc. North Fork Assoc. Mountain Mutual Res. Co.	.037
11/30/1993	11/28/1994	93CW144	Robert Kessler North Fork Assoc. Mountain Mutual Res. Co.	.127
02/28/1994	06/20/1994	94CW017	Marilyn Merritt North Fork Assoc. Mountain Mutual Res. Co.	.003
06/30/1994	In Process	94CW083	National Park Service North Fork Assoc. Mountain Mutual Res. Co.	.021

EXHIBIT A (Contd.)
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)
May 1995

Plans for Augmentation Based on
North Fork Associates' 2.556 cfs(3)(8)(9)

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Applicants & Development</u>	<u>Decree or Application Amount (cfs)</u>
10/28/1994	In Process	94CW192	George M. Hurst North Fork Assoc. Mountain Mutual Res. Co.	.098
12/29/1994	In Process	94CW281	A. C. Rupp North Fork Assoc. Mountain Mutual Res. Co.	.134
01/30/1995	In Process	95CW011	American Standard Ins. Co. North Fork Assoc. Mountain Mutual Res. Co.	.005
01/30/1995	In Process	95CW012	Rocky Mt. Conservative Baptist North Fork Assoc. Mountain Mutual Res. Co.	.016

TOTAL OF CURRENT (April 1995) NORTH FORK
ASSOCIATES' OBLIGATIONS TO PLANS FOR AUGMENTATION.181

SURPLUS FROM NORTH FORK ASSOCIATES' OWNERSHIP OF
2.556 CFS .375

EXHIBIT A (Contd.)
TABULATION OF GUIRAUD 3-T WATER
IN PLANS FOR AUGMENTATION (PFA)

May 1995

Plans for Augmentation Based on
North Fork Associates' 2.556 cfs(3)(8)(9)

FOOTNOTES FOR EXHIBIT A

Decreed Plans for Augmentation

- (1) Due to an error in estimating the area irrigated by the Guiraud 3T Ditch, 1.012 cfs was abandoned.
- (2) Depletions were covered by the 1.0 cfs of Guiraud 3T right in Case No. W-7466.
- (3) The right for 1.500 cfs was acquired by North Fork Associates from Warm Springs Ranch. W-8572-77 was dismissed by stipulation.
- (4) Case No. 80CW131 was an application for amendment to Case No. W-8668-77, involving no additional use of Guiraud 3T water.
- (5) Case No. 81CW129 was an application to modify the uses of water decreed in Case Nos. W-7466 and W-8770-77. No additional use of Guiraud 3T water is involved. Also, none of the 2.556 cfs of North Fork Associates' ownership of Guiraud 3T water is involved.
- (6) Applicant purchased 0.13 cfs out of 0.30 cfs surplus in Case No. 79CW163.
- (7) Application amendment date.
- (8) The right of 0.366 cfs of the 0.50 cfs surplus Guiraud 3T water right in W-6355 was acquired by Agreement by North Fork Associates from Mountain Water and Sanitation District.
- (9) Ownership successor to W-8648-77, i.e., Theodore Zigan, sold the 0.470 cfs surplus (10.25 ac-ft CU) plus 0.22 cfs (4.75 ac-ft CU) from the augmentation plan water to North Fork Associates Managing Partners. The 0.22 cfs has been approved by the Water Court.
- (10) Mountain Mutual Reservoir Company water rights have been withdrawn from Case No. 81CW212.
- (11) 0.026 cfs of Mountain Mutual Reservoir Company's water rights have been withdrawn from 87CW148.

EXHIBIT B
CURRENT OBLIGATIONS AGAINST 80 ACRE-FEET ANNUALLY
AVAILABLE FROM SPINNEY MOUNTAIN RESERVOIR

April 1995

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Application & Development</u>	<u>Amount of Obligation Ac-Ft Per Year</u>
06/22/1977	05/13/1980 08/30/1985	W-8564-77	M.D. Properties 1978, Ltd.; Conifer Center	2.49
03/29/1980	05/02/1982	80CW050	North Fork Associates Mountain Mutual Res. Co. Burland Meadows Ltd. Burland Meadows	3.50
04/20/1981	10/04/1983	81CW129	Woodside Park 5 & 6 Homeowners Association, North Fork Associates, Mountain Mutual Res. Co., Woodside Park Unit One Homeowners' Association, Inc., Woodside Park Homeowners' Association Units 2, 3 and 4, Woodside Park	4.00
04/30/1981	06/09/1983	81CW144	North Fork Associates Mountain Mutual Res. Co. Will-O-Wisp Will-O-Wisp P.U.D.	8.19
04/30/1981	05/16/1989	81CW145	North Fork Associates Mountain Mutual Res. Co. Crystal Lake Resort Prop. Pine Valley North and Pine Valley South Subdivisions	0.55
07/01/1981	05/25/1983	81CW212	North Fork Associates Mountain Mutual Res. Co. Wagon Tongue Company Wagon Tongue Subdivision	(c)
08/31/1981	05/13/1983	81CW282	North Fork Associates Mountain Mutual Res. Co. David Hall Golden Hill Estates	0.73
12/27/1983	12/12/1984	83CW323	North Fork Associates Mountain Mutual Res. Co. Raven's Subdivision	0.04

EXHIBIT B (Contd.)

CURRENT OBLIGATIONS AGAINST 80 ACRE-FEET ANNUALLY
AVAILABLE FROM SPINNEY MOUNTAIN RESERVOIR

April 1995

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division I Case Number</u>	<u>Names of Application & Development</u>	<u>Amount of Obligation Ac-Ft Per Year</u>
04/26/1985	04/29/1987	85CW110	North Fork Associates Mountain Mutual Res. Co. Camp ID-RA-HA-JE Assn.	1.48
09/30/1985	12/24/1986	85CW254	Freedonia Company North Fork Associates Mountain Mutual Res. Co. Freedonia Ranch	0.146
01/30/1986	12/24/1986	86CW021	Tiny Town Investment Corp. 285 Business Center	4.00
06/29/1988	06/27/1990	88CW102	Tranq. Ac. Water Supply, Inc.	1.47 ^(a)
06/29/1988	06/27/1990	88CW102	North Fork Associates	
08/28/1986 ^(b)	12/04/1987	85CW326	Mooredale Ranch Resort, Inc.	1.24
12/31/1986	03/15/1988	86CW372	Pete C. Kuyper	15.00
08/28/1987	06/02/1988	87CW148	Douglass Ranch Venture, Inc.	0.933
12/30/1987 ^(b)				
10/30/1987	06/07/1990	87CW200	Mountain W&S Dist.	3.000
01/29/1988	11/22/1988	88CW013	Robert Kessler	0.113
03/30/1988	11/18/1988	88CW060	Jeff. Co. Sch. Dist. R-1 North Fork Assoc. Mountain Mutual Res. Co.	0.331
12/ /1988	06/29/1990	88CW205	Marcus J. Pardi North Fork Assoc. Mountain Mutual Res. Co.	0.031
05/30/1989	07/03/1990	89CW079	Maurice W. Davis North Fork Associates Mountain Mutual Res. Co. Rancho Mirage	0.678
06/28/1991	01/22/1992	91CW050	James P. Campbell North Fork Assoc. Mountain Mutual Res. Co.	0.128

EXHIBIT B (Contd.)

CURRENT OBLIGATIONS AGAINST 80 ACRE-FEET ANNUALLY
AVAILABLE FROM SPINNEY MOUNTAIN RESERVOIR

April 1995

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division 1 Case Number</u>	<u>Names of Application & Development</u>	<u>Amount of, Obligation Ac-Ft Per Year</u>
12/31/1991	11/17/1992	91CW119	Sharon F. Manning Charles W. Manning North Fork Assoc. Mountain Mutual Res. Co.	0.395 ^(a)
06/30/1992	11/18/1992	92CW074	Conifer Associates North Fork Assoc. Mountain Mutual Res. Co.	1.540 ^(a)
07/31/1992	01/29/1993	92CW087	Maurice Davis North Fork Assoc. Mountain Mutual Res. Co. Belle Meade Subdivision	1.167 ^(a)
09/30/1992	08/13/1993	92CW107	Florissant Water And Sanitation District North Fork Assoc. Mountain Mutual Res. Co.	0.808 ^(a)
11/30/1992	06/18/1993	92CW124	Safari Ranch, Ltd North Fork Assoc. Mountain Mutual Res. Co.	0.174 ^(a)
06/30/1993	In Process	93CW076	Lost Valley Ranch North Fork Assoc. Mountain Mutual Res. Co.	2.117 ^(a)
07/30/1993	07/29/1994	93CW089	Rocky Mountain Christian Conf. Grounds Assoc., Inc. North Fork Assoc. Mountain Mutual Res. Co.	0.200 ^(a)
11/30/1993	11/28/1994	93CW144	Robert Kessler North Fork Assoc. Mountain Mutual Res. Co.	0.234 ^(a)
02/28/1994	06/20/1994	94CW017	Marilyn Merritt North Fork Assoc. Mountain Mutual Res. Co.	0.048 ^(a)
06/30/1994	In Process	94CW083	National Park Service North Fork Assoc. Mountain Mutual Res. Co.	0.144 ^(a)
09/30/1994	In Process	94CW141	Bailey Nelson William Dudley	1.700 ^(a)

EXHIBIT B (Contd.)
CURRENT OBLIGATIONS AGAINST 80 ACRE-FEET ANNUALLY
AVAILABLE FROM SPINNEY MOUNTAIN RESERVOIR

April 1995

<u>Date of Application</u>	<u>Decree Date</u>	<u>Division I Case Number</u>	<u>Names of Application & Development</u>	<u>Amount of Obligation Ac-Ft Per Year</u>
10/28/1994	In Process	94CW192	George M. Hurst North Fork Assoc. Mountain Mutual Res. Co.	1.347 ^(a)
12/29/1994	In Process	94CW281	A. C. Rupp North Fork Assoc. Mountain Mutual Res. Co.	3.988 ^(a)
01/30/1995	In Process	95CW011	American Standard Ins. Co. North Fork Assoc. Mountain Mutual Res. Co.	0.136 ^(a)
01/30/1995	In Process	95CW012	Rock Mt. Conservative Baptist North Fork Assoc. Mountain Mutual Res. Co.	1.128 ^(a)
Sub-Total of obligations				63.176
Transportation charges when not included above				2.932
Evaporation losses at Lower Sacramento Creek Reservoir				<u>1.600</u>
TOTAL OBLIGATIONS AGAINST MOUNTAIN MUTUAL RESERVOIR COMPANY'S USE OF 80 ACRE-FEET PER YEAR FROM SPINNEY MOUNTAIN RESERVOIR				67.708

(a) Includes Transportation Charges

(b) Application Amendment Date

(c) Mountain Mutual Reservoir Company water rights have been withdrawn from Case No. 81CW212

EXHIBIT C
YEARLY ACCOUNTING FOR REPLACEMENT
OF DEPLETIONS DIRECTLY FROM STORAGE
 November 1, 19__ to October 31, 19__

Name of Development & Case No.	Obligation For Project Replacement From Storage		From Spinney Mtn. Res.				From Woodside Res.				From Lower Sacramento Creek Res. No. 1				From All Reservoirs
	Full Develop. AF	Present Develop. AF	Amount Released To Stream AF	Trans.		Net Depletion Replacement AF	Amount Released To Stream AF	Trans.		Net Depletion Replacement AF	Amount Released To Stream AF	Trans.		Net Depletion Replacement AF	Total Net Depletion Replacement AF
				Chgs. %	AF			Chgs. %	AF			Chgs. %	AF		
ConiferCenter W-8564	2.49			8.7				3.1					12.5		
Burland Meadows 80-CW-050	3.50			8.7				1.4					12.5		
Woodside 5&6 81-CW-129	4.00			8.7				0.0					12.5		
Will-O-Wisp 81-CW-144	8.19			8.7				1.4					12.5		
Pine Valley N. 81-CW-145	0.55			8.7				1.4					12.5		
Golden Hills 81-CW-282	0.73			0.0				3.1					0.0		
Ravens 83-CW-323	0.04			10.5				4.9					14.3		
Camp ID-RA- HA-JE 84-CW-110	1.48			5.4				0.0					9.2		
Freedonia 85-CW-254	0.146			5.3				0.0					9.1		
Mooredale Ranch 85-CW-326	1.24			5.0				(0.6)					8.8		
Tinytown 86-CW-021	4.00			9.6				3.9					13.4		
Pete Kuyper 86-CW-372	15.00			3.0				0.0					6.8		
Mtn. W&S Dist. 87-CW-013	3.00			5.9				0.3					9.7		
Douglass Ranch 87-CW-148	0.933			6.2				0.6					10.0		
Robert Kessler 88-CW-013	0.133			6.2				0.6					10.0		
Elk Cr. Sch. 88-CW-060	0.331			6.0				0.6					9.8		

Name of Development & Case No.	Obligation For Project Replacement From Storage		From Spinney Mtn. Res.			From Woodside Res.			From Lower Sacramento Creek Res. No. 1			From All Reservoirs		
	Full Present		Amount			Amount			Amount			Total		
	Develop. Develop.		Released			Released			Released			Net		
	AF	AF	To Stream	Trans. Chgs.	Net Depletion Replacement	To Stream	Trans. Chgs.	Net Depletion Replacement	To Stream	Trans. Chgs.	Net Depletion Replacement	To Stream	Trans. Chgs.	Net Depletion Replacement
			AF	%	AF	AF	%	AF	AF	%	AF	AF	%	AF
Tranquil Acres 88-CW-102	1.38			6.9			3.1			10.7				
Marcus Pardi 88-CW-205	0.031			10.5			4.9			14.3				
Rancho Mirage 89-CW-079	0.678			8.7			2.4			12.5				
Beaver Ridge #4 91-CW-050	0.128			0.0			3.1			0.0				
Wildhorn Ranch 91-CW-119	0.373			5.8			3.1			9.6				
Conifer Ridge 92-CW-074	1.417			8.7			2.4			12.5				
Belle Meade 92-CW-087	1.074			8.7			2.4			12.5				
Florissant Water & Sanitation Dist 92-CW-107	0.786			2.8			3.1			6.6				
Western Safari 92-CW-124	0.174			0.0			3.1			0.0				
Marilyn Merritt 93-CW-017	0.044			8.5			3.1			12.3				
Lost Valley Ranch 93-CW-076	1.835			5.8			3.1			9.6				
Long Scraggy Ranch 93-CW-089	0.184			8.5			3.1			12.3				
Florissant Fossil Bed N.M. 94-CW-083	0.140			2.8			3.1			6.6				
Dudley Pond 94-CW-141	1.500			11.5			5.9			15.3				
Forest Ridge 94-CW-192	1.239			8.7			2.4			12.5				
Arabian Acres 94-CW-281	3.879			2.8			3.1			6.6				
Badger Basin 95-CW-011	0.136			0.0			3.1			2.9				
Woodbine Ranch 95-CW-012	1.010			10.5			4.9			14.3				

EXHIBIT C
LOWER SACRAMENTO CREEK RESERVOIR NO. 1 OPERATION
WATER YEAR November 1, 19___, to October 31, 19__

Lower Sacramento Creek Reservoir No. 1 Accounting
Acre-Feet

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Storage At				Stored by Storage Exch.			Stored	Total	MMRC	MMRC	MMRC	MMRC	MMRC
	Beginning	Total	Stored	Total	Storage	Trans.	Amount	Under	Net	Storage At	Share of	Releases	Charge	Storage
	Of Month	[Caged]	[Caged]	By GYT	Releases	Charge	Stored	Own	Losses	Beginning	LSCR #1	For	On	At End
	<u>Month</u>	<u>Releases</u>	<u>[Caged]</u>	<u>Right</u>	<u>[Caged]</u>	<u>Charge</u>	<u>6-7</u>	<u>Rights</u>	<u>1-2,3-4</u>	<u>Of Month</u>	<u>Net Loss</u>	<u>Depletions</u>	<u>Storage</u>	<u>Of Month</u>
								4-5-6			If 9 > 0,		8-12-13	11 + 14
											enter 27%			
											x (10-9).			
											If 9 < 0,			
											enter 27%			
											x (10).			

EXHIBIT C
WOODSIDE RESERVOIR OPERATIONS
WATER YEAR November 1, 19 __, to October 31, 19 __

	(1) Storage At Beginning Of Month	(2) Storage At End of Month	(3) Releases For Depletions	(4) Total Net Gain In Storage 2 - 1 + 3	(5) Storage Releases	(6) Transportation Charges	(7) Amount Stored 5 - 6	(8) Net Amount Stored Under Own Right 4 - 7
<u>Month</u>								
Nov.								
Dec.								
Jan.								
Feb.								
Mar.								
Apr.								
May								
Jun.								
Jul.								
Aug.								
Sep.								
Oct.								
TOTALS								

EXHIBIT C
WATER ACCOUNTING FORM

ARABIAN ACRES
Case No. 94-CW-281

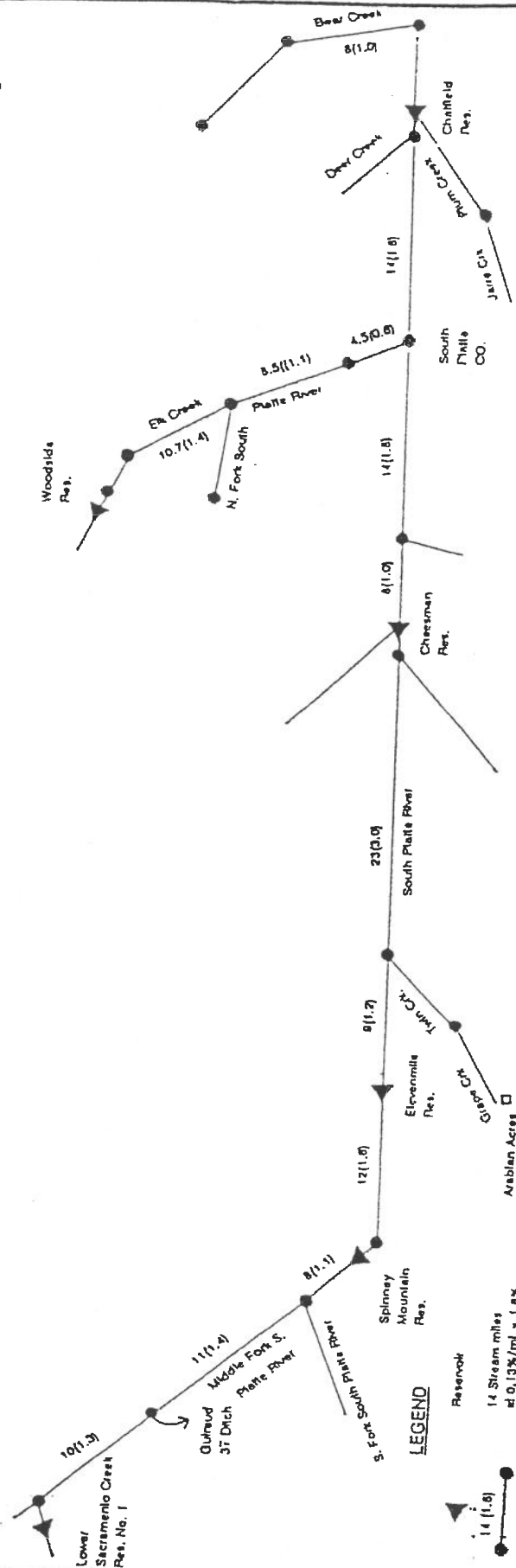
November 1 _____ to October 31 _____

(1) Month	(2) Water Delivered (Gal)	(3) Water Delivered (2)/325851 (AF)	(4) Horses (No.)	(5) Horse CU (4) X 0.0009 (AF)	(6) In-house Delivery (3) - (5) (AF)	(7) In-house CU (6) X 0.10 (AF)	(8) Total CU (5) + (7) (AF)
NOV							
DEC							
JAN							
FEB							
MAR							
APR							
MAY							
JUN							
JUL							
AUG							
SEP							
OCT							

TOTAL

- (a) TOTAL CU (Col. 8) (AF) _____
- (b) TOTAL CU (Col. 8)
FOR MAY-SEP (AF) _____
- (c) TOTAL CU FOR WINTER
(a) - (b) (AF) _____

Submit form to Mountain Mutual Reservoir Company and Former District 23 Water Commissioner by November 5.



LEGEND

- Reservoir
- 14 Stream miles at 0.13%/mi = 1.8%
- Project

NET TRANSPORTATION CHARGES
 Arabian Acres Subdivision 840W281

STORAGE EXCHANGES

From	To	Charge (Credit) Against Release
Spinney Mt. Res.	Woodside Res.	From Spinney
Spinney Mt. Res.	L. Sec. Cr. Res. #1	Mountain Res.
		5.8%
		(3.8%)

EXCHANGE FOR DEPLETION REPLACEMENT

From	To	Charge on Water Released
Guleud 37 Ditch	Arablan Acres	5.3%
Spinney Mt. Res.	Arablan Acres	2.8%
L. Sec. Cr. Res. #1	Arablan Acres	5.6%
Woodside Res.	Arablan Acres	3.1%

blatchley arridater, inc.
 CONSULTING ENGINEERS
 1700 SOUTH WASHINGTON BOULEVARD
 DENVER, CO 80202

EXHIBIT D
EXISTING EXEMPT WELLS
ARABIAN ACRES SUB-DIVISION

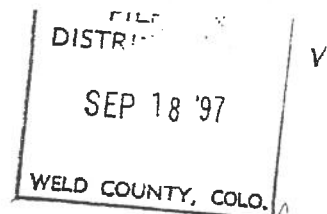
LOT	BLK	ELG	WELL PERMIT NO.
3	8	2	124808
6	1	2	144226
33	1	1	121273
17		3	125680
28	1	1	132464
9	1	1	136202
16	1	2	156009



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT G

WATER COURT DECREE, CAST NO. 96CW238



DISTRICT COURT, WATER DIVISION 1, COLORADO

CASE NO. 96CW238 (81CW379)

FINDINGS AND RULING OF THE REFEREE AND DECREE OF THE WATER COURT

CONCERNING THE APPLICATION FOR WATER RIGHTS OF A. C. RUPP,
IN TELLER COUNTY

THIS MATTER, an Application to Make Absolute Conditional Water Rights and for a Finding of Reasonable Diligence, was filed with the Water Clerk, Water Division No. 1, on October 30, 1996. The structures described herein were originally decreed in Case No. 81CW379. A previous application involving these structures was also filed on April 30, 1990, in Case No. 90CW088. The Referee being fully advised in the premises, does hereby find:

All notices required by law of the filing of this Application have been fulfilled, and the Referee has jurisdiction over all parties affected hereby, whether they have appeared or not.

No statement of opposition to the Application has been filed, and the time for filing such statements has expired.

All matters contained in the Application having been reviewed, and such corrections made as are indicated by the evidence presented,

IT IS HEREBY THE RULING OF THE WATER REFEREE:

1. The Name and Address of the Applicant:

A. C. Rupp
11 Polo Circle
Colorado Springs, Colorado. 80906

2. The Names of the Structures:

A. C. Rupp Reservoir No. 1
A. C. Rupp Reservoir No. 2

3. The Legal Descriptions of the Structures:

A. C. Rupp Reservoir No. 1 is located in the NW 1/4 SW 1/4, Section 16, Township 13 South, Range 70 West, 6th P.M., Teller County, at a point approximately 221 feet East and 1,340 feet North of the Southwest corner of Section 16.

A. C. Rupp
Case No. 96CW238 (81CW379)
Page 2

A. C. Rupp Reservoir No. 2 is located in the NW 1/4 NW 1/4, Section 15, Township 13 South, Range 70 West, 6th P.M., Teller County. The Northwest corner of the dam is 17 feet from the West Section line of Section 15, and the bottom of the dam immediately below the wheel for opening the gate is 51 feet from the North Section line and 110 feet from the West Section line of Section 15.

4. The Source of the Water:

Unnamed tributaries of Twin Creek, a tributary of the South Platte River

5. The Date of Appropriation:

March 29, 1983

6. The Amount of Water:

A. C. Rupp Reservoir No. 1: 4.0 acre feet ABSOLUTE

A. C. Rupp Reservoir No. 2: 21.81 acre feet ABSOLUTE; and
18.19 acre foot, CONDITIONAL

7. The Uses of the Water:

A. C. Rupp Reservoir No. 1: Recreation, livestock watering, augmentation, replacement and exchange, ABSOLUTE. Irrigation, commercial, domestic, and municipal, CONDITIONAL.

A. C. Rupp Reservoir No. 2: Recreation, livestock watering, augmentation, replacement and exchange, ABSOLUTE. Irrigation, commercial, domestic, and municipal, CONDITIONAL.

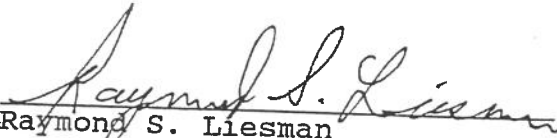
8. The A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2 are integral components of a water system being developed by the Rupp Family and the Arabian Acres Water Company. Both Reservoirs have been constructed. The capacity of Reservoir No. 1 is 4.0 acre feet and the present capacity of Reservoir No. 2 is 21.81 acre feet. Water was stored in both Reservoirs during the Spring runoff in 1995. Since that time, the water has been used for recreation, livestock watering, augmentation, replacement and exchange purposes. Therefore, the A. C. Rupp Reservoir No. 1 shall be decreed ABSOLUTE, in the amount of 4.0 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes; and the A. C. Rupp Reservoir No. 2 shall be decreed ABSOLUTE, in the amount of 21.81 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes. The remaining 18.91 acre

A. C. Rupp
Case No. 96CW238 (81CW379)
Page 3

feet decreed conditionally to the A. C. Rupp Reservoir No. 2, and the use of the water stored in both Reservoirs for irrigation, commercial, domestic and municipal purposes, shall continue as conditional water rights.

9. It is also ordered that the conditional water rights previously awarded are hereby continued in full force and effect until October, 2003. If the Applicant desires to maintain such conditional decree, an application for a finding of reasonable diligence shall be filed on or before October, 2003, or a showing made on or before such date that the conditional water rights have become absolute water rights by reason of the completion of the appropriation.
10. The priorities herein awarded the A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2 were filed in the Water Court in the year of 1981 and shall be administered as having been filed in that year; and shall be junior to all priorities filed in previous years. As between all rights filed in the same calendar year, priorities shall be determined by historical dates of appropriation and not affected by the date of entry of ruling.

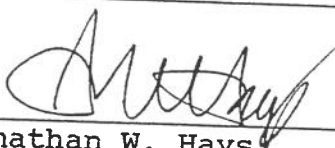
DATED this 16th day of September, 1997.


Raymond S. Liesman
Water Referee
Water Division No. 1

THE COURT DOTH FIND: NO PROTEST WAS FILED IN THIS MATTER

THE FOREGOING RULING IS CONFIRMED AND APPROVED, AND IS HEREBY MADE THE JUDGMENT AND DECREE OF THIS COURT.

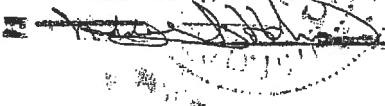
DATED: OCT 16 1997

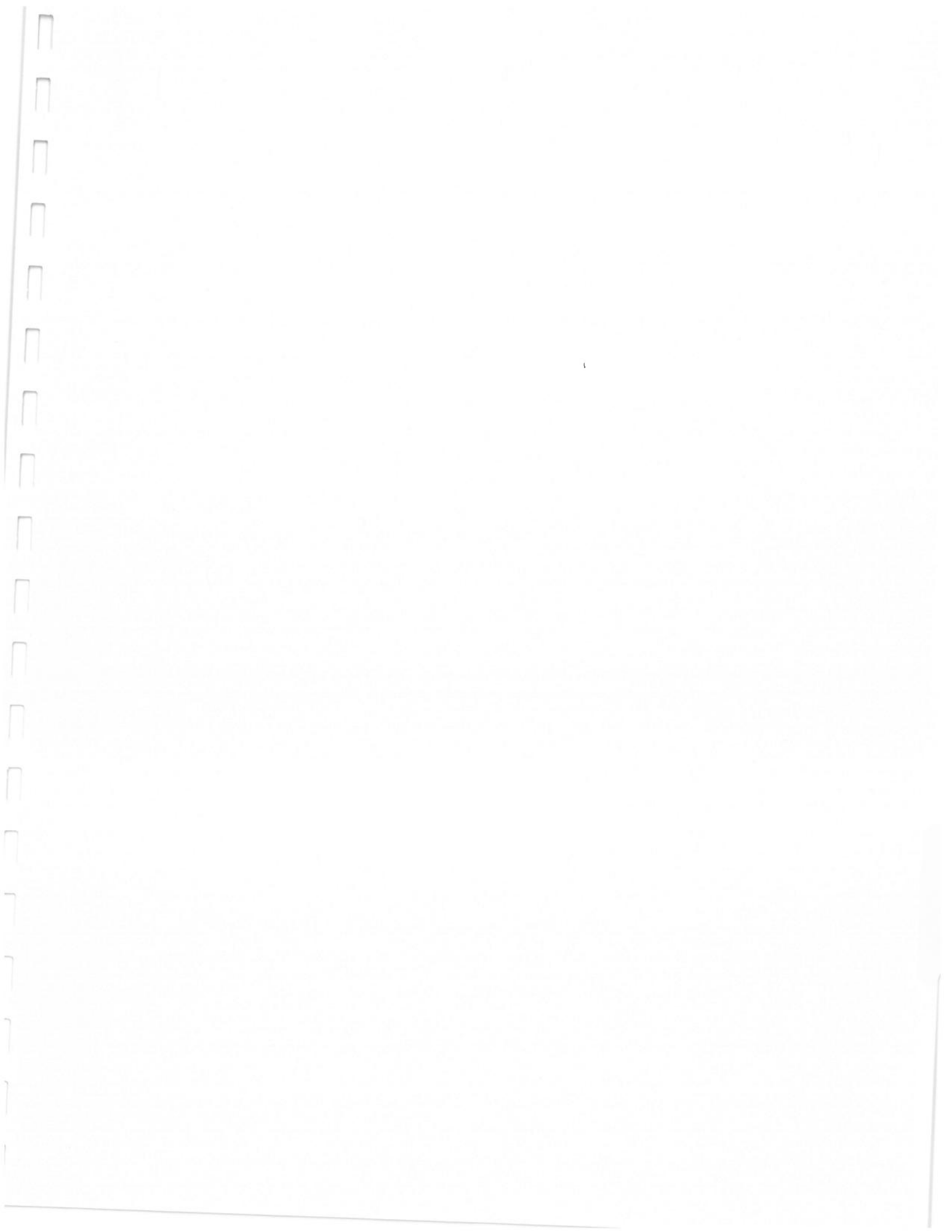

Jonathan W. Hays
Water Judge
Water Division No. 1
State of Colorado

Certified to be a full, true and correct copy of the original in my custody.

Dated 10-16-97
FERN A. KOEHLER

Clerk of the District Court
Teller County, Colorado







RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT H
FINANCING PLAN

Service Plan Financial Summary

The Financial Plan for the Arabian Acres Metropolitan District includes the issuance of bonds in two series. The first issue would be completed in 2003 for a total principal amount of \$1,325,000. The second series would total \$400,000 in principal and would be issued in 2013.

These bonds would be secured by a limited mill levy pledge of the District as well as water revenues. The plan is to pay back the principal and interest on the bonds from a combination of water service charges, tap fees and a debt service mill levy of 6 mills. This financing structure ensures that all property owners in the District pay some part of the costs of the improvements through the mill levy but that the users of the water system pay a higher amount through the mill levy and service charges. New growth pays its fair share through a tap fee in addition to the property tax and service charge.

The revenue assumptions are that the mill levy starts and stays at 6 mills. Monthly service charges start at \$35 and increase \$1 annually. The tap fee starts at \$7,500 and increases \$200 annually.

The expenditure assumptions include operations and administration costs starting at \$62,000 with annual increases. Annual capital outlay is included to cover improvements to the water system as well as to finance the fire flow improvements according to the Capital Improvements Plan.

The 2003 bonds are assumed to be issued at an average interest rate of 6% for a term of 25 years. This is a reasonable interest rate considering the current market and that the bonds will be in fact secured by two revenue sources. The 2013 bonds will be issued for 15 years at the same assumed interest rate.

Growth in the District is projected very conservatively at 10 new homes per year until 2018 until the District reaches its water service capacity (340 homes) based on the current water supply.

Overall, the financial plan shows that the District can adequately discharge its debt based on a low mill levy, low water service charges and slow growth.

PLAN 1A
All Properties
PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$1,325,000 In Bonds at 6.00%

Beginning Cash Available

	2007	2008	2009	2010	2011	2012
Revenues:						
06 Mills	118,535	149,810	191,001	237,774	294,852	326,874
00 Mills	-	-	-	-	-	-
6.00%	-	-	-	-	-	-
\$0	-	-	-	-	-	-
Property Taxes - Debt Service	17,812	19,803	21,303	22,848	25,779	27,458
Property Taxes - Operating	-	-	-	-	-	-
Specific Ownership Taxes	-	-	-	-	-	-
Tap Fees	18,347	19,803	21,303	22,848	25,779	27,458
Water Fees	1,069	1,188	1,278	1,371	1,466	1,547
Project Proceeds	75,000	79,000	81,000	83,000	85,000	87,000
Capitalized Interests/Reserves	86,520	93,312	100,344	107,616	115,128	122,880
Investment Income	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Annual Income	1,185,335	1,249,810	1,312,303	1,375,128	1,437,852	1,500,574
Expenditures:						
DS	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Acquisition/construction	79,500	79,500	79,500	79,500	79,500	79,500
Tax Collection Fees	1,440,527	1,440,527	1,440,527	1,440,527	1,440,527	1,440,527
Administration	20,361	20,361	20,361	20,361	20,361	20,361
Growth	604,040	604,040	604,040	604,040	604,040	604,040
Operating Expenses	1,096,908	1,096,908	1,096,908	1,096,908	1,096,908	1,096,908
Capital Expenses	661,846	661,846	661,846	661,846	661,846	661,846
Total Annual Expenses	2,272,173	2,272,173	2,272,173	2,272,173	2,272,173	2,272,173
Net Income (loss)	(1,086,838)	(1,022,363)	(960,870)	(897,045)	(834,321)	(771,599)
Ending Cash Available	118,535	149,810	191,001	237,774	294,852	326,874
Debt Mill Levy	-	-	-	-	-	-
Water Rates (\$/month)	-	-	-	-	-	-
Tap Fees	-	-	-	-	-	-
Assessed Valuation						
Beginning	2,882,250	2,968,718	3,057,779	3,149,180	3,242,225	3,336,874
Increase From Inflation	86,468	89,062	91,733	94,415	97,107	99,800
Increase From Construction	-	-	-	-	-	-
Cumulative	2,968,718	3,057,779	3,149,180	3,242,225	3,336,874	3,432,674
Absorption						
185,000.00	10	10	10	10	10	10
New Residential Units	196	206	216	226	236	246
Number of Units - Residential SF	130	140	150	160	170	180
Number of Units Served by Water	22,143,000	22,143,000	22,143,000	22,143,000	22,143,000	22,143,000
Residential Value - New	-	-	-	-	-	-
Non-residential Value	-	-	-	-	-	-
Total Market Value	22,143,000	22,143,000	22,143,000	22,143,000	22,143,000	22,143,000
Assessed Valuation	2,026,085	2,026,085	2,026,085	2,026,085	2,026,085	2,026,085

PLAN 1A
All Properties
PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$ 1,325,000 in Bonds at 6.00%

Beginning Cash Available

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
503,741	589,056	646,538	715,997	798,452	829,034	821,940	816,305	811,866	808,221	

Revenues:

06 Mills	Property Taxes - Debt Service
00 Mills	Property Taxes - Operating
6.00%	Specific Ownership Taxes
\$0	Tap Fees
DS	Water Fees
DS	Project Proceeds
4.50%	Capitalized Interest/Reserves
	Investment Income
	Total Annual Income

32,188	34,060	35,689	37,665	39,402	41,490	43,341	45,004	46,354	47,745	
1,931	2,044	2,141	2,260	2,364	2,489	2,600	2,700	2,781	2,865	
95,000	97,000	99,000	101,000	103,000	105,000	107,000	109,000	111,000	113,000	
185,240	174,432	183,864	193,536	199,920	204,000	208,080	212,160	216,240	220,320	
105,795	-	113,330	-	121,402	-	-	-	-	-	
22,668	26,508	29,094	32,220	35,930	37,307	36,987	36,734	36,534	36,370	
422,823	334,043	463,118	366,681	440,218	285,286	291,009	296,598	301,909	307,299	

Expenditures:

DS	Debt Service
DS	Acquisition/Construction
3.00%	Tax Collection Fees
3.00% Growth	Administration
3.00% Growth	Operating Expenses
3.50% Growth	Capital Expenses

Total Annual Expenses

115,520	156,705	156,705	156,705	156,705	156,705	156,705	156,705	156,705	156,705	
105,795	113,330	113,330	113,330	121,402	121,402	121,402	121,402	121,402	121,402	
1,024	1,083	1,135	1,198	1,253	1,319	1,378	1,431	1,474	1,518	
30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949	40,118	
54,800	56,444	58,138	59,882	61,678	63,529	65,435	67,398	69,420	71,502	
29,623	30,660	31,733	32,843	33,993	35,183	36,414	37,688	39,007	40,373	
337,508	276,561	393,659	284,226	409,637	292,379	298,645	301,037	305,555	310,216	

Net Income (loss)
Ending Cash Available

85,315	57,482	69,459	82,455	30,582	(7,094)	(5,635)	(4,439)	(3,646)	(2,916)	
589,056	646,538	715,997	798,452	829,034	821,940	816,305	811,866	808,221	805,305	

Debt Mill Levy
Water Rates (\$/month)
Tap Fees

6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
45.00	46.00	47.00	48.00	49.00	50.00	51.00	52.00	53.00	54.00	
9,500	9,700	9,900	10,100	10,300	10,500	10,700	10,900	11,100	11,300	

Assessed Valuation

Beginning	5,364,727	5,676,643	5,948,096	6,277,514	6,586,993	6,914,977	7,223,580	7,500,677	7,725,698	7,957,469
3.00%	180,942	170,299	178,443	186,325	197,010	207,449	216,707	225,020	231,771	238,724
Increase From Inflation	150,975	101,153	150,975	101,153	150,975	101,153	60,390	60,390	60,390	60,390
Cumulative	5,676,643	5,948,096	6,277,514	6,586,993	6,914,977	7,223,580	7,500,677	7,725,698	7,957,469	8,196,193

Absorption

\$ 165,000.00	New Residential Units
9.15%	Number of Units - Residential SF
29.00%	Number of Units Served by Water
	Residential Value - New
	Non-Residential Value
	Total Market Value
	Assessed Valuation

10	10	10	10	10	10	10	10	10	10	
306	316	326	336	346	356	366	376	386	396	
240	250	260	270	280	290	300	310	320	330	
1,105,500	1,850,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	
1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	
101,153	150,975	101,153	150,975	101,153	150,975	101,153	60,390	60,390	60,390	

All Properties
 PROPERTY TAX LEVIED
 Arabian Acres Metropolitan District
 Florissant, Colorado
 \$ 1,220,000 Net Proceeds
 \$1,325,000 in Bonds at 6.00%

Revenues:

Property Taxes - Debt Service
Property Taxes - Operating
Specific Ownership Taxes
Tap Fees
Water Fees
Project Proceeds
Capitalized Interests/Reserves
Investment Income
Total Annual Income

Debt Service

Acquisition/construction
Tax Collection Fees
Administration
Operating Expenses
Capital Expenses

Ending Cash Available

Debt Mill Levy
Water Rates (\$/month)
Tap Fees

Beginning

Absorption

New Residential Units
Number of units

Number of Units - Residential SF.
Number of Units Served by Water
Residential Value - New
Non-residential Value
Total Market Value
Assessed Valuation

All Properties
PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$1,325,000 in Bonds at 6.00%

Revenues:

[illegible]

Expenditures:

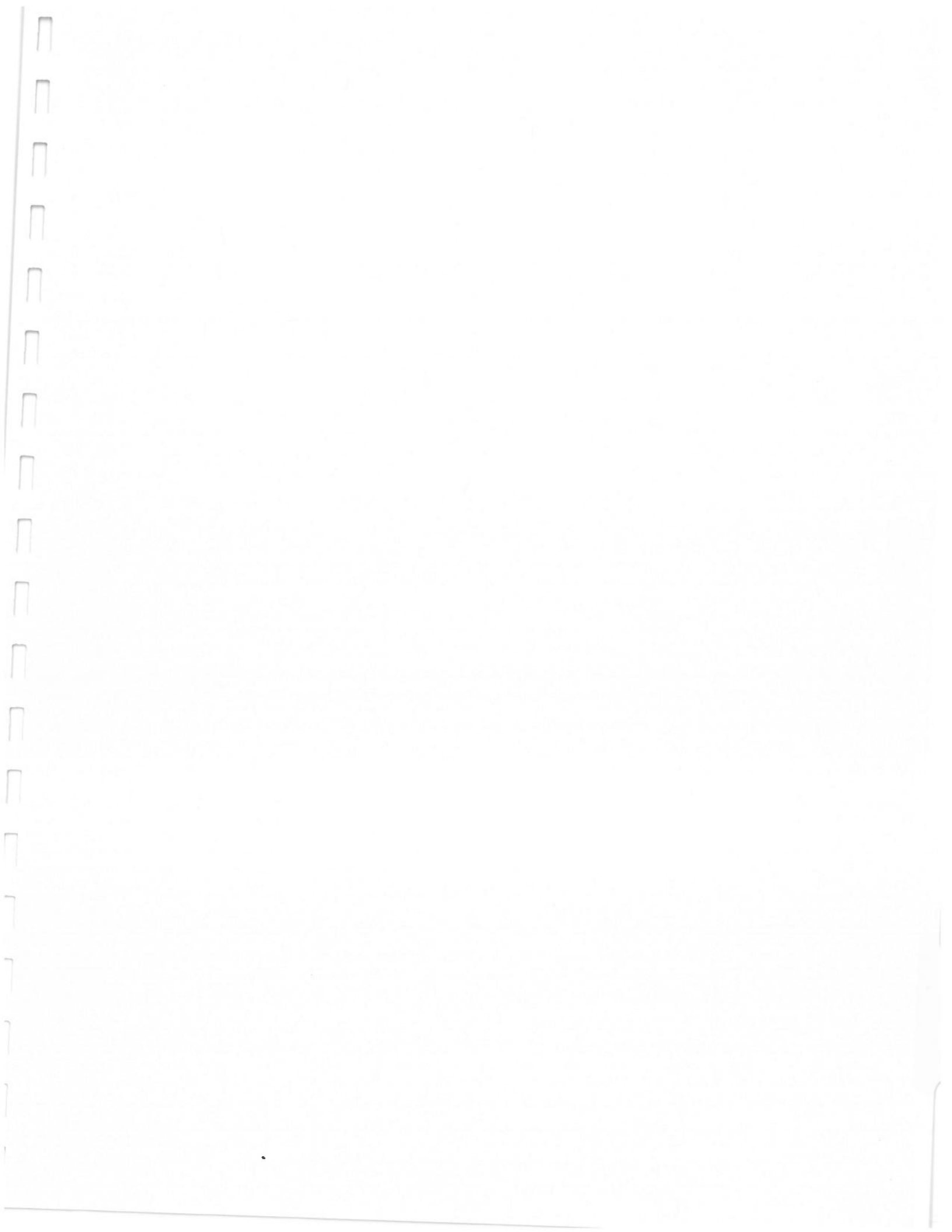
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Absorption

[illegible]





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT I

SCHEDULE OF DISTRICT FEES, RATES AND CHARGES

FEES, RATES, AND CHARGES SCHEDULE

TAP FEE:	\$7,500.00
MONTHLY SERVICE RATES: Monthly minimum.....	35.00
TURN ON/OFF CHARGES: Excluding Initial Turn On	35.00
LATE FEE:	10.00
FINANCE CHARGES: Interest – 18% Per Annum On Bal.	
SERVICE DEPOSIT: Transferable.....	50.00
SPECIAL METER READING CHARGE:	35.00
RE: INSPECTION FEE: Each	15.00



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT J

**TELLER COUNTY BOARD OF COUNTY COMMISSIONER'S
RESOLUTION APPROVING DISTRICT'S SERVICE PLAN**

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF TELLER COUNTY, COLORADO

RESOLUTION NO. 10-3-02(G1)

**A RESOLUTION APPROVING THE SERVICE PLAN FOR THE
ARABIAN ACRES METROPOLITAN DISTRICT NOT EXCLUDING CERTAIN PROPERTY**

WHEREAS, on July 15, 2002 a Service Plan for the proposed Arabian Acres Metropolitan District was filed for recording with the Teller County Clerk and Recorder pursuant to the requirements of CRS 32-1-101 *et seq.*; and

WHEREAS the intent of this Metropolitan District is to accomplish the financing, acquisition, construction, operation, and management of a water system and mosquito control in the Arabian Acres Subdivision, portions of the Trout Haven Subdivision, Trout Haven Resorts, Camp Iana, and certain metes and bounds tracts, the District boundaries for which are described in Exhibit 1 Arabian Acres Metropolitan District Boundary Map, and Exhibit 2 Arabian Acres Metropolitan District Legal Description attached hereto and thereby incorporated herein by reference; and

WHEREAS these facilities and services are more particularly defined as the following pursuant to CRS 32-1-~~1004~~₁₀₃, as more particularly described in the Service Plans:

- Water. Install and maintain the existing and proposed potable and nonpotable water systems.
- Mosquito control. Treat breeding grounds and purchase, lease, contract for, or otherwise acquire necessary equipment.

and

WHEREAS, the Teller County Planning Commission, at its hearing on August 13, 2002 did (1) approve a Teller County "New Communities" (1041) Permit for creation of the proposed Arabian Acres Metropolitan District; and (2) recommend, with conditions, that the Board of County Commissioners approve the Service Plan for the proposed Arabian Acres Metropolitan District; and

WHEREAS the conditions placed by the Planning Commission have been fulfilled; and

WHEREAS, on October 3, 2002 the Teller County Board of County Commissioners did receive, consider, and deny requests from the following owners of real property within the proposed boundaries of the Arabian Acres Metropolitan District for exclusion from said District with the finding of fact that to exclude said properties would NOT be in the best interest of the proposed District::

1. Arabian Acres Lot 6, Block 1, Filing 2 (10 Jenwood Drive).
2. Trout Haven Estates Lots 10, 11, and 12 Filing 1 (185 Uintah Ridge Drive)
3. Trout Haven Estates Lot 17, Filing 1 (62 Uintah Ridge Drive)
4. A 0.69 acre tract of land in the NE4NE4 Sec. 16, Tshp. 13N, Range 70W of the 6th PM (44 Uintah Vale Drive)
5. Trout Haven Lot 25, Filing 1 (96 Uintah Vale Drive)

6. Trout Haven Lot 1, Filing 3 (17 Tioga Trail)
7. Trout Haven Lot 2, Filing 3 (18 Tioga Trail)
8. Trout Haven Lot 10-A, Filing 3 (43 Tioga Trail)
9. Trout Haven Lot 20 Filing 4 (325 Pawutsy Road)
10. Trout Haven Filing 4(211 Kitsu Ridge Road)
11. Trout Haven Filing 1-5 (47 Kayfa Court)
12. (3188 Upper Twin Rocks Road)
13. (3113 Upper Twin Rocks Road)
14. Trout Haven Lot 3 Filing 3 (65 Tioga Trail)
15. Trout Haven Lot 21 B2 Filing 4(166 Twatsy Lane)

and

WHEREAS, the Board of County Commissioners of the County of Teller, State of Colorado, pursuant to the requirements of CRS 32-1-203 Action on Service Plan - Criteria, finds that evidence satisfactory to the Board of each of the following has been presented:

1. **Need.** There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.
2. **Existing Service Inadequate.** The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.
3. **Proposed District Capable.** The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.
4. **Area has Financial Capability.** The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Teller, State of Colorado:

1. That the County of Teller, State of Colorado hereby approves without further condition or modification the Service Plan as submitted and subsequently amended by the Service Plan Addendum submitted to the Board of County Commissioners on October 3, 2002 and attached to this Resolution for the Arabian Acres Metropolitan District; and
2. The foregoing notwithstanding, the following general matters shall apply for so long as the District shall exist:
 - a. In its particulars, the Teller County Land Use Regulations, and any amendments thereto, shall govern and control development within the proposed Service District.
 - b. Teller County shall not be obligated to accept any dedication of proposed lands, facilities, or other improvements within the Service Districts except

as may otherwise be accepted by separate resolution of the Board of County Commissioners.

- c. All material representations of Applicant in its written submittals and in public hearing shall be binding, including but not limited to representation that: All conditional easements ("conditional assets") described in the Appraisal dated January, 2002 (page 6) shall be recorded prior to District purchasing the water system, and that these assets will be transferred to the District together with all other assets of the Arabian Acres Water Company.

The Board of County Commissioners finds, determines, and declares that this Resolution is necessary for the health, safety, and welfare of the inhabitants of the County of Teller, State of Colorado.

THE FOREGOING RESOLUTION IS ADOPTED AT A SPECIAL MEETING OF THE BOARD OF COUNTY COMMISSIONERS OF TELLER COUNTY, COLORADO HELD THE 3RD DAY OF OCTOBER, 2002, AT CRIPPLE CREEK, COLORADO.

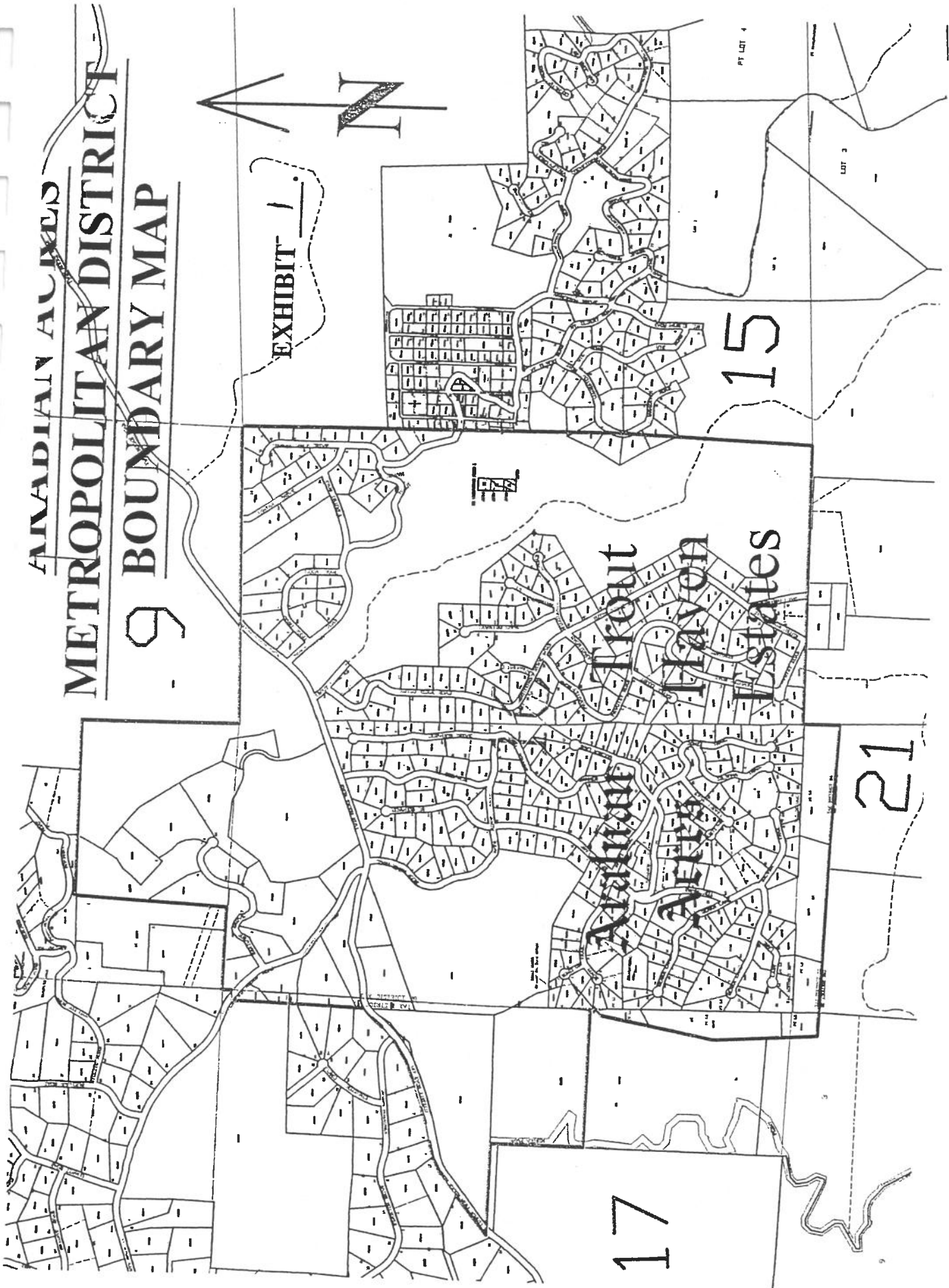
THE BOARD OF COUNTY COMMISSIONERS,
OF TELLER COUNTY, COLORADO

BY Lucile R. Fohn
CHAIR

ATTEST:

[Signature]
COUNTY CLERK

Attachments: Exhibit 1: Arabian Acres Metropolitan District Boundary Map
Exhibit 2: Arabian Acres Metropolitan District Legal Description
Exhibit 3: Service Plan Addendum



ANAPOLIS ACQUIRED
METROPOLITAN DISTRICT
9 BOUNDARY MAP

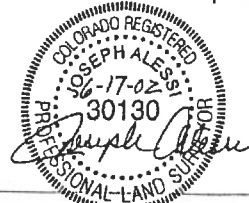
The Arabian Acres Metropolitan District

LEGAL DESCRIPTION

A parcel of land located in a portion of the SW 1/4 of Section 9, a portion of the NW 1/4 Section 21, a portion of the E 1/2 Section 17, and all of Section 16, Township 13 South, Range 70 West, in the 6th P.M., Teller County, State of Colorado, more particularly described as follows:

Beginning at the NW Corner of Section 16; thence, S89°39'03"E coincident with the North line of said Section 16 and the Northerly line of Lot 7, Arabian Acres Fourth Filing as recorded in the office of the Teller County Clerk and Recorder, a distance of 800.33 feet to the Southwest Corner of Lot 6, Arabian Acres Fourth Filing; thence, N00°47'35"E coincident with the Westerly lines of Lot 6 and Lot 4, a distance of 1319.02 feet to the Northwest Corner of said Lot 4; thence, S89°50'48"E coincident with the Northerly boundary of said Arabian Acres Fourth Filing, a distance of 620.00 feet; thence, S89°50'48"E coincident with the Southerly boundary line of the Twin Rock Subdivision as recorded in the office of the Teller County Clerk and Recorder, a distance of 1177.82 feet to a point on the North-South centerline of Section 9; thence, S00°55'09"W coincident with the said North-South centerline of Section 9, a distance of 1324.24 feet to the Quarter Corner between Section 9 and 16; thence, S88°42'57"E coincident with the North line of said Section 16, a distance of 2626.26 feet to the Northeast Corner of said Section 16; thence, S00°08'29"W coincident with the East line of said Section 16, a distance of 5242.20 feet to the Southeast Corner of said Section 16; thence, S89°24'51"W coincident with the South line of said Section 16, a distance of 2640.42 feet to the South Quarter Corner of said Section 16; thence, the following (21) courses are as shown on Monumented Land Survey Plat, prepared by William S. Kitlica, PLS, May 6, 1997, under reception no. 0000296, as recorded in the office of the Teller County Clerk and Recorder; thence, (1) S00°23'56"E, a distance of 333.40 feet; thence, (2) N82°52'21"W, a distance of 427.23 feet; thence, (3) N82°28'39"W, a distance of 119.61 feet; thence, (4) N84°53'23"W, a distance of 136.08 feet; thence, (5) N78°04'50"W, a distance of 228.59 feet; thence, (6) N89°31'16"W, a distance of 173.68 feet; thence, (7) S89°28'24"W, a distance of 52.59 feet; thence, (8) S87°20'55"W, a distance of 839.40 feet; thence, (9) S87°04'02"W, a distance of 248.89 feet; thence, (10) N87°47'24"W, a distance of 217.93 feet; thence, (11) N87°30'50"W, a distance of 473.82 feet; thence, (12) N01°40'17"W, a distance of 108.22 feet; thence, (13) N03°21'46"W, a distance of 246.40 feet; thence, (14) N02°02'03"W, a distance of 201.91 feet; thence, (15) N02°53'21"W, a distance of 135.67 feet; thence, (16) N01°37'42"W, a distance of 270.92 feet; thence, (17) N01°51'22"W, a distance of 43.18 feet; thence, (18) N06°48'49"E, a distance of 127.75 feet; thence, (19) N08°12'03"E, a distance of 414.41 feet; thence, (20) N13°18'44"E, a distance of 552.22 feet; thence, (21) N45°55'09"E, a distance of 92.42 feet; thence, N00°09'01"E coincident with the Easterly line of Lot 2, Revised Plat of Hidden Forest Ranch No. 2, as recorded in the office of the Teller County Clerk and Recorder, a distance of 889.49 feet to the NE corner of said Lot 2; thence, N89°30'40"W coincident with the Northerly boundary line of said Lot 2 and continuing on said bearing, a distance of 2111.36 feet to a point on the Easterly line of Lot 18, Palmer Village Subdivision, as recorded in the office of the Teller County Clerk and Recorder; thence, the following (9) courses are coincident with the Southeasterly boundary line of said Palmer Village Subdivision, said line also being the Northwesterly right of way line of Twin Rock Road as shown on said plat; thence, (1) on a curve to the right having a radius of 867.07 feet, a central angle of 10°38'58" and an arc length of 161.16 feet; thence (2) N52°52'53"E, a distance of 487.56 feet; thence, (3) on a curve to the right having a radius of 519.18 feet, a central angle of 23°06'24", and an arc length of 209.38 feet; thence, (4) N75°59'17"E, a distance of 374.44 feet; thence, (5) on a curve to the left having a radius of 1359.61 feet, a central angle of 4°07'17", and an arc length of 97.80 feet; thence, (6) N71°52'00"E, a distance of 400.79 feet; thence, (7) N58°58'11"E, a distance of 218.00 feet; thence, (8) N45°39'01"E, a distance of 461.86 feet; thence, (9) on a curve to the right having a radius of 160.37 feet, a central angle of 15°31'12" and an arc length of 43.44 feet; thence, the following (2) courses being coincident with the Easterly line of Lots 27, 24, 23, and 22, in said Palmer Village Subdivision; thence, (1) N03°30'13"E, a distance of 473.23 feet; thence, (2) N00°27'51"E, a distance of 209.47 feet; thence, N02°24'45"E, a distance of 166.58 feet; thence, N01°55'33"E, a distance of 115.04 feet; thence, N00°49'06"E, a distance of 217.67 feet; thence, N00°52'19"E, a distance of 79.22 feet to a point on the Southwesterly right of way line of Upper Twin Rock Road; thence S48°48'36"E coincident with the Southerly right of way line of said Upper Twin Rock Road, a distance of 108.89 feet to a point on the Westerly line of Section 16; thence, N02°25'15"E coincident with the Westerly line of said Section 16, a distance of 124.96 feet to the point of beginning.

Containing 757.73 Acres of land more or less.



SERVICE PLAN ADDENDUM

ARABIAN ACRES METROPOLITAN DISTRICT

SERVICE PLAN

Prepared by:
September 24, 2002
Seter & Vander Wall, P.C.
7400 E. Orchard Road, Suite 3300
Greenwood Village, CO 80111

October 3

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- EXHIBIT D APPRAISAL OF SYSTEM FACILITIES
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- EXHIBIT F WATER COURT DECREE, CASE NO. 94CW281
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ARABIAN ACRES METROPOLITAN DISTRICT

SERVICE PLAN

I. INTRODUCTION

The name of the proposed district is ARABIAN ACRES METROPOLITAN DISTRICT (the "District"). The District is located entirely within unincorporated Teller County (the "County"). This Service Plan ("Service Plan"), is submitted in accordance with Part 2 of § 32-1-201, et seq., C.R.S. (the "Act"). The Service Plan has been prepared by Arabian Acres Water Company, LLC, as the District Organizer (the "Company" or "Organizer"), and the following consultants:

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II. PURPOSE OF THE DISTRICT

A. Purpose and Intent.

Arabian Acres Water Company, LLC (hereinafter "AAWC" or the "Company") provides potable water service to approximately 125 lots in the Arabian Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4 and parts of Filing No. 2 and a few large acreage lots adjacent to the subdivision. It also provides commercial taps to Trout Haven Resort and Camp Iana. The water system was constructed between 1972 and 1979, with significant expansions and upgrades completed in 1994.

The Rupp family is the sole owner of AAWC through the Rupp Family Partnership RLLLP. The Rupp family does not wish to continue in the water service business. In order to assure continued service to its customers, AAWC wishes to convey all of its interest in the water supply and water system to the District.

The Company conducted several public meetings with area residents, County staff and

elected officials regarding the formation of a water district. Community feedback supported the formation of a metropolitan district with authority to provide additional services and facilities as needed or desired by the community.

B. Need for District.

Due to the age and health of members of the Rupp family, the Rupp Family Partnership is no longer in a position to continue operating AAWC. The Partnership has no plans for continued expansion or improvements to the facilities and is solely focusing on divesting itself of AAWC in the near future. The Partnership's options for divesting AAWC include: (1) organizing a special district to purchase the existing system and take over service in perpetuity; (2) selling the system to a private entity; (3) abandoning the system; or (4) including into a water district or public entity.

The main advantage to forming a metropolitan district is local control. The district would own the system and water rights in perpetuity, and the board of directors would be elected from residents and property owners of the District. Another advantage to the formation of a metropolitan district is flexibility. At a later date, the District Board may decide to activate the District's park and recreation or street powers to identify and fund construction or acquisition of additional improvements within or without the District's boundaries.

The other options are not appealing to the Rupp family or area residents and property owners because there is no guarantee of continued service or local control over rates and level of service. Discussions were had with other special districts. However, these entities do not appear willing to incorporate the system into their own, but are interested in gaining access to the existing water supply.

The District's immediate purpose is to acquire the Company's water system for the use and benefit of the District's residents, taxpayers and the owners of real property within the existing service area, as shown on Exhibit C. The District will provide for the purchase, operation, maintenance and extension of the system within and without its boundaries, as needed, to assure local control and the continuation of water service to the residents and owners of real property within its service area. Property owners using existing private wells will not be required to obtain service from the District, nor will they be denied obtaining a tap at a later date.

The District will also offer mosquito control within its boundaries. The District anticipates contracting out for this service, as needs are identified by the Board of Directors. The cost of surface treatment for larvae and mosquito control is insignificant. The District Board may provide additional services or facilities to the community in the future. The exercise of additional powers authorized by this Service Plan shall be considered a material modification of the Service Plan and must be approved by the Board of County Commissioners with specific design, construction and financial plans, before implementation.

C. General Powers.

The District shall have the authority and powers proscribed for a Metropolitan District under § 32-1-201, et. seq., C.R.S. to be exercised as delegated herein.

1. Authorized and Approved Powers.

The District is authorized to provide the following services:

- a. Water. The design, acquisition, installation, construction relocation, operation and maintenance, within or without the boundaries of the District, of a complete water

and irrigation system, including water rights, water supply, ownership of properties and facilities, including storage facilities, transmission and distribution lines, pumping stations, wells, reservoirs, retention ponds, detention ponds, lakes, treatment works, fire hydrants, meters, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Mosquito Control. The design, acquisition, installation, construction, relocation, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

2. Powers Requiring Additional Review.

Activation or exercise of the following powers is a material modification of this Service Plan. The powers may be activated only by request of the District Board and review and approval of development, construction and financing plans by the Teller County Board of County Commissioners.

a. Streets. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of roadway improvements through the construction and installation of curbs, gutters, culverts, storm sewers and installation or relocation of other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, snow removal, utility relocation necessitated by public rights-of-way, monumentation, signage, utility lines, and other street improvements, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant

facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Traffic and Safety Controls. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the District's boundaries, of a system of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways and at railroad crossings, including traffic signals and signage, environmental monitoring, traffic-related computer systems, as well as other facilities and improvements including without limitation signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

c. Sanitation. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of storm or sanitary sewer system improvements, including storage facilities, collection and transmission lines, pumping stations, retention and settling ponds or basins, sludge drying beds, composting facilities, treatment works, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

d. Parks and Recreation. The design, acquisition, installation, construction,

relocation, operation and maintenance of park and recreation facilities or programs including, without limitation, open space, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public plazas and courtyards, ponds or other water features, signage, public foundations and sculpture, art, botanic gardens, equestrian trails and centers, swimming pools and spas, tennis courts, golf courses, exercise facilities, picnic areas, playground areas, park shelters, community events, common area landscaping and weed control, outdoor lighting of all types, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

e. Transportation. The design, acquisition, installation, construction, relocation, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, shuttle facilities, parking structures, signage, roofs, covers, bicycle racks, other transportation-related facilities, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities or systems.

f. Telecommunication Systems and Services. The design, acquisition, installation, construction, relocation, operation and maintenance of television relay and translator facilities, including without limitation, digital, satellite and cable television, communication systems and other technologies, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by

condemnation or otherwise, and extensions of and improvements to such facilities.

D. Miscellaneous Powers.

The District shall have the following miscellaneous powers with respect to activities conducted pursuant to this Service Plan.

1. Legal Powers. The powers of the District will be exercised by its Board of Directors to the extent necessary to provide the services contemplated in this Service Plan. The facilities, improvements, programs and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act (§ 32-1-101, et seq., C.R.S.), Teller County Regulations, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to time.

2. The Board of Directors' Limitations.

~~a. At least annually following the formation of the District, for a minimum period of fifteen years the District shall notify by mail every property owner in the District of the existence of the District and the yearly of the next scheduled of the meetings of its Board of Directors. Such meeting shall occur at least 30 days and not more than 60 days following the date of the mailing. Such notification shall include names and addresses of the Board of Directors and officers, the address and phone number of the District, and shall include reference to the existence of the District files maintained by Teller County.~~

~~b. There shall be a non voting advisor to the District Board of Directors appointed by the Teller County Board of County Commissioners.~~

~~c. The District shall establish a Citizens' Advisory Committee composed of interested property owners within the District, residents, service users and County agencies involved in infrastructure development. The purpose of this Committee shall be to (1) review the District's annual budget and policies; and (2) advise the District on specific infrastructure project identification, prioritization, coordinating and funding. Appointments to such Citizens' Advisory Committee shall be subject to review and approval by the Board of County Commissioners.~~

3. Other. In addition to the powers enumerated above, the Board of Directors of the District shall also have authority:

a. To amend this Service Plan for material modifications, as provided in Section IX, by following the procedures set forth in § 32-1-207(2), C.R.S., including written notice to Teller County of actions which the District believes are permitted but which may be unclear or by other means provided by the County or Colorado Statutes; and

b. To furnish contractual service to lots within the Arabian Acres and Trout Haven Subdivisions, if any, which may, by present exclusion from the District by the Board of County Commissioners, be outside District Boundaries, and establish responsible fees for them. The provision of such service by contract to these properties shall not be considered a material modification of the Service Plan requiring approval of the Board of County Commissioners.

c. ~~T~~ To forego, reschedule or restructure the financing and construction of improvements and facilities, in order to better accommodate the pace of growth, resource

availability and potential inclusions of property within the District, or if the development of the improvements and facilities would best be performed by another entity; and

d. To provide all additional services and exercise all powers expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise, or in its discretion, choose to provide or exercise; and

e. To exercise all necessary and implied powers under The Special District Act in the reasonable discretion of the Board of Directors of the District, subject to and in accordance with the powers described herein.

III. BOUNDARIES, POPULATION & VALUATION

The service area of the District consists of approximately 750 acres located in all of Section 16, and parts of Sections 9, 17, 20 and 21, Township 13 South, Range 70 West of the Sixth Principal Meridian, in unincorporated Teller County. It is generally bounded by the west section line of Section 16, the south section line of Section 16, portions of Section 9 to the north, and the east section line of Section 16. The proposed District boundaries are based upon the Decreed Service area contained in the Decree issued in Water Court Case No. 94CW281, attached hereto as Exhibit F.

The legal description of the District is attached as Exhibit A, a map identifying the general vicinity of the District is attached as Exhibit B, and a detailed boundary map of the District is attached as Exhibit C.

The majority of the District consists of rural residential lots contained in the Arabian

Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4, part of Filing No. 2, and a few large acre residential lots adjacent to the Arabian Acres Subdivision. The Arabian Acres Subdivision is at approximately forty percent of full build-out. Trout Haven Estates Filing Nos. 1, 3, 4, and part of Filing No. 2 are at approximately fifty-one percent of full build-out. The District anticipates serving a total population of 750 residents, or 3400 properties at full build-out.

The District also contains two commercial properties, the Trout Haven Resort and Camp Iana. The Trout Haven Resort is a private fishing club. The Trout Haven "Lost Dutchman Pavilion" is an events center, catering primarily to functions such as weddings, business events and community groups. Camp Iana is a church camp, consisting of approximately twenty-two acres for the main complex. It is affiliated with numerous churches in the immediate area. Numerous retreats, workshops and youth programs are offered throughout the year.

The valuation for assessment of the District for 2002 is \$2,968,718. The valuation for assessment for the District at full build-out is expected to be \$6,566,993 in 2017. For purposes of the Financing Plan, the valuation for assessment is presumed to be \$3,057,779 by the end of 2003.

IV. DESCRIPTION OF PROPOSED FACILITIES

A. Improvements.

The District will acquire, operate, maintain and expand, as necessary, the water system and provide for mosquito control within its boundaries. The improvements and assets to be acquired by the District consist of eight wells, two treatment facilities, one storage tank, mains, real property

holdings, two reservoirs, water rights and easements. The appraised value of the water system is approximately \$1,100,000. A recent appraisal is attached as Exhibit D.

Maps depicting the location of the water system improvements are attached as Exhibit E. The District will be authorized to acquire, construct or replace any improvements necessary to provide water service, subject to County regulations.

The District will fully cooperate with the right of all currently unbuilt lot property owners within the District to apply for, and receive, a well permit from the Office of the State Engineer-Division of Water Resources provided that District service to the lot, at the time of construction, neither exists nor is expected to exist within a reasonable period of time, which is to say by the time a Certificate of Occupancy is anticipated to be issued by Teller County.

All Agreements or other documents of public record as of August 13, 2002 between members of the Rupp Family, jointly or severally d/b/a Arabian Acres Water Company, LLC, and any individual property owner or owners within the Arabian Acres Subdivision or Trout Haven Subdivision, their heirs or assigns, regarding the ability to drill or replace a well, the payment of prepayment of the fees, the ability to request and receive future water service, easements, or any other matter, shall remain in full force and effect as recorded, and are binding on the District. Copies of such Agreements are attached as Exhibit N.

B. Existing Conditions.

The original water system was built to service the Arabian Acres Subdivision. Trout Haven Estates Filing Nos. 1, 3, 4, part of Filing No. 2, a few large acre lots adjacent to the Arabian Acres Subdivision, and commercial taps to the Trout Haven Resort and Camp Iana have been added to the

system. The system relies on well rights for its water supply and currently serves approximately 125 customers.

Arabian Acres Subdivision (the "Subdivision") was platted in the 1960s and contains 229 lots. When platted, it was assumed that each lot would contain one single-family home. The Water Court Decree in Case No. 94CW281, attached as Exhibit F (the "Decree"), reflects that assumption. There is a growing trend within the Subdivision, however, to construct single-family homes on multiple lot sites. Current estimates project the Subdivision to contain approximately 190 single-family homes at full build-out.

Trout Haven Estates was platted in the early 1960s as well. These filings contained 169 original lots. As with Arabian Acres, it was assumed that the lots in Trout Haven would also contain one single-family home per lot, however the trend is to construct single-family homes on multiple lot sites. Current estimates project that Trout Haven Estates will contain approximately 141 single-family homes at full build out.

There are several adjacent tract properties that are not platted within either subdivision. These properties are "pre-Senate Bill 35" and are quite problematic for inclusion in any platted subdivision. The District boundaries are based upon AAWC's decreed service area.

All water usage is metered. The Decree anticipated a per capita water usage of 65 gallons per day. A study of water usage between June, 1999 and June, 2001 shows that actual water consumption is 123 gallons per home per day. The Findings of Fact, Conclusions of Law, Judgement and Decree in Water Court Case No. 94CW281 approved an augmentation plan (the "Augmentation Plan") based upon depletions associated with the measured water to customers.

See, Exhibit F. The Water System Evaluation and Master Plan for Arabian Acres Water Company dated July, 2002 prepared by JDS-Hydro Consultants, Inc. concludes that the water resources of the Company are sufficient to serve 445 units, well in excess of the 340 units anticipated at final build out of the subdivisions. See, Exhibit M. Therefore, additional customers may be served by the District without exceeding the allowed maximum water usage set forth in the Decree. ~~A modification to the Decree may be required by the Water Court.~~

The water system is supplied by well water taken from several locations. The water rights supporting the wells are described in detail in the Decree. The rights allow for a total of 6.906 acre-feet of annual consumptive use and development of a total of seventeen wells. The system currently contains seven active wells. An eighth well has been drilled and the piping has been completed. It is now being analyzed for water quality and quantity. These rights are supported by 220 shares of the Mountain Mutual Reservoir Company. These rights do not allow irrigation. The Reservoir Company shares will be conveyed to the District as part of the water system.

In addition to the decreed water rights, the Company has raw water storage that may be used to augment flows in an out-of-priority situation for the decreed source. The storage rights were decreed in Case No. 96CW238 and a copy of the Decree is attached as Exhibit G.

C. Anticipated Development.

A major expansion to the water system was completed in 1994. The intent is to maximize the customer base of water users in order to lower the cost of providing service. The District will have the capability to service approximately 3400 single-family units, in addition to the commercial taps, based on existing metered usage.

The District does not anticipate making major changes to the system in the near future aside from running additional lines to accommodate new customers and replacing improvements as needed. ~~Improvements to the system will be designed and constructed to meet fire flow requirements, where required by the County Engineer.~~ The owners of AAWC have no power or jurisdiction over the Board of Directors who will be elected by the District's constituents and cannot dictate or enforce a projected capital improvements plan for implementation by the Board. One of the purposes of organizing a metropolitan district is to provide a mechanism for long range planning and financing.

Once the District is formed, water taps shall, at all times, be reserved and set aside for, and be available to, the owners of all legally subdivided and platted but unbuilt lots in Arabian Acres and Trout Haven and all currently unplatted tract properties within the District boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," until such time as full build-out of these subdivisions and properties occurs.

D. Teller County Construction Standards.

All District improvements will be designed and constructed in accordance with the standards, specifications and requirements of Teller County. The District will obtain approval of civil engineering plans and permits for construction and installation of improvements from the County.

E. Dedication of Improvements.

The District does not intend to dedicate any public improvements to the County or any other public entity. Teller County shall not be obligated to accept any dedication of proposed

lands, facilities, or other improvements within the Service District except as otherwise may be accepted by separate resolution of the Board of County Commissioners.

F. Ownership and Operation of Facilities by the District.

Upon conveyance of the water system, the District shall own, design, construct, operate, maintain and replace all water system improvements, or as otherwise agreed with or required by the County. As a condition of organization, within the first year of operation, the District Board will adopt a long term capital improvements plan ("CIP"). ~~which will meet to fire flow requirements as required by the County Engineer.~~ A proposed CIP for review and approval by the Board of Directors is attached as Exhibit M.

Both the Capital Improvements Plan and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. These plans, over time, may be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid.

G. Rules and Regulations.

The District Board will adopt Rules and Regulations governing the operation of the system and ensuring water quality and longevity of the water supply. The Rules and Regulations may be revised from time to time.

H. Compliance with Teller County Master Plan.

Pursuant to § 30-28-106 and § 32-1-203(2.5)(c), C.R.S., the District is in compliance with the County's Growth Management Plan because the District is located within approved existing subdivisions and the District is not creating any new development within the County.

I. Compliance with Teller County Long Range Water Quality Management Plan.

Pursuant to § 32-1-203(2.5)(c), the District is in compliance with the Pikes Peak Area Council of Governments 408 Water Quality Plan. AAWC has been a member of the Colorado Rural Water Association since 1995. It has also been a member of the Teller County Water Quality Association since 1996. AAWC participates in the Colorado SWAP response program and several other programs to identify water resources and the protection of all area water sources. See letter from the Teller County Water Quality Association attached hereto as Exhibit L.

J. Compliance with Teller County Land Use Regulations.

The District is subject to compliance with federal, state and local laws and regulations. In its particulars, the Teller County Land Use Regulation, and any amendments thereto, shall govern and control development within the Special District.

V. FINANCIAL INFORMATION

A. Overview.

This section describes the nature, basis, method of funding, debt, and mill levy limitations associated with the District's purchase of the water system and operations. A detailed Financing Plan and statement of assumptions are contained in Exhibit H. The Financing Plan assumes the issuance of debt and shows anticipated repayment based on the projected development within the District boundaries. The Plan assumes the District will incur debt through general obligation bonds. The District does not anticipate borrowing operating funds because service charges from

existing customers will sufficient generate operating revenue.

B. Bond Limitations.

The bonds may be issued to the general public or to certain investors of the bonds, but must comply with the applicable limitations found in § 32-1-1101(6)(a)(I), (II), (III), or (IV), or § 32-1-1101(6)(b)), C.R.S., to wit:

(6) (a) The total principal amount of general obligation debt of a special district issued pursuant to subsection (2) of this section, which debt is issued on or after July 1, 1991, shall not at the time of issuance exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the special district, as certified by the assessor, except for debt which is:

(I) Rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations;

(II) Determined by the board of any special district in which infrastructure is in place to be necessary to construct or otherwise provide additional improvements specifically ordered by a Federal or state regulatory agency to bring the district into compliance with applicable Federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes;

(III) Secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:

(A) With a net worth of not less than ten million dollars in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;

(B) With the minimum regulatory capital as defined by the primary regulator of such depository institution to meet such obligation; and

(C) Where the obligation does not exceed ten percent of the total capital and surplus of the depository institution, as those terms are defined by the primary regulator of such depository institution; or

(IV) Issued to financial institutions or institutional investors.

(b) Nothing in this title shall prohibit a special district from issuing general obligation debt or other obligations which are either payable from a limited debt service mill levy, which mill levy shall not exceed fifty mills, or which are refundings or restructurings of outstanding obligations, or which are obligations issued pursuant to part 14 of this article.

C. Debt Authorization.

The Financing Plan anticipates that approximately \$1.3 million will be required to finance capital costs associated with the acquisition of the public improvements (not including the cost recovery and reimbursement for advances and operation costs) and the funding of a capital improvements account. To pay these amounts, finance the costs of issuance, pay cost recovery and reimbursements for advances, as well as other contingencies, the District will seek the authorization of its electors to issue up to \$1.5 million in general obligation indebtedness. Such authorization will be sought pursuant to the terms of the Special District Act and the Colorado Constitution, as they may be amended from time to time.

In the discretion of the Board of Directors, using the procedures and criteria found in Section 20, Article X, of the Colorado Constitution (TABOR) and state law, the District may set up enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status. To the extent allowed by law, any enterprise created by the District will remain under the control of the Board of Directors of the District.

The District has also built in an initial capital improvements fund of \$120,000 into the bond proceeds so that the initial District Board of Directors will have the opportunity and flexibility to make capital improvements. **The District Board will consult with the Divide Fire Protection District regarding the fire flow standards to be applied to the design and**

construction of improvements and other new construction. –Upgrading the system will be an ongoing project.

D. Debt Issuance.

The provision of facilities by the District will be primarily financed by the issuance of general obligation bonds, secured by the *ad valorem* taxing authority of the District. The bonds are anticipated to be issued in 2003. The District will be entitled to modify the proposed structure of its Financing Plan as contemplated in this Service Plan. Subject to the limitations contained herein, the refunding of any debt or other obligations shall not require County approval.

The District may obtain financing to purchase the water system through the issuance of general obligation bonds, payable from the imposition of *ad valorem* property taxes, service charges, tap fees and other sources. The District intends to issue bonds in the amount of One Million Three Hundred Twenty-five Thousand Dollars (\$1,325,000), exclusive of obligations issued to refund or refinance. The District may increase or decrease the amount of bonds to be issued as necessary to accommodate its needs, at the discretion of the Board of Directors and subject to the provisions of this Service Plan. The exact interest rates and discounts will be determined at the time the bonds are sold by the District, taking into account market conditions at the time of sale; however, the proposed maximum voted net effective interest will be 12%. The proposed maximum underwriting discount will be 5%.

Any bonds issued, will not mature more than thirty (30) years from the date of issuance, with the first maturity being not later than three (3) years from the date of their issuance, as required by statute.

Refunding bonds may be issued by the District to defease original issue bonds in compliance with law. The District may also issue notes, certificates, debentures or other evidences of indebtedness, as permitted by law. The figures contained herein, depicting costs of purchasing the infrastructure and operations, shall not constitute legal limits on the financial powers of the District; provided, however, that the District shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law. ~~No fewer than forty five (45) days prior to the issuance of any bonds subsequent to the initial offering, the District shall submit to Teller County a bond issuance plan which demonstrates the structure of the proposed bond transaction and the District's plan to pay the proposed bond ("Bond Issuance Plan"). Teller County shall have thirty (30) days from the date of receipt of the notice in which to object to the Bond Issuance Plan. In the event Teller County objects in writing within the thirty (30) day period, the District shall proceed with the bond issuance only with the written consent of the Board of County Commissioners.~~

The total appraised value of the water system components is One Million Forty-Five Thousand Four Hundred Eleven Dollars (\$1,045,411). The County is not responsible for assuming any of the costs of the improvements funded by the District. The amount to be voted by the District's taxpaying electors is expected to exceed the amount of bonds anticipated to be sold, as shown in the Financing Plan, to allow for the utilization of alternative financing mechanisms, unforeseen contingencies, increases in costs due to changed market conditions or inflation, expansions of the District's boundaries, and to cover all issuance costs.

E. Operations.

The estimated cost of operating the District for 2003, its initial year of operation, is expected to be approximately Twenty Thousand Dollars (\$20,000) for legal, administrative and financial services, and is expected to be approximately Forty-two Thousand Dollars (\$42,000) for operating expenses. Legal and financial service expenses will decline sharply after the issuance of bonds and acquisition of the system and water rights.

F. Identification of District Revenue

The District will rely on tap fees, service charges and property taxes as sources of revenue. A schedule of the District's anticipated fees, rates and charges is attached as Exhibit I.

1. Tap Fees. Commercial and residential tap fees will be paid by all new customers prior to activation of service. Fees may be adjusted by the District's Board of Directors from time to time.
2. Service Charges. All service charges will be listed in the District's Rules and Regulations and may be adjusted by the District's Board of Directors from time to time. No property with a well permit issued by the State of Colorado-Division of Water Resources within the District's boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," shall be required to use the services of the District; nor shall any such property owner be required to remit to the District any service charge, fee, rate, penalty, toll, levy or other assessment intended for repayment of District revenue bonds (as opposed to general obligation debt) although same may be made against property owners using District services.

3. Ad Valorem Property Tax Levy. The District will assess a mill levy for the repayment of debt through the bond repayment period. Service charges and tap fees will fund the costs of District administration, operations and maintenance. The District anticipates that the mill levy needed to support the debt is six (6) mills over the life of the bonds. In no event will the District's debt service mill levy exceed twelve (12) mills.

4. Contract Service. The District may provide contract service to properties as described in §II. D. 3. b.

5. Conservation Trust Funds. ~~For those facilities and services for which Teller County or overlying districts have a pre-existing broad County interest, including but not limited to parks or recreation facilities or programs, traffic safety controls and street or road improvements, and sanitation services, The District shall not apply for funds that are available from or through governmental or non-profit entities that the County or overlying districts have are eligible to appliedy for, including but not limited to funds from Great Outdoors Colorado and Gaming Impact Funds.~~

The District Board may utilize any combination revenue sources authorized by law and this Service Plan for debt service, operations and maintenance. This includes the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(1) and § 32-1-1006, C.R.S. Substantial deviations from this section shall be deemed a material modification of the Service Plan.

G. Security for Debt.

The District's debt shall be general obligation indebtedness and/or revenue bonds secured by the District's revenues or *ad valorem* taxing authority. The District shall not pledge any County funds or assets for security for the indebtedness set forth in the Financing Plan of the District. For general obligation bonds, bondholders will be advised that so long as the District is certifying the required mill levy, no other remedy will be available to bondholders to obtain payment. This mechanism will help assure that bonds cannot default as long as the mill levy is being certified and the property owners will pay only the required mill levy.

H. Financing Plan.

The Financing Plan prepared by the District and attached as Exhibit H, contains the following:

- a. The debt anticipated to be issued by the District;
- b. The total amount of debt to be issued during the three (3) year period commencing with the formation of the District;
- c. All proposed sources of revenue and projected District expenses, as well as the assumptions upon which they are based, for at least a ten-year period from the date of organization of the District;
- d. The dollar amount of any anticipated financing, including capitalized interest, costs of issuance, estimated maximum rates and discounts, and any expenses related to the organization and initial operation of the District;
- e. A detailed repayment plan covering the life of any financing, including the frequency and amounts expected to be collected from all sources; and

f. The amount of any reserve fund and the expected level of annual debt service coverage that will be maintained for any financing.

Although the Financing Plan demonstrates the payment of the District's debt within a thirty-year period, it ~~attempts to~~ projects anticipated operations, maintenance and other costs that might be incurred due to the implementation of a CIP, as adopted by the District's Board of D

irectors during its first year of operation. A preliminary CIP is attached as part of the if the Capital Improvements Plan that is included as part of the Master Plan found at (Exhibit M.)

Both the CIP (Exhibit M) and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. They may, over time, be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid. ~~As components of this Service Plan, substantial changes to them are considered material modifications of this Service Plan, and are subject to the provisions of Section IX.~~

VI. REGIONAL IMPROVEMENTS

Unless otherwise required by the County, the District will not participate in the funding of any regional public infrastructure improvements, except after an amendment to this Service Plan approved by the County.

VII. ANNUAL REPORTING

The District shall, if requested by the County, submit an annual report, as described in §

32-1-207(3)(c) and (d), C.R.S., to the Teller County Board of County Commissioners. ~~for a period of fifteen years following organization.~~ The District will provide annual audits and budgets to the State of Colorado as required by law.

The District will pay an annual fee of \$500.00 to the County when reports are submitted ~~of \$500.00~~ for review and maintenance of the District file. The fee may be adjusted administratively, no more than once per year, based on the maximum local district annual percentage change in spending provided for under Article X, Section 20 of the State Constitution. Fees may be adjusted legislatively as deemed necessary.

VIII. LANDOWNERS PUBLIC IMPROVEMENTS

The creation of the District will not relieve the landowners or developers of the property, their successors or assigns, of any obligation to construct public improvements required by any agreement entered into with the County or other governmental entity.

IX. MODIFICATION OF SERVICE PLAN

The District will obtain approval from the County before making any material modifications to this Service Plan. Material modifications include:

- a. The addition of new types of services.
- b. Change in any service or facilities to be provided.
- c. A decrease in the financial ability of the district to discharge existing or proposed indebtedness.
- d. A decrease in existing or projected need for organized service in the area.

- e. Inclusion of any additional property into the district.
- f. Exclusion of any property from the district.
- g. Change in the maximum mill levy.
- h. Consolidation with any other district.
- i. Except for assumed changes in conversion from constant dollars to current dollars, material changes in cost estimates provided.
- j. Change in the dissolution date.
- k. Change in the revenue source(s) for bonded indebtedness.
- l. Failure to provide annual reports or other information to Teller County as may be required by C.R.S.
- m. Reduction in any bond ratings or the failure of any credit enhancement technique.
- ~~n.~~ Issuance of debt in any amount or type or at any time not authorized by the approved Service Plan.
- ~~o.~~n. Default in any of the terms and/or conditions of any Facilities Funding, Construction and Operations Agreement (FFCOA), if any, or any proposed or actual termination thereof, or any material alteration thereof.
- ~~p.~~o. Other such changes that may constitute a change in the basic or essential nature of the original service plan, including, without limitation, any increase or decrease in the District's service area.
- ~~q.~~p. The provision of services to any new subdivision of lands pursuant to the Teller County Land Use Regulations within the boundaries of the District as depicted in Exhibit C, "Arabian Acres Metropolitan District Boundary Map." It must be clearly demonstrated that there is adequate water to provide water to all lots in Arabian Acres and Trout Haven subdivisions, and all tracts of land currently unplatted, in addition to any new subdivision of land proposed.
- ~~r.~~Any substantial modification of the Capital Improvements Plan which is a part of this Service Plan.

County approval is not required for modifications to this Service Plan necessary for the execution of financing, purchase, or construction of public improvements already outlined in this Service Plan.

X. DISTRICT CONSOLIDATION OR DISSOLUTION

In order to foster efficiencies and reduce the number of special districts within Teller County, at such time as the purchase of the system is complete and all debt contemplated in this Service Plan has been issued; the District may consider consolidation with one or more special districts for the continued provision of water service and/or other services. The District is not contemplating dissolution because the District is being formed for the purpose of providing an ongoing service.

XI. DISCLOSURE

The District will take steps to ensure that the developers of property located within the District provide written notice at the time of closing to purchasers of land regarding the existence of taxes, charges, or assessments which may be imposed in connection with the District. The District will also record the Order of the District Court organizing the District in the real property records of the Clerk and Recorder of Teller County, Colorado, so that all future property owners within the District will have notice regarding the existence of the District.

XII. INTERGOVERNMENTAL AGREEMENTS

None are anticipated at this time.

XIII. RESOLUTION OF APPROVAL

The District incorporates the Teller County Board of County Commissioners' Resolution approving this Service Plan, including any conditions of approval, into this Service Plan as Exhibit J.

XIV. STATUTORY REQUIREMENTS

This Service Plan for the Arabian Acres Metropolitan District meets the requirements of the Special District Control Act (§ 32-1-201, et seq., C.R.S.) and the requirements of the Colorado Constitution. It is further submitted that pursuant to § 32-1-203(2) and (2.5), C.R.S.:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District. The formation of the District is necessary to decrease the number of individual wells drilled in the area due to the use of individual septic systems on the same properties and water quality issues identified by the County; the need for long range planning and financing of an infrastructure system capable of meeting fire flow rates as identified by the County; and area residents and property owners desire to own and control the water system and water rights servicing their properties, as well as providing means for making future improvements desired or needed by the community.

2. The existing service in the area to be served by the District is inadequate for present and projected needs. The Rupp Family Partnership is divesting AAWC and has no interest or financial wherewithal to make long-term improvements to the water system.
3. The District is capable of providing economical and sufficient service to the proposed development within its boundaries as shown on the attached Financial Plan.
4. The area to be included within the District does have and will have the financial ability to discharge the proposed indebtedness on a reasonable basis as shown on the Financial Plan.
5. Adequate service is not, or will not be, available to the area through County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
6. The facility and service standards of the proposed special district are compatible with the facility and service standards of Teller County. The District will be taking over existing facilities and services, built to County specifications at the time of construction. Additional improvements will be built to County specifications.
7. The proposal is in substantial compliance with any Teller County Master Plan adopted pursuant to § 30-28-106, C.R.S., as stated above.
8. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area, as stated above.

9. The creation of the proposed special district will be in the best interests of the area proposed to be served because a metropolitan district will provide service in perpetuity by an elected board consisting of District residents and property owners. The financing mechanisms available to a special district allow for long range planning and low cost financing of system improvements. In addition, the metropolitan district will provide for the implementation of expanded facilities and services desired or requested by the District constituents that the County is unable or unwilling to provide.

XVI. CONCLUSION

Therefore, it is requested that the Teller County Board of County Commissioners adopt a resolution to be included herein as Exhibit J approving this Service Plan for the Arabian Acres Metropolitan District.

ARABIANACRES/SP
JVE0825
0650.0003

EXHIBIT H
FINANCING PLAN

Service Plan Financial Summary

The Financial Plan for the Arabian Acres Metropolitan District includes the issuance of bonds in two series. The first issue would be completed in 2003 for a total principal amount of \$1,325,000. The second series would total \$400,000 in principal and would be issued in 2013.

These bonds would be secured by a limited mill levy pledge of the District as well as water revenues. The plan is to pay back the principal and interest on the bonds from a combination of water service charges, tap fees and a debt service mill levy of 6 mills. This financing structure ensures that all property owners in the District pay some part of the costs of the improvements through the mill levy but that the users of the water system pay a higher amount through the mill levy and service charges. New growth pays its fair share through a tap fee in addition to the property tax and service charge.

The revenue assumptions are that the mill levy starts and stays at 6 mills. Monthly service charges start at \$35 and increase \$1 annually. The tap fee starts at \$7,500 and increases \$200 annually.

The expenditure assumptions include operations and administration costs starting at \$62,000 with annual increases. Annual capital outlay is included to cover improvements to the water system as well as to finance the fire flow improvements according to the Capital Improvements Plan.

The 2003 bonds are assumed to be issued at an average interest rate of 6% for a term of 25 years. This is a reasonable interest rate considering the current market and that the bonds will be in fact secured by two revenue sources. The 2013 bonds will be issued for 15 years at the same assumed interest rate.

Growth in the District is projected very conservatively at 10 new homes per year until 2018 until the District reaches its water service capacity (340 homes) based on the current water supply.

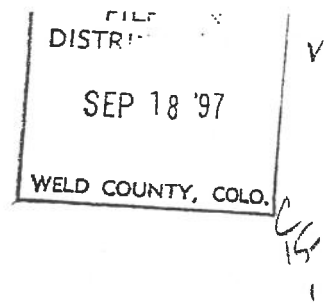
Overall, the financial plan shows that the District can adequately discharge its debt based on a low mill levy, low water service charges and slow growth.



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT G

WATER COURT DECREE, CAST NO. 96CW238



DISTRICT COURT, WATER DIVISION 1, COLORADO

CASE NO. 96CW238 (81CW379)

FINDINGS AND RULING OF THE REFEREE AND DECREE OF THE WATER COURT

CONCERNING THE APPLICATION FOR WATER RIGHTS OF A. C. RUPP,
IN TELLER COUNTY

THIS MATTER, an Application to Make Absolute Conditional Water Rights and for a Finding of Reasonable Diligence, was filed with the Water Clerk, Water Division No. 1, on October 30, 1996. The structures described herein were originally decreed in Case No. 81CW379. A previous application involving these structures was also filed on April 30, 1990, in Case No. 90CW088. The Referee being fully advised in the premises, does hereby find:

All notices required by law of the filing of this Application have been fulfilled, and the Referee has jurisdiction over all parties affected hereby, whether they have appeared or not.

No statement of opposition to the Application has been filed, and the time for filing such statements has expired.

All matters contained in the Application having been reviewed, and such corrections made as are indicated by the evidence presented,

IT IS HEREBY THE RULING OF THE WATER REFEREE:

1. The Name and Address of the Applicant:

A. C. Rupp
11 Polo Circle
Colorado Springs, Colorado 80906

2. The Names of the Structures:

A. C. Rupp Reservoir No. 1
A. C. Rupp Reservoir No. 2

3. The Legal Descriptions of the Structures:

A. C. Rupp Reservoir No. 1 is located in the NW 1/4 SW 1/4, Section 16, Township 13 South, Range 70 West, 6th P.M., Teller County, at a point approximately 221 feet East and 1,340 feet North of the Southwest corner of Section 16.

A. C. Rupp
Case No. 96CW238 (81CW379)
Page 2

A. C. Rupp Reservoir No. 2 is located in the NW 1/4 NW 1/4, Section 15, Township 13 South, Range 70 West, 6th P.M., Teller County. The Northwest corner of the dam is 17 feet from the West Section line of Section 15, and the bottom of the dam immediately below the wheel for opening the gate is 51 feet from the North Section line and 110 feet from the West Section line of Section 15.

4. The Source of the Water:

Unnamed tributaries of Twin Creek, a tributary of the South Platte River

5. The Date of Appropriation:

March 29, 1983

6. The Amount of Water:

A. C. Rupp Reservoir No. 1: 4.0 acre feet ABSOLUTE

A. C. Rupp Reservoir No. 2: 21.81 acre feet ABSOLUTE; and
18.19 acre foot, CONDITIONAL

7. The Uses of the Water:

A. C. Rupp Reservoir No. 1: Recreation, livestock watering, augmentation, replacement and exchange, ABSOLUTE. Irrigation, commercial, domestic, and municipal, CONDITIONAL.

A. C. Rupp Reservoir No. 2: Recreation, livestock watering, augmentation, replacement and exchange, ABSOLUTE. Irrigation, commercial, domestic, and municipal, CONDITIONAL.

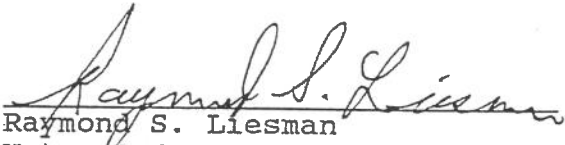
8. The A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2 are integral components of a water system being developed by the Rupp Family and the Arabian Acres Water Company. Both Reservoirs have been constructed. The capacity of Reservoir No. 1 is 4.0 acre feet and the present capacity of Reservoir No. 2 is 21.81 acre feet. Water was stored in both Reservoirs during the Spring runoff in 1995. Since that time, the water has been used for recreation, livestock watering, augmentation, replacement and exchange purposes. Therefore, the A. C. Rupp Reservoir No. 1 shall be decreed ABSOLUTE, in the amount of 4.0 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes; and the A. C. Rupp Reservoir No. 2 shall be decreed ABSOLUTE, in the amount of 21.81 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes. The remaining 18.91 acre

A. C. Rupp
Case No. 96CW238 (81CW379)
Page 3

feet decreed conditionally to the A. C. Rupp Reservoir No. 2, and the use of the water stored in both Reservoirs for irrigation, commercial, domestic and municipal purposes, shall continue as conditional water rights.

9. It is also ordered that the conditional water rights previously awarded are hereby continued in full force and effect until October, 2003. If the Applicant desires to maintain such conditional decree, an application for a finding of reasonable diligence shall be filed on or before October, 2003, or a showing made on or before such date that the conditional water rights have become absolute water rights by reason of the completion of the appropriation.
10. The priorities herein awarded the A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2 were filed in the Water Court in the year of 1981 and shall be administered as having been filed in that year; and shall be junior to all priorities filed in previous years. As between all rights filed in the same calendar year, priorities shall be determined by historical dates of appropriation and not affected by the date of entry of ruling.

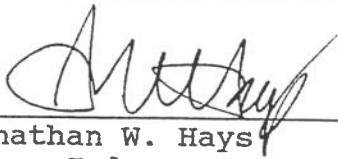
DATED this 16th day of September, 1997.


Raymond S. Liesman
Water Referee
Water Division No. 1

THE COURT DOTH FIND: NO PROTEST WAS FILED IN THIS MATTER

THE FOREGOING RULING IS CONFIRMED AND APPROVED, AND IS HEREBY MADE THE JUDGMENT AND DECREE OF THIS COURT.

DATED: OCT 16 1997


Jonathan W. Hays
Water Judge
Water Division No. 1
State of Colorado

Certified to be a full, true and correct copy of the original in my custody.

Dated 10-16-97
FERN A. KOEHLER

Clerk of the District Court
Teller County, Colorado





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT H

FINANCING PLAN

Service Plan Financial Summary

The Financial Plan for the Arabian Acres Metropolitan District includes the issuance of bonds in two series. The first issue would be completed in 2003 for a total principal amount of \$1,325,000. The second series would total \$400,000 in principal and would be issued in 2013.

These bonds would be secured by a limited mill levy pledge of the District as well as water revenues. The plan is to pay back the principal and interest on the bonds from a combination of water service charges, tap fees and a debt service mill levy of 6 mills. This financing structure ensures that all property owners in the District pay some part of the costs of the improvements through the mill levy but that the users of the water system pay a higher amount through the mill levy and service charges. New growth pays its fair share through a tap fee in addition to the property tax and service charge.

The revenue assumptions are that the mill levy starts and stays at 6 mills. Monthly service charges start at \$35 and increase \$1 annually. The tap fee starts at \$7,500 and increases \$200 annually.

The expenditure assumptions include operations and administration costs starting at \$62,000 with annual increases. Annual capital outlay is included to cover improvements to the water system as well as to finance the fire flow improvements according to the Capital Improvements Plan.

The 2003 bonds are assumed to be issued at an average interest rate of 6% for a term of 25 years. This is a reasonable interest rate considering the current market and that the bonds will be in fact secured by two revenue sources. The 2013 bonds will be issued for 15 years at the same assumed interest rate.

Growth in the District is projected very conservatively at 10 new homes per year until 2018 until the District reaches its water service capacity (340 homes) based on the current water supply.

Overall, the financial plan shows that the District can adequately discharge its debt based on a low mill levy, low water service charges and slow growth.

EXHIBIT G

WATER COURT DECREE, CAST NO. 96CW238

FILED
DISTRICT
SEP 18 '97

WELD COUNTY, COLO.

DISTRICT COURT, WATER DIVISION 1, COLORADO
CASE NO. 96CW238 (81CW379)

FINDINGS AND RULING OF THE REFEREE AND DECREE OF THE WATER COURT

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All matters contained in the Application having been reviewed, and such corrections made as are indicated by the evidence presented,

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A. C. Rupp
Case No. 96CW238 (81CW379)
Page 2

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5. The Date of Appropriation:

March 29, 1983

6. The Amount of Water:

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18.19 acre foot, CONDITIONAL

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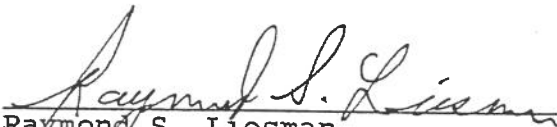
8. The A. C. Rupp Reservoir No. 1 and the A. C. Rupp Reservoir No. 2 are integral components of a water system being developed by the Rupp Family and the Arabian Acres Water Company. Both Reservoirs have been constructed. The capacity of Reservoir No. 1 is 4.0 acre feet and the present capacity of Reservoir No. 2 is 21.81 acre feet. Water was stored in both Reservoirs during the Spring runoff in 1995. Since that time, the water has been used for recreation, livestock watering, augmentation, replacement and exchange purposes. Therefore, the A. C. Rupp Reservoir No. 1 shall be decreed ABSOLUTE, in the amount of 4.0 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes; and the A. C. Rupp Reservoir No. 2 shall be decreed ABSOLUTE, in the amount of 21.81 acre feet, for recreation, livestock watering, augmentation, replacement and exchange purposes. The remaining 18.91 acre

A. C. Rupp
Case No. 96CW238 (81CW379)
Page 3

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9. It is also ordered that the conditional water rights previously awarded are hereby continued in full force and effect until October, 2003. If the Applicant desires to maintain such conditional decree, an application for a finding of reasonable diligence shall be filed on or before October, 2003, or a showing made on or before such date that the conditional water rights have become absolute water rights by reason of the completion of the appropriation.
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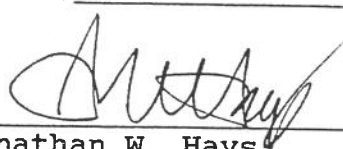
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Raymond S. Liesman
Water Referee
Water Division No. 1

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DATED: OCT 16 1997


Jonathan W. Hays
Water Judge
Water Division No. 1
State of Colorado

Certified to be a full, true and correct copy of the original in my custody.

Dated 10-16-97

FERN A. KOEHLER

Clerk of the District Court
Teller County, Colorado





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

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FINANCING PLAN

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Overall, the financial plan shows that the District can adequately discharge its debt based on a low mill levy, low water service charges and slow growth.

PLAN 1A

PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$1,325,000 in Bonds at 6.000%

Mills to 6
Taps to 7500
40 year Capital
Funds wells (20

Beginning Cash Available

Revenues:													
06 Mills	Property Taxes - Debt Service	640,278	-	17,812	18,347	19,803	21,303	22,848	24,439	25,779	27,458	28,889	30,862
00 Mills	Property Taxes - Operating	-	-	-	-	-	-	-	-	-	-	-	-
6.00%	Specific Ownership Taxes	-	-	-	-	-	-	-	-	-	-	-	-
\$0	Tap Fees	38,417	-	1,069	1,101	1,188	1,278	1,371	1,466	1,547	1,648	1,733	1,840
	Water Fees	1,273,200	-	75,000	77,000	79,000	81,000	83,000	85,000	87,000	89,000	91,000	93,000
DS	Project Proceeds	3,177,432	-	86,520	93,312	100,344	107,616	115,128	122,880	130,872	139,104	147,576	156,288
DS	Capitalized Interests/Reserves	1,440,527	-	1,100,000	-	-	-	-	-	-	-	-	-
4.50%	Investment Income	120,000	-	120,000	-	-	-	-	-	-	-	-	-
		440,092	-	-	5,334	6,741	8,595	10,700	13,268	14,709	14,375	16,634	19,383
	Total Annual Income	7,129,946	-	1,400,401	195,094	207,077	219,792	233,047	247,054	259,907	271,585	285,832	301,173

Expenditures:

[illegible]Debt Mill Levy
Water Rates (\$/month)[illegible]

Assessed Valuation

Beginning		2,682,250	2,968,718	3,057,779	3,300,487	3,550,477	3,807,966	4,073,180	4,296,529	4,576,400	4,814,845	5,110,265
Increase From Inflation	9.894,901	86,468	89,062	91,733	99,015	106,514	114,239	122,195	128,896	137,292	144,445	153,308
Increase From Construction	<u>2,026,085</u>	-	-	150,975	150,975	150,975	150,975	101,153	150,975	101,153	150,975	101,153
Cumulative	-	2,968,718	3,057,779	3,300,487	3,550,477	3,807,966	4,073,180	4,296,529	4,576,400	4,814,845	5,110,265	5,364,727

Absorption

New Residential Units									
	10	10	10	10	10	10	10	10	10
\$ 165,000.00	196	206	216	226	236	246	256	266	276
Number of Units - Residential SF	130	140	150	160	170	180	190	200	210
Number of Units Served by Water	-	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Residential Value - New	-	-	-	-	-	-	-	-	-
Non-residential Value	-	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Total Market Value	-	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Assessed Valuation	-	150,975	150,975	150,975	150,975	150,975	150,975	150,975	150,975
	2,026,095	2,026,095	2,026,095	2,026,095	2,026,095	2,026,095	2,026,095	2,026,095	2,026,095
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
	1,650,000	1,650,000</							

ALL Properties
 PROPERTY TAX LEVIED
 Arabian Acres Metropolitan District
 Florissant, Colorado
 \$ 1,220,000 Net Proceeds
 \$1,325,000 in Bonds at 6.00%

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
503,741	589,056	648,538	715,997	798,452	829,034	821,940	816,305	811,866	808,221

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
Revenues:																									
Property Taxes - Debt Service	32,188	34,060	35,689	37,665	39,402	41,490	43,341	-	45,004	-	46,354	-	47,745	-	48,866	-	50,000	-	51,166	-	52,366	-	53,600	-	548,221
Property Taxes - Operating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specific Ownership Taxes .	1,931	2,044	2,141	2,260	2,364	2,489	2,600	-	2,700	-	2,781	-	2,865	-	2,940	-	3,016	-	3,093	-	3,170	-	3,248	-	32,553
Tap Fees	95,000	97,000	99,000	101,000	103,000	105,000	107,000	-	109,000	-	111,000	-	113,000	-	115,000	-	117,000	-	119,000	-	121,000	-	123,000	-	1,230,000
Water Fees	165,240	174,432	183,864	193,536	199,920	204,000	208,080	-	212,160	-	216,240	-	220,320	-	224,400	-	228,480	-	232,560	-	236,640	-	240,720	-	2,407,200
Project Proceeds	105,795	-	113,330	-	121,402	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Interest/Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	22,668	26,508	29,094	32,220	35,930	37,307	36,987	-	36,734	-	36,534	-	36,334	-	36,134	-	35,934	-	35,734	-	35,534	-	35,334	-	353,334
Total Annual Income	422,823	334,043	463,118	366,681	440,218	285,286	291,009	-	296,598	-	301,909	-	307,299	-	312,689	-	318,079	-	323,469	-	328,859	-	334,249	-	3,342,249

DS	Debt Service
DS	Acquisition/construction
3.00%	Tax Collection Fees
3.00%	Administration
3.00%	Operating Expenses
3.50%	Capital Expenses

	DS	Debt Service	DS	Acquisition/construction	DS	Tax Collection Fees	DS	Growth Administration	DS	Growth Operating Expenses	DS	Growth Capital Expenses	DS	Total Annual Expenses
	115,520	156,705	156,705	156,705	156,705	-	113,330	1,198	156,705	121,402	156,705	156,705	156,705	156,705
	105,795	-	-	-	-	1,024	1,083	30,747	31,669	34,806	35,644	36,713	37,815	38,949
	54,800	56,444	58,138	59,882	61,678	63,529	65,435	67,398	69,420	71,502	73,637	75,825	78,067	80,363
	29,623	30,660	31,733	32,843	33,993	35,183	36,414	37,688	39,007	40,373	41,785	43,244	44,751	46,306
	337,508	378,554	420,600	462,646	504,692	546,738	588,784	630,830	672,876	714,922	756,968	799,014	841,060	883,106

Net Income (loss)
Ending Cash Available

Ending Cash Available	57,482	82,455	30,582	(7,094)	(5,635)	(4,439)	(3,646)	(2,916)
	85,315	69,459	82,455	30,582	(7,094)	(5,635)	(4,439)	(2,916)
	589,066	646,538	715,997	829,034	821,940	816,205	816,205	816,205

Water Rates (\$/month)
Tap Fees

Water Rates (\$/month)	Tap Fees
6.00	6.00
45.00	46.00
9.500	9,700
	6.00
	47.00
	48.00
	49.00
	50.00
	51.00
	52.00
	53.00
	54.00
	55.00
	56.00
	57.00
	58.00
	59.00
	60.00
	61.00
	62.00
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	68.00
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	70.00
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	188.00
	189.00
	190.00
	191.00
	192.00
	193.00
	194.00
	195.00
	196.00
	197.00
	198.00
	199.00
	200.00

3.00%
Beginning
Increase From Inflation
Increase From Construction

[illegible]

\$ 165,000.00	New Residential Units
3.15%	Number of Units - Residential SF
29.00%	Number of Units Served by Water
	Residential Value - New
	Non-Residential Value
	Total Market Value
	Assessed Valuation

	New Residential Units			
	10	10	10	4
\$ 165,000.00	10	10	10	4
Number of Units - Residential SF	306	316	326	340
Number of Units Served by Water	240	250	260	274
Residential Value - New	1,105,500	1,650,000	1,105,500	660,000
Non-residential Value	-	-	-	-
Total Market Value	1,105,500	1,650,000	1,105,500	660,000
Assessed Valuation	101,153	150,975	101,153	60,390

PROPERTY TAX LEVIED
 Arabian Acres Metropolitan District
 Florissant, Colorado
 \$ 1,220,000 Net Proceeds
 \$1,325,000 in Bonds at 6.00%

Revenues:

[illegible]

DS	Debt Service
DS	Acquisition/construction
0.00%	Tax Collection Fees
0.00%	Administration
0.00%	Operating Expenses
0.50%	Capital Expenses
	Total Annual Expenses

[illegible]

Ending Cash Available

Debt Mill Levy										
Cap Fees										
603,049	801,376	800,205	799,444	798,996	890,656	981,878	1,072,222	90,345	88,308	85,986
6.00	6.00	6.00	6.00	6.00	4.00	4.00	-	-	-	-
55.00	55.00	57.00	58.00	59.00	59.00	59.00	59.00	59.00	59.00	59.00
11,500	11,700	11,900	12,100	12,300	12,500	12,700	12,900	12,900	13,100	13,300
										1,246,516

	Beginning	Increase From Inflation	Increase From Construction
.00%			

	8,196,193	8,442,078	8,695,341	8,956,201	9,224,887	9,501,634	9,786,683	10,080,283	10,382,692	10,694,172	320,825
Beginning											
0.00%											
Increase From Inflation	245,886	253,262	280,660	268,686	276,747	285,049	293,600	302,408	311,481	320,825	
Increase From Construction											
Cumulative	8,442,078	8,695,341	8,956,201	9,224,887	9,501,634	9,786,683	10,080,283	10,382,692	10,694,172	11,014,997	

\$ 165,000.00	New Residential Units
.	Number of Units - Residential SF.
.15%	Number of Units Served by Water
9.00%	Residential Value - New
	Non-residential Value
	Total Market Value
	Assessed Valuation

PLAIN TA
 All Properties
PROPERTY TAX LEVIED
 Arabian Acres Metropolitan District
 Florissant, Colorado
 \$ 1,220,000 Net Proceeds
 \$1,325,000 in Bonds at 6.00%

Revenues:

	2006 Mills	2007 Mills	2008 Mills	2009 Mills	2010 Mills	2011 Mills	2012 Mills	2013 Mills	2014 Mills	2015 Mills	2016 Mills	2017 Mills	2018 Mills	2019 Mills	2020 Mills	2021 Mills	2022 Mills	2023 Mills	2024 Mills	2025 Mills	2026 Mills	2027 Mills	2028 Mills	2029 Mills	2030 Mills
Property Taxes - Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes - Operating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specific Ownership Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tap Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Proceeds	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720	240,720
Capitalized Interest/Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	55,093	59,845	63,463	66,934	70,240	73,364	76,267	78,990	81,451	83,648	85,648	87,451	89,051	90,551	91,951	93,251	94,451	95,551	96,551	97,451	98,251	98,951	99,551	100,051	100,551
Total Annual Income	295,813	300,565	304,183	307,654	310,960	314,084	317,007	319,710	322,171	324,368	326,268	327,968	329,468	330,868	332,168	333,468	334,668	335,768	336,768	337,668	338,468	339,168	339,768	340,268	340,768

DS .	Debt Service
DS	Acquisition/construction
1.00%	Tax Collection Fees
1.00%	Administration
1.00%	Operating Expenses
1.50%	Capital Expenses

Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Water Rates (\$/month)

Water Rates (\$/month)	Cap Fees
59.00	59.00
13,500	13,700
59.00	59.00
13,900	14,100
59.00	59.00
14,300	14,500
59.00	59.00
14,700	14,900
59.00	59.00
15,100	15,300

	Beginning	Increase From Inflation	Increase From Construction	Cumulative
0.00%				

	11,014,997	11,685,811	12,036,385	12,397,477	12,769,401	13,152,483	13,547,058	13,953,469	14,372,073
Beginning	330,450	340,363	350,574	361,092	371,924	383,082	394,574	406,412	418,604
Increase From Inflation	-	-	-	-	-	-	-	-	-
Increase From Construction	-	-	-	-	-	-	-	-	-
Cumulative	11,345,447	11,685,811	12,036,385	12,397,477	12,769,401	13,152,483	13,547,058	13,953,469	14,372,073

165,000.00	New Residential Units
15%	Number of Units - Residential SF
9.00%	Number of Units Served by Water
	Residential Value - New
	Non-Residential Value
	Total Market Value
	Assessed Valuation



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT I

SCHEDULE OF DISTRICT FEES, RATES AND CHARGES

FEES, RATES, AND CHARGES SCHEDULE

TAP FEE:\$7,500.00

MONTHLY SERVICE RATES: Monthly minimum.....35.00

TURN ON/OFF CHARGES: Excluding Initial Turn On35.00

LATE FEE:..... 10.00

FINANCE CHARGES: Interest – 18% Per Annum On Bal.

SERVICE DEPOSIT: Transferable..... 50.00

SPECIAL METER READING CHARGE:35.00

RE: INSPECTION FEE: Each 15.00



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT J

**TELLER COUNTY BOARD OF COUNTY COMMISSIONER'S
RESOLUTION APPROVING DISTRICT'S SERVICE PLAN**

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF TELLER COUNTY, COLORADO

RESOLUTION NO. 10-3-02(G1)

**A RESOLUTION APPROVING THE SERVICE PLAN FOR THE
ARABIAN ACRES METROPOLITAN DISTRICT NOT EXCLUDING CERTAIN PROPERTY**

WHEREAS, on July 15, 2002 a Service Plan for the proposed Arabian Acres Metropolitan District was filed for recording with the Teller County Clerk and Recorder pursuant to the requirements of CRS 32-1-101 *et seq.*; and

WHEREAS the intent of this Metropolitan District is to accomplish the financing, acquisition, construction, operation, and management of a water system and mosquito control in the Arabian Acres Subdivision, portions of the Trout Haven Subdivision, Trout Haven Resorts, Camp Lana, and certain metes and bounds tracts, the District boundaries for which are described in Exhibit 1 Arabian Acres Metropolitan District Boundary Map, and Exhibit 2 Arabian Acres Metropolitan District Legal Description attached hereto and thereby incorporated herein by reference; and

WHEREAS these facilities and services are more particularly defined as the following pursuant to CRS 32-1-~~1004~~¹⁰³, as more particularly described in the Service Plans:

- Water. Install and maintain the existing and proposed potable and nonpotable water systems.
- Mosquito control. Treat breeding grounds and purchase, lease, contract for, or otherwise acquire necessary equipment.

and

WHEREAS, the Teller County Planning Commission, at its hearing on August 13, 2002 did (1) approve a Teller County "New Communities" (1041) Permit for creation of the proposed Arabian Acres Metropolitan District; and (2) recommend, with conditions, that the Board of County Commissioners approve the Service Plan for the proposed Arabian Acres Metropolitan District; and

WHEREAS the conditions placed by the Planning Commission have been fulfilled; and

WHEREAS, on October 3, 2002 the Teller County Board of County Commissioners did receive, consider, and deny requests from the following owners of real property within the proposed boundaries of the Arabian Acres Metropolitan District for exclusion from said District with the finding of fact that to exclude said properties would NOT be in the best interest of the proposed District:

1. Arabian Acres Lot 6, Block 1, Filing 2 (10 Jenwood Drive).
2. Trout Haven Estates Lots 10, 11, and 12 Filing 1 (185 Uintah Ridge Drive)
3. Trout Haven Estates Lot 17, Filing 1 (62 Uintah Ridge Drive)
4. A 0.69 acre tract of land in the NE4NE4 Sec. 16, Tshp. 13N, Range 70W of the 6th PM (44 Uintah Vale Drive)
5. Trout Haven Lot 25, Filing 1 (96 Uintah Vale Drive)

6. Trout Haven Lot 1, Filing 3 (17 Tioga Trail)
7. Trout Haven Lot 2, Filing 3 (18 Tioga Trail)
8. Trout Haven Lot 10-A, Filing 3 (43 Tioga Trail)
9. Trout Haven Lot 20 Filing 4 (325 Pawutsy Road)
10. Trout Haven Filing 4(211 Kitsu Ridge Road)
11. Trout Haven Filing 1-5 (47 Kayfa Court)
12. (3188 Upper Twin Rocks Road)
13. (3113 Upper Twin Rocks Road)
14. Trout Haven Lot 3 Filing 3 (65 Tioga Trail)
15. Trout Haven Lot 21 B2 Filing 4(166 Twatsy Lane)

and

WHEREAS, the Board of County Commissioners of the County of Teller, State of Colorado, pursuant to the requirements of CRS 32-1-203 Action on Service Plan - Criteria, finds that evidence satisfactory to the Board of each of the following has been presented:

1. **Need.** There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.
2. **Existing Service Inadequate.** The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.
3. **Proposed District Capable.** The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.
4. **Area has Financial Capability.** The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Teller, State of Colorado:

1. That the County of Teller, State of Colorado hereby approves without further condition or modification the Service Plan as submitted and subsequently amended by the Service Plan Addendum submitted to the Board of County Commissioners on October 3, 2002 and attached to this Resolution for the Arabian Acres Metropolitan District; and
2. The foregoing notwithstanding, the following general matters shall apply for so long as the District shall exist:
 - a. In its particulars, the Teller County Land Use Regulations, and any amendments thereto, shall govern and control development within the proposed Service District.
 - b. Teller County shall not be obligated to accept any dedication of proposed lands, facilities, or other improvements within the Service Districts except

as may otherwise be accepted by separate resolution of the Board of County Commissioners.

- c. All material representations of Applicant in its written submittals and in public hearing shall be binding, including but not limited to representation that: All conditional easements ("conditional assets") described in the Appraisal dated January, 2002 (page 6) shall be recorded prior to District purchasing the water system, and that these assets will be transferred to the District together with all other assets of the Arabian Acres Water Company.

The Board of County Commissioners finds, determines, and declares that this Resolution is necessary for the health, safety, and welfare of the inhabitants of the County of Teller, State of Colorado.

THE FOREGOING RESOLUTION IS ADOPTED AT A SPECIAL MEETING OF THE BOARD OF COUNTY COMMISSIONERS OF TELLER COUNTY, COLORADO HELD THE 3RD DAY OF OCTOBER, 2002, AT CRIPPLE CREEK, COLORADO.

THE BOARD OF COUNTY COMMISSIONERS,
OF TELLER COUNTY, COLORADO

BY *Lucile A. Fohn*
CHAIR

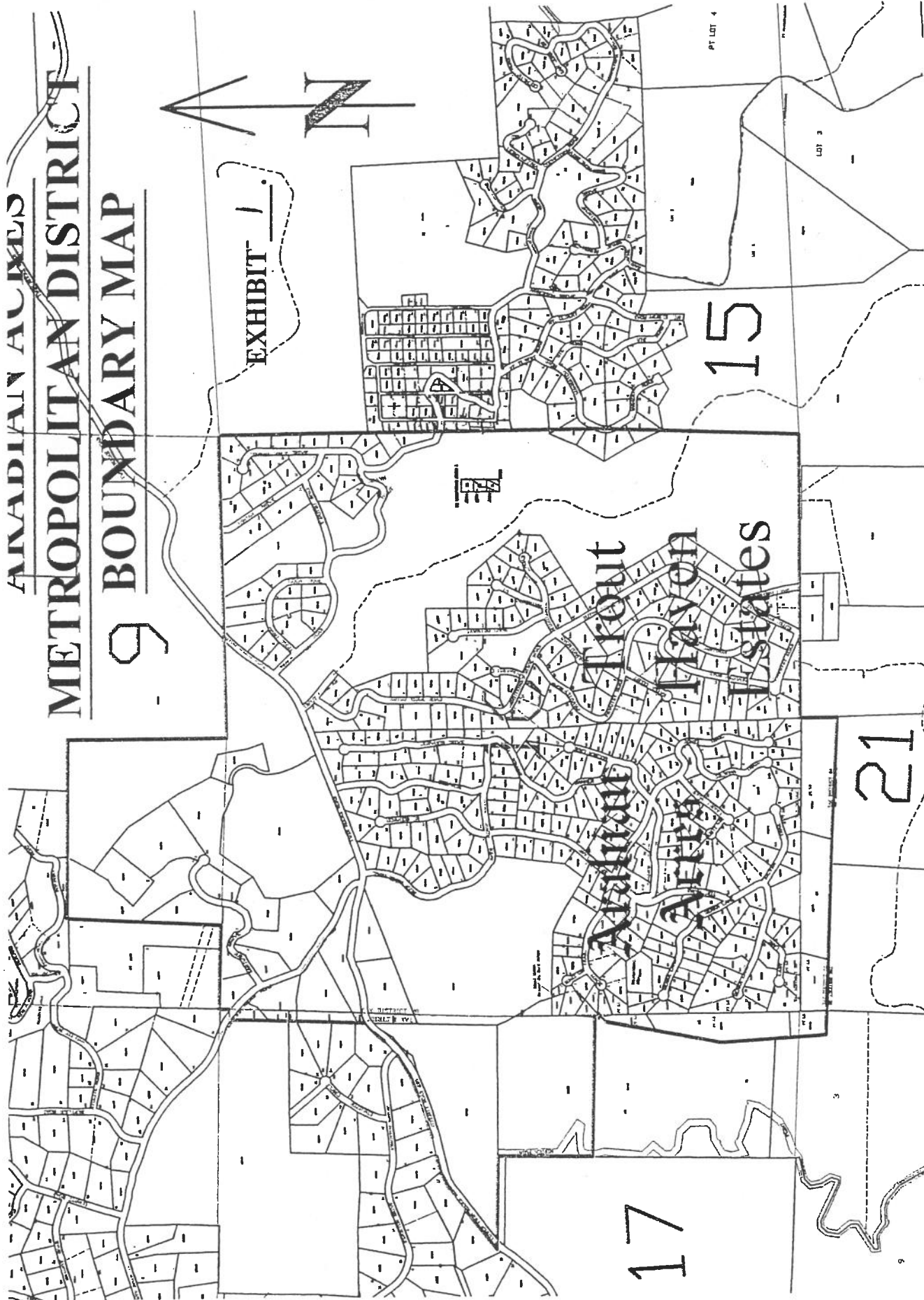
ATTEST:

[Signature]
COUNTY CLERK

Attachments: Exhibit 1: Arabian Acres Metropolitan District Boundary Map
Exhibit 2: Arabian Acres Metropolitan District Legal Description
Exhibit 3: Service Plan Addendum

AN ADRIAN ACRES
METROPOLITAN DISTRICT
9 BOUNDARY MAP

Exhibit 1



The Arabian Acres Metropolitan District

LEGAL DESCRIPTION

A parcel of land located in a portion of the SW 1/4 of Section 9, a portion of the NW 1/4 Section 21, a portion of the E 1/2 Section 17, and all of Section 16, Township 13 South, Range 70 West, in the 6th P.M., Teller County, State of Colorado, more particularly described as follows:

Beginning at the NW Corner of Section 16; thence, S89°39'03"E coincident with the North line of said Section 16 and the Northerly line of Lot 7, Arabian Acres Fourth Filing as recorded in the office of the Teller County Clerk and Recorder, a distance of 800.33 feet to the Southwest Corner of Lot 6, Arabian Acres Fourth Filing; thence, N00°47'35"E coincident with the Westerly lines of Lot 6 and Lot 4, a distance of 1319.02 feet to the Northwest Corner of said Lot 4; thence, S89°50'48"E coincident with the Northerly boundary of said Arabian Acres Fourth Filing, a distance of 620.00 feet; thence, S89°50'48"E coincident with the Southerly boundary line of the Twin Rock Subdivision as recorded in the office of the Teller County Clerk and Recorder, a distance of 1177.82 feet to a point on the North-South centerline of Section 9; thence, S00°55'09"W coincident with the said North-South centerline of Section 9, a distance of 1324.24 feet to the Quarter Corner between Section 9 and 16; thence, S88°42'57"E coincident with the North line of said Section 16, a distance of 2626.26 feet to the Northeast Corner of said Section 16; thence, S00°08'29"W coincident with the East line of said Section 16, a distance of 5242.20 feet to the Southeast Corner of said Section 16; thence, S89°24'51"W coincident with the South line of said Section 16, a distance of 2640.42 feet to the South Quarter Corner of said Section 16; thence, the following (21) courses are as shown on Monumented Land Survey Plat, prepared by William S. Kitlica, PLS, May 6, 1997, under reception no. 0000296, as recorded in the office of the Teller County Clerk and Recorder; thence, (1) S00°23'56"E, a distance of 333.40 feet; thence, (2) N82°52'21"W, a distance of 427.23 feet; thence, (3) N82°28'39"W, a distance of 119.61 feet; thence, (4) N84°53'23"W, a distance of 136.08 feet; thence, (5) N78°04'50"W, a distance of 228.59 feet; thence, (6) N89°31'16"W, a distance of 173.68 feet; thence, (7) S89°28'24"W, a distance of 52.59 feet; thence, (8) S87°20'55"W, a distance of 839.40 feet; thence, (9) S87°04'02"W, a distance of 248.89 feet; thence, (10) N87°47'24"W, a distance of 217.93 feet; thence, (11) N87°30'50"W, a distance of 473.82 feet; thence, (12) N01°40'17"W, a distance of 108.22 feet; thence, (13) N03°21'46"W, a distance of 246.40 feet; thence, (14) N02°02'03"W, a distance of 201.91 feet; thence, (15) N02°53'21"W, a distance of 135.67 feet; thence, (16) N01°37'42"W, a distance of 270.92 feet; thence, (17) N01°51'22"W, a distance of 43.18 feet; thence, (18) N06°48'49"E, a distance of 127.75 feet; thence, (19) N08°12'03"E, a distance of 414.41 feet; thence, (20) N13°18'44"E, a distance of 552.22 feet; thence, (21) N45°55'09"E, a distance of 92.42 feet; thence, N00°09'01"E coincident with the Easterly line of Lot 2, Revised Plat of Hidden Forest Ranch No. 2, as recorded in the office of the Teller County Clerk and Recorder, a distance of 889.49 feet to the NE corner of said Lot 2; thence, N89°30'40"W coincident with the Northerly boundary line of said Lot 2 and continuing on said bearing, a distance of 2111.36 feet to a point on the Easterly line of Lot 18, Palmer Village Subdivision, as recorded in the office of the Teller County Clerk and Recorder; thence, the following (9) courses are coincident with the Southeasterly boundary line of said Palmer Village Subdivision, said line also being the Northwesterly right of way line of Twin Rock Road as shown on said plat; thence, (1) on a curve to the right having a radius of 867.07 feet, a central angle of 10°38'58" and an arc length of 161.16 feet; thence (2) N52°52'53"E, a distance of 487.56 feet; thence, (3) on a curve to the right having a radius of 519.18 feet, a central angle of 23°06'24", and an arc length of 209.38 feet; thence, (4) N75°59'17"E, a distance of 374.44 feet; thence, (5) on a curve to the left having a radius of 1359.61 feet, a central angle of 4°07'17", and an arc length of 97.80 feet; thence, (6) N71°52'00"E, a distance of 400.79 feet; thence, (7) N58°58'11"E, a distance of 218.00 feet; thence, (8) N45°39'01"E, a distance of 461.86 feet; thence, (9) on a curve to the right having a radius of 160.37 feet, a central angle of 15°31'12" and an arc length of 43.44 feet; thence, the following (2) courses being coincident with the Easterly line of Lots 27, 24, 23, and 22, in said Palmer Village Subdivision; thence, (1) N03°30'13"E, a distance of 473.23 feet; thence, (2) N00°27'51"E, a distance of 209.47 feet; thence, N02°24'45"E, a distance of 166.58 feet; thence, N01°55'33"E, a distance of 115.04 feet; thence, N00°49'06"E, a distance of 217.67 feet; thence, N00°52'19"E, a distance of 79.22 feet to a point on the Southwesterly right of way line of Upper Twin Rock Road; thence S48°48'36"E coincident with the Southerly right of way line of said Upper Twin Rock Road, a distance of 108.89 feet to a point on the Westerly line of Section 16; thence, N02°25'15"E coincident with the Westerly line of said Section 16, a distance of 124.96 feet to the point of beginning.

Containing 757.73 Acres of land more or less.



SERVICE PLAN ADDENDUM

ARABIAN ACRES METROPOLITAN DISTRICT

SERVICE PLAN

Prepared by:
September 20, 2002
Seter & Vander Wall, P.C.
7400 E. Orchard Road, Suite 3300
Greenwood Village, CO 80111

October 3

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- EXHIBIT B VICINITY MAP
- EXHIBIT C BOUNDARY MAP OF DISTRICT
- EXHIBIT D APPRAISAL OF SYSTEM FACILITIES
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- EXHIBIT I SCHEDULE OF DISTRICT FEES, RATES AND CHARGES
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- EXHIBIT K LIST OF SPECIAL DISTRICTS WITHIN A THREE-MILE RADIUS
- EXHIBIT L LETTER FROM TELLER COUNTY WATER QUALITY ASSOCIATION
- EXHIBIT M WATER SYSTEM EVALUATION AND MASTER PLAN NARRATIVE (INCLUDING APPENDIX D, CAPITAL IMPROVEMENTS PLAN) FOR ARABIAN ACRES WATER COMPANY
- EXHIBIT N EASEMENTS, CONTRACTS OR OTHER AGREEMENTS ENTERED INTO BY THE PROMOTERS AND/OR ARABIAN ACRES WATER COMPANY THAT SHALL BE BINDING ON THE DISTRICT

ARABIAN ACRES METROPOLITAN DISTRICT

SERVICE PLAN

I. INTRODUCTION

The name of the proposed district is ARABIAN ACRES METROPOLITAN DISTRICT (the "District"). The District is located entirely within unincorporated Teller County (the "County"). This Service Plan ("Service Plan"), is submitted in accordance with Part 2 of § 32-1-201, et seq., C.R.S. (the "Act"). The Service Plan has been prepared by Arabian Acres Water Company, LLC, as the District Organizer (the "Company" or "Organizer"), and the following consultants:

Organizer:

Arabian Acres Water Company, LLC
Kenneth R. Rupp, Manager
3579 C.R. #42
Florissant, Colorado 80816
(719) 687-9590
Fax: (719) 687-9590

District Counsel:

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Fax: (719) 520-1043

Underwriter:

George K. Baum & Associates
Alan Matlosz
717 17th Street, Suite 2500
Denver, Colorado 80202
(303) 292-1600

II. PURPOSE OF THE DISTRICT

A. Purpose and Intent.

Arabian Acres Water Company, LLC (hereinafter "AAWC" or the "Company") provides potable water service to approximately 125 lots in the Arabian Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4 and parts of Filing No. 2 and a few large acreage lots adjacent to the subdivision. It also provides commercial taps to Trout Haven Resort and Camp Iana. The water system was constructed between 1972 and 1979, with significant expansions and upgrades completed in 1994.

The Rupp family is the sole owner of AAWC through the Rupp Family Partnership RLLLP. The Rupp family does not wish to continue in the water service business. In order to assure continued service to its customers, AAWC wishes to convey all of its interest in the water supply and water system to the District.

The Company conducted several public meetings with area residents, County staff and

elected officials regarding the formation of a water district. Community feedback supported the formation of a metropolitan district with authority to provide additional services and facilities as needed or desired by the community.

B. Need for District.

Due to the age and health of members of the Rupp family, the Rupp Family Partnership is no longer in a position to continue operating AAWC. The Partnership has no plans for continued expansion or improvements to the facilities and is solely focusing on divesting itself of AAWC in the near future. The Partnership's options for divesting AAWC include: (1) organizing a special district to purchase the existing system and take over service in perpetuity; (2) selling the system to a private entity; (3) abandoning the system; or (4) including into a water district or public entity.

The main advantage to forming a metropolitan district is local control. The district would own the system and water rights in perpetuity, and the board of directors would be elected from residents and property owners of the District. Another advantage to the formation of a metropolitan district is flexibility. At a later date, the District Board may decide to activate the District's park and recreation or street powers to identify and fund construction or acquisition of additional improvements within or without the District's boundaries.

The other options are not appealing to the Rupp family or area residents and property owners because there is no guarantee of continued service or local control over rates and level of service. Discussions were had with other special districts. However, these entities do not appear willing to incorporate the system into their own, but are interested in gaining access to the existing water supply.

The District's immediate purpose is to acquire the Company's water system for the use and benefit of the District's residents, taxpayers and the owners of real property within the existing service area, as shown on Exhibit C. The District will provide for the purchase, operation, maintenance and extension of the system within and without its boundaries, as needed, to assure local control and the continuation of water service to the residents and owners of real property within its service area. Property owners using existing private wells will not be required to obtain service from the District, nor will they be denied obtaining a tap at a later date.

The District will also offer mosquito control within its boundaries. The District anticipates contracting out for this service, as needs are identified by the Board of Directors. The cost of surface treatment for larvae and mosquito control is insignificant. The District Board may provide additional services or facilities to the community in the future. The exercise of additional powers authorized by this Service Plan shall be considered a material modification of the Service Plan and must be approved by the Board of County Commissioners with specific design, construction and financial plans, before implementation.

C. General Powers.

The District shall have the authority and powers proscribed for a Metropolitan District under § 32-1-201, et. seq., C.R.S. to be exercised as delegated herein.

1. Authorized and Approved Powers.

The District is authorized to provide the following services:

a. Water. The design, acquisition, installation, construction relocation, operation and maintenance, within or without the boundaries of the District, of a complete water

and irrigation system, including water rights, water supply, ownership of properties and facilities, including storage facilities, transmission and distribution lines, pumping stations, wells, reservoirs, retention ponds, detention ponds, lakes, treatment works, fire hydrants, meters, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Mosquito Control. The design, acquisition, installation, construction, relocation, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

2. Powers Requiring Additional Review.

Activation or exercise of the following powers is a material modification of this Service Plan. The powers may be activated only by request of the District Board and review and approval of development, construction and financing plans by the Teller County Board of County Commissioners.

a. Streets. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of roadway improvements through the construction and installation of curbs, gutters, culverts, storm sewers and installation or relocation of other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, snow removal, utility relocation necessitated by public rights-of-way, monumentation, signage, utility lines, and other street improvements, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant

facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

b. Traffic and Safety Controls. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the District's boundaries, of a system of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways and at railroad crossings, including traffic signals and signage, environmental monitoring, traffic-related computer systems, as well as other facilities and improvements including without limitation signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

c. Sanitation. The design, acquisition, installation, construction, relocation, operation and maintenance, within or without the boundaries of the District, of storm or sanitary sewer system improvements, including storage facilities, collection and transmission lines, pumping stations, retention and settling ponds or basins, sludge drying beds, composting facilities, treatment works, facilities and equipment, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

d. Parks and Recreation. The design, acquisition, installation, construction,

relocation, operation and maintenance of park and recreation facilities or programs including, without limitation, open space, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public plazas and courtyards, ponds or other water features, signage, public foundations and sculpture, art, botanic gardens, equestrian trails and centers, swimming pools and spas, tennis courts, golf courses, exercise facilities, picnic areas, playground areas, park shelters, community events, common area landscaping and weed control, outdoor lighting of all types, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

e. Transportation. The design, acquisition, installation, construction, relocation, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, shuttle facilities, parking structures, signage, roofs, covers, bicycle racks, other transportation-related facilities, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by condemnation or otherwise, and extensions of and improvements to such facilities or systems.

f. Telecommunication Systems and Services. The design, acquisition, installation, construction, relocation, operation and maintenance of television relay and translator facilities, including without limitation, digital, satellite and cable television, communication systems and other technologies, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, acquired by

condemnation or otherwise, and extensions of and improvements to such facilities.

D. Miscellaneous Powers.

The District shall have the following miscellaneous powers with respect to activities conducted pursuant to this Service Plan.

1. Legal Powers. The powers of the District will be exercised by its Board of Directors to the extent necessary to provide the services contemplated in this Service Plan. The facilities, improvements, programs and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act (§ 32-1-101, et seq., C.R.S.), Teller County Regulations, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to time.

2. The Board of Directors' Limitations.

~~a. At least annually following the formation of the District, for a minimum period of fifteen years the District shall notify by mail every property owner in the District of the existence of the District and the yearly of the next scheduled of the meetings of its Board of Directors. Such meeting shall occur at least 30 days and not more than 60 days following the date of the mailing. Such notification shall include names and addresses of the Board of Directors and officers, the address and phone number of the District, and shall include reference to the existence of the District files maintained by Teller County.~~

~~b. There shall be a non-voting advisor to the District Board of Directors appointed by the Teller County Board of County Commissioners.~~

~~c. The District shall establish a Citizens' Advisory Committee composed of interested property owners within the District, residents, service users and County agencies involved in infrastructure development. The purpose of this Committee shall be to (1) review the District's annual budget and policies; and (2) advise the District on specific infrastructure project identification, prioritization, coordinating and funding. Appointments to such Citizens' Advisory Committee shall be subject to review and approval by the Board of County Commissioners.~~

3. Other. In addition to the powers enumerated above, the Board of Directors of the District shall also have authority:

a. To amend this Service Plan for material modifications, as provided in Section IX, by following the procedures set forth in § 32-1-207(2), C.R.S., including written notice to Teller County of actions which the District believes are permitted but which may be unclear or by other means provided by the County or Colorado Statutes; and

b. To furnish contractual service to lots within the Arabian Acres and Trout Haven Subdivisions, if any, which may, by present exclusion from the District by the Board of County Commissioners, be outside District Boundaries, and establish responsible fees for them. The provision of such service by contract to these properties shall not be considered a material modification of the Service Plan requiring approval of the Board of County Commissioners.

c. ~~To~~ To forego, reschedule or restructure the financing and construction of improvements and facilities, in order to better accommodate the pace of growth, resource

availability and potential inclusions of property within the District, or if the development of the improvements and facilities would best be performed by another entity; and

d. To provide all additional services and exercise all powers expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise, or in its discretion, choose to provide or exercise; and

e. To exercise all necessary and implied powers under The Special District Act in the reasonable discretion of the Board of Directors of the District, subject to and in accordance with the powers described herein.

III. BOUNDARIES, POPULATION & VALUATION

The service area of the District consists of approximately 750 acres located in all of Section 16, and parts of Sections 9, 17, 20 and 21, Township 13 South, Range 70 West of the Sixth Principal Meridian, in unincorporated Teller County. It is generally bounded by the west section line of Section 16, the south section line of Section 16, portions of Section 9 to the north, and the east section line of Section 16. The proposed District boundaries are based upon the Decreed Service area contained in the Decree issued in Water Court Case No. 94CW281, attached hereto as Exhibit F.

The legal description of the District is attached as Exhibit A, a map identifying the general vicinity of the District is attached as Exhibit B, and a detailed boundary map of the District is attached as Exhibit C.

The majority of the District consists of rural residential lots contained in the Arabian

Acres Subdivision, Trout Haven Estates Filings No. 1, 3, 4, part of Filing No. 2, and a few large acre residential lots adjacent to the Arabian Acres Subdivision. The Arabian Acres Subdivision is at approximately forty percent of full build-out. Trout Haven Estates Filing Nos. 1, 3, 4, and part of Filing No. 2 are at approximately fifty-one percent of full build-out. The District anticipates serving a total population of 750 residents, or 3400 properties at full build-out.

The District also contains two commercial properties, the Trout Haven Resort and Camp Iana. The Trout Haven Resort is a private fishing club. The Trout Haven "Lost Dutchman Pavilion" is an events center, catering primarily to functions such as weddings, business events and community groups. Camp Iana is a church camp, consisting of approximately twenty-two acres for the main complex. It is affiliated with numerous churches in the immediate area. Numerous retreats, workshops and youth programs are offered throughout the year.

The valuation for assessment of the District for 2002 is \$2,968,718. The valuation for assessment for the District at full build-out is expected to be \$6,566,993 in 2017. For purposes of the Financing Plan, the valuation for assessment is presumed to be \$3,057,779 by the end of 2003.

IV. DESCRIPTION OF PROPOSED FACILITIES

A. Improvements.

The District will acquire, operate, maintain and expand, as necessary, the water system and provide for mosquito control within its boundaries. The improvements and assets to be acquired by the District consist of eight wells, two treatment facilities, one storage tank, mains, real property

holdings, two reservoirs, water rights and easements. The appraised value of the water system is approximately \$1,100,000. A recent appraisal is attached as Exhibit D.

Maps depicting the location of the water system improvements are attached as Exhibit E. The District will be authorized to acquire, construct or replace any improvements necessary to provide water service, subject to County regulations.

The District will fully cooperate with the right of all currently unbuilt lot property owners within the District to apply for, and receive, a well permit from the Office of the State Engineer-Division of Water Resources provided that District service to the lot, at the time of construction, neither exists nor is expected to exist within a reasonable period of time, which is to say by the time a Certificate of Occupancy is anticipated to be issued by Teller County.

All Agreements or other documents of public record as of August 13, 2002 between members of the Rupp Family, jointly or severally d/b/a Arabian Acres Water Company, LLC, and any individual property owner or owners within the Arabian Acres Subdivision or Trout Haven Subdivision, their heirs or assigns, regarding the ability to drill or replace a well, the payment of prepayment of the fees, the ability to request and receive future water service, easements, or any other matter, shall remain in full force and effect as recorded, and are binding on the District. Copies of such Agreements are attached as Exhibit N.

B. Existing Conditions.

The original water system was built to service the Arabian Acres Subdivision. Trout Haven Estates Filing Nos. 1, 3, 4, part of Filing No. 2, a few large acre lots adjacent to the Arabian Acres Subdivision, and commercial taps to the Trout Haven Resort and Camp Iana have been added to the

system. The system relies on well rights for its water supply and currently serves approximately 125 customers.

Arabian Acres Subdivision (the "Subdivision") was platted in the 1960s and contains 229 lots. When platted, it was assumed that each lot would contain one single-family home. The Water Court Decree in Case No. 94CW281, attached as Exhibit F (the "Decree"), reflects that assumption. There is a growing trend within the Subdivision, however, to construct single-family homes on multiple lot sites. Current estimates project the Subdivision to contain approximately 190 single-family homes at full build-out.

Trout Haven Estates was platted in the early 1960s as well. These filings contained 169 original lots. As with Arabian Acres, it was assumed that the lots in Trout Haven would also contain one single-family home per lot, however the trend is to construct single-family homes on multiple lot sites. Current estimates project that Trout Haven Estates will contain approximately 141 single-family homes at full build out.

There are several adjacent tract properties that are not platted within either subdivision. These properties are "pre-Senate Bill 35" and are quite problematic for inclusion in any platted subdivision. The District boundaries are based upon AAWC's decreed service area.

All water usage is metered. The Decree anticipated a per capita water usage of 65 gallons per day. A study of water usage between June, 1999 and June, 2001 shows that actual water consumption is 123 gallons per home per day. The Findings of Fact, Conclusions of Law, Judgement and Decree in Water Court Case No. 94CW281 approved an augmentation plan (the "Augmentation Plan") based upon depletions associated with the measured water to customers.

See, Exhibit F. The Water System Evaluation and Master Plan for Arabian Acres Water Company dated July, 2002 prepared by JDS-Hydro Consultants, Inc. concludes that the water resources of the Company are sufficient to serve 445 units, well in excess of the 340 units anticipated at final build out of the subdivisions. See, Exhibit M. Therefore, additional customers may be served by the District without exceeding the allowed maximum water usage set forth in the Decree.—A modification to the Decree may be required by the Water Court.

The water system is supplied by well water taken from several locations. The water rights supporting the wells are described in detail in the Decree. The rights allow for a total of 6.906 acre-feet of annual consumptive use and development of a total of seventeen wells. The system currently contains seven active wells. An eighth well has been drilled and the piping has been completed. It is now being analyzed for water quality and quantity. These rights are supported by 220 shares of the Mountain Mutual Reservoir Company. These rights do not allow irrigation. The Reservoir Company shares will be conveyed to the District as part of the water system.

In addition to the decreed water rights, the Company has raw water storage that may be used to augment flows in an out-of-priority situation for the decreed source. The storage rights were decreed in Case No. 96CW238 and a copy of the Decree is attached as Exhibit G.

C. Anticipated Development.

A major expansion to the water system was completed in 1994. The intent is to maximize the customer base of water users in order to lower the cost of providing service. The District will have the capability to service approximately 3400 single-family units, in addition to the commercial taps, based on existing metered usage.

The District does not anticipate making major changes to the system in the near future aside from running additional lines to accommodate new customers and **and** replacing improvements as needed. ~~Improvements to the system will be designed and constructed to meet fire flow requirements, where required by the County Engineer. The owners of AAWC have no power or jurisdiction over the Board of Directors who will be elected by the District's constituents and cannot dictate or enforce a projected capital improvements plan for implementation by the Board.~~ One of the purposes of organizing a metropolitan district is to provide a mechanism for long range planning and financing.

Once the District is formed, water taps shall, at all times, be reserved and set aside for, and be available to, the owners of all legally subdivided and platted but unbuilt lots in Arabian Acres and Trout Haven and all currently unplatted tract properties within the District boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," until such time as full build-out of these subdivisions and properties occurs.

D. Teller County Construction Standards.

All District improvements will be designed and constructed in accordance with the standards, specifications and requirements of Teller County. The District will obtain approval of civil engineering plans and permits for construction and installation of improvements from the County.

E. Dedication of Improvements.

The District does not intend to dedicate any public improvements to the County or any other public entity. Teller County shall not be obligated to accept any dedication of proposed

lands, facilities, or other improvements within the Service District except as otherwise may be accepted by separate resolution of the Board of County Commissioners.

F. Ownership and Operation of Facilities by the District.

Upon conveyance of the water system, the District shall own, design, construct, operate, maintain and replace all water system improvements, or as otherwise agreed with or required by the County. As a condition of organization, within the first year of operation, the District Board will adopt a long term capital improvements plan ("CIP"), ~~which will meet to fire flow requirements as required by the County Engineer.~~ -A proposed CIP for review and approval by the Board of Directors is attached as Exhibit M.

Both the Capital Improvements Plan and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. These plans, over time, may be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid.

G. Rules and Regulations.

The District Board will adopt Rules and Regulations governing the operation of the system and ensuring water quality and longevity of the water supply. The Rules and Regulations may be revised from time to time.

H. Compliance with Teller County Master Plan.

Pursuant to § 30-28-106 and § 32-1-203(2.5)(c), C.R.S., the District is in compliance with the County's Growth Management Plan because the District is located within approved existing subdivisions and the District is not creating any new development within the County.

I. Compliance with Teller County Long Range Water Quality Management Plan.

Pursuant to § 32-1-203(2.5)(c), the District is in compliance with the Pikes Peak Area Council of Governments 408 Water Quality Plan. AAWC has been a member of the Colorado Rural Water Association since 1995. It has also been a member of the Teller County Water Quality Association since 1996. AAWC participates in the Colorado SWAP response program and several other programs to identify water resources and the protection of all area water sources. See letter from the Teller County Water Quality Association attached hereto as Exhibit L.

J. Compliance with Teller County Land Use Regulations.

The District is subject to compliance with federal, state and local laws and regulations. In its particulars, the Teller County Land Use Regulation, and any amendments thereto, shall govern and control development within the Special District.

V. FINANCIAL INFORMATION

A. Overview.

This section describes the nature, basis, method of funding, debt, and mill levy limitations associated with the District's purchase of the water system and operations. A detailed Financing Plan and statement of assumptions are contained in Exhibit H. The Financing Plan assumes the issuance of debt and shows anticipated repayment based on the projected development within the District boundaries. The Plan assumes the District will incur debt through general obligation bonds. The District does not anticipate borrowing operating funds because service charges from

existing customers will sufficient generate operating revenue.

B. Bond Limitations.

The bonds may be issued to the general public or to certain investors of the bonds, but must comply with the applicable limitations found in § 32-1-1101(6)(a)(I), (II), (III), or (IV), or § 32-1-1101(6)(b)), C.R.S., to wit:

(6) (a) The total principal amount of general obligation debt of a special district issued pursuant to subsection (2) of this section, which debt is issued on or after July 1, 1991, shall not at the time of issuance exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the special district, as certified by the assessor, except for debt which is:

(I) Rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations;

(II) Determined by the board of any special district in which infrastructure is in place to be necessary to construct or otherwise provide additional improvements specifically ordered by a Federal or state regulatory agency to bring the district into compliance with applicable Federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes;

(III) Secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:

(A) With a net worth of not less than ten million dollars in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;

(B) With the minimum regulatory capital as defined by the primary regulator of such depository institution to meet such obligation; and

(C) Where the obligation does not exceed ten percent of the total capital and surplus of the depository institution, as those terms are defined by the primary regulator of such depository institution; or

(IV) Issued to financial institutions or institutional investors.

(b) Nothing in this title shall prohibit a special district from issuing general obligation debt or other obligations which are either payable from a limited debt service mill levy, which mill levy shall not exceed fifty mills, or which are refundings or restructurings of outstanding obligations, or which are obligations issued pursuant to part 14 of this article.

C. Debt Authorization.

The Financing Plan anticipates that approximately \$1.3 million will be required to finance capital costs associated with the acquisition of the public improvements (not including the cost recovery and reimbursement for advances and operation costs) and the funding of a capital improvements account. To pay these amounts, finance the costs of issuance, pay cost recovery and reimbursements for advances, as well as other contingencies, the District will seek the authorization of its electors to issue up to \$1.5 million in general obligation indebtedness. Such authorization will be sought pursuant to the terms of the Special District Act and the Colorado Constitution, as they may be amended from time to time.

In the discretion of the Board of Directors, using the procedures and criteria found in Section 20, Article X, of the Colorado Constitution (TABOR) and state law, the District may set up enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status. To the extent allowed by law, any enterprise created by the District will remain under the control of the Board of Directors of the District.

The District has also built in an initial capital improvements fund of \$120,000 into the bond proceeds so that the initial District Board of Directors will have the opportunity and flexibility to make capital improvements. **The District Board will consult with the Divide Fire Protection District regarding the fire flow standards to be applied to the design and**

construction of improvements and other new construction. --Upgrading the system will be an ongoing project.

D. Debt Issuance.

The provision of facilities by the District will be primarily financed by the issuance of general obligation bonds, secured by the *ad valorem* taxing authority of the District. The bonds are anticipated to be issued in 2003. The District will be entitled to modify the proposed structure of its Financing Plan as contemplated in this Service Plan. Subject to the limitations contained herein, the refunding of any debt or other obligations shall not require County approval.

The District may obtain financing to purchase the water system through the issuance of general obligation bonds, payable from the imposition of *ad valorem* property taxes, service charges, tap fees and other sources. The District intends to issue bonds in the amount of One Million Three Hundred Twenty-five Thousand Dollars (\$1,325,000), exclusive of obligations issued to refund or refinance. The District may increase or decrease the amount of bonds to be issued as necessary to accommodate its needs, at the discretion of the Board of Directors and subject to the provisions of this Service Plan. The exact interest rates and discounts will be determined at the time the bonds are sold by the District, taking into account market conditions at the time of sale; however, the proposed maximum voted net effective interest will be 12%. The proposed maximum underwriting discount will be 5%.

Any bonds issued, will not mature more than thirty (30) years from the date of issuance, with the first maturity being not later than three (3) years from the date of their issuance, as required by statute.

Refunding bonds may be issued by the District to defease original issue bonds in compliance with law. The District may also issue notes, certificates, debentures or other evidences of indebtedness, as permitted by law. The figures contained herein, depicting costs of purchasing the infrastructure and operations, shall not constitute legal limits on the financial powers of the District; provided, however, that the District shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law. ~~No fewer than forty five (45) days prior to the issuance of any bonds subsequent to the initial offering, the District shall submit to Teller County a bond issuance plan which demonstrates the structure of the proposed bond transaction and the District's plan to pay the proposed bond ("Bond Issuance Plan"). Teller County shall have thirty (30) days from the date of receipt of the notice in which to object to the Bond Issuance Plan. In the event Teller County objects in writing within the thirty (30) day period, the District shall proceed with the bond issuance only with the written consent of the Board of County Commissioners.~~

The total appraised value of the water system components is One Million Forty-Five Thousand Four Hundred Eleven Dollars (\$1,045,411). The County is not responsible for assuming any of the costs of the improvements funded by the District. The amount to be voted by the District's taxpaying electors is expected to exceed the amount of bonds anticipated to be sold, as shown in the Financing Plan, to allow for the utilization of alternative financing mechanisms, unforeseen contingencies, increases in costs due to changed market conditions or inflation, expansions of the District's boundaries, and to cover all issuance costs.

E. Operations.

The estimated cost of operating the District for 2003, its initial year of operation, is expected to be approximately Twenty Thousand Dollars (\$20,000) for legal, administrative and financial services, and is expected to be approximately Forty-two Thousand Dollars (\$42,000) for operating expenses. Legal and financial service expenses will decline sharply after the issuance of bonds and acquisition of the system and water rights.

F. Identification of District Revenue

The District will rely on tap fees, service charges and property taxes as sources of revenue. A schedule of the District's anticipated fees, rates and charges is attached as Exhibit I.

1. Tap Fees. Commercial and residential tap fees will be paid by all new customers prior to activation of service. Fees may be adjusted by the District's Board of Directors from time to time.
2. Service Charges. All service charges will be listed in the District's Rules and Regulations and may be adjusted by the District's Board of Directors from time to time. No property with a well permit issued by the State of Colorado-Division of Water Resources within the District's boundaries depicted on Exhibit C, "Arabian Acres Metropolitan District Boundary Map," shall be required to use the services of the District; nor shall any such property owner be required to remit to the District any service charge, fee, rate, penalty, toll, levy or other assessment intended for repayment of District revenue bonds (as opposed to general obligation debt) although same may be made against property owners using District services.

3. Ad Valorem Property Tax Levy. The District will assess a mill levy for the repayment of debt through the bond repayment period. Service charges and tap fees will fund the costs of District administration, operations and maintenance. The District anticipates that the mill levy needed to support the debt is six (6) mills over the life of the bonds. In no event will the District's debt service mill levy exceed twelve (12) mills.

4. Contract Service. The District may provide contract service to properties as described in §II. D. 3. b.

5. Conservation Trust Funds. ~~For those facilities and services for which Teller County or overlying districts have a pre-existing broad County interest, including but not limited to parks or recreation facilities or programs, traffic safety controls and street or road improvements, and sanitation services, The District shall not apply for funds that are available from or through governmental or non-profit entities that the County or overlying districts have are eligible to applied for, including but not limited to funds from Great Outdoors Colorado and Gaming Impact Funds.~~

The District Board may utilize any combination revenue sources authorized by law and this Service Plan for debt service, operations and maintenance. This includes the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(1) and § 32-1-1006, C.R.S. Substantial deviations from this section shall be deemed a material modification of the Service Plan.

G. Security for Debt.

The District's debt shall be general obligation indebtedness and/or revenue bonds secured by the District's revenues or *ad valorem* taxing authority. The District shall not pledge any County funds or assets for security for the indebtedness set forth in the Financing Plan of the District. For general obligation bonds, bondholders will be advised that so long as the District is certifying the required mill levy, no other remedy will be available to bondholders to obtain payment. This mechanism will help assure that bonds cannot default as long as the mill levy is being certified and the property owners will pay only the required mill levy.

H. Financing Plan.

The Financing Plan prepared by the District and attached as Exhibit H, contains the following:

- a. The debt anticipated to be issued by the District;
- b. The total amount of debt to be issued during the three (3) year period commencing with the formation of the District;
- c. All proposed sources of revenue and projected District expenses, as well as the assumptions upon which they are based, for at least a ten-year period from the date of organization of the District;
- d. The dollar amount of any anticipated financing, including capitalized interest, costs of issuance, estimated maximum rates and discounts, and any expenses related to the organization and initial operation of the District;
- e. A detailed repayment plan covering the life of any financing, including the frequency and amounts expected to be collected from all sources; and

f. The amount of any reserve fund and the expected level of annual debt service coverage that will be maintained for any financing.

Although the Financing Plan demonstrates the payment of the District's debt within a thirty-year period, it ~~attempts to project~~ anticipated operations, maintenance and other costs that ~~might to be incurred due to the implementation of a CIP, as adopted by the District's Board of D~~

irectors during its first year of operation. A preliminary CIP is attached as part of the ~~if the Capital Improvements Plan that is included as part of the Master Plan found at (Exhibit M.)~~

Both the CIP (Exhibit M) and the Financing Plan (Exhibit H) are *plans* based upon assumptions and projections. They may, over time, be subject to change as needed depending on changed economic or other conditions that render the projections and assumptions invalid. ~~As components of this Service Plan, substantial changes to them are considered material modifications of this Service Plan, and are subject to the provisions of Section IX.~~

VI. REGIONAL IMPROVEMENTS

Unless otherwise required by the County, the District will not participate in the funding of any regional public infrastructure improvements, except after an amendment to this Service Plan approved by the County.

VII. ANNUAL REPORTING

The District shall, if requested by the County, submit an annual report, as described in §

32-1-207(3)(c) and (d), C.R.S., to the Teller County Board of County Commissioners. ~~for a period of fifteen years following organization.~~ The District will provide annual audits and budgets to the State of Colorado as required by law.

The District will pay an ~~annual~~ fee of \$500.00 to the County when reports are submitted ~~of \$500.00~~ for review and maintenance of the District file. The fee may be adjusted administratively, no more than once per year, based on the maximum local district annual percentage change in spending provided for under Article X, Section 20 of the State Constitution. Fees may be adjusted legislatively as deemed necessary.

VIII. LANDOWNERS PUBLIC IMPROVEMENTS

The creation of the District will not relieve the landowners or developers of the property, their successors or assigns, of any obligation to construct public improvements required by any agreement entered into with the County or other governmental entity.

IX. MODIFICATION OF SERVICE PLAN

The District will obtain approval from the County before making any material modifications to this Service Plan. Material modifications include:

- a. The addition of new types of services.
- b. Change in any service or facilities to be provided.
- c. A decrease in the financial ability of the district to discharge existing or proposed indebtedness.
- d. A decrease in existing or projected need for organized service in the area.

- e. Inclusion of any additional property into the district.
- f. Exclusion of any property from the district.
- g. Change in the maximum mill levy.
- h. Consolidation with any other district.
- i. Except for assumed changes in conversion from constant dollars to current dollars, material changes in cost estimates provided.
- j. Change in the dissolution date.
- k. Change in the revenue source(s) for bonded indebtedness.
- l. Failure to provide annual reports or other information to Teller County as may be required by C.R.S.
- m. Reduction in any bond ratings or the failure of any credit enhancement technique.
- ~~n.~~ Issuance of debt in any amount or type or at any time not authorized by the approved Service Plan.
- ~~o.~~ Default in any of the terms and/or conditions of any Facilities Funding, Construction and Operations Agreement (FFCOA), if any, or any proposed or actual termination thereof, or any material alteration thereof.
- ~~p.~~ Other such changes that may constitute a change in the basic or essential nature of the original service plan, including, without limitation, any increase or decrease in the District's service area.
- ~~q.~~ The provision of services to any new subdivision of lands pursuant to the Teller County Land Use Regulations within the boundaries of the District as depicted in Exhibit C, "Arabian Acres Metropolitan District Boundary Map." It must be clearly demonstrated that there is adequate water to provide water to all lots in Arabian Acres and Trout Haven subdivisions, and all tracts of land currently unplatted, in addition to any new subdivision of land proposed.
- ~~r.~~ Any substantial modification of the Capital Improvements Plan which is a part of this Service Plan.

County approval is not required for modifications to this Service Plan necessary for the execution of financing, purchase, or construction of public improvements already outlined in this Service Plan.

X. DISTRICT CONSOLIDATION OR DISSOLUTION

In order to foster efficiencies and reduce the number of special districts within Teller County, at such time as the purchase of the system is complete and all debt contemplated in this Service Plan has been issued; the District may consider consolidation with one or more special districts for the continued provision of water service and/or other services. The District is not contemplating dissolution because the District is being formed for the purpose of providing an ongoing service.

XI. DISCLOSURE

The District will take steps to ensure that the developers of property located within the District provide written notice at the time of closing to purchasers of land regarding the existence of taxes, charges, or assessments which may be imposed in connection with the District. The District will also record the Order of the District Court organizing the District in the real property records of the Clerk and Recorder of Teller County, Colorado, so that all future property owners within the District will have notice regarding the existence of the District.

XII. INTERGOVERNMENTAL AGREEMENTS

None are anticipated at this time.

XIII. RESOLUTION OF APPROVAL

The District incorporates the Teller County Board of County Commissioners' Resolution approving this Service Plan, including any conditions of approval, into this Service Plan as Exhibit J.

XIV. STATUTORY REQUIREMENTS

This Service Plan for the Arabian Acres Metropolitan District meets the requirements of the Special District Control Act (§ 32-1-201, et seq., C.R.S.) and the requirements of the Colorado Constitution. It is further submitted that pursuant to § 32-1-203(2) and (2.5), C.R.S.:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District. The formation of the District is necessary to decrease the number of individual wells drilled in the area due to the use of individual septic systems on the same properties and water quality issues identified by the County; the need for long range planning and financing of an infrastructure system capable of meeting fire flow rates as identified by the County; and area residents and property owners desire to own and control the water system and water rights servicing their properties, as well as providing means for making future improvements desired or needed by the community.

2. The existing service in the area to be served by the District is inadequate for present and projected needs. The Rupp Family Partnership is divesting AAWC and has no interest or financial wherewithal to make long-term improvements to the water system.
3. The District is capable of providing economical and sufficient service to the proposed development within its boundaries as shown on the attached Financial Plan.
4. The area to be included within the District does have and will have the financial ability to discharge the proposed indebtedness on a reasonable basis as shown on the Financial Plan.
5. Adequate service is not, or will not be, available to the area through County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
6. The facility and service standards of the proposed special district are compatible with the facility and service standards of Teller County. The District will be taking over existing facilities and services, built to County specifications at the time of construction. Additional improvements will be built to County specifications.
7. The proposal is in substantial compliance with any Teller County Master Plan adopted pursuant to § 30-28-106, C.R.S., as stated above.
8. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area, as stated above.

9. The creation of the proposed special district will be in the best interests of the area proposed to be served because a metropolitan district will provide service in perpetuity by an elected board consisting of District residents and property owners. The financing mechanisms available to a special district allow for long range planning and low cost financing of system improvements. In addition, the metropolitan district will provide for the implementation of expanded facilities and services desired or requested by the District constituents that the County is unable or unwilling to provide.

XVI. CONCLUSION

Therefore, it is requested that the Teller County Board of County Commissioners adopt a resolution to be included herein as Exhibit J approving this Service Plan for the Arabian Acres Metropolitan District.

ARABIANACRES/SP
JVE0825
0650.0003

EXHIBIT H
FINANCING PLAN

Service Plan Financial Summary

The Financial Plan for the Arabian Acres Metropolitan District includes the issuance of bonds in two series. The first issue would be completed in 2003 for a total principal amount of \$1,325,000. The second series would total \$400,000 in principal and would be issued in 2013.

These bonds would be secured by a limited mill levy pledge of the District as well as water revenues. The plan is to pay back the principal and interest on the bonds from a combination of water service charges, tap fees and a debt service mill levy of 6 mills. This financing structure ensures that all property owners in the District pay some part of the costs of the improvements through the mill levy but that the users of the water system pay a higher amount through the mill levy and service charges. New growth pays its fair share through a tap fee in addition to the property tax and service charge.

The revenue assumptions are that the mill levy starts and stays at 6 mills. Monthly service charges start at \$35 and increase \$1 annually. The tap fee starts at \$7,500 and increases \$200 annually.

The expenditure assumptions include operations and administration costs starting at \$62,000 with annual increases. Annual capital outlay is included to cover improvements to the water system as well as to finance the fire flow improvements according to the Capital Improvements Plan.

The 2003 bonds are assumed to be issued at an average interest rate of 6% for a term of 25 years. This is a reasonable interest rate considering the current market and that the bonds will be in fact secured by two revenue sources. The 2013 bonds will be issued for 15 years at the same assumed interest rate.

Growth in the District is projected very conservatively at 10 new homes per year until 2018 until the District reaches its water service capacity (340 homes) based on the current water supply.

Overall, the financial plan shows that the District can adequately discharge its debt based on a low mill levy, low water service charges and slow growth.

PLAN 1A

All Properties
PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$1,325,000 in Bonds at 6.00%

Mills to 6
Taps to 7500
40 year Capital Expenditure
Funds wells (2013,2015,2017) In 2013 with 15 year debt \$400,000 at 6%

Beginning Cash Available

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total			118,535	149,810	191,001	237,774	294,852	326,874	319,449	369,636	430,740

Revenues:

06 Mills
00 Mills
6.00%
\$0
DS
DS
4.50%

Property Taxes - Debt Service	-	17,812	18,347	19,803	21,303	22,848	24,439	25,779	27,458	28,889	30,662
Property Taxes - Operating	-	-	-	-	-	-	-	-	-	-	-
Specific Ownership Taxes	-	1,069	1,101	1,188	1,278	1,371	1,466	1,547	1,648	1,733	1,840
Tap Fees	-	75,000	77,000	79,000	81,000	83,000	85,000	87,000	89,000	91,000	93,000
Water Fees	-	86,520	93,312	100,344	107,616	115,128	122,880	130,872	139,104	147,576	156,288
Project Proceeds	-	1,100,000	-	-	-	-	-	-	-	-	-
Capitalized Interests/Reserves	-	120,000	-	-	-	-	-	-	-	-	-
Investment Income	-	-	5,334	6,741	8,595	10,700	13,288	14,709	14,375	16,634	19,383

Total Annual Income

	-	1,400,401	195,094	207,077	219,792	233,047	247,054	259,907	271,585	285,832	301,173
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Expenditures:

DS
DS
3.00%
3.00% Growth
3.00% Growth
3.50% Growth

Debt Service	-	79,500	79,500	79,500	79,500	79,500	115,520	115,520	115,520	115,520	115,520
Acquisition/Construction	-	1,100,000	-	-	-	-	-	-	-	-	-
Tax Collection Fees	-	566	583	630	677	727	777	820	873	919	975
Administration	-	20,000	20,000	20,000	25,000	25,750	26,523	27,318	28,136	28,982	29,851
Operating Expenses	-	42,000	42,000	43,260	44,568	45,895	47,271	48,690	50,150	51,655	53,204
Capital Expenses	-	39,800	21,735	22,496	23,283	24,098	24,941	24,985	26,718	27,653	28,621

Total Annual Expenses

	-	1,281,866	163,818	165,886	173,018	175,969	215,032	267,332	221,399	224,728	228,171
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Net Income (loss)

Ending Cash Available

	-	118,535	31,275	41,191	46,774	57,077	32,022	(7,425)	50,186	61,104	73,001
	-	118,535	149,810	191,001	237,774	294,852	326,874	319,449	369,636	430,740	503,741

Debt Mill Levy

Water Rates (\$/month)
Tap Fees

	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
	-	35.00	36.00	37.00	38.00	39.00	40.00	41.00	42.00	43.00	44.00
	-	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300

Assessed Valuation

Beginning
3.00%
Increase From Inflation
Increase From Construction

	2,882,250	2,968,718	3,057,779	3,300,487	3,550,477	3,807,966	4,073,180	4,296,529	4,576,400	4,814,845	5,110,265
	86,468	88,062	91,733	99,015	106,514	114,239	122,195	128,896	137,292	144,445	153,308
	-	-	150,975	150,975	150,975	150,975	101,153	150,975	101,153	150,975	101,153

Cumulative

	-	2,968,718	3,057,779	3,300,487	3,550,477	3,807,966	4,073,180	4,296,529	4,576,400	4,814,845	5,110,265
--	---	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Absorption

New Residential Units
\$ 165,000.00
Number of Units - Residential SF
Number of Units Served by Water
9.15%
Residential Value - New
29.00%
Non-residential Value
Total Market Value
Assessed Valuation

	10	10	10	10	10	10	10	10	10	10	10
	196	206	216	226	236	246	256	266	276	286	296
	130	140	150	160	170	180	190	200	210	220	230
	-	1,650,000	1,650,000	1,650,000	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000
	-	-	-	-	-	-	-	-	-	-	-
	-	1,650,000	1,650,000	1,650,000	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000	1,105,500	1,650,000
	-	150,975	150,975	150,975	150,975	101,153	150,975	101,153	150,975	101,153	150,975

PLAN 1A

All Properties
PROPERTY TAX LEVIED
Arabian Acres Metropolitan District
Florissant, Colorado
\$ 1,220,000 Net Proceeds
\$1,325,000 in Bonds at 6.00%

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
503,741	599,056	646,538	715,997	798,452	829,034	821,940	816,305	811,866	808,221	

Beginning Cash Available

Revenues:

06 Mills	32,188
00 Mills	1,931
6.00%	95,000
\$0	165,240
Tap Fees	105,795
Water Fees	22,668
Project Proceeds	26,508
Capitalized Interest/Reserves	334,043
Investment Income	463,118
Total Annual Income	422,823

Expenditures:

Debt Service	115,520
DS	105,795
Acquisition/Construction	1,024
Tax Collection Fees	30,747
3.00% Growth	54,800
Administration	29,623
Operating Expenses	31,733
Capital Expenses	393,659
Total Annual Expenses	337,508

Net Income (loss)

Ending Cash Available

Debt Mill Levy

Water Rates (\$/month)
Tap Fees

Assessed Valuation

Beginning	5,364,727
Increase From Inflation	160,942
Increase From Construction	150,975
Cumulative	5,676,643

Absorption

\$ 165,000.00	New Residential Units
9.15%	Number of Units - Residential SF
29.00%	Number of Units Served by Water
	Residential Value - New
	Non-Residential Value
	Total Market Value
	Assessed Valuation

36,370	204,000	36,534	36,734	36,987	291,009	296,598	301,909	307,299	312,689
41,188	199,920	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
199,920	101,000	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
121,402	193,536	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
35,930	32,220	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
440,218	366,681	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
463,118	334,043	36,734	36,987	37,307	285,286	291,009	296,598	301,909	307,299
156,705	156,705	156,705	156,705	156,705	156,705	156,705	156,705	156,705	156,705
113,330	113,330	113,330	113,330	113,330	113,330	113,330	113,330	113,330	113,330
1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198
33,598	33,598	33,598	33,598	33,598	33,598	33,598	33,598	33,598	33,598
59,882	59,882	59,882	59,882	59,882	59,882	59,882	59,882	59,882	59,882
32,843	32,843	32,843	32,843	32,843	32,843	32,843	32,843	32,843	32,843
393,659	393,659	393,659	393,659	393,659	393,659	393,659	393,659	393,659	393,659
284,226	284,226	284,226	284,226	284,226	284,226	284,226	284,226	284,226	284,226
409,637	409,637	409,637	409,637	409,637	409,637	409,637	409,637	409,637	409,637
30,582	30,582	30,582	30,582	30,582	30,582	30,582	30,582	30,582	30,582
829,034	829,034	829,034	829,034	829,034	829,034	829,034	829,034	829,034	829,034
82,455	82,455	82,455	82,455	82,455	82,455	82,455	82,455	82,455	82,455
798,452	798,452	798,452	798,452	798,452	798,452	798,452	798,452	798,452	798,452
715,997	715,997	715,997	715,997	715,997	715,997	715,997	715,997	715,997	715,997
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900
10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100
7,957,469	7,957,469	7,957,469	7,957,469	7,957,469	7,957,469	7,957,469	7,957,469	7,957,469	7,957,469
231,771	231,771	231,771	231,771	231,771	231,771	231,771	231,771	231,771	231,771
7,725,698	7,725,698	7,725,698	7,725,698	7,725,698	7,725,698	7,725,698	7,725,698	7,725,698	7,725,698
6,914,977	6,914,977	6,914,977	6,914,977	6,914,977	6,914,977	6,914,977	6,914,977	6,914,977	6,914,977
6,566,993	6,566,993	6,566,993	6,566,993	6,566,993	6,566,993	6,566,993	6,566,993	6,566,993	6,566,993
6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514
5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096
178,443	178,443	178,443	178,443	178,443	178,443	178,443	178,443	178,443	178,443
150,975	150,975	150,975	150,975	150,975	150,975	150,975	150,975	150,975	150,975
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514	6,277,514
5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096	5,948,096
10	10	10	10	10	10	10	10	10	10
326	326	326	326	326	326	326	326	326	326
260	260	260	260	260	260	260	260	260	260
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153	101,153
5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643	5,676,643
10	10	10	10	10	10	10	10	10	10
306	306	306	306	306	306	306	306	306	306
240	240	240	240	240	240	240	240	240	240
1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500	1,105,500
1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650	

PLAN 1A

PROPERTY TAX LEVIED

PROPERTY TAX LEVIED

Arabian Acres Metro
Florissant Colorado

\$ 1,220,000 Net Proceeds
\$1,325,000 in Bonds at 6.00%

\$1,325,000 in Bonds at 6.00% Net Proceeds

Beginning Cash Available

Revenues:

00 Mills
Property Taxes - Operating
Property Taxes - Debt Service

Tap Fees

DS
Project ProceedsInvestment Income
4.50%

Total Annual Income

Debt Service

3.00% Tax Collection Fees

3.00% Growth Operating Expenses

reference experiment

continued

Ending Cash Available

Water Rates (\$/month)

Beginning

Increase From Construction

Cumulative

Absorption

New Residential Units

Number of Units Served by Water

9.00% Non-residential Value

Assessed Valuation

[illegible]

2005-06-01

[illegible]



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT K

LIST OF SPECIAL DISTRICTS WITHIN A THREE-MILE RADIUS

3 MILE RADIUS SEARCH RESULTS
FOR TITLE 32 SPECIAL DISTRICTS
PROPOSED ARABIAN ACRES METROPOLITAN DISTRICT

DISTRICT NAME
=====

Divide Fire Protection District*
Divide/Florissant F.P.D.*
Florissant Water & Sanitation District
High Country Ambulance District*
Highland Lakes Water District
S.W. Teller County Hospital District

* Indicates overlap with proposed districts boundary

The information provided in this analysis may not be 100 percent accurate.

Analysis performed by the
Colorado Department of Local Affairs,
Division of Local Government, Office of Emergency Management
Cartography/GIS section. (303) 273-1850

Performed for Seter & Vander Wall, P.C.
June 12, 2002



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

EXHIBIT L

LETTER FROM TELLER COUNTY WATER QUALITY ASSOCIATION

TELLER COUNTY WATER QUALITY ASSOCIATION

P.O. BOX 1903, WOODLAND PARK, CO 80866 (719) 687-2386 FAX: (719) 687-0677

June 15, 2002

Jean Garren
Sr. Planner
Teller County Planning Department
Woodland Park, CO 80866

Re: Arabian Acres Water Company LLC / Proposed Metro District

Jean,

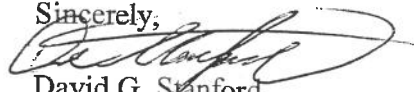
Both the Arabian Acres Subdivision and the Trout Haven Subdivision of Teller County are in compliance with the "Teller County Long Range Water Quality Management Plan" a copy of which is available at the Pikes Peak Area Council of Government offices in Colorado Springs.

The Arabian Acres Water Company LLC is a member in good standing of the Teller County Water Quality Association and is a very active participant in the planning of Teller Counties long - range water quality.

The Arabian Acres Water Company LLC water system is also in compliance with all Federal and State regulations regarding water quality as outlined by the State of Colorado Drinking Water Regulations.

If you have any questions regarding this matter, please let me know.

Sincerely,



David G. Stanford
President
Teller County Water Quality Association



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

EXHIBIT M

**WATER SYSTEM EVALUATION AND MASTER PLAN NARRATIVE
(INCLUDING APPENDIX D, CAPITAL IMPROVEMENTS PLAN) FOR
ARABIAN ACRES WATER COMPANY**

September 18, 2002

Ken Rupp
Arabian Acres Water Company
3579 County Road
Florissant, CO 80816

RE: Water System Evaluation and Master Plan

Dear Ken:

Attached is a copy of the Arabian Acres Water System Evaluation and Master Plan. The actual master plan contains the engineer's opinion of suggested system upgrades and timing of those upgrades. The appendix of this document includes an outline of projected capital improvements and associated costs for those improvements. It should be noted, that the facilities outlined in the proposed Capital Improvement Plan vary dramatically from those recommended by the engineer. The CIP includes the addition of roughly 4 miles of eight-inch line, which is intended to provide an urban level fire service to the Arabian Acres District. These improvements are for the purpose of meeting the request by the Teller County Planning Department.

If you have any questions, please do not hesitate to call.

Sincerely,
JDS-Hydro Consultants, Inc.

John P. McGinn, P.E.

**Water System Evaluation
and
Master Plan**

For

ARABIAN ACRES WATER COMPANY

SEPTEMBER 2002



Arabian Acres Water Company

Prepared By:

JDS-HYDRO

CONSULTANTS, INC.

**Arabian Acres Water Company
Water System Evaluation and Master Plan**

September, 2002

JDS-Hydro Project Number 107.02

Prepared For:

Arabian Acres Water Company
3579 County Road #42
Florissant, CO 80816

Prepared By:

JDS-Hydro Consultants, Inc.
545 East Pikes Peak Avenue, Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Arabian Acres Water Company Water System Evaluation and Master Plan

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1.0 BACKGROUND

2.0 DEMAND AND SERVICE AREA

- 2.1 *Historical Water Demand*
- 2.2 *Projected Water Demand*
- 2.2 *Service Area*

3.0 DESCRIPTION AND ANALYSIS OF WATER SYSTEM

- 3.1 *Water Rights*
- 3.2. *Source of Supply*
- 3.3. *Treatment and Storage*
- 3.4. *Transmission and Distribution*
- 3.5 *Miscellaneous/Fire Protection Issues*

4.0 ENGINEER'S CONCLUSIONS AND MASTER PLAN IMPROVEMENTS

- 4.1 *Buildout Rate*
- 4.2 *Immediate to Five-Year Improvement*
- 4.3 *Future Improvements*
- 4.4 *Non-Capital Recommendation*
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APPENDICES

- Appendix A Correspondence with URS*
- Appendix B Technical Water Model Documents*
- Appendix C Supporting Historical Financial Data*
- Appendix D Capital Improvement Plan for Fire Flow System*

Arabian Acres Water Company

Water System Evaluation and Master Plan

1.0 BACKGROUND

The Arabian Acres Water Company (AAWC) provides water service to Arabian Acres Subdivision, Trout Havens Estates Filings 1, 3, 4, and portions of Filing 2. Two commercial users, Trout Haven Resort and Camp Iana, are also served. Service is provided to the subdivision as well as a few large acre lots adjacent to the subdivision. The system relies on well rights for source of supply. Currently there are about 125 customers.

The original system was constructed between 1972 and 1979. Significant expansions were completed in 1994. The system is in good condition and is well maintained. In 1996 and again in 2002 our firm completed an appraisal of the AAWC water system. We consequently have previous experience with the system. The appraisal was initially completed in 1996 and is updated January 2002.

Our study is based on several information sources:

1. A site visit and system tour. Discussions with Mr. Rupp to review the system and the facilities.
2. Scaled system maps showing the location, length, age, taps, and size of the water distribution system. Certain details were also included.
3. Water rights documentation: Purchase agreements, and decrees.
4. Miscellaneous documents:
 - Customer list
 - Water use data
 - Assessor evaluations
 - Tank design
 - Inventory
 - Income/expense sheets

2.0 DEMAND AND SERVICE AREA

2.1 Historical Water Demand:

The system currently supplies roughly 125 lots. An analysis of the historic water use over the last three years is as presented on the following page:

Table 1
Water Use per Unit

Month	Year	Number of Taps	Total Month (Gallons)	Average Daily Use (Gallons/Day-Tap)
31-May	2002	119	464700	126
30-Apr	2002	115	430,400	125
31-Mar	2002	114	373,000	106
28-Feb	2002	114	420000	132
31-Jan	2002	113	414600	118
31-Dec	2001	121	437700	117
30-Nov	2001	121	394000	109
31-Oct	2001	120	424900	114
30-Sep	2001	117	421700	120
31-Aug	2001	116	434300	121
31-Jul	2001	115	468700	131
30-Jun	2001	115	433400	126
31-May	2001	115	433400	122
30-Apr	2001	114	385900	113
31-Mar	2001	114	349000	99
28-Feb	2001	113	435400	138
31-Jan	2001	113	389000	111
31-Dec	2000	111	431200	125
30-Nov	2000	111	374100	112
31-Oct	2000	110	378700	111
30-Sep	2000	110	451700	137
31-Aug	2000	110	418500	123
31-Jul	2000	108	413100	123
30-Jun	2000	106	459100	144
31-May	2000	103	382200	120
30-Apr	2000	101	363600	120
31-Mar	2000	100	330000	106
28-Feb	2000	99	378100	136
31-Jan	2000	99	349700	114
31-Dec	1999	98	367500	121
30-Nov	1999	97	343200	118
31-Oct	1999	97	374500	125
30-Sep	1999	97	418100	144
31-Aug	1999	96	410600	138
31-Jul	1999	93	418600	145
30-Jun	1999	92	392200	142
Overall Average Daily Demand				123

Use figures are very consistent throughout the last 3 years. This is an obvious effect of the ban on outside watering. The range of demand is 99 to 145 gal/tap-day and the average daily demand is 123 gal/day-tap. The range of annual demand varies only from 118 to 133 gal/day-tap. This is a very predictable user characteristic.

2.2 *Projected Water Demand:*

From the historical data evaluated above, we can project actual user characteristics, peak water use, and future water needs. Table 2 presents user characteristic data derived from the actual monthly flow records. The Maximum Daily Demand (MDD) and Peak Hour Demand (PHD) are extrapolated using some conservative ratios for indoor only users. These rates of demand are the basis for determining pipeline and infrastructure sufficiency. The PHD yields a rate of 362 gal/day-tap or 0.25 gal/min-tap. The PHD represents the highest rate of use in the system during the year.

TABLE 2
Water Use Characteristics

<i>User Characteristic</i>	<i>(Data Source)</i>	<i>Gal/Tap-Day</i>
Average Daily Demand	(measured)	123
Maximum Month- Daily Demand	(measured)	145
Maximum Daily Demand	(extrapolated MMDD X 1.25))	181
Peak Hour Demand	(extrapolated MDD X 2.0)	362

From the projected MDD and PHD, the total existing and future system maximum uses are as follows. Note that ADD and MDD is presented in Gal/Day while the PHD is presented in gal/min. This is appropriate for the analysis.

TABLE 3
Projected System Uses

<i>User Characteristic</i>	<i>Total System Use Existing 125 Users</i>	<i>Future Total System Use Buildout 304 Users</i>
Average Daily Demand (gal/day)	15,375	37,392
Maximum Daily Demand (gal/day)	22,625	55,024
Peak Hour Use (gal/min)	31.4	76.4

2.2 *Service Area:*

The Arabian Acres Water District is proposed to serve Arabian Acres and most of Trout Haven Estates as described above. Arabian Acres Subdivision includes 229 lots and the included areas of Trout Haven include 169 lots. Because of multiple lot ownership it is likely that full buildout of Arabian Acres will produce only 196 dwelling units. Trout Haven has several isolated lots and has roughly 75 lots on existing individual wells. It is also expected that some of the well owners would ultimately elect to hook into the District system. Based on available data, realistic full buildout is estimated at 304 dwelling units.

3.0 DESCRIPTION AND ANALYSIS OF WATER SYSTEM

3.1 Water Rights

The Arabian Acres Water System is supplied by well water taken from several locations. The water rights supporting those wells are described in detail in the Decree attached as Exhibit A in the Appendix. The Decree (Case No. 94CW281) allows for a total of 6.906 acre-feet of annual consumptive use for the wells. These rights are supported with 220 shares of Mountain Mutual Reservoir Company. The total depletion is measured by totalization of all water meters minus the total water provided to livestock times ten percent plus the number of boarded livestock multiplied by ten gallons per head per day. Livestock use is extremely limited. Currently there are no livestock watered from the system. Only about 25 lots are large enough to maintain livestock, if one per lot were boarded; the daily use would total only 250 gal/day.

At the future buildout condition of 304 units, the consumptive water use is as follows;

$(304 \times 133) \times (10\% \text{ consumption}) + 250 \text{ gal.} = \text{the total consumptive daily use of } 4,293 \text{ gal/day}$
The total annual consumptive use would be: $(4,293 \times 365 \text{ days/year})/325800 \text{ gal/AF} = 4.81 \text{ Ac-ft.}$

The water right allows for 6.906 Ac-ft, therefore, at the highest annual rate, **there are sufficient water rights to serve a buildout of 445 dwelling units.**

This right should be more than sufficient for the development of the 304 lots and existing commercial taps within the proposed service area.

In addition to the decreed water rights, the AAWC also has additional raw water storage that can potentially be released and used to augment flows in an out-of-priority situation for the decreed source. The storage rights were decreed by Case No. 96CW238.

3.2. Source of Supply

The AAWC rights allow for a total of up to 17 wells to be developed to serve the AAWC customers.

There are currently 7 wells completed as the source water for the system. Three wells, numbers 3, 4, and 5, are situated in the north part of the service area. These wells are all fed through Treatment Building B. Well #1 is located on Lot 11 Block 8 of Arabian Acres. Well #2 is located to the west in what is known as "Well Valley". Both wells are protected with "motor minders" which act as an emergency shutdown in case of excessive drawdown. "Well Valley" is the area from which additional wells will be drilled to accommodate growing demands as the area "builds out." Two additional wells, #6 and #7 were added in 1999. Wells 1, 2, 6, and 7 are fed through Treatment Building A. The current wells are sufficient to meet the needs of the existing customers, which includes a 3" tap for Trout Haven Resort. The following table outlines the wells, their depths, casings, and yields.

TABLE 4
Arabian Acres Well Summary

Well	Depth/Perforation (Feet/Feet)	Casing (Dia.-In.)	Equipment	Yield (GPM) Actual/Permitted
#1	120/80-120	4" PVC	0.75 HP	4/20
#2	300/260-300	4" PVC	0.75 HP	8/20
#3	25/6-25	7 ft. MH Gallery		7/30 (Alluvial)
#4	200/No Casing	8" No Casing		2/20
#5	20/6-20	7 ft. MH Gallery		8/20 (Alluvial)
#6	300/250-290	4" PVC	0.75 HP	7/15
#7	400/290-310 &350-370	4" PVC	0.75 HP	7/15

From the modeling effort, we determined that the wells would actually yield roughly 43 gal/min or 61,920 gal/day. The modeling effort will be discussed in a later section. In rating the source of supply, we recommend that the source be de-rated by a factor of 35% to allow rest time on wells and maintenance. Our design source of supply capacity would therefore be:

Source of Supply Capacity:

$$65\% \times 43 \text{ gal/min} = \underline{28 \text{ gal/min or } 40,250 \text{ gal/day}}$$

The wells or source of supply should be capable of meeting the maximum daily flow while the tank can serve to provide equalizing storage for peak hourly flow. In this case, source of supply is sufficient to meet the existing demand and significant growth. Obviously, the actual yield rate of the wells will determine how many wells are ultimately needed but if one extrapolates the existing yields, we would recommend a total of 6 to 7 additional wells be added as the service area builds out. A rough gauge might be to add 2 wells with a yield of at least 5 gal/min at each of the following buildout levels. We are suggesting drilling 2 wells at each level for the purpose of averaging yield and saving drilling mobilization costs.

1. 2 wells at 225 units
2. 2 wells at 250 units
3. 2 wells at 275 units

At the current buildout pace, wells may not be needed for some time.

3.3. Treatment and Storage

There are two similar central locations for water treatment. Treatment Building A provides treatment for wells #1, #2, #6, and #7. Treatment Building A is located at Well #1 on Lot 11 Block 8. Treatment includes pH control using soda ash and chlorination using liquid sodium-hypochlorite solution. The treatment unit consists of housing, soda mixing, metering, and variable feed of both chemicals. The treatment units and housing were constructed in 1994 and are well maintained.

Treatment Building B provides treatment for wells #3, #4, and #5. Treatment Building B is located at Well #3. Treatment includes pH control using soda ash and chlorination using liquid sodium-hypochlorite solution. The treatment unit consists of bag filtration, housing, soda mixing, metering and variable feed of both chemicals. The treatment units, and housing were constructed in 1999 and are well maintained.

Treatment is sufficient for the existing system. It is unlikely that additional wells will be added on to Treatment Building B. Consequently, Treatment Building B is probably at its ultimate size. The likelihood is that future well additions will take place in the area of "Well Valley". Consequently, it is only Treatment Building A that may need some upgrade. Current treatment consists only of chemical feed and metering. Capacity will be limited only by the size of interior piping and the size of the chemical feed pumps. At least two additional wells can be added without changing any equipment. This would carry the treatment capacity through at least 250 units or double the existing system. The wells treated at TB A are generally deep and only in one minor case less than 100 feet. Consequently, the well system is not under the influence of surface water. The level of treatment is sufficient for the foreseeable future.

One issue related to treatment is the level of chlorine contact. After treated water is initially disinfected, it should be held within the system for a minimum of 30 minutes before delivery. This is known as chlorine contact time. Currently, water from TB A is delivered to the storage tank via

a 4-inch line and single 2-inch line 2,760 feet in length. Just prior to the tank are two taps on this line. At the current rated well capacity, contact time is still slightly lower than desired. A simple solution would be to re-locate the lower tap from the 2-inch line to the parallel 4-inch and to relocate the upper tap roughly 30 feet closer to the tank on the 6-inch line. Ultimately, we would recommend the replacement of some of the 2-inch line from TB A to the intersection of Donzi Trail and Silbani Lane with an 8-inch main. This will have multiple positive impacts on the system.

Storage consists of a steel ground storage tank on Lot 34 Block 1 of Arabian Acres 2nd Filing. The tank has a capacity of 38,200 gallons and has an overflow at 18 feet. Tank level is controlled using an ultrasonic device at the tank with telemetry to the Newport controller at Treatment Building A, which starts and stops wells. Wells 3, 4, and 5 are operated on a time clock basis. The tank is in excellent shape and was installed in 1994. Tank capacity is sufficient for current domestic supply and equalization storage. Water storage is sometimes a balancing act in smaller systems. Too little storage often places the system at some risk, but too much often yields chlorine residual problems in the winter and/or icing issues causing deterioration of the interior lining.

It would be advisable to provide storage of between 125% to 150% of the maximum daily demand. Currently the existing storage is equal to roughly 170% of the MDD. We would recommend that AAWC plan to add storage at roughly 170 taps. The cost of storage does not vary dramatically with size in the ranges that would be considered. For the purpose of planning, we would suggest that a 50,000 gallon tank be planned at 170 taps. When this tank is constructed, we recommend adding a dedicated tank feed line which will increase circulation in the storage tanks and help with freezing.

3.4. *Transmission and Distribution*

The AAWC system consists of 2 inch through 6-inch water lines. Many of the pipelines were installed between 1972 and 1979 with substantial upgrades being completed between 1990 and 1996. Further system upgrades occurred in 1999 and 2000. There are gate valves, air relief and vacuum valves and flush hydrants located throughout the system. The lines are generally PVC material. Smaller diameter lines are SDR 27 and larger recent expansions are C-900 DR 18. Some small diameter pipelines recently constructed are Poly-ethylene. (PE)

PRV's (Pressure Reducing Valves) are placed on services where high pressures exist. Individual booster pumps provide adequate pressure to users directly around the tank. Services are installed at the time of house construction with all lots being separately metered. Meters and service lines are the responsibility of the homeowner. When and where taps are added above the elevation of 9100, we suggest that the use of individual pressure pumps be continued.

With the possible exception of the line referenced in the treatment section, the lines are adequate for the current service level.

A model was developed of the transmission and distribution system using WaterCad software. The appendix includes the technical printouts of the modeled data. The system was modeled under several different existing and future conditions. As indicated earlier, no outdoor use is allowed and the water use figures support the fact that the prohibition is followed. The decision to add lines and/or loops was based on maintaining an acceptable service level for all customers on the system. Minimum acceptable residual pressures for the system was 40 psi. AWWA recommends 30 psi minimum residual for rural settings. The results of the modeling are included as Exhibit B.

The model indicates that lines would need to be extended as growth occurs. Following are lines that would be added as needed:

1. An 8-inch extension from TB A to Slibani Lane and Donzi Trail. No taps should be taken directly from this line, but it should be tied into the cluster at Silbani and Donzi. This extension would help the system in many ways.
 - a). Because it will lower the back head on the wells at TB A, production at those wells will increase adding additional flow at lower power costs.
 - b). Appropriate chlorine contact time will be provided for TB A.
 - c). Dramatically increased circulation will occur within the system
2. The same 8-inch line should be extended from TB A along Silbani Lane to Deer Ridge Trail. Again no service taps should be taken from the line but the line should tie in to the cluster at Deer Ridge. From Silbani Lane, the line should be extended along Deer Ridge to Banner Trail and tied into the cluster at that intersection. The timing of this upgrade is not immediate and not exactly definitive. Because there is a tank upgrade at 170 units, we would select that same timing level for convenience.
3. As growth occurs in Trout Haven, we recommend that a 6-inch loop be constructed linking the water tank site and the 6-inch line at Kutsu and Banner Trail. This would be growth based in Trout Haven. The line could simply be extended as needed to serve additional taps coming on-line, with the goal of looping to Kutsu Ridge and Banner.
4. Although not necessary until very late in development, the 6-inch at the northerly end of Kutsu should be extended along Kutsu and looped into the 4-inch in Lower Trout Creek Road.

When modeling a smaller system such as this, several conditions should be noted. While overall system use is adequately described by the MDD and PHD, house to house variation in use rate varies dramatically from minute to minute. In very isolated, small diameter, single fed areas, care should be taken to judge how such a variation might impact the user. In our modeling efforts, we looked at a few areas specifically to determine if any concerns existed.

3.5 *Miscellaneous/Fire Protection Issues*

There are a few easements and rights of way that should be documented. These are referenced in the appraisal completed in early 2002.

A stated purpose of Colorado Water Districts is not to provide fire protection (Sec. 32-1-1 006 C. R. S.), but it is often done so at the discretion of the residents of the District. This system was designed for and continues to provide for indoor domestic use only. To provide substantial fire flows would create some significant problems in this system. First it is somewhat unrealistic because creating urban level fire standards would require the replacement of most of the mains in the system. Second, the low indoor domestic use coupled with the fire flow sized lines will result in problems maintaining chlorine residual in the system. AAWC would find itself having to waste significant amounts of water to keep lines fresh, which alternatively be in conflict with the water conservation measures decreed.

At the same time, there is some fire flow available. There are several places in the system, that have fire hydrants capable of as much as 500 gal/min fire flow. Often this is as much as some rural fire trucks can handle. Also, Pond #1 has a "dry-hydrant" which allows pumping from the reservoir.

4.0 CONCLUSIONS AND MASTER PLAN IMPROVEMENTS

4.1 Buildout Rate

The AAWC has grown somewhat steadily over the past 20 years and the system has grown along with development. This should continue in an orderly fashion as it has in the past. The last few years have seen some growth at a rate of about 7 to 10 units per year. Based on that growth pattern we have itemized some of our recommendations and the appropriate timing of those improvements.

4.2 Immediate to Five-Year Improvements:

We find the system to be well maintained and in good condition for its size. We find it acceptable for current service and into the near term of 5 years. The only improvement that we would suggest at this time is to extend an 8-inch line from TB A to Silbani and Donzi Trail. This extension is approximately 415 feet in length and will make positive impacts on the system in many ways. The cost of this improvement is estimated at \$ 18,400.

Under the section treatment, we recommended the relocation of a couple of taps to resolve potential chlorine contact times problems. If the above 8-inch is constructed, this is unnecessary.

4.3 Future Improvements:

There are some improvements that should be planned as the system grows substantially. Obviously, the implementation of these improvements is "somewhat down the road" and would be dependent on a strong continued pattern of growth. For the sake of convenience, we have outlined those based on tap numbers in AAWC.

- a). Water Rights: In our opinion, water rights are sufficient for what is considered full buildout of 304 units. If use continues as historic, the actual projection of water rights capability is roughly 445 units.
- b). Source of Supply: (Wells): Again given historic growth pattern we suggest planning on drilling wells at the following schedule:
 - 2 wells at 225 units
 - 2 wells at 250 units
 - 2 wells at 275 units

The timing of the first need may be 8 to 10 years in the future. Current costs are roughly \$75,000 for two wells.

- c). Water Treatment: It is not expected that any upgrades will be necessary at Treatment Building B. Upgrades to Treatment Building A would occur as additional wells are brought on line. With the extension of the line suggested at this time, we expect treatment facilities to be sufficient until the second well expansion at 250 units. This may take 10 to 15 years. Costs will be minimal. 2002 dollars would be less than \$10,000.
- d). Water Storage: We recommend adding 50,000 gallons of storage at roughly 170 units. This would likely be 6 to 8 years away. The cost of an additional 50,000 gallons of storage is \$40,000.
- e). Water Distribution and Transmission: The timing on these improvements is slightly subjective, but for the purpose of planning we recommend the following:

- An 8-inch line extension from TB A along Silbani Lane to Deer Ridge Trail. From Silbani Lane, the line should be extended along Deer Ridge to Banner Trail and tied into the cluster at that intersection. The timing of this upgrade is estimated at 170 units (probably 6 to 8 years away). Today's cost would be about \$60,000.
- As growth occurs in Trout Haven, we recommend that a 6-inch loop be constructed linking the water tank site and the 6-inch line at Kutsu and Banner Trail. This line would be phased as needed as the taps are added in Trout Haven. The total cost would be \$98,000 but the financing may be levied against development of the Trout Haven lots.
- A 6-inch at the northerly end of Kutsu should be extended along Kutsu and looped into the 4-inch in Lower Trout Creek Road. This could be delayed until 10 to 20 years depending on development. Today's cost would be about \$35,000.

4.4 *Non-Capital Recommendations:*

1. We suggest completing (if it hasn't been completed already), the easement/right of way documentation outlined in the Appraisal Report completed earlier this year.
2. We also recommend continuing the practice of providing a separate-individual pressure system for the customers in the immediate vicinity of the storage tank. A floor elevation in excess of 9100 is a likely candidate for the pneumatic pressure systems.

4.5 *Financial Recommendations:*

1. There are improvements specified as immediate suggestions, we suggest that these be funded out of initial capital.
2. Operation and Maintenance has been very good from what we witnessed in 1996 and again, most recently. Transition to a District will require additional operations staff, not currently available. The average cost of Operation and Maintenance (including depreciation) from 2000 and 2001 was \$76,765. That figure includes an average annual depreciation expense of \$24,030. No costs for the current operator were included in those figures. A one-half time operator at \$25/hour would add \$ 26,000 to the annual budget.

Based on assertions by the Owner, the income statements for 2000 and 2001 actually included expenditures for capital improvements being a short line extension and wells. Attached as an Appendix are copies of those income statements and the breakdown by the Owner of capital costs that were included into the income statement. Capital costs should be tracked separately for a public agency such as a District and should not be considered O & M. The Owner's assertion indicates that an average of \$15,982 in 2000 and 2001 were taken out of the income statement. Based on this assumption, projected cash O & M for 2003 should be \$62,753.

However, any projected capital expenses should be tracked on a cash basis within the financial analysis.

Appendix D
Capital Improvement Plan for Fire Flow System

CAPITAL IMPROVEMENTS PLAN
For
FIRE FLOW CODE

The improvements recommended by JDS-Hydro Consultants, Inc are included in this master plan. Those improvements are, what in our professional opinion are the most appropriate improvements to the Arabian Acres Water System given the nature of the development, density, water quality and water rights. The line extensions and looping we recommend are all eight-inch water mains, which is consistent with Fire Code.

This particular Capital Improvements Plan is based on the provision of an urban level fire protection system as requested by Teller County, which incorporates a nearly wholesale change-out of the existing water system. This plan sets forth the location and nature of the fire flow improvements; the overall estimated cost of said improvements; and a phased plan for implementing said improvements over time. However, as professionals, we feel compelled to state our reservations about maintaining domestic water quality and maintaining the viability of the domestic only water rights under the Teller County requirement. We state our concerns at the end of our document.

We highly recommend that the Master Plan and any Capital Improvement Plan be reviewed by the District and updated and adjusted with changes in projections, growth, and regulation.

The System:

Using our model, we have added what in our opinion is a system of eight-inch water distribution lines, and fire hydrants that will produce an urban level fire flow per Fire Code. We must state that the system proposed is close to Fire Code but has a few minor variances. The system is an existing system, with existing lot layout, and therefore cul-de-sacs, and dimensions aren't easily adaptable for the applied. Hydrant placement varies slightly. Our placement generally meets a 500 foot radius coverage area, but does vary to slightly greater lengths where certain road configurations limit our reasonable placement.

The proposed system includes over four miles of eight-inch pipeline, 42 valves and 24 fire hydrants in an existing community of 125 homes. On the following page is a layout of the proposed replaced system. This shows line location and hydrant placement in the system. Our cost estimate of the proposed system is \$ 844,000 in 2003 dollars.

We do not recommend service taps be relocated to the larger lines. This will allow the operators to attempt to minimize health risks by routing flows to extremities of the system and returning those flows to the core area. Also if a future ruling finds the routine hydrant flushing incompatible with the domestic water right, the District would need to be able to abandon and/or empty and valve off sections of the eight inch system.

Recommended Phasing:

It is our understanding that the proposed debt of the proposed District would have to nearly double for this plan to be implemented initially. Therefore, it might be undertaken as a long-term plan, whereby the District builds the infrastructure on a regular basis over time. If the project were a development project into new areas, we would probably define exactly what improvements to construct in what order. However, this project must balance the needs of existing users with areas that may or may not be growing at faster rates than others. Balancing those needs is only best done on an annual basis by the controlling Board who has the up to date knowledge of where the importance is greatest. However, if this project is to be constructed, we have the several phasing and timing recommendations.

1. Because the District will be in infancy the first year, we suggest that it only undertake the improvements recommended as immediate, the first year. This will allow the District time to get administrative and operational procedures streamlined.
2. The decision as to exactly which elements to build in what years, is best left up to the District Board, in order to more adequately respond to the growth areas within the District. Balancing the need between existing and future customers should best be left to the Board of Directors. However, we would suggest some guidelines as follows:
 - Areas at or near the water storage tank should be undertaken first, working away from the water tank.
 - Work towards growth; in other words if the Trout Creek side is the stronger growth area, work in that direction first.
 - Consider constructing the lines that are identified in the master plan early in the process. Some are the same as those proposed for the fire system. These will produce the most significant fire flow gains, with the least water quality impact.
3. Although line extensions could be undertaken on an annual basis, we would suggest considering the completion of construction projects every second or third year. This will allow the District to build larger "chunks" of the project thus having the impact of reducing inconvenience to homeowners and potentially taking advantage of lower unit cost for pipeline.
4. Spreading the improvements in a phased approach; provides the added bonus of possibly being able to take advantage of construction market conditions. The District may find it advantages to undertake larger chunks when the construction market is down or delay in years of high construction costs. We recommend that the Board be cognizant of market conditions when selecting the size of their phased improvements.

Financial Plan Elements

1. **Buildout Rate:** The AAWC has grown somewhat steadily over the past 20 years and the system has grown along with development. This should continue in the orderly fashion as it has in the past. The last few years have seen some growth at a rate of about 7 to 10 units per year. Based on historic growth, we agree with the initial growth rate of 10/year, which might increase at some point in time.
2. **Tap Fees:** The system currently has tap fees for new hookups. We recommend the continuation of tap fees or plant investment fees. These are one-time fees levied when a new tap or customer comes on line. Traditionally, the revenues from such fees go to help repay debt incurred by those originally associated with the system and towards capital improvements needed to keep pace with growth or address upgrades. Ideally, revenues from tap fees and/or plant investment fees should go to these expenses and not to help cover Operation and Maintenance costs. Over time, the tap fees should keep pace with inflation or in some cases changes in capital needs of the system.
3. **Recommended Inflation Rate:** The cost of construction fluctuates over time and tends to mirror the economy. Over the long term, we suggest a rate of 3.5 %. The financial plan should incorporate interest income or reserve accounts based on their best judgment. Barring their recommendation, an interest rate comparable to inflation is not completely inappropriate.

Engineer's Reservations and Concerns

As stated earlier, as professionals, we must point out our reservations and concerns relative to the applying an urban level fire code to the Arabian Acres Water System. The problem is several-fold.

1. This is a rural domestic only system with low density and the associated branch type systems. Long extensions of large diameter lines create lengthy detention times in many areas of the District. We are concerned that without outdoor use and greater densities, water will stagnate in the lines resulting in a health hazard to the residents.
2. To offset the lengthy detention times, regular flushing of the lines will be necessary to maintain water quality in certain areas of the District. There is the potential that certain lines would require flushing every other week. Flushing requires the opening of hydrants at fairly high rates to "turn-over" the water in the lines. We would estimate that flushing would waste 5000 gal of water for every 1000 feet flushed.
3. Since this system is a domestic only system and the beneficial use of these water rights excludes outdoor use, we have serious concerns about the long-term

viability of the water rights, should the system be used consistently in a manner incompatible with the beneficial uses stated by the State of Colorado. We are concerned that the "Fire Code mandate" may ultimately place the drinking water rights of these Teller County residents in jeopardy.

4. Even in urban systems, similar stagnation problems exist in temporary and/or isolated line elements although not to this level. Often operations staffs when faced with consistent and nagging stagnation problems will take actions and operate the system in a manner to avoid the problems. Actions, we have seen include valving loops off, emptying large lines, and operating tank levels very low in order to maintain water quality to the users. While these practices might ease water quality concerns and protect water rights, the use of the system as a fire protection system is obviously limited.

We do not recommend that the system be barren of fire flow. Significant fire flows are available even now along core roadways within the AA WC. There are a few hydrants in the system along these core lines that will produce flows of 500 GPM, today. These areas are core lines that serve many homes and consequently are able to sustain water quality. With the additional lines suggested as growth occurs, significant flows will be available in the core areas and along major roadways. Potential fire flows in some areas would be in excess of 1000 GPM.

Capital Expenditure Model
Capital Improvement Plan
Fire Flow System

Year		Improvement	Recommended Capital Expenditure ¹	Fire Flow Lines ²	Total Expenditures
2002	125				
2003	135	8-inch in Silbani	\$ 18,800	\$ -	\$ 18,800
2004	145			\$ 21,100	\$ 21,100
2005	155			\$ 21,839	\$ 21,839
2006	165			\$ 22,603	\$ 22,603
2007	175			\$ 23,394	\$ 23,394
2008	185			\$ 24,213	\$ 24,213
2009	195	Water Storage	\$ 49,170	\$ 25,060	\$ 74,230
2010	205			\$ 25,937	\$ 25,937
2011	215			\$ 26,845	\$ 26,845
2012	225			\$ 27,785	\$ 27,785
2013	235	2 wells	\$ 105,795	\$ 28,757	\$ 134,552
2014	245			\$ 29,764	\$ 29,764
2015	255	2 wells	\$ 113,330	\$ 30,805	\$ 144,136
2016	265			\$ 31,884	\$ 31,884
2017	275	2 wells	\$ 121,402	\$ 32,999	\$ 154,402
2018	285			\$ 34,154	\$ 34,154
2019	295			\$ 35,350	\$ 35,350
2020	305			\$ 36,587	\$ 36,587
2021	305			\$ 37,868	\$ 37,868
2022	305			\$ 39,193	\$ 39,193
2023	305			\$ 40,565	\$ 40,565
2024	305			\$ 41,985	\$ 41,985
2025	305			\$ 43,454	\$ 43,454
2026	305			\$ 44,975	\$ 44,975
2027	305			\$ 46,549	\$ 46,549
2028	305			\$ 48,178	\$ 48,178
2029	305			\$ 49,864	\$ 49,864
2030	305			\$ 51,610	\$ 51,610
2031	305			\$ 53,416	\$ 53,416
2032	305			\$ 55,286	\$ 55,286
2033	305			\$ 57,221	\$ 57,221
2034	305			\$ 59,223	\$ 59,223
2035	305			\$ 61,296	\$ 61,296
2036	305			\$ 63,442	\$ 63,442
2037	305			\$ 65,662	\$ 65,662
2038	305			\$ 67,960	\$ 67,960
2039	305			\$ 70,339	\$ 70,339
2040	305			\$ 72,801	\$ 72,801
2041	305			\$ 75,349	\$ 75,349
2042	305			\$ 77,986	\$ 77,986
2043	305			\$ 80,715	\$ 80,715

¹ Capital Expenditures are based on Engineer's recommendations not duplicated by the fire flow system

² Expenditures for the fire flow system begin in 2004 and are escalated at 3.5%/year

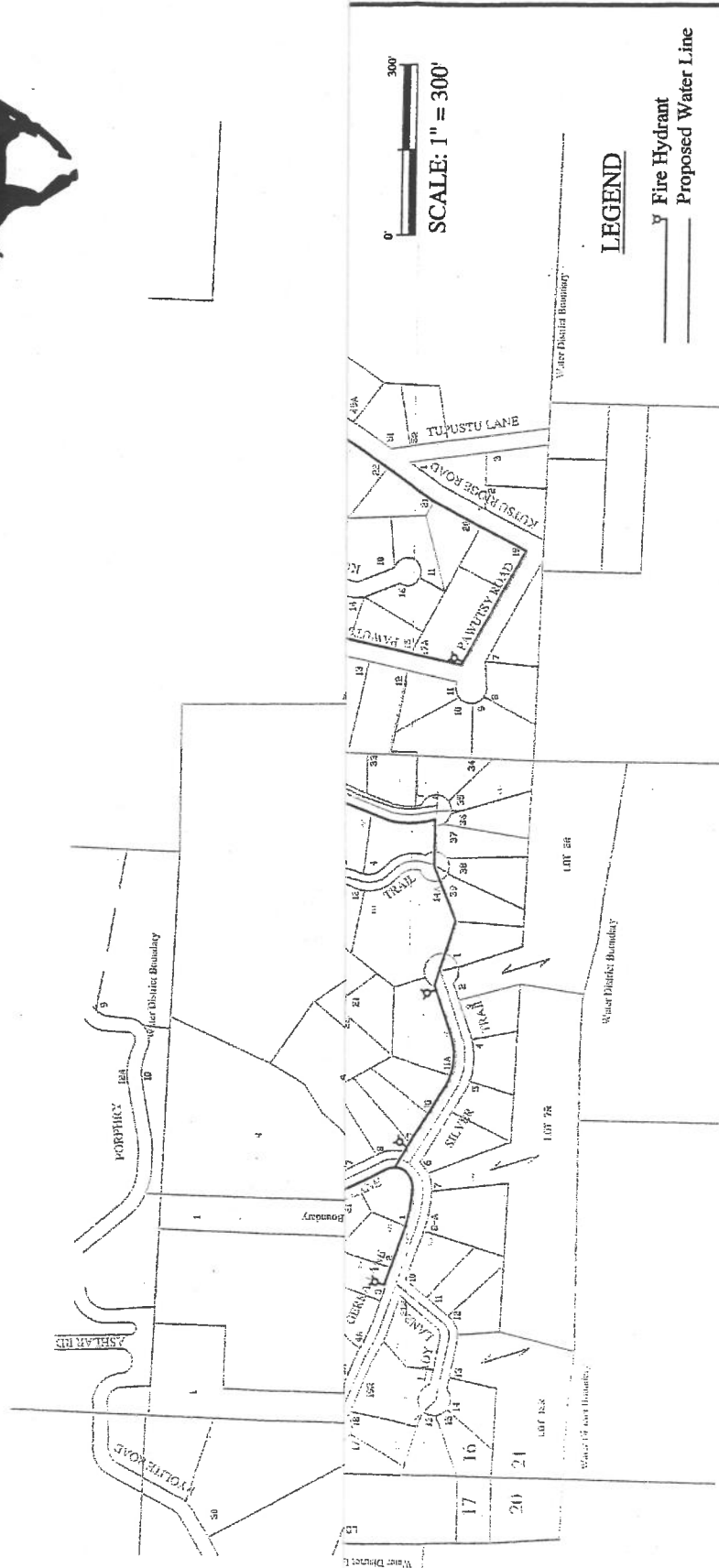
Notes: These expenditures should be roughly modeled into the Financial Plan
The fire flow system buildout is 40 years

Client: Arabian Acres Water Company
Project: Fire Flow Distribution System

Item	Unit	Quan.	Unit Cost	Item Total
1 8-Inch PVC Water Lines	LF	22,700	\$25.00	\$567,500
2 8-Inch Valves	EA	42	\$750.00	\$31,500
3 Fire Hydrant Assemblies	EA	24	\$1,750.00	\$42,000
4 Tie-ins	EA	21	\$2,100.00	\$44,100
5 Unused	LS	0	\$0.00	\$0
6 Unused	LS	0	\$0.00	\$0
			Sub Total	\$685,100
Construction Sub-Total				\$685,100
Construction Contingencies				\$68,510
Engineering Legal, Admin				\$90.433
PROJECT TOTAL				\$844.043

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Arabian Acres Water Company, Inc. Fire System Upgrades



JDS-HYDRO

CONSULTANTS, INC.

545 East Pikes Peak Ave. Suite 300
 Colorado Springs, Colorado 80903
 (719) 227-0072

ARABIAN ACRES FIRE SYSTEM UPGRADES

Project No.:

Scale:

Date: 10/05/01

Design: NVB

Drawn: RMM

Check: JPM

Revisions:

1

of 1



EXHIBIT N

**EASEMENTS, CONTRACTS OR OTHER AGREEMENTS ENTERED INTO BY THE
PROMOTERS AND/OR ARABIAN ACRES WATER COMPANY AND EASEMENT
AGREEMENTS THAT SHALL BE BINDING ON THE DISTRICT**

1. WELL #3 EASEMENT
2. RESERVOIR #2 EASEMENT
3. RESERVOIR #1 EASEMENT
4. WILSON EASEMENT
5. WELL #5 EASEMENT
6. IANA EASEMENT
7. STOWE EASEMENT
8. AGREEMENT BETWEEN FRANCES I. RUPP AND DONNA L. LOUDEN
9. SEE ALSO, FINDINGS OF FACT, CONCLUSIONS OF LAW, JUDGMENT AND DECREE OF THE WATER COURT IN CASE NO. 94CW281 ATTACHED TO THIS SERVICE PLAN AS EXHIBIT F, ¶ 29.



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

WATER EASEMENT AGREEMENT

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, The **SKYWAY RANCH, LLC**, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 (the "Grantor"), hereby grants, bargains, sells and conveys to **ARABIAN ACRES WATER COMPANY, LLC**, a Colorado Limited Liability Company, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 ("AAWC"), its successors and permitted assigns, a perpetual, non-exclusive easement (the "Easement") for ingress and egress to construct, reconstruct, operate, use, maintain, repair, replace and/or remove certain water improvements and appurtenances thereto (the "Improvements"), in, to, through, over, under and across a certain parcel of real property located in Teller County, Colorado, as more particularly described and shown in Exhibit "A" attached hereto and incorporated herein by this reference (the area contained within the Easement being referred to herein as the "Premises"). Such Easement is granted by Grantor and is accepted by AAWC pursuant to the following terms and conditions:

1. AAWC, its agents, successors and permitted assigns, shall have and exercise the right of reasonable ingress and egress in, to, through, over, under and across the Premises for any purpose necessary for the construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements.

2. Except as otherwise permitted herein, the Grantor shall not construct or place any structure, building or other improvement on the Premises that may damage the Improvements or interfere with AAWC's ability to access the Improvements. Grantor may utilize the Premises for access so long as Grantor's use does not unreasonably interfere with AAWC's easement rights or damage the Improvements. Any structure, building or other improvements, whether temporary or permanent, installed on the Premises may be removed by AAWC without liability for damages arising therefrom if necessary to exercise its easement rights.

3. AAWC shall restore the surface of the ground and any landscaping, as practicable, to the condition it was in immediately prior to the date of installation of the Improvements, except as necessarily modified to accommodate the Improvements.

4. AAWC shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed between and among the parties that, except as provided in this Easement

Agreement, the Grantor shall not take any action, which would impair the lateral or subjacent support for the Improvements.

5. It is expressly acknowledged and agreed that AAWC shall have the right and authority to assign the Easement or grant licenses therein to any appropriate local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by AAWC herein. In addition, AAWC shall have the right and authority to grant temporary construction easements or license agreements to any appropriate local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements consistent herewith.

6. AAWC agrees that at such time and in the event that the Improvements and/or Easement described herein are abandoned by AAWC by written notice to Grantor, such Easement shall terminate and the real property interest represented by such Easement shall revert to the Grantor, its heirs, successors and/or assigns.

7. Each and every one of the benefits and burdens of this Easement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and AAWC.

8. The Grantor reserves the right to grant further easement interests in the Premises to other grantees so long as such interests and uses are not inconsistent with, or unreasonably interfere with, the use of the Premises and benefits of this Easement by AAWC, its successors and permitted assigns, as described herein, such determination to be made by AAWC in its reasonable discretion.

9. The rights and responsibilities set forth in this Easement Agreement are intended to be covenants on the Premises and are to run with the land until this Easement is abandoned or terminated pursuant to the terms set forth herein.

IN WITNESS WHEREOF, the parties have executed this Water Easement Agreement this 9th day of September, 2002.

GRANTOR: **SKYWAY RANCH, LLC**, a Colorado
Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

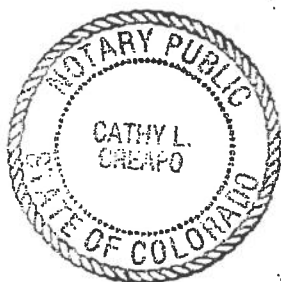
STATE OF COLORADO)
COUNTY OF El Paso) ss.

The foregoing Water Easement Agreement was acknowledged before me this 9th day of September, 2002, by Alfred C. Rupp, as Manager for the **SKYWAY RANCH, LLC**, Grantor.

Witness my hand and official seal.

My Commission expires Oct. 9, 2004
My Commission Expires: _____

[SEAL]



Cathy L. Creapo
Notary Public

GRANTEE: **ARABIAN ACRES WATER COMPANY, LLC**, a
Colorado Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

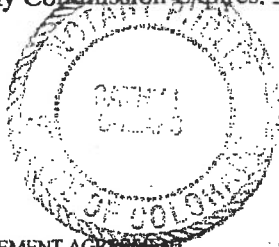
STATE OF COLORADO)
COUNTY OF El Paso) ss.

The foregoing Water Easement Agreement was acknowledged before me this 9th day of September, 2002, by Alfred C. Rupp, as Manager of the **Arabian Acres Water Company, LLC**, Grantee.

Witness my hand and official seal.

My Commission expires Oct. 9, 2004
My Commission Expires: _____

[SEAL]



Cathy L. Creapo
Notary Public

WATER EASEMENT AGREEMENT

EXHIBIT A

WELL DEVELOPMENT AREA

EASEMENT DESCRIPTION:

The purpose of the well easement is for ingress and egress, Well Head Protection Zone, Well Development Area, and installation and maintenance of water facility appurtenances.

A tract of land being a portion of the Northwest Quarter of Section 16, Township 13 South, Range 70 West, situate in Teller County, Colorado.

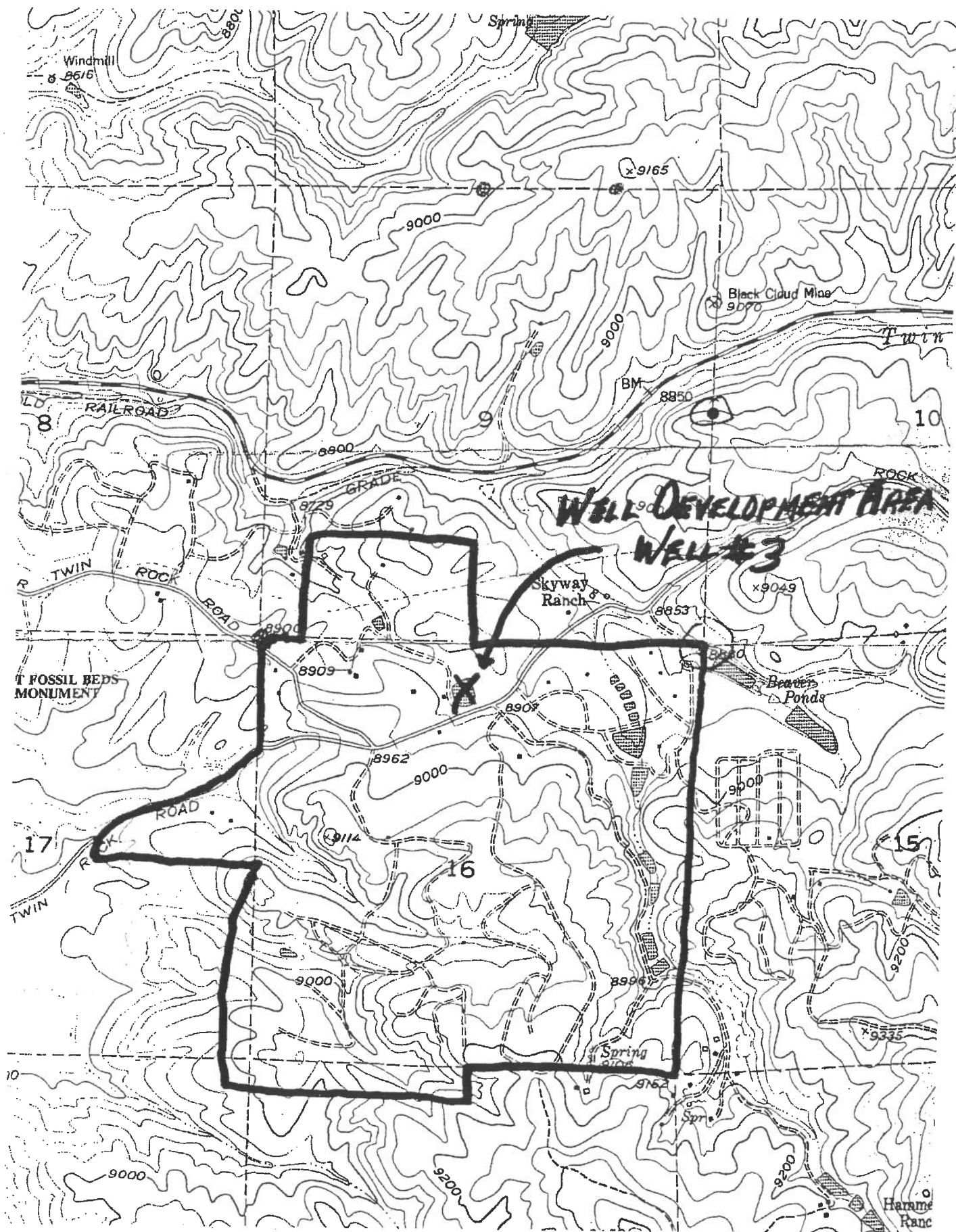
Beginning at the most Southerly corner of Lot 2, Arabian Acres Fourth Filing, as recorded in the office of the Teller County Clerk and Recorder; the following (7) courses are coincident with and ingress egress easement as recorded in Book 381 at Page 784 in the Office of the Teller County Clerk and Recorder; (1) thence, S78°59'56"E, a distance of 70.47 feet; (2) thence, on a curve to the right having a radius of 106.84 feet a central angle of 113°01'52" and a arc length of 210.77 feet; (3) thence, S34°01'32"W, a distance of 49.39 feet; (4) thence, on a curve to the left having a radius of 115.00 feet a central angle of 47°21'04" and an arc length of 95.04 feet; (5) thence, S13°19'11"E, a distance of 97.89 feet; (6) thence, on a curve to the left having a radius of 415.00 feet a central angle of 19°42'10" and an arc length of 142.71 feet; (7) thence, S33°01'20"E, a distance of 158.34 feet to a point on the Northerly right of way line of Twin Rock Road; thence, N69°26'34"E coincident with the Northerly right of way line of said Twin Rock Road, a distance of 268.67 feet; thence, N23°40'24"W, a distance of 358.87 feet more or less to the most Easterly point of a tract of land as described and recorded in Book 381 at Page 784; the following (6) courses are coincident with the a tract of land as described in Book 381 at Page 784; (1) thence, S76°40'49"W, a distance of 249.71 feet; (2) thence, on a curve to the right having a radius of 85.00 feet a central angle of 47°21'12" and an arc length of 70.25 feet; (3) thence, N34°01'32"E, a distance of 49.39 feet; (4) thence, on a curve to the left having a radius of 136.84 feet a central angle of 113°01'47" and an arc length of 269.95 feet; (5) thence, N78°59'56"W, a distance of 70.47 feet; (6) thence, S11°00'04"W, a distance of 30.00 feet to the point of beginning.

Containing 2.60 Acres of land more or less.



RAWC\HISC JMF1022 650.0003

WATER EASEMENT AGREEMENT





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

WATER EASEMENT AGREEMENT

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, The **SKYWAY RANCH, LLC**, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 (the "Grantor"), hereby grants, bargains, sells and conveys to **ARABIAN ACRES WATER COMPANY, LLC**, a Colorado Limited Liability Company, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 ("AAWC"), its successors and permitted assigns, a perpetual, non-exclusive easement (the "Easement") for ingress and egress to administer to, construct, reconstruct, operate, use, maintain, repair, replace and/or remove certain water improvements and appurtenances, thereto (the "Improvements"), in, to, through, over, under and across a certain parcel of real property located in Teller County, Colorado, as more particularly described and shown in Exhibit "A" and Exhibit "B" attached hereto and incorporated herein by this reference (the area contained within the Easement being referred to herein as the "Premises"). Such Easement is granted by Grantor and is accepted by AAWC pursuant to the following terms and conditions:

1. AAWC, its agents, successors and permitted assigns, shall have and exercise the right of reasonable ingress and egress in, to, through, over, under and across the Premises for any purpose necessary for the construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements.

2. Except as otherwise permitted herein, the Grantor shall not construct or place any structure, building or other improvement on the Premises that may damage the Improvements or interfere with AAWC's ability to access the Improvements. Grantor may utilize the Premises for access so long as Grantor's use does not unreasonably interfere with AAWC's easement rights or damage the Improvements. Any structure, building or other improvements, whether temporary or permanent, installed on the Premises may be removed by AAWC without liability for damages arising therefrom if necessary to exercise its easement rights.

3. AAWC shall restore the surface of the ground and any landscaping, as practicable, to the condition it was in immediately prior to the date of installation of the Improvements, except as necessarily modified to accommodate the Improvements.

4. AAWC shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed between and among the parties that, except as provided in this Easement

Agreement, the Grantor shall not take any action, which would impair the lateral or subjacent support for the Improvements.

5. It is expressly acknowledged and agreed that AAWC shall have the right and authority to assign the Easement or grant licenses therein to any appropriate local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by AAWC herein. In addition, AAWC shall have the right and authority to grant temporary construction easements or license agreements to any appropriate local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements consistent herewith.

6. AAWC agrees that at such time and in the event that the Improvements and/or Easement described herein are abandoned by AAWC by written notice to Grantor, such Easement shall terminate and the real property interest represented by such Easement shall revert to the Grantor, its heirs, successors and/or assigns.

7. Each and every one of the benefits and burdens of this Easement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and AAWC.

8. The Grantor reserves the right to grant further easement interests in the Premises to other grantees so long as such interests and uses are not inconsistent with, or unreasonably interfere with, the use of the Premises and benefits of this Easement by AAWC, its successors and permitted assigns, as described herein, such determination to be made by AAWC in its reasonable discretion.

9. The rights and responsibilities set forth in this Easement Agreement are intended to be covenants on the Premises and are to run with the land until this Easement is abandoned or terminated pursuant to the terms set forth herein.

IN WITNESS WHEREOF, the parties have executed this Water Easement Agreement this 9 day of September, 2002.

GRANTOR: **SKYWAY RANCH, LLC**, a Colorado
Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

STATE OF COLORADO)
COUNTY OF El Paso) ss.

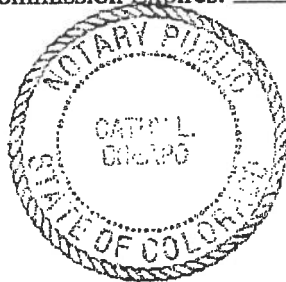
The foregoing Water Easement Agreement was acknowledged before me this 9th day of September, 2002, by Alfred C. Rupp, as Manager for the SKYWAY RANCH, LLC, Grantor.

Witness my hand and official seal.

My Commission expires Oct. 9, 2004

My Commission Expires: _____

[SEAL]



Cathy A. Creaps
Notary Public

GRANTEE: **ARABIAN ACRES WATER COMPANY, LLC**, a
Colorado Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

STATE OF COLORADO)
COUNTY OF El Paso) ss.

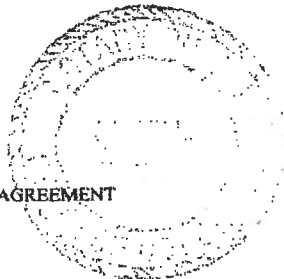
The foregoing Water Easement Agreement was acknowledged before me this 9th day of September, 2002, by Alfred C. Rupp, as Manager of the Arabian Acres Water Company, LLC, Grantee.

Witness my hand and official seal.

My Commission expires Oct. 9, 2004

My Commission Expires: _____

[SEAL]



Cathy A. Creaps
Notary Public

WATER EASEMENT AGREEMENT

EXHIBIT A
RESERVOIR # 2

ACCESS ROAD for WATER STORAGE RESERVOIR

EASEMENT DESCRIPTION:

The centerline of an existing road providing access to the pond located in the Northwest Quarter of Section 15, and the Northeast Quarter of Section 16, Township 13 South, Range 70 West in the 6th P.M., situate in Teller County, Colorado.

Commencing at the NE Corner of Section 16; thence, S56°08'43"E (Bearings based upon North determined by GPS), a distance of 125.36 feet to the point of beginning of a access road centerline, said point being a point on the Northwest boundary of a Water Storage Reservoir. Said easement lying 15 feet each side of centerline to be described herein; thence, N86°25'50"W, a distance of 28.30 feet; thence, N75°45'11"W, a distance of 90.83 feet; thence, N57°24'19"W, a distance of 233.79 feet; thence, N59°00'39"W, a distance of 93.60 feet; thence, N62°58'42"W, a distance of 96.89 feet; thence, N56°44'38"W, a distance of 83.85 feet; thence, N51°29'01"W, a distance of 151.72 feet; thence, N49°12'25"W, a distance of 102.06 feet a point on the Southeasterly right of way line of Twin Rock Road said point being the point of terminus.



EXHIBIT B

RESERVOIR # 2

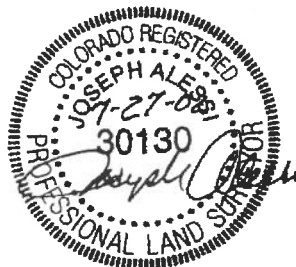
WATER STORAGE RESERVOIR

EASEMENT DISCRIPTION:

A Tract of land being a portion of the Northwest Quarter of Section 15, and the Northeast Quarter of Section 16, Township 13 South, Range 70 West in the 6th P.M., situate in Teller County, Colorado.

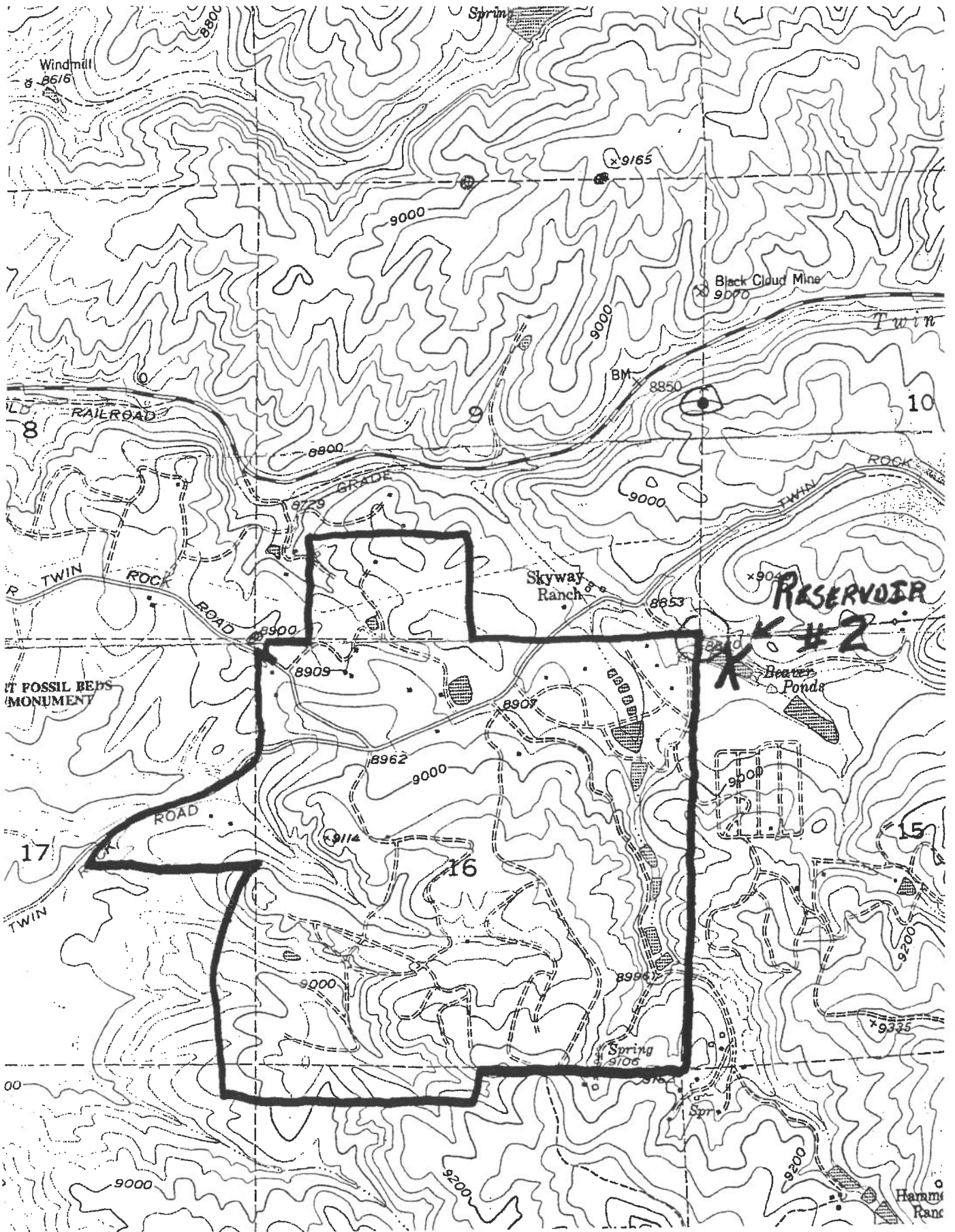
Commencing at the NE Corner of Section 16; thence, S76°44'52"E (Bearings based upon North determined by GPS), a distance of 138.24 feet to the point of beginning of a tract of land to be described herein; thence, S52°30'45"E, a distance of 135.72 feet; thence, S42°57'31"E, a distance 155.36 feet; thence, S60°44'58"E, a distance of 174.09 feet; thence, S53°22'15"E, a distance of 147.67 feet; thence, S43°52'38"W, a distance of 75.45 feet; thence, S38°52'33"W, a distance of 146.56 feet; thence, N67°12'21"W, a distance of 379.23 feet; thence, N66°13'08"W, a distance of 56.24 feet; thence, S83°27'13"W, a distance of 39.73 feet; thence, N85°46'51"W, a distance of 40.17 feet; thence, N00°19'01"W, a distance of 103.00 feet; thence, N18°13'08"E, a distance of 127.12 feet; thence, N31°19'16"E, a distance of 75.56 feet; thence, N36°20'41"E, a distance of 68.04 feet; thence, N39°31'21"E, a distance of 34.79 feet to the point of beginning.

Containing 3.84 Acres of land more or less.



AAWC\MISC JNF1022 650.0003

WATER EASEMENT AGREEMENT





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

WATER EASEMENT AGREEMENT

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, The **ARABIAN ACRES, LLC**, a Colorado Limited Liability Company, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 (the "Grantor"), hereby grants, bargains, sells and conveys to **ARABIAN ACRES WATER COMPANY, LLC**, a Colorado Limited Liability Company, whose address is 11 Polo Circle, Colorado Springs, Colorado 80906 ("AAWC"), its successors and permitted assigns, a perpetual, non-exclusive easement (the "Easement") for ingress and egress, to administer, to construct, reconstruct, operate, use, maintain, repair, replace and/or remove certain water improvements and appurtenances thereto (the "Improvements"), in, to, through, over, under and across a certain parcel of real property located in Teller County, Colorado, as more particularly described and shown in Exhibit "A" attached hereto and incorporated herein by this reference (the area contained within the Easement being referred to herein as the "Premises"). Such Easement is granted by Grantor and is accepted by AAWC pursuant to the following terms and conditions:

1. AAWC, its agents, successors and permitted assigns, shall have and exercise the right of reasonable ingress and egress in, to, through, over, under and across the Premises for any purpose necessary for the construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements.

2. Except as otherwise permitted herein, the Grantor shall not construct or place any structure, building or other improvement on the Premises that may damage the Improvements or interfere with AAWC's ability to access the Improvements. Grantor may utilize the Premises for access so long as Grantor's use does not unreasonably interfere with AAWC's easement rights or damage the Improvements. Any structure, building or other improvements, whether temporary or permanent, installed on the Premises may be removed by AAWC without liability for damages arising therefrom if necessary to exercise its easement rights.

3. AAWC shall restore the surface of the ground and any landscaping, as practicable, to the condition it was in immediately prior to the date of installation of the Improvements, except as necessarily modified to accommodate the Improvements.

4. AAWC shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed between and among the parties that, except as provided in this Easement

Agreement, the Grantor shall not take any action, which would impair the lateral or subjacent support for the Improvements.

5. It is expressly acknowledged and agreed that AAWC shall have the right and authority to assign the Easement or grant licenses therein to any appropriate local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by AAWC herein. In addition, AAWC shall have the right and authority to grant temporary construction easements or license agreements to any appropriate local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements consistent herewith.

6. AAWC agrees that at such time and in the event that the Improvements and/or Easement described herein are abandoned by AAWC by written notice to Grantor, such Easement shall terminate and the real property interest represented by such Easement shall revert to the Grantor, its heirs, successors and/or assigns.

7. Each and every one of the benefits and burdens of this Easement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and AAWC.

8. The Grantor reserves the right to grant further easement interests in the Premises to other grantees so long as such interests and uses are not inconsistent with, or unreasonably interfere with, the use of the Premises and benefits of this Easement by AAWC, its successors and permitted assigns, as described herein, such determination to be made by AAWC in its reasonable discretion.

9. The rights and responsibilities set forth in this Easement Agreement are intended to be covenants on the Premises and are to run with the land until this Easement is abandoned or terminated pursuant to the terms set forth herein.

IN WITNESS WHEREOF, the parties have executed this Water Easement Agreement this 9 day of September, 2002.

GRANTOR: **ARABIAN ACRES, LLC**, a Colorado
Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

STATE OF COLORADO)
COUNTY OF El Paso) ss.

The foregoing Water Easement Agreement was acknowledged before me this 9th day of September, 2002, by Alfred C. Rupp, as Manager for the **ARABIAN ACRES, LLC**, Grantor.

Witness my hand and official seal.

My Commission Expires: My Commission expires Oct. 9, 2004

[SEAL]



Cathy L. Creapo
Notary Public

GRANTEE: **ARABIAN ACRES WATER COMPANY, LLC**, a
Colorado Limited Liability Company.

By: Alfred C. Rupp
Alfred C. Rupp, Manager

STATE OF COLORADO)
COUNTY OF El Paso) ss.

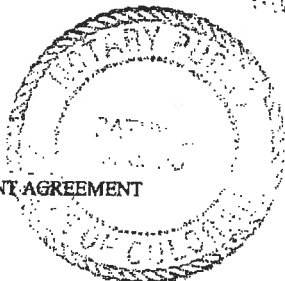
The foregoing Water Easement Agreement was acknowledged before me this 9 day of September, 2002, by Alfred C. Rupp, as Manager of the **ARABIAN ACRES WATER COMPANY, LLC**, Grantee.

Witness my hand and official seal.

My Commission expires Oct. 9, 2004

My Commission Expires: _____

[SEAL]



Cathy L. Creapo
Notary Public

WATER EASEMENT AGREEMENT

EXHIBIT A

RESERVOIR # 1

A platted parcel of land within the platted Arabian Acres Subdivision, known as "Recreational Area", Block 6, Arabian Acres 2, Teller County, Colorado.

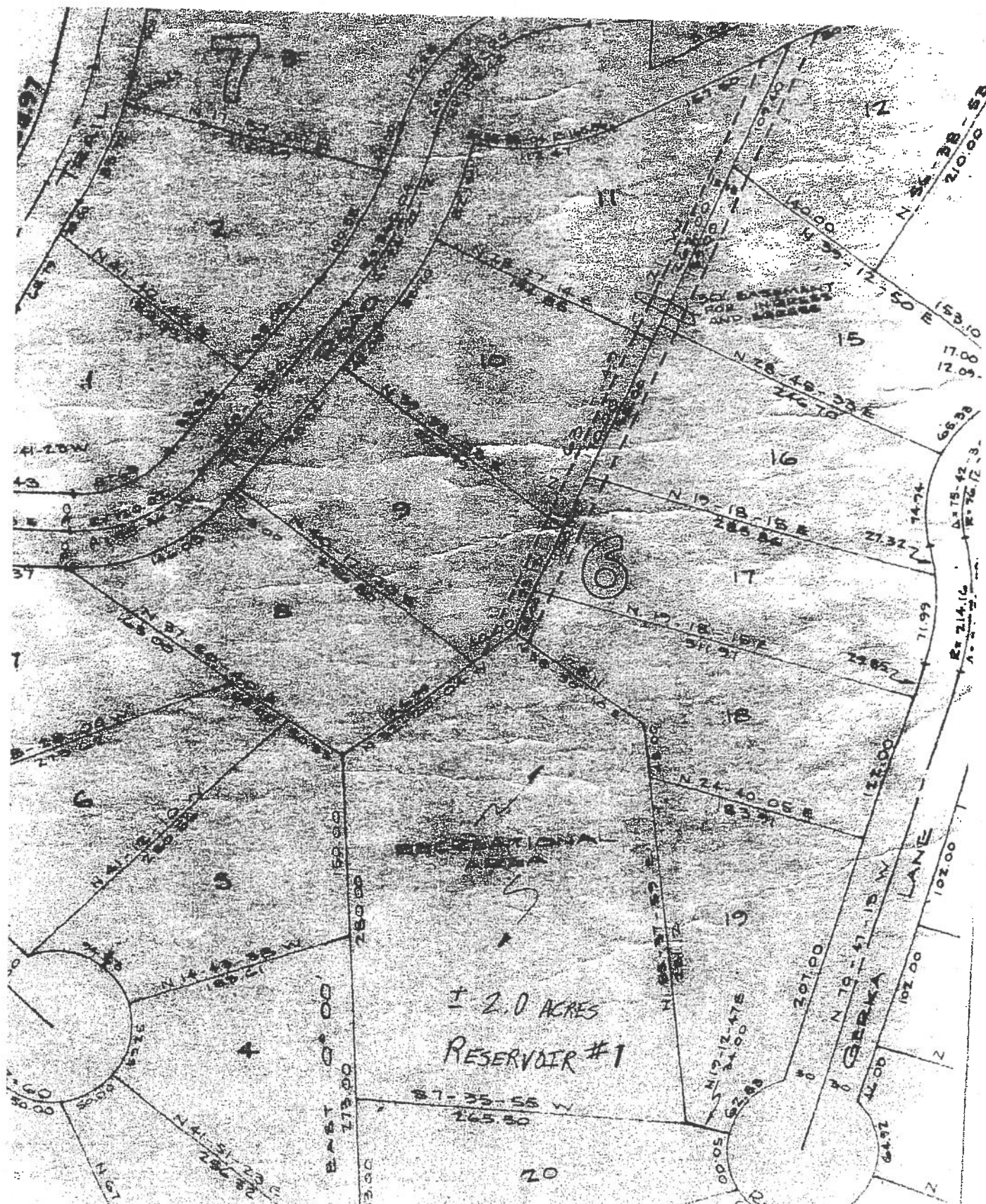
PARCEL ID #: 3045.163011570

Ingress and Egress to the above described property is by way of platted Ingress and Egress Easement as per the Arabian Acres 2nd Filing Plat, filed on July 19, 1967, recorded in Plat Book B, Pages 86, 87, & 88, Reception # 195386, County of Teller, State of Colorado.

Containing \pm 1.98 acres.

AAWC\MISC JMF1022 650.0003

WATER EASEMENT AGREEMENT





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT



Arabian Acres Water Company

AGREEMENT OF EASEMENT

This letter of Agreement of Easement is to establish a written record for a clear Right-of-Way affecting Lot 12, Blk. 1, Trout Haven Subdivision, Filing # 4.

In consideration of the payment by the ARABIAN ACRES WATER COMPANY (hereinafter referred to as "the Company") to Jeanne M. & Keith Dean Wilson (hereinafter referred to as "the Wilson's") of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Wilson's hereby Grants, Convey's, & Covenants to the Company a ten (10) foot wide Easement from Kutsu Ridge Road (the front of the property) to the rear of the property. The Easement is to run along the entire length (121.01') of the North Property Line of Lot 12, Blk. 1, Filing # 4 of the Trout Haven Subdivision existing completely within Lot 12 and for the sole and only use of the Company.

It is also stipulated between the parties that all reasonable care will be taken by the Company to disturb the least amount of trees, vegetation, etc. Also, the Company will be responsible for back grading and dressing the disturbed area into as natural of condition as is reasonably possible upon completion of their water main extension. It is understood by both parties that some disruption of land may occur outside of granted Easement, however, this is permissible and will be back dressed by the Company. The waterline extension will be within the bounds of the Easement.

The Company will also be responsible for replacing any Survey Monuments lost in the extension process, all survey costs, Easement Legal Description costs, and Filing fees.

This Document is to be perpetually binding between the Company and the Wilson's, all parties, their heirs, successors, and assigns of each and will run with the land upon any and all transfers of this property.

Signed: Kenneth R. Rupp
Kenneth R. Rupp, Manager
ARABIAN ACRES WATER COMPANY
3579 County Rd. # 42
Florissant, CO 80816

Signed: Jeanne M. Wilson
Jeanne M. Wilson, Owner
Signed: Keith Dean Wilson
Keith Dean Wilson, Owner
603 Kutsu Ridge Rd. (Lot 12)

KATHLEEN
NOTARY

The foregoing instrument was acknowledged before me this 10 day of April, 1996, by Kenneth Rupp and Jeanne M. Wilson and Keith Dean Wilson

Witness my hand and official seal. My commission expires 6/1/97

Water is Our Business — Service is Our Goal

3579 County Road #42, Florissant, Colorado 80816

System Manager 719-687-9590 or 719-339-3763 System Operator 719-687-2386

Kathleen M. Wilson
El Paso County
State of Colorado

446976 05/02/1996 10:45AM Page 1 Of 1
Constance R. Joiner, Clerk & Recorder, Teller County



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT



RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

COPY

Filed for Record the _____ day of _____ A.D. 19____ at _____ o'clock _____ m.
No. _____ Recorder _____

Warranty Deed

KNOW all Men by these Presents, That ALFRED C. RUPP aka A. C. RUPP of the County of El Paso and State of Colorado, for the consideration of One Dollar and other good and valuable considerations, in hand paid, hereby sell and convey to CAMP IANA ASSOCIATION, INC., of the County of Teller, and State of Colorado, whose mailing address is 2728 Lower Twin Rock Rd., P. O. Box 613, Divide, Colorado 80814, the following Real Property situate in the County of El Paso, and State of Colorado, (Assessor's Schedule Number _____) to-wit:

that certain property described on Exhibit A attached hereto and incorporated herein, also situate in Teller County, Colorado.

with all its appurtenances and warrant(s) the title to same, subject to covenants, easements, rights of way, and other restrictions of record, and real property taxes for 1996, and

Grantor does hereby reserve for himself and the Arabian Acres Water, its successors and assigns an easement running 50 feet on either side of the center line described by Exhibit B attached hereto for the purpose of constructing and maintaining wells and pipelines, with associated equipment by the Arabian Acres Water Co. its successors and assigns.

Said property is, by this conveyance, further subject to the a restrictive covenant restricting the use of the property conveyed herein lying within approximately 500 feet of the centerline described on the attached Exhibit B, and shown on the Monument Land Survey Plat for Exhibit A filed with the clerk & Recorder of Teller County from development or building of improvements, septic, sewer, or other waste water facilities or other similar facilities. It is expressly understood by this restriction that Grantee, its successors and assigns shall have no right to construct any permanent improvements within such 500 feet of said centerline except temporary facilities such as barbecue pits, sleeping platforms and other non-permanent non-residential structures. It is intended that this restrictive covenant run with the land.

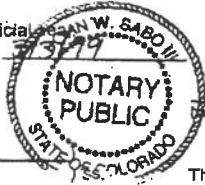
Signed and delivered this 31st day of December, 1996.

Alfred C. Rupp aka A. C. Rupp
Alfred C. Rupp aka A. C. Rupp

STATE OF Colorado)
County of El Paso) ss. The foregoing instrument was acknowledged before me

this 30th day of December, 1996 by Alfred C. Rupp aka A. C. Rupp, a person known to me.

Witness my hand and official seal
My Commission Expires: 3/31/99



John W. Sabo
Notary Public

STATE OF _____
County of _____ The foregoing instrument was acknowledged before me

this _____ day of _____, 1995
by _____ as _____ President
and _____ as _____ Secretary
of _____ a corporation.

Witness my hand and official seal
My Commission Expires: _____

Notary Public

EXHIBIT "A"
SURVEYED LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED AS A PORTION OF THE WEST ONE-HALF OF SECTION 16, TOWNSHIP 13 SOUTH, RANGE 70 WEST OF THE 6TH PRINCIPAL MERIDIAN, TELLER COUNTY, STATE OF COLORADO. SAID PARCEL BEING GENERALLY LOCATED AS THAT PORTION OF SECTION 16 LYING SOUTHERLY OF LOWER TWIN ROCK ROAD, WESTERLY FROM ARABIAN ACRES SUBDIVISION (#1) AND WESTERLY AND NORTHERLY OF ARABIAN ACRES SUBDIVISION THIRD FILING.

SAID PARCEL IS ALSO A PORTION OF LAND DESCRIBED IN DRAWER 7, CARD 1567-B AND DRAWER 9, CARD 1124-B, TELLER COUNTY, COLORADO.

THE "BASIS OF BEARINGS" FOR THE FOLLOWING PROPERTY DESCRIPTION IS BASED UPON DIRECT SOLAR OBSERVATIONS TO DETERMINE TRUE MERIDIAN NORTH THAT HAVE BEEN CALCULATED BY HP-41CX SOLAR PROGRAM AZ-011.

BEARINGS INDICATED ON OTHER ADJOINING DEEDS AND/OR SUBDIVISION PLATS SHOULD BE ROTATED APPROPRIATELY.

BEGINNING AT THE NORTHWEST CORNER OF "ARABIAN ACRES SUBDIVISION" (#1) AS PLATTED AND RECORDED IN PLAT BOOK "B", PAGE 61, RECEPTION #192845, JULY, 1966, TELLER COUNTY, COLORADO. SAID POINT-OF-BEGINNING BEING N 48°-39'-46" E, 1742.91' FROM THE SURVEY MONUMENTED WEST QUARTER CORNER OF SAID SECTION 16; THENCE ALONG THE WESTERLY BOUNDARY (WESTERLY SIDE OF DEER RIDGE TRAIL) OF SAID "ARABIAN ACRES" THE FOLLOWING COURSES - S 13°-32'-24" W, 209.60' TO THE POINT-OF-CURVATURE (PC) OF A CURVE TO THE RIGHT, HAVING A CENTRAL ANGLE OF 33°-03'-10", RADIUS OF 220.00' AND AN ARC LENGTH OF 126.91' TO THE POINT-OF-TANGENT (PT); THENCE S 46°-35'-34" W, 115.77' TO THE (PC) OF A CURVE TO THE LEFT, HAVING A CENTRAL ANGLE OF 66°-26'-10", RADIUS OF 160.00' AND AN ARC LENGTH OF 185.52' TO THE (PT); THENCE S 19°-50'-36" E, 388.08' TO THE (PC) OF A CURVE TO THE LEFT, HAVING A CENTRAL ANGLE OF 34°-53'-30", RADIUS OF 280.00' AND AN ARC LENGTH OF 170.51' (SHOWN WRONGLY ON PLAT - 167.47') TO THE (PT); THENCE S 54°-44'-06" E, 85.98' TO THE (PC) OF A CURVE TO THE LEFT, HAVING A CENTRAL ANGLE OF 39°-59'-33", RADIUS OF 180.00' AND AN ARC LENGTH OF 125.64' TO A POINT-ON-CURVE. SAID POINT BEING THE MONUMENTED NORTHWEST CORNER OF LOT 18, "ARABIAN ACRES THIRD FILING", AS PLATTED AND RECORDED IN PLAT BOOK "B", PAGE 89, RECEPTION #195387, JULY, 1967, TELLER COUNTY, COLORADO; THENCE ALONG THE WESTERLY AND NORTHERLY BOUNDARY OF SAID "ARABIAN ACRES THIRD FILING" - S 8°-54'-02" W, 605.63'; THENCE S 38°-49'-18" W, 209.84'; THENCE N 62°-33'-34" W, 574.54'; THENCE N 84°-41'-34" W, 543.94'; THENCE N 89°-20'-34" W, 90.44' TO INTERSECT AN OLD BARBWARE FENCELINE COURT AGREEMENT AS RECORDED IN DRAWER 24, CARDS 1872A, 1872B AND 1872C, RECEPTION #260217, NOVEMBER, 1977, TELLER COUNTY, COLORADO - THENCE ALONG SAID FENCELINE BOUNDARY N 15°-58'-43" W, 89.47'; THENCE N 16°-10'-46" W, 366.11'; THENCE S 73°-49'-14" W, 0.80' TO THE SURVEY MONUMENTED WEST QUARTER CORNER OF SAID SECTION 16 (3 1/4" ALUMINUM CAP/#6

CONTINUED - PAGE TWO

PAGE TWO

STEEL REBAR); SAID POINT ALSO BEING THE SOUTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN BOOK 476, PAGE 169; THENCE ALONG SAID SECTIONLINE COMMON TO SECTIONS 16 AND 17 - N 2°-25'-04" E, 876.53' TO THE SOUTHWEST CORNER OF A LAND PARCEL DESCRIBED IN BOOK 514, PAGE 68-69, SAID POINT ALSO BEING THE INTERSECTION POINT OF SAID SECTIONLINE AND THE NORTHERLY BOUNDARY OF A 66' WIDE RIGHT-OF-WAY FOR A COLORADO SPRINGS UNDERGROUND WATER TRANSMISSION LINE AS RECORDED IN BOOK 299, PAGE 296; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, N 73°-47'-16" E, 1185.56' TO INTERSECT THE SOUTHERLY RIGHT-OF-WAY LINE FOR A COUNTY ROADWAY KNOWN AS "TWIN ROCK ROAD"; THENCE S 67°-21'-28" E, 144.37' ALONG SAID RIGHT-OF-WAY LINE TO THE POINT-OF-BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND IS ALSO SUBJECT TO A WRITTEN AND SURVEYED EASEMENT AND RESTRICTIVE ZONE AS PARTICULARLY DESCRIBED IN ATTACHED EXHIBIT "B".

THE ABOVE DESCRIBED PARCEL OF LAND CONTAINS 45.4453 ACRES MORE OR LESS.

PREPARED BY:
WILLIAM S. KITLICA
COLORADO PROFESSIONAL LAND SURVEYOR #10384
P. O. BOX 15614
COLORADO SPRINGS, COLORADO 80935 (719) 570-8993



EXHIBIT "B"
ACCESS AND RESTRICTIVE AGREEMENT

THIS AGREEMENT IS PERTAINING TO A PARCEL OF LAND LOCATED AS A PORTION OF THE WEST ONE-HALF OF SECTION 16, TOWNSHIP 13 SOUTH, RANGE 70 WEST OF THE 6TH PRINCIPAL MERIDIAN, TELLER COUNTY, STATE OF COLORADO. SAID PARCEL BEING GENERALLY LOCATED AS THAT PORTION OF SECTION 16 LYING SOUTHERLY OF LOWER TWIN ROCK ROAD, WESTERLY FROM ARABIAN ACRES SUBDIVISION (#1) AND WESTERLY AND NORTHERLY OF ARABIAN ACRES SUBDIVISION - THIRD FILING.

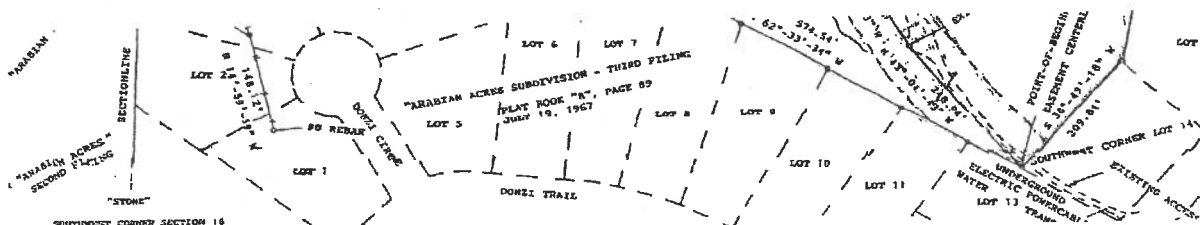
BEARINGS OF SURVEYED COURSES USED IN THE FOLLOWING DESCRIPTION ARE BASED UPON DIRECT SOLAR OBSERVATIONS TO DETERMINE TRUE MERIDIAN NORTH.

THE FOLLOWING DESCRIBED EASEMENT IS NON-EXCLUSIVE AND PERPETUAL FOR THE PURPOSES OF CONSTRUCTING AND MAINTAINING WELLS AND PIPELINES, WITH ASSOCIATED EQUIPMENT ABOVE AND BELOW GROUND. SAID EASEMENT IS 100' WIDE AND BEING 50' EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE-
BEGINNING AT THE SOUTHWEST CORNER OF LOT 14 (COMMON TO LOT 13) "ARABIAN ACRES SUBDIVISION - THIRD FILING", AS PLATTED AND RECORDED IN PLAT BOOK "B", PAGE 89, RECEPTION #195387, TELLER COUNTY, COLORADO; THENCE ALONG SAID EASEMENT CENTERLINE N 43°-04'-43" W, 248.94' TO WELL SITE #2; THENCE N 33°-49'-13" W, 142.27' TO WELL SITE #3; THENCE N 29°-28'-34" W, 213.86' TO WELL SITE #4; THENCE N 57°-35'-26" W, 581.48' TO WELL SITE #5; THENCE N 42°-40'-55" W, 307.23' TO WELL SITE #6; THENCE S 88°-09'-16" W, 107.69' TO WELL SITE #7 AND BEING THE TERMINUS POINT OF SAID EASEMENT. IT IS EXPRESSLY UNDERSTOOD THAT THE SIDELINES OF SAID EASEMENT ARE EXTENDED OR SHORTENED TO BE CONTIGUOUS TO THE BOUNDARY OF SAID SUBDIVISION NEAR THE POINT OF BEGINNING FOR SAID EASEMENT.

TOGETHER WITH THE ABOVE DESCRIBED EASEMENT IS THE FOLLOWING DESCRIBED BOUNDARY LINE FOR THE NORTHERLY LIMIT OF A 500'± FROM EACH SIDE OF DESCRIBED EASEMENT CENTERLINE WHERE NO DEVELOPMENT OR BUILDING IMPROVEMENT, SEPTIC OR SEWER FACILITIES OR OTHER SIMILAR IMPROVEMENTS MAY BE CONSIDERED. SAID "RESTRICTED ZONE" EXTENDS SOUTHWESTERLY FROM THE FOLLOWING DESCRIBED NORTHERLY LIMIT LINE TO BECOME CONTIGUOUS TO ARABIAN ACRES - THIRD FILING, A PORTION OF THE FENCELINE AGREEMENT BOUNDARY AND A PORTION OF THAT LAND PARCEL DESCRIBED IN BOOK 476, PAGE 169.
BEGINNING AT THE SOUTHWEST CORNER OF LOT 17 (COMMON CORNER TO LOT 16) AS SHOWN ON SAID RECORDED SUBDIVISION PLAT THENCE N 46°-24'-03" W, 386.84'; THENCE N 42°-12'-09" W, 387.23'; THENCE N 7°-28'-05" W, 241.75'; THENCE N 55°-13'-45" W, 205.53'; THENCE N 80°-40'-34" W, 684.89'± TO A POINT ON THE WESTERLY SECTIONLINE FOR SAID SECTION 16.

REFERENCE IS MADE A RECORDED LAND SURVEY
PLAT FOR THIS SUBJECT LAND PARCEL.
PREPARED BY: WILLIAM S. KITLICA

COLORADO PROFESSIONAL LAND SURVEYOR #





RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT



Arabian Acres Water Company

AGREEMENT OF EASEMENT

June 20, 1997

This letter of AGREEMENT OF EASEMENT is to establish a Written Record for a clear Right-of-Way or Easement, affecting Lots 7 & 8, Block 1, Arabian Acres Subdivision, Filing 2, More recently replatted and described as Lot 7A, Block 1, Arabian Acres Subdivision, Filing 2, expressly for ARABIAN ACRES WATER COMPANY'S sole use for their water main extension to Trout Haven and/or future repairs, and/or upgrades, and/or maintenance of said water main.

In consideration of the payments by ARABIAN ACRES WATER COMPANY (hereinafter referred to as COMPANY) to Kevin Patrick Stowe (hereinafter referred to as STOWE) of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STOWE, Countrywide Home Loans, Inc. (hereinafter referred to as COUNTRYWIDE), and/or in conjunction with Government National Mortgage Association/ Veterans Administration (hereinafter referred to as VA), hereby grants, convey's, and covenants to the COMPANY, a 20' wide Easement from the front of the property, Banner Trail, along a Southeasterly direction, to the rear of the property, along the approximate location of the existing driveway. **SEE ATTACHED "EXHIBIT A" AND MONUMENTED SURVEY PLAT.

It is expressly understood and stipulated between the parties, either present parties and/or future parties to this Easement and/or Right-of-Way, that the utmost care will be exercised at all times, by the COMPANY, to disturb the least amount of on property vegetation, particularly old growth trees, shrubs, plants, etc. EVEN WHEN SUCH VEGETATION IS WITHIN THE GRANTED EASEMENT AREA. It is also expressly understood and stipulated between all parties (as above), to exercise the utmost care in regards to material, on property improvements such as, but not limited to: any paving and/or surfacing of driveway, curbs, gutters, burming, ditching, fences, utility lines (water, phone, etc.), gates, lighting, landscaping, etc. at all times.

The COMPANY must be totally responsible for all compactions, grading, back grading, dressing, repaving, ditching, fencing, landscaping, etc. of all disturbed areas, should any maintenance, repairs, or extensions ever be necessary, into as original of condition as is reasonably possible and to the satisfaction of the then present Owner and/or Owners.

Water Is Our Business — Service is Our Goal

TLC 31516

3579 County Road #42, Florissant, Colorado 80816

System Manager 719-687-9590 or 719-339-3763 System Operator 719-687-2386

469142 11/07/1997 10:45AM Page 1 Of 3
Connie Joiner, Clerk & Recorder, Teller County, Colorado



Arabian Acres Water Company

(2)

It is also agreed, stipulated, and notated that STOWE'S water service line and telephone line share the same Easement area. STOWE or the present Owner has the right to install, maintain, or repair such lines in the Easement area. Each entity must exercise caution to not damage the others property or lines and be liable for any damage inflicted,

This Document is to be perpetually binding between the COMPANY & STOWE, all parties, their Heirs, successors, and assigns of each, and will run with the land upon any and all transfers of this property.

X *Kenneth R. Rupp*
Kenneth R. Rupp, Manager,
ARABIAN ACRES WATER COMPANY
3579 County Rd. # 42
Florissant, CO 80816
(719) 687 9590 (719) 339 3763

X *Kevin Patrick Stowe*
Kevin Patrick Stowe
P. O. Box 335
Divide, CO 80814
(719) 687 8161

X *Awilda Aponte*
Countrywide Home Loans, Inc.
P. O. Box 7137
Pasadena, CA 91109-7137

X *Government National Mortgage Assoc.*
Government National Mortgage Assoc.
Veterans Administration
(IF APPLICABLE)

The foregoing instrument was acknowledged before me this 23rd day of 1997 by Kenneth R. Rupp and Kevin Patrick Stowe.

Witness my hand and official seal. My commission expires 9/30/2002

Deborah K. Fyfe



Water Is Our Business — Service Is Our Goal

3579 County Road #42, Florissant, Colorado 80816
System Manager 719-687-9590 or 719-339-3763 System Operator 719-687-2386

469142 11/07/1997 10:45AM Page 2 Of 3
Connie Joiner, Clerk & Recorder, Teller County, Colorado

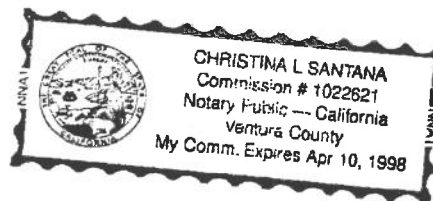
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA) SS.

On this 16th of October, 1997, before me, Christina L. Santana, Notary Public, personally appeared Awilda Aponte, personally known to me to be the person whose name is signed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Christina L. Santana
Notary Public - Commission No. 1022621
Commission Expires: April 10, 1998



TYPE OF DOCUMENT:
DOCUMENT DATE:
NUMBER OF PAGES:
SIGNER(s) OTHER THAN ABOVE:

CAPACITY(IES) CLAIMED BY SIGNER:
SIGNER IS REPRESENTING:

Agreement of Easement
June 20, 1997
2
Arabian Acres Water
Company/Kevin Patrick Stowe
Assistant Secretary
Countrywide Home Loans, Inc.

EXHIBIT "A"
LEGAL DESCRIPTION FOR WATERLINE EASEMENT

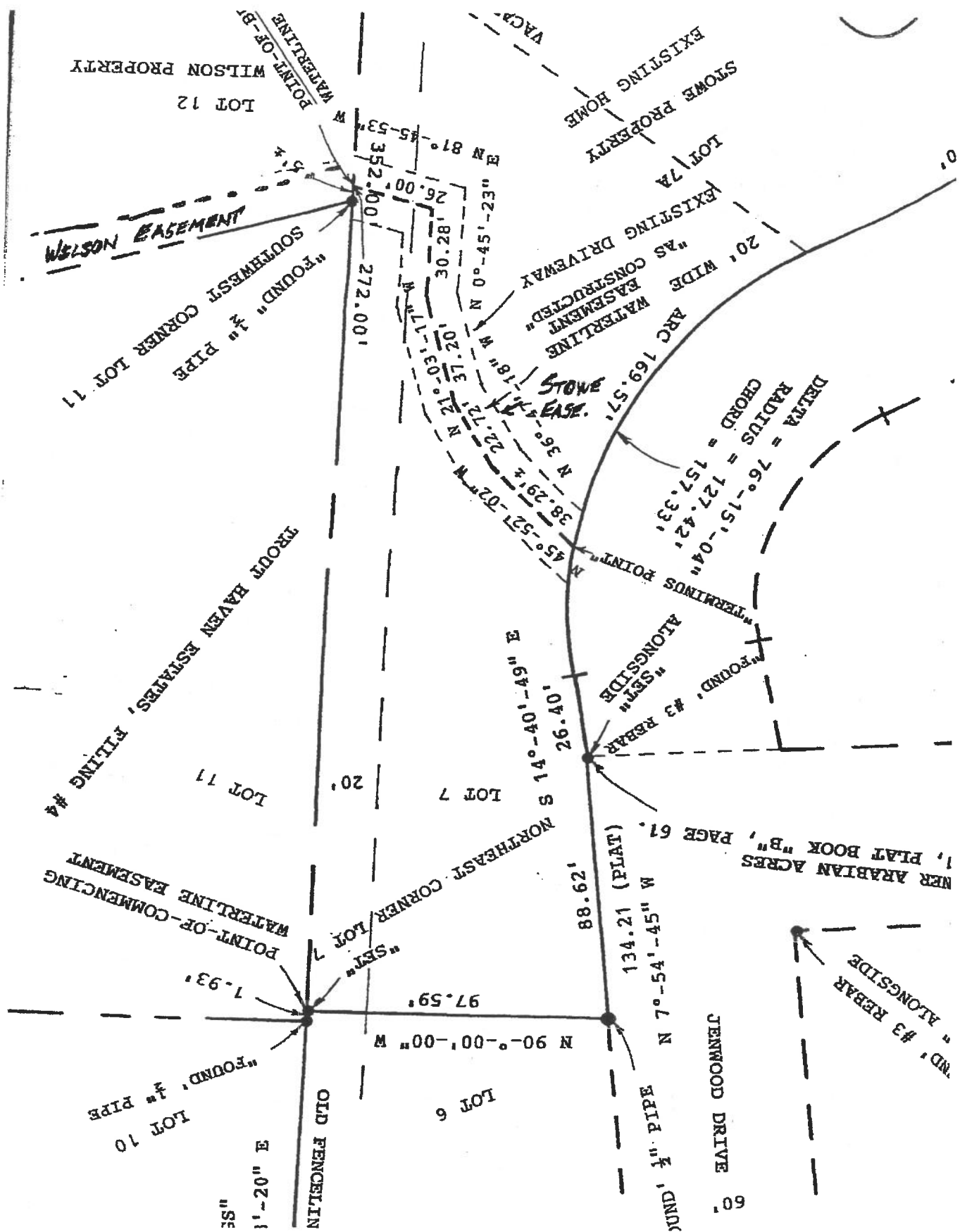
AN EXCLUSIVE EASEMENT FOR THE CONSTRUCTION AND MAINTENANCE OF AN UNDERGROUND 6" DIAMETER PVC WATER TRANSMISSION LINE ACROSS A PORTION OF LOTS 7 AND 8 (COMMON LOT LINE NOW VACATED), BLOCK 1, ARABIAN ACRES SUBDIVISION #2, AS PLATTED AND RECORDED IN PLAT BOOK "B", PAGES 86-88, JULY 19, 1967, TELLER COUNTY, COLORADO.

SAID PROPERTY BEING LOCATED AS A PORTION OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 13 SOUTH, RANGE 70 WEST, 6TH PRINCIPAL MERIDIAN, TELLER COUNTY, COLORADO.

SAID EASEMENT MORE PARTICULARLY DESCRIBED AS COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 7, THENCE ON THE RECORDED PLAT BEARING OF S 0°-58'-20" E, 272.0' ALONG THE EASTERLY LINE OF SAID LOT 7 (LINE COMMON TO THE WESTERLY BOUNDARY OF TROUT HAVEN ESTATES, FILING #4, AS RECORDED ON PLAT BOOK "B", PAGES 72-73, DATED FEBRUARY 6, 1967, TELLER COUNTY, COLORADO) TO A POINT APPROXIMATELY 5' SOUTH OF THE SOUTHWEST (SURVEY MONUMENTED - $\frac{1}{2}$ " IRON PIPE) CORNER OF LOT 11, BLOCK 1, SAID TROUT HAVEN ESTATES, FILING #4, SAID POINT BEING THE POINT-OF-BEGINNING FOR SAID WATERLINE EASEMENT CENTERLINE (20' WIDE EASEMENT - 10' EACH SIDE OF CENTERLINE); THENCE N 81°-45'-53" W, 26.00'; THENCE N 0°-45'-23" E, 30.28'; THENCE N 21°-03'-17" W, 37.20'; THENCE N 36°-47'-18" W, 22.72'; THENCE N 45°-52'-02" W, 38.29'± TO A POINT OF INTERSECTION ON THE WESTERLY BOUNDARY LINE OF SAID LOT 7 (COMMON TO EASTERLY LINE OF BANNER TRAIL-PLATTED COUNTY ROADWAY). SAID POINT BEING THE TERMINUS POINT OF THE 20'-WIDE WATERLINE EASEMENT.

PREPARED BY:
WILLIAM S. KITLICA
COLORADO PROFESSIONAL LAND SURVEYOR #10384
P. O. BOX 15614
COLORADO SPRINGS, COLORADO 80935







RECYCLED PAPER MADE FROM 30% POST CONSUMER CONTENT

AGREEMENT

THIS AGREEMENT is made and entered into this 26TH day of September, 1995, in duplicate counterpart originals, by and between Frances I. Rupp, of the County of El Paso and State of Colorado (hereinafter referred to as "Rupp"), and Donna L. Loudon, of the County of Teller and State of Colorado (hereinafter referred to as "Louden").

WITNESSETH

WHEREAS, Rupp and members of her family operate the Arabian Acres Water Company (hereinafter referred to as the "Water Company"), which supplies municipal water service to the Arabian Acres Subdivision in Teller County. The subdivision is located in the W 1/2 of Section 16, Township 13 South, Range 70 West, of the 6th P.M.; and

WHEREAS, Loudon owns Lot 6, Block 1 of the Arabian Acres Subdivision Second Filing (hereinafter referred to as "Lot 6"), upon which is located a single family residence. The property can also be described as 10 Jenwood Drive, Florissant, Colorado 80816; and

WHEREAS, Loudon has elected not to obtain water service from the Company. She instead has constructed a well pursuant to Well Permit No. 144226 to serve the water requirements for her residence; and

WHEREAS, the Company filed an Application for Approval of a Plan for Augmentation with the District Court for Water Division No. 1 in Case No. 94CW281; and

WHEREAS, Loudon filed a Statement of Opposition in the Case, alleging, among other matters, that her water right may be injured by the operation of the Company's wells; and

WHEREAS, the parties have agreed to the following arrangement to resolve their differences without litigation.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

1. Withdrawal of Statement of Opposition. Subject to the terms and conditions contained herein, Loudon agrees to immediately withdraw her Statement of Opposition in Case No. 94CW281. Loudon further agrees not to allege in the future that the operation of the Company's wells have either injured or might result in injury to any well drilled on Lot 6. This provision shall not affect the priority date previously decreed to the well drilled on Lot 6 in Case No. 87CW002.

NOTE REFERENCE: BOOK 29, PAGE 744 - WARRANTY DEED
NOTE REFERENCE: RECEPTION # 430498 FEB. 27, 1995 3:30P.

2. Form of Ruling and Decree to be Presented to the Water Court in Case No. 94CW281. The form of Ruling and Decree to be presented to the District Court for Water Division No. 1 in Case No. 94CW281 shall be no less restrictive on the Applicants than the draft presented to Loudon on September 15, 1995.

3. Water Service from the Arabian Acres Water Company. Loudon and future owners of Lot 6 shall have the option of requesting water service from the Company at any time. Rupp acknowledges that a tap fee for Lot 6 has previously been paid by Loudon, and no additional tap fee shall be required as a condition for obtaining water service. However, with the exception of the provisions specifically set forth herein, the owner(s) of Lot 6 shall be subject to the rules and regulations of the Company which are in effect at the time service is requested, or as may be amended from time to time thereafter.

4. Partial Waiver of Charges if Loudon is the Owner of Lot 6. Rupp agrees that if Loudon is the owner of Lot 6 at the time water service from the Company is requested, the Company shall waive the normal monthly service fee charged to customers, for a period of ~~four~~ ^{four} months. This waiver is personal to Loudon and shall only apply during the time that Loudon owns Lot 6. Rupp also agrees that if Loudon is the owner of Lot 6 when service is requested, the Company shall take all steps that may be required to complete the connection of the single family residence to the Company's water system, at no charge to Loudon.

5. Replacement of Loudon's Well. Rupp agrees not to oppose the replacement of the well drilled under Well Permit No. 144226, as long as the new well is located within 200 feet of the existing location and Loudon complies with the normal requirements for drilling replacement wells such as, but not limited to, properly plugging and abandoning the existing well.

6. Reimbursement of Loudon's Expenses. Rupp agrees to pay Loudon a total of \$500.00 as a partial reimbursement of the costs and expenses Loudon has incurred in this matter. Said payment shall be made by personal check at the time this Agreement is signed by both parties.

7. No Precedent Set. This Agreement represents a compromise between the parties. The terms herein shall not be used as a precedent in any future negotiations or proceedings involving either party or the Company.

8. Notice. All notices and other communications given or made hereunder shall be deemed given or made if delivered by hand or deposited in the United States mail, certified or registered, addressed to the other party at the address set forth below, or at such other address as each party may indicate by notice given hereunder.

A. C. Rupp (a/k/a Arabian
Acres Water Company)
Case No. 94CW281
Page 12

would result in the relocation of a well already within 600 feet of an existing well to a point closer to the existing well, shall be approved if the construction will not result in material injury to the existing well after a hearing pursuant to §37-90-137(2), 15 C.R.S., (1990), or if the owner of the existing well executes a written waiver of objection to the proposed location.

29. The Referee finds that the Arabian Acres Water Company is a viable provider of water utility services to the lots within the Arabian Acres Subdivision. Accordingly, pursuant to §37-92-602(6), 15 C.R.S. (1990), the exemptions set forth in §37-92-602 are not applicable to the owners of undeveloped lots within the Arabian Acres Subdivision, and the State Engineer shall not issue exempt well permits to the owners of undeveloped lots unless it can be conclusively demonstrated that the owner of the lot is unable to obtain water service from the Arabian Acres Water Company because water mains have not been extended to the lot, and cannot be economically extended within a reasonable period of time. The owners of seven lots within the Arabian Acres Subdivision have previously been issued exempt well permits by the State Engineer. A listing of the existing exempt wells is set out in Exhibit "D." Such wells, and the owners' ability to redrill or obtain replacement permits for such wells, shall not be affected by this decree, but the owners of the lots shall be allowed to obtain water service from the Arabian Acres Water Company if they so choose in the future.

30. Pursuant to the provisions contained in §37-92-304(6), 15 C.R.S. (1990), the plan for augmentation decreed herein shall be subject to the reconsideration of this Court, for the purpose of evaluating injury to vested water rights, for a period of five years. Any person, within the five year period, may petition the Court to invoke its retained jurisdiction. Any such request shall state with particularity the factual basis for requesting that the Court evaluate injury to vested water rights associated with the operation of this decree, together with proposed decretal language to effect the petition. Unless otherwise stated herein, the party lodging the petition shall have the burden of going forward to establish the prima facie facts alleged in the petition. If the Court finds those facts to be established, the Applicants shall thereupon have the burden of proof to show: (a) that any modification sought by the Applicants will avoid injury to other appropriators, or (b) that any modification sought by an opposer is not required to avoid injury to other appropriators, or (c) that any term or condition proposed by the Applicants in response to opposer's petition does avoid injury to other appropriators. Such petition shall be filed with the Court under the above styled caption and case number and shall be served by certified mail, return receipt requested, on all parties who have appeared herein,