

**SERVICE PLAN
FOR
RUEDE SHORES METROPOLITAN DISTRICT
EAGLE COUNTY, COLORADO**

Prepared by:

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I. INTRODUCTION

A. Purpose and Intent.

The District is intended to be an independent unit of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the County only insofar as they may deviate in a material manner from the requirements of this Service Plan. It is intended that the District will provide for the overhaul, upgrade, financing and operation of the public water supply system for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements. Additionally, the District will also assume some or all of the various responsibilities currently performed by the Homeowners' Association, including street improvements, sanitation (storm drainage), covenant enforcement, etc. This Service Plan has been prepared in accordance with the Colorado Special District Act.

B. Need for the District.

The Ruedi Shores Subdivision was developed in the late 1960s and early 1970s. Due to a lack of regulatory oversight at that time, the homeowners were left to construct much of the infrastructure. The water system was designed only to meet minimum needs for domestic supply, and it has recently been determined by the Basalt & Rural Fire Protection District ("Fire District") to be inadequate for proper fire suppression. Peak time usage leaves some homeowners temporarily without water. Additionally, the existing system was apparently not designed to meet even the minimum rural criteria established by the Colorado Department of Public Health and Environment for community water systems and has been found to not be in compliance with the County Fire Code.

The Fire District has concluded that "if a structure fire occurred of nearly any size, the availability of adequate water supply within a reasonable distance to the fire is not present" and "concerns for safety and property conservation have increased". The Fire District's concerns are further documented in the correspondence attached as Exhibit A hereto and incorporated herein by reference. As a consequence, the Eagle County Building Division, acting in concert with the Fire District, will not issue a building permit within the subdivision unless the applicant property owner installs a stand-alone, lot-specific fire suppression system at a heavy cost.

To resolve the fire safety and water quality issues, the residents of the proposed District have determined to finance and construct a complete overhaul and upgrade of the water supply system. The necessary Public Improvements cannot be paid for without a major loan or other form of Debt, and the Homeowners' Association is incapable of entering into such a loan, let alone at a favorable rate of interest. The only

other alternative is a one-time assessment, estimated to be approximately \$23,000 per lot, which assessment could force many current long-time residents of this working community to sell their homes. There are currently no other governmental entities, including the County, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, financing, and operation of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most effective and economic manner possible.

C. Objective of the County Regarding District's Service Plan.

The County's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, and maintenance of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes and fees imposed and collected by the District as set forth in the Financial Plan. Debt which is issued consistent with the Financial Plan will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt. Under no circumstances is the County agreeing or undertaking to be financially responsible for the Debt or the construction of Public Improvements.

The primary purpose of the District is to provide for the Public Improvements associated with the Project and those regional improvements necessitated by the Project, if any. Ongoing operational and maintenance activities are allowed to the extent provided by the Act. In no case shall the mill levy imposed by the District for Debt service exceed the mill levy approved by the District's eligible electors. The District shall be authorized to finance the Public Improvements that can be funded from (i) Debt to be repaid from tax revenues collected from a debt service mill levy and/or (ii) other lawfully available funds of the District.

The District will not be dissolved as long as it is providing services and facilities and discharging its obligations in accordance with the provisions of the Service Plan, nor will the District be dissolved before all bonds or other obligations of the District have been paid or payment has been provided for. If the District is ever to be dissolved, the District shall be dissolved pursuant to the Act.

II. DEFINITIONS

In this Service Plan, the following terms which appear in a capitalized format herein shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Board: means the Board of Directors of the District.

Board of County Commissioners or BOCC: means the Board of County Commissioners of the County of Eagle, Colorado.

Bond, Bonds or Debt: means bonds or other financial obligations for which the District has promised to impose an ad valorem property tax mill levy, and other legally available revenue, for payment. Such terms do not include other financial obligations pursuant to contracts through which the District procures or provides services or tangible property.

Construction Approval: means a building permit or other applicable process established by the County for regulating, among other things, the development and construction of the Public Improvements.

County: means the County of Eagle, Colorado.

County Code: means the Eagle County Code, as the same may be amended from time to time.

Debt Mill Levy: means a mill levy the District is permitted to impose for payment of Debt as set forth in Section VI.C. below

District: means the Ruedi Shores Metropolitan District.

Financial Plan: means the Financial Plan described in Section VI which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes and fees for the first budget year through the year in which all District Debt is expected to be defeased.

Homeowners' Association: means the Ruedi Shores Homeowners' Association, Inc., its successors and assigns.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as Exhibit D, describing the District's initial boundaries.

Maximum Debt Authorization: means the total Debt the District is permitted to issue in connection with the Public Improvements as set forth in Section V.A.3 and supported by the Financial Plan.

Operations and Maintenance Mill Levy: means a mill levy the District is permitted to impose for payment of administration, operations, and maintenance costs as set forth in Section VI.H. below.

Preliminary Infrastructure Plan: means the Preliminary Infrastructure Plan described in Section V.B. which includes: (a) a preliminary list of the Public Improvements to be developed by the District; and (b) an estimate of the cost of the Public Improvements.

Project: means the development or property commonly referred to as Ruedi Shores Metropolitan District and neighboring areas or any upgrade of the water system serving the same.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act including the improvements described in the Preliminary Infrastructure Plan, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Service Area: means the property within the Initial District Boundary Map and any other areas served by the Public Improvements at the discretion of the Board. It is anticipated that the property on which the District's new water storage tank will be located pursuant to an easement and water-tap agreement shall be within the District's Service Area.

Service Plan: means this service plan for the District approved by the BOCC.

Service Plan Amendment: means an amendment to the Service Plan approved by the BOCC in accordance with applicable state law.

Special District Act or "Act": means Article 1 of Title 32 of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

TABOR: means Section 20 of Article X of the Colorado Constitution.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 107 acres. A legal description of the Initial District Boundaries is attached hereto as Exhibit B. A map of the Initial District Boundaries is attached hereto as Exhibit C. A vicinity map is attached hereto as Exhibit D. It is anticipated that the District's Boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., which inclusions or exclusions shall not constitute a material modification of this Service Plan.

IV. LAND USE AND ASSESSED VALUATION

The District consists of approximately 107 acres of residential land. Its current assessed valuation is approximately \$2,948,000, which amount is expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan. The estimated current population of the District is approximately 113 persons.

Approval of this Service Plan by the County does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units which may be identified in this Service Plan or any of the exhibits attached thereto or construction of any of the Public Improvements, unless the same is contained within a Construction Approval to the extent required by law.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have all powers and authorities provided to a metropolitan district under the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth herein. If, after the Service Plan is approved, the State Legislature includes additional powers, or grants new or broader powers for Title 32 districts by amendment of the Special District Act, any or all such powers shall be deemed to be a part hereof and available to or exercised by the District. Exercise of such powers shall not constitute a material modification of this Service Plan.

1. Operations and Maintenance. The primary purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate, and maintain Public Improvements for water services. A secondary purpose is to provide street improvements, sanitation (storm drainage), solid waste disposal facilities or collection and transportation of solid waste (to the extent permitted by law), and covenant enforcement and design review services at such times as the Homeowners' Association is ready to transfer such functions to the District and the District is able to assume them. In

the event the District determines to provide services currently authorized to be provided by another special district, the District shall not provide such overlapping services unless it obtains the consent of the other special district. The District shall be authorized to operate and maintain any part or all of the Public Improvements.

2. Water System Development Standards. The District will ensure that the water system Public Improvements are designed and constructed in accordance with the standards and specifications of the County and of other governmental entities as required by law. The District directly, or indirectly through the Homeowners' Association, will obtain approval of civil engineering plans, as necessary, and will obtain necessary Construction Approvals for construction and installation of the water system Public Improvements prior to performing such work.

3. Maximum Debt Authorization. The District shall not issue Debt in excess of \$3,300,000. To the extent the District seeks to modify this Maximum Debt Authorization, it shall obtain the prior approval of the BOCC. Increases which do not exceed 25% of the amount set forth above, and which are approved by the BOCC in a written agreement, shall not constitute a material modification of this Service Plan.

4. Service Plan Amendment Requirement. This Service Plan is general in nature and does not include specific detail in some instances because Project plans have not been finalized. The Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of services and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements shall be permitted to accommodate Project needs consistent with the then-current Construction Approvals. The District shall be an independent unit of local government, separate and distinct from the County, and its activities are subject to review by the County only insofar as they may deviate in a material manner from the requirements of the Service Plan. Any action of the District which: (1) violates the limitations set forth in Sections V.A. above or (2) violates the limitations set forth in Section VI. below, shall be deemed to be a material modification to this Service Plan unless otherwise agreed by the County as provided for in Section X of this Service Plan or unless otherwise expressly provided herein. Unless otherwise expressly provided herein, any other departure from the provisions of this Service Plan shall be considered on a case-by-case basis as to whether such departure is a material modification.

To the extent permitted by law, the District may seek formal approval from the BOCC of modifications to this Service Plan which are not material, but for which the District may desire a written amendment and approval by the BOCC. Such approval may be evidenced by any instrument executed by the County Manager, County Attorney, or other specially designated representative of the BOCC as to the matters set forth therein and shall be conclusive and final.

B. Preliminary Infrastructure Plan.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, which may be more specifically defined in a Construction Approval as necessary. The Preliminary Infrastructure Plan, including: (1) a list of the Public Improvements to be developed by the District; and (2) an estimate of the cost of the Public Improvements is attached hereto as Exhibit E and is hereby deemed to constitute the preliminary engineering or architectural survey required by Section 32-1-202(2)(c), C.R.S.

As shown in the Preliminary Infrastructure Plan, the estimated cost of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed by the District is approximately \$1,865,000. In connection with such upgrade, the District will consider acquiring property for long term water quality purposes, the price for which is estimated to be \$250,000. The District will also consider paving dirt roads in connection with or following the upgrade. The District shall be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in its discretion.

All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the County's and State's requirements, and construction scheduling may require. Upon approval of this Service Plan, the District will continue to develop and refine the Preliminary Infrastructure Plan, as necessary, and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. Changes in the Public Improvements, Preliminary Infrastructure Plan, Map Depicting Public Improvements, or costs, which are approved by the County or other applicable regulatory authority shall not constitute a material modification of this Service Plan. Additionally, due to the preliminary nature of the PIP, the County shall not be bound by the PIP in issuing any required Construction Approval.

C. Operational Services.

The District may provide the following ongoing operations and maintenance services: water; sanitation (storm drainage); street improvements; solid waste disposal facilities or collection and transportation of solid waste (to the extent permitted by law); covenant enforcement and design review services; and any and all other services authorized by the Act, as such Act may be amended from time to time.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, operation, and maintenance of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan prepared by Stan Bernstein & Associates, Inc. is set forth in Exhibit F hereto and demonstrates that the financial operations of the District will (i) provide for economical and sufficient services within the District; (ii) have the financial ability to discharge the proposed District indebtedness on a reasonable basis; (iii) protect future property owners from onerous property taxes or District bond defaults; and (iv) not subject the County to any present or future liability with respect to District bonds or other obligations.

The District shall issue no more Debt than the District can reasonably pay within no more than thirty (30) years for each series of Debt from revenues derived from the Debt Mill Levy and other legally available revenues and (ii) satisfy all other financial obligations arising out of the District's administrative and operations and maintenance activities. The total Debt that the District shall be permitted to issue shall not exceed the Maximum Debt Authorization; provided, however, that Debt issued to refund outstanding Debt of the District, including Debt issued to refund any Debt owed to the Homeowners' Association pursuant to a reimbursement agreement or other agreement, shall not count against the Maximum Debt Authorization so long as such refunding Debt does not result in a net present value expense. District Debt shall be permitted to be issued on a schedule and in such year or years as the District determines shall be reasonably consistent with the Financial Plan referenced above and phased to serve the Project as it occurs. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all taxable property within the District. The District may also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001, C.R.S., as amended from time to time.

The Financial Plan shows how the financial operations of the District may be implemented. The Financial Plan contemplates just one issue of Debt; however, in the event underwriting conditions, in the discretion of the Board, require multiple issuances of Debt, then Debt in multiple series may be issued without causing a material modification of this Service Plan. Similarly, debt service may be made in semi-annual payments, the timing of issuance may vary from the times proposed in the Service Plan, interests rates will be adjusted to the prevailing reasonable market rate, and the duration of Debt may be extended or shortened from the 20 year duration forecast in the Financial

Plan in the discretion of the Board, and any such variation shall not constitute a material modification of this Service Plan.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The Financial Plan is based on a blended Debt interest rate of 6.25%; however, the actual interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not permitted to exceed twelve percent (12%). The proposed maximum underwriting discount will be four percent (4%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Debt Mill Levy.

The “Debt Mill Levy” shall be the mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be approved by the District’s eligible electors. The Debt Mill Levy shall not be increased without the approval of the eligible electors of the District, and such approval shall not constitute a material modification of this Service Plan. However, if on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Debt Mill Levy may be increased or decreased to reflect such changes, with such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Debt Mill Levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

D. Maximum Debt Term.

The scheduled final maturity of any Debt or series of Debt shall be limited to thirty (30) years, including refundings thereof, unless a majority of the Board authorizing such Debt are residents of the District.

E. Sources of Funds.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service, administrative expenses and operations and maintenance. The District may also rely upon various other revenue sources authorized by law, including without limitation grants. At the District's discretion, it may assess fees, rates, tolls, penalties, or charges, including without limitation tap fees, as provided in the Special District Act that are reasonably related to the costs of developing, acquiring, constructing, operating, or maintaining District services and facilities.

F. Security for Debt.

The District does not have the authority and shall not pledge any revenue or property of the County as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the County of payment of any of the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the County in the event of default by the District in the payment of any such obligation or performance of any other obligation.

G. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board.

H. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be under \$50,000, which amount will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be operated and maintained. The first year's operating budget (2009) is estimated to be \$129,849, of which \$82,560 is expected to come from property taxes. Ongoing administration, operations, and maintenance costs may be paid from the Operations and Maintenance Mill Levy and other revenues, including without limitation fees, rates, tolls, penalties, or charges, as provided in the Special District Act.

The eligible electors of the District will be asked to approve an Operations and Maintenance Mill Levy at the organizational or a subsequent election. The

Operations and Maintenance Mill Levy shall not be increased without the approval of the eligible electors of the District, and such an increase shall not constitute a material modification of this Service Plan. However, if, on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Operations and Maintenance Mill Levy may be increased or decreased to reflect such changes, with such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

I. Elections.

The District will call an election on the questions of organizing the District, electing the initial Board, and setting in place financial authorizations as required by TABOR and other laws. The election will be conducted as required by law.

VII. ANNUAL REPORT

If requested by the County, the District will file an annual report with the County which explains the major actions taken by the District during the preceding year to implement the Financial Plan and the Preliminary Infrastructure Plan, together with projections for the ensuing fiscal year and such other available information as the County may request. The District shall also file copies of the District's statutory audits with such report. In the event the annual report is not timely received by the County Clerk or is not fully responsive, notice of such non-compliance may be given to the Board of such District, at its last known address. The failure of the District to file the annual report within forty-five (45) days of the mailing of such notice by the County Clerk may constitute a material modification, at the discretion of the County.

VIII. DISSOLUTION

Upon a determination of the Board of County Commissioners that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the District Court in and for County of Eagle, Colorado, for dissolution, in accordance with the provisions of the Special District Act. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding Debt and other financial obligations as required pursuant to State statutes. If the District continues to be responsible for ongoing operations and maintenance functions under this Service Plan ("Long Term District Obligations"), the District shall not be obligated to dissolve upon any such Board of County Commissioners determination. However,

should the Long Term District Obligations be undertaken by the County or other governmental entity, or should the District no longer be obligated to perform the Long Term District Obligations, the District agrees to commence dissolution proceedings as set forth above.

IX. PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS

All intergovernmental agreements must be for purposes, facilities, services or agreements lawfully authorized to be provided by the District, pursuant to the State Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, et seq., C.R.S. To the extent practicable, the District may enter into additional intergovernmental and private agreements to better ensure long-term provision of the Public Improvements identified herein or for other lawful purposes of the District. Agreements may also be executed with property owner associations and other service providers.

The following agreements are likely to be necessary, and the rationale therefore are set forth as follows:

A. Master Facilities and Services Assignment Agreement.

This agreement will provide for the conveyance of an interest in the Public Improvements, water supply, necessary easements, and other incidental interests to the District in exchange for undertaking the Homeowners' Association's duties to supply water to the District residents. It may also (i) set forth the terms under which the District will assume some or all of the Homeowners' Association's duties, including without limitation road maintenance, sanitation (storm drainage), covenant enforcement and design review services, and trash collection services (to the extent permitted by law) and (ii) provide for payments of fees or revenues for services from one party to the other.

B. Extraterritorial Service Agreement and Easement.

The District will enter into or assume an agreement with an adjacent property owner, which agreement shall provide for continuing provision of water service in exchange for an easement to locate a water storage tank and appurtenant facilities on such property.

No other agreements are required, or known at the time of formation of the District to likely be required, to fulfill the purposes of the District.

X. MATERIAL MODIFICATIONS

Material modifications to this Service Plan may be made only in accordance with Section 32-1-207, C.R.S. No modification shall be required for an action of the District

which does not materially depart from the provisions of this Service Plan. The District may request from the County Manager (or his or her designee) a determination as to whether the County believes any particular action constitutes a material departure from the Service Plan, and the District may rely on the County Manager's written determination with respect thereto; provided that the District acknowledges that the County Manager's determination as aforesaid will be binding only upon the County, and will not be binding upon any other party entitled to enforce the provisions of the Service Plan as provided in Section 32-1-207, C.R.S., except as otherwise expressly provided herein. Such other parties shall be deemed to have constructive notice of the provisions of this Service Plan concerning changes, departures or modifications which may be approved by the County in procedures described herein and not provided in Section 32-1-207, C.R.S., and, to the extent permitted by law, are deemed to be bound by the terms hereof.

XI. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., and consistent with Section 32-1-203(2.5), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries;
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate services are not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
6. The facility and service standards of the District are compatible with the facility and service standards of the County;
7. The Service Plan is in substantial compliance with the County Master Plan;
8. The proposal is in compliance with any duly adopted County, regional, or state long-range water quality management plan for the area; and

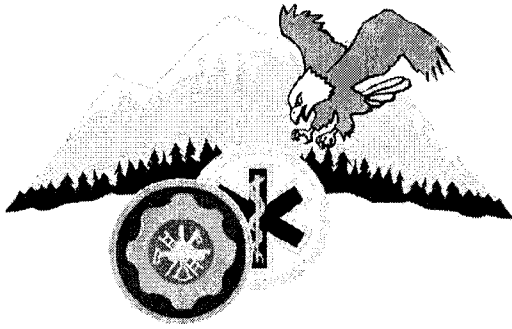
9. The creation of the District will be in the best interests of the area proposed to be served

XII. RESOLUTION OF APPROVAL

The District agrees to incorporate the BOCC's resolution of approval, including any conditions on any such approval, into the Service Plan presented to the District Court for and in Eagle County, Colorado.

EXHIBIT A

Letters From Basalt & Rural Fire Protection District



Basalt & Rural Fire Protection District **“Protecting Our Community Since 1970”**

Colorado River Water Conservation District
PO Box 1120
201 Centennial #200
Glenwood Springs, Colorado 81601

January 30, 2007

To Whom It May Concern:

The Basalt Fire Department is submitting this reference letter in response to a request by the Ruedi Shores Homeowners Association (RSHA) as they are applying for a grant from your organization. The grant would be used to improve the existing water supply system within the Ruedi Shores Subdivision.

In a letter to the members of RSHA in February, 2005 a number of issues were addressed relative to their existing system. These issues included:

- The subdivision was built out to 57% of capacity;
- A 25,000 gallon water system was presently in use;
- Based on the percentage of residences, certification of the system by the Colorado Department of Public Health and Environment, Eagle County, and the EPA was required;
- The existing system did not contain the necessary volume capacity or the required number of hydrants to allow certification.

Additionally, the Basalt Fire Department had received hydrant tests from 2002 performed by a private contractor indicating that 3 of 5 existing hydrants had far less than 20 psi static pressure producing little to no flow in these 3 hydrants. In August, 2006 the Basalt Fire Department tested all 5 existing hydrants and got the same disappointing results. With this non-conforming water system, operational procedures for obtaining water for structural fire fighting had to be modified to obtain water from other sources, the 2 good hydrants or other off site sources. Other options included putting a “Port-a-Tank” under the three “bad” hydrants to collect the dribble of water coming from the hydrant and then drafting from the tank to a water tender truck which would shuttle the water to the incident site. This type of operation is time consuming and would prevent efficient operations at the fire to control and suppress the burning structure. Based on the above realities the Basalt Fire Department has been working with the RSHA to upgrade the system.

As more homes are being constructed in the subdivision with a maximum size of 3,500-4,000 square feet and with the increase of the number of year round residents the concerns for life safety and property conservation have increased. Fortunately, there has not been a major conflagration in the subdivision. However, statistics show that the probably of a major incident increases as numbers of persons and structures increase in a particular area. Presently, if a structure fire occurred of nearly any size, the availability of adequate water supply within a reasonable distance to the fire is not present.

1089 JW Drive, Carbondale, Co 81623
Phone:(970) 704-0675 • Fax: (970) 704-0625
www.basaltfire.org

We are therefore very supportive of the RSHA plans to improve the water system and have offered assistance to reach their goal.

The new water system will require a substantial increase in volume available. At the request of the RSHA below are calculations towards determination of the necessary volume to meet the current codes and standards.

To determine the volume required we looked at two organizations, the Insurance Services Organization (ISO) and the International Fire Code (IFC). The ISO is an organization used by insurance companies to grade populated areas for adequate fire protection. Assessing the volume available for fire fighting is one of their parameters. Based on their formula for Fire Flow for a two hour period for a home of 4,000 sq. ft., a volume of 205,000 gallons is required. An additional requirement of 2 days supply for residents use adds 30,000 gallons. Thus using ISO the total requirement for the water supply is 235,000 gallons.

Using charts from Appendices B and C in the 2003 IFC, we can present the Fire Flow requirements and hydrant requirements. For homes greater than 3,500 sq. ft. the minimum fire flow is 1750 gallons per minute. For the two hour duration, 210,000 gallons is required. Adding the above referenced 30,000 gallons for residential use a total volume of 240,000 gallons is calculated. Hydrant location is another factor to consider. Based on IFC 2003 Appendix C, with the 1750 gallons per minute required, a minimum of one hydrant is required. That stated, hydrants must be capable of flowing 1750 gallons per minute. Hydrants shall be no further apart than 500 feet and no more than 250 feet from any point on the street.

As there may be variance in determining the volume required for 2 days of use by residents, the Basalt Fire Department requires that 210,000 gallons of the water supply system shall be dedicated to fire suppression. The availability of this volume in the subdivision is paramount since other sources are not readily available.

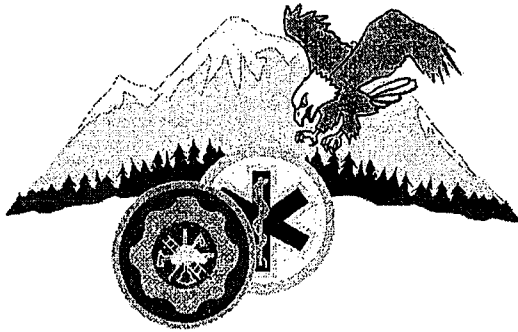
We hope that this supportive letter will improve the probability that the RSHA receive the monies to improve a very needy water supply system. As a result of their efforts here, better life safety and property conservation will be possible.

The Basalt Fire Department wishes to thank the RSHA for allowing us to participate in this project.

Please feel free to contact me with any further questions or concerns.

Yours truly,
Frank Rudecoff, Fire Inspector

Cc: Scott Thompson, Fire Chief
Bill Harding, Fire Marshal
Jerry Peetz, Assistant Chief
Lloyd Strobeck, Thomasville Captain
Dan Stanek, Eagle County Community Development



Basalt & Rural Fire Protection District **“Protecting Our Community Since 1970”**

7-30-07

Jim Geib, President
Ruedi Shores Homeowners' Association, Inc. (RSHA)
100 McLaughlin
Basalt, Colorado 81621

Re: Water Supply and Building Permits

Dear Jim,

As we have discussed, I offer this correspondence to state the Basalt & Rural Fire District's and Eagle County Building Department's concerns and position regarding the present water system situation for Reudi Shores Subdivision. In light of the information we have received during and since the April 1, 2007 RSHA meeting regarding the development's fire protection deficiencies and queries I have received regarding building permit issues, I have consulted with Eagle County and reexamined our approach to permit issuance for this subdivision.

Following consultation with the Eagle County chief building official Dan Stanek, we have determined that all applications for building permits submitted prior to June 8, 2007 will be approved with respect to fire protection, provided that all applicable fire hydrants shall be installed and in service prior to issuance of a Certificate of Occupancy. However, the owners of these properties will be notified that existing fire protection service is inadequate due to the lack of necessary water supply for firefighting and the problems associated with the shuttling of water via tender trucks based upon limitations of the access roads and the potential threat to the safety of the District's emergency responders.

Property owners submitting building permit applications after June 8, 2007 have the choice to either wait until the proposed community water system designed by Zancanella & Associates has been approved by the RSHA and installed or to provide an individual source of water meeting the minimum standard outlined in NFPA 1142, Water Supplies for Rural and Suburban Fire Fighting. Please be aware that an individual lot's compliance with the provisions of NFPA 1142 does not put RSHA in compliance with the Colorado Department of Public Health & Environment (“CDPHE”) standards nor the appropriate Eagle County Fire Code sections for community fixed water systems applicable to the subdivision.

1089 JW Drive, Carbondale, Co 81623
Phone:(970) 704-0675 • Fax: (970) 704-0625
www.basaltfire.org

Based upon analysis of information I have received from Zancanella & Associates and documentation we have on file, it is clear that the existing community water system is designed to only meet minimum needs for domestic supply and is inadequate for proper fire suppression. The subdivision was originally established in the late 1960's without any water system and electricity. It was left to the homeowners to construct infrastructure without regulatory oversight at that time. Hence, the existing system was not designed to meet even the minimum rural criteria established by CDPHE for community water systems and fire protection, let alone the more compliant fire code provisions.

The existing waster system source of wells and a spring feed into approximately 25,000 gallons of storage that is distributed to the residential properties. Average water usage is approximately 10,000 gallons per day with peak time usage leaving some homeowners temporarily without water. The attached hydrants, which are serviced by 4" and 2" lines, do not provide adequate flow for any meaningful fire protection. Records of flow data for fire protection indicate approximately 120 gallons per minute ("g.p.m.") flowing from the hydrants in the upper zone. The fire code adopted by Eagle County by prescription requires a minimum flow of 1,750 g.p.m. from hydrants with a minimum storage capacity of 240,000 gallons. The existing flow and storage levels fall way short of the required standards and do not constitute levels, which will provide significant assistance in the event of a fire within the subdivision.

In my consultancies with Mr. Zancanella we understand that he is engineering a system to meet a variety of compliance needs and balanced the requirements of fire, health and domestic use that meets with prescribed engineering practice. Based upon this information his sketch proposal of 200,000 gallons of storage and providing a fire flow of 1000 GPM at 20 psi residual pressure would meet the intent of the fire code and as allowed pursuant to IFC Section B-103.1 is acceptable to the fire district. We have a copy of the sketch plan but the actual final plan document will be required to bear an Engineers Stamp by a Colorado Registered Professional Engineer toward submittal.

We remain committed to work with RSHA and its engineers to design and approve a community water system, which will adequately meet the standards of the CDPHE and the Eagle County Fire Code. If I can be of further assistance regarding these concerns please feel free to contact me at anytime.

Sincerely,

Sent Via E-Mail

Bill Harding, Fire Marshal

Cc: Scott Thompson, Fire Chief
Dan Stanek, Chief Building Official, Eagle County
Tom Zancanella, P.E.
Gregory J. Hall, Esq.

EXHIBIT B
Legal Descriptions

**PROPERTY DESCRIPTIONS FOR THE PROPOSED
RUEDI SHORES METROPOLITAN DISTRICT**

ENTIRE METROPOLITAN DISTRICT SHALL BE COMPOSED OF THE FOLLOWING THREE PARCELS:

PARCEL ONE:

A PARCEL OF LAND BEING RUEDI SHORES SUBDIVISION, COUNTY OF EAGLE, STATE OF COLORADO, AS SHOWN ON THE PLAT THEREOF, RECORDED AS RECEPTION NO. 110857 OF THE EAGLE COUNTY RECORDS, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SECTION 6, TOWNSHIP 8 SOUTH, RANGE 84 WEST OF THE SIXTH PRINCIPAL MERIDIAN WHENCE THE SOUTHWEST CORNER OF SAID SECTION 6 BEARS S.89°03'04"W. 1982.25 FEET;

THENCE N.45°08'51" W. 1865.69 FEET
THENCE S.89°43'21" W. 183.34 FEET;
THENCE N.28°02'40" W. 765.00 FEET;
THENCE N.63°55'00"E. 831.99 FEET;
THENCE S.35°31'00"E. 403.45 FEET;
THENCE S.50°14'00"E. 1102.90 FEET;
THENCE N.89°43'21"E. 339.14 FEET;
THENCE N.30°00'00"E. 87.43 FEET;
THENCE N.89°43'21"E. 315.00 FEET;
THENCE S.00°03'55"W. 1252.00 FEET;
THENCE S.81°49'00"W. 249.88 FEET;
THENCE S.44°54'00"W. 159.46 FEET TO THE SOUTH LINE OF SAID SECTION 6; THENCE S.89°55'00"W. 300.27 FEET ALONG THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING AND CONTAINING 63.38 ACRES, MORE OR LESS.

PARCEL TWO:

A PARCEL OF LAND BEING RUEDI SHORES SUBDIVISION, FILING # 2, IN THE SW1/4 OF SECTION 6, TOWNSHIP 8 SOUTH, RANGE 84 WEST OF THE 6th PRINCIPAL MERIDIAN, COUNTY OF EAGLE, STATE OF COLORADO, AS SHOWN ON THE PLAT THEREOF, RECORDED AS RECEPTION NO. 115218, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHENCE A BRASS CAP SET FOR THE WEST 1/4 CORNER OF SAID SECTION 6 BEARS N.89°20'46"W. 1354.46 FEET;

THENCE S.00°09'07"E. 328.74 FEET;

THENCE N.89°28'12"W. 450.32 FEET;
THENCE S.35°31'00"E. 324.35 FEET;
THENCE S.50°14'00"E. 1102.90 FEET;
THENCE N.89°43'21"E. 339.14 FEET;
THENCE N.30°00'00"E. 87.43 FEET;
THENCE N.89°43'21"E. 315.00 FEET;
THENCE N.00°03'55"E. 1200.49 FEET;
THENCE N.89°20'46"W. 1286.05 FEET TO THE POINT OF BEGINNING,
CONTAINING 36.8424 ACRES, MORE OR LESS.

PARCEL THREE:

A TRACT OF LAND SITUATED IN THE NORTHWEST 1/4 SOUTHWEST 1/4 OF SECTION 6, TOWNSHIP 8 SOUTH, RANGE 84 WEST OF THE 6th P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A BRASS CAP FOUND IN PLACE AND PROPERLY MARKED FOR THE WEST 1/4 CORNER OF SAID SECTION 6;

THENCE SOUTH 00°26'06" EAST 641.25 FEET;
THENCE EAST 86.92 FEET;
THENCE NORTH 63°55'00" EAST 689.23 FEET;
THENCE NORTH 89°28'12" WEST 41.96 FEET;
THENCE NORTH 00°16'52" WEST 330.22 FEET;
THENCE NORTH 89°20'46" WEST 667.23 FEET TO THE POINT OF BEGINNING, EAGLE COUNTY, COLORADO.

EXHIBIT C

Initial District Boundary Map

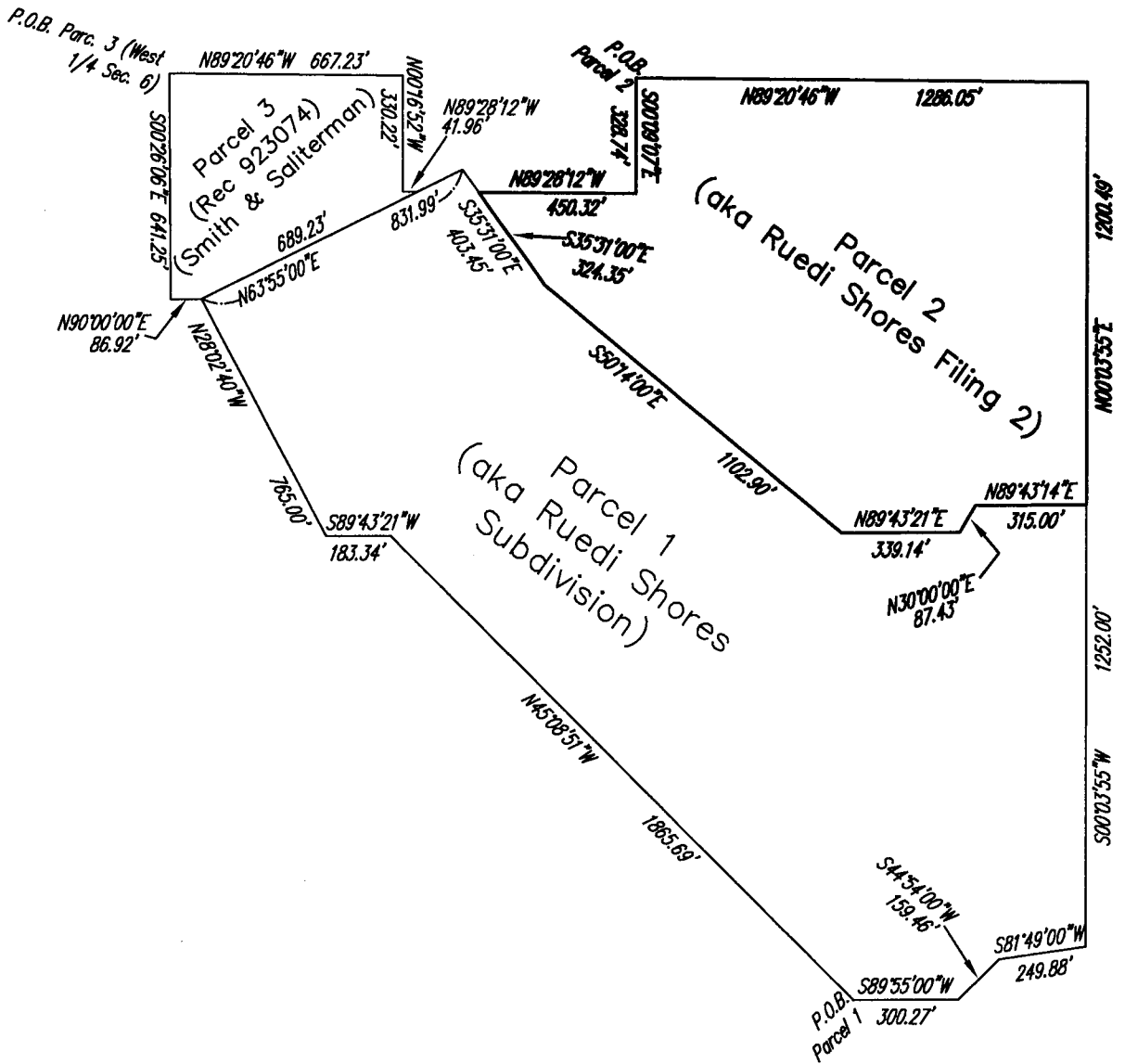
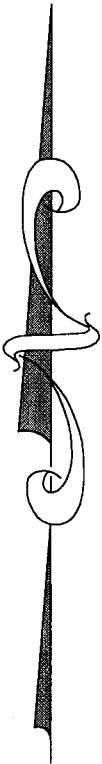
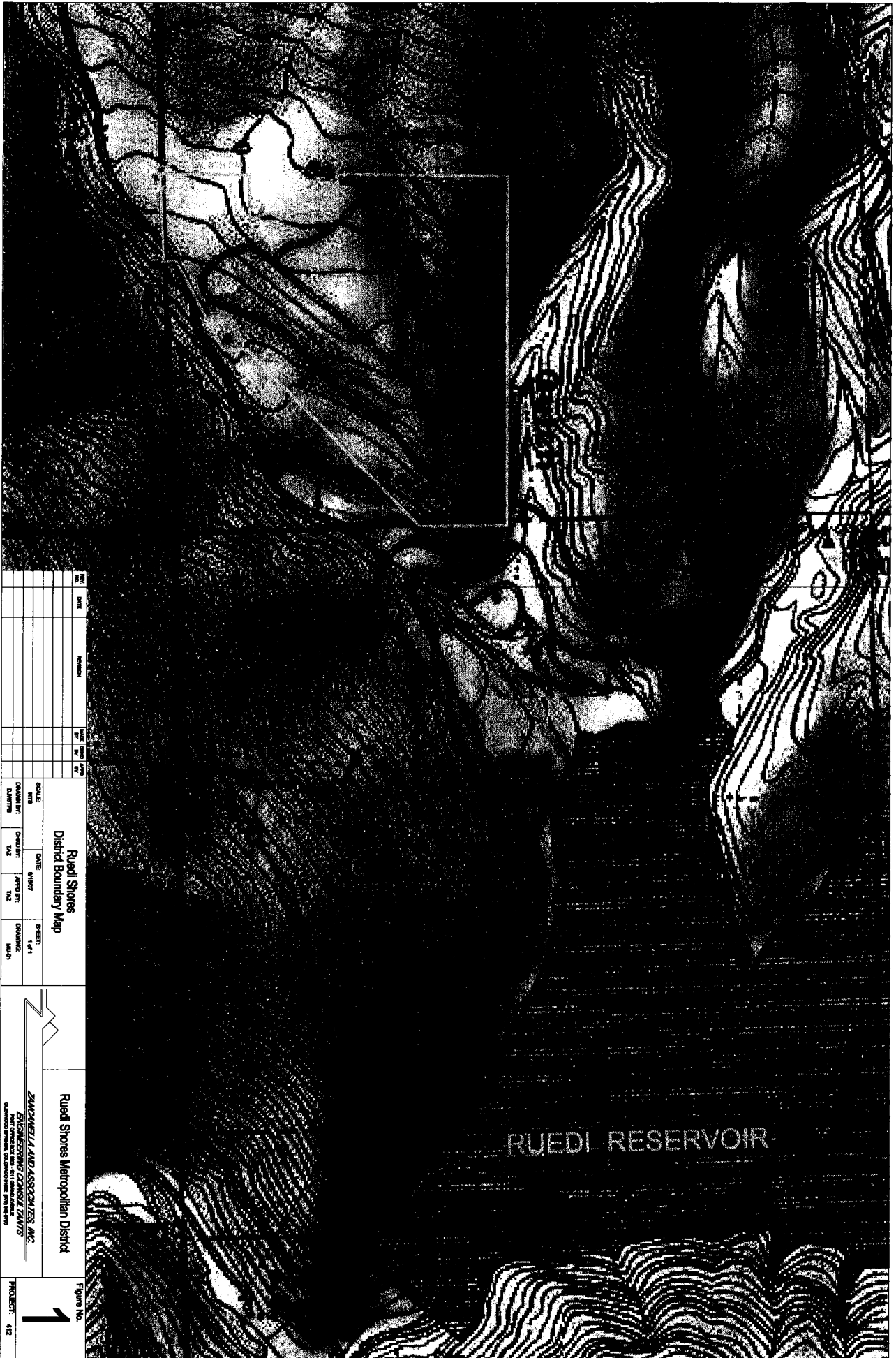


EXHIBIT D

Vicinity Map



NO.	DATE	REVISION	BY	CHKD BY

Ruedi Shores District Boundary Map

SCALE: 1" = 100'

DRAWN BY: TAZ

CHKD BY: TAZ

DATE: 11/11/11

BY: TAZ

APP'D BY: TAZ

PROJECT: 1 of 1

DRAWING: MALDI

Ruedi Shores Metropolitan District

ZACHRY AND ASSOCIATES, INC.
 ENGINEERING CONSULTANTS
 10000 W. ALPINE AVE., SUITE 1000
 DENVER, CO 80231

Figure No. **1**

PROJECT: 412

EXHIBIT E

Preliminary Infrastructure Plan

RUEDI SHORES
77 LOT SUBDIVISION
ENGINEERS ESTIMATED COST FOR A NEW WATER DISTRIBUTION SYSTEM
16-Nov-07

<u>Description</u>	<u>Qty</u>	<u>Unit</u>	<u>Unit Cost</u>	<u>Cost</u>
<u>Distribution System</u>				
8" DIP CL52 Water Line	13,800	LF	\$55.00	\$759,000
8" Gate Valve & Valve Box	20	EA	\$1,150.00	\$23,000
2" Purecor Service w/corp., saddle & curb stop & box.	77	EA	\$1,400.00	\$107,800
Fire Hydrants Assembly	27	EA	\$4,500.00	\$121,500
8" PRV Valve & Concrete Vault	2	EA	\$15,000.00	\$30,000
Air/Vac Valve	1	EA	\$2,800.00	\$2,800
4" Gravel Road Resurfacing (CI 6 Road Base) 20' wide	6,300	TON	\$24.00	\$151,200
			SUBTOTAL	\$1,195,300
<u>Well Pump House #1</u>				
Pump & Control Replacement	1	EA	\$3,000.00	\$3,000
Chlorinator Pump Injector	1	EA	\$1,000.00	\$1,000
Piping, flowmeter, gauges, fittings, valves	1	EA	\$2,000.00	\$2,000
Chlorinator Contact Chamber	1	EA	\$5,000.00	\$5,000
Pumphouse Interconnection	1	EA	\$2,500.00	\$2,500
Wireless Connection to Tank	1	LS	\$10,500.00	\$10,500
			SUBTOTAL	\$24,000
<u>Well Pump House #2</u>				
Pump & Control Replacement	1	EA	\$3,000.00	\$3,000
Chlorinator Pump Injector	1	EA	\$1,000.00	\$1,000
Piping, flowmeter, gauges, fittings, valves	1	EA	\$2,000.00	\$2,000
Chlorinator Contact Chamber	1	EA	\$5,000.00	\$5,000
Pumphouse Interconnection	1	EA	\$2,500.00	\$2,500
Wireless Connection to Tank	1	LS	\$10,500.00	\$10,500
			SUBTOTAL	\$24,000
<u>Spring Pump House #1</u>				
Demo Collection Gallery	1	EA	\$2,000.00	\$2,000
Collection Gallery (Concrete with gravel)	1	EA	\$12,000.00	\$12,000
Pump & Control Replacement	1	EA	\$3,000.00	\$3,000
Chlorinator Pump Injector	1	EA	\$1,000.00	\$1,000
Piping, flowmeter, gauges, fittings, valves	1	EA	\$2,000.00	\$2,000
Chlorinator Contact Chamber	1	EA	\$5,000.00	\$5,000
2" Purecor Supply Line to upper Pressure Zone	600	LF	\$4.00	\$2,400
Pumphouse Interconnection	1	EA	\$2,500.00	\$2,500
Wireless Connection to Tank	1	LS	\$10,500.00	\$10,500
			SUBTOTAL	\$40,400
<u>250,000 Gallon Concrete U/G Storage Tank</u>				
Concrete Tank	200	CY	\$700.00	\$140,000
Tank Excavation	3,200	CY	\$45.00	\$144,000
Access Road (12' wide)	950	LF	\$15.00	\$14,250
Revegetation	1	LS	\$5,000.00	\$5,000
Piping, Valves, Vents, Access, Overflow/Drain line	1	LS	\$25,000.00	\$25,000
Controls	1	LS	\$10,000.00	\$10,000
			SUBTOTAL	\$338,250
			TOTAL	\$1,621,950
			15 %Contingency	\$243,293
			GRAND TOTAL	\$1,865,243

EXHIBIT F
Financial Plan

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

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

8400 East Prentice Ave., Penthouse

Greenwood Village, Colorado 80111

Phone: 303-409-7611

Fax: 303-409-7612

Email: Stanplan @ Earthlink.net

December 13, 2007

Mr. Jim Geib, President
Ruedi Shores Homeowners' Association, Inc.
100 McLaughlin Lane
Basalt, Colorado 81621

RE: PLAN OF FINANCE FOR RUEDI SHORES METROPOLITAN DISTRICT

Dear Mr. Geib:

Stan Bernstein and Associates, Inc. has assembled a Plan of Finance for the proposed Ruedi Shores Metropolitan District (the "District"). The Plan of Finance is based upon information provided by you and your consultants with respect to (i) current assessed valuation of properties within the boundaries of the proposed District; (ii) administrative, and water system costs that are likely to be incurred by the District; and (iii) future water utility system capital improvement requirements estimated to be needed by the District (and funded from the Series 2008 General Obligation Bonds in the amount of approximately \$2,720,000 expected to be issued by the District). It should be emphasized that the formation of the proposed District is not causing the need for the water utility system capital improvements or their related operating costs; rather the formation of the proposed District is being formed as the most cost efficient method of financing these water related capital improvement costs. Stan Bernstein and Associates, Inc. has not independently verified the information provided by you or your consultants.

The Plan of Finance is presented on the attached Exhibits I – II and is based upon (i) a General Fund (operating fund) mill levy of 29.00 first effective for tax collection year 2009; and an assumed initial Series 2008 Bonds Debt Service Fund mill levy of 62.0 which will decrease as assessed valuation increases within the boundaries of the proposed District. The initial combined District mill levy of 91.0 is based upon a current assessed valuation (as of the January 1, 2007 Assessment Date) of approximately \$2.949 million (which may increase or decrease when the assessed valuation is certified in December for the January 1, 2007 Assessment Date). We have assumed that the assessed valuation for the District will increase an average of 6% every other year as a result inflation. It is assumed that as new homes are constructed within the boundaries of the District no significant increase in assessed valuation will occur because current vacant lots are assessed at 29% of their actual value and this assessed value will be approximately

December 13, 2007

Page ii

equivalent to the value of the newly constructed home (including land) being valued at 7.96% of value.

Exhibit I – General Fund Plan of Finance

Exhibit I, page 1, presents the Plan of Finance for the District's General Fund. This is the accounting fund that will be responsible for paying for the District's administrative and water system operating costs. A General Fund mill levy of 29.0 is assumed to be sufficient to fund these costs which have been provided to us by you.

In addition to property tax revenues, the District will collect Specific Ownership tax revenues which have been estimated to be approximately 6% of annual property tax collections.

Water user fee revenues averaging \$205 per quarter for 50 completed residences (increasing 3% annually) have been assumed. If water user fee rates were to be doubled, it would be possible to reduce the General Fund mill levy from 29.0 to 13.0.

No water system tap fees, or plant investment fees, have been assumed for this analysis. If tap fees averaging \$5,000 for current and future homes were to be implemented, approximately \$390,000 of revenues could be generated and used to downsize the Series 2008 Bond Issue which could reduce the initial Debt Service Fund mill levy from 62.0 to 56.0.

Exhibit II – Series 2008 Bonds Debt Service Fund Plan of Finance

The District plans to issue General Obligation Bonds in the amount of approximately \$2,720,000 during June, 2008 pending approval from its electors.

The purpose of this bond issue will be to fund water infrastructure improvements estimated to cost \$1,865,243. The proceeds of this bond issue will also be used to acquire land for the District estimated to cost \$250,000, and to pay bond issue related issuance costs estimated to be \$110,694, fund a Debt Service Reserve Fund in the amount of \$240,000 and the first 18-months interest payment (through 2009) in amount of \$254,063. It is assumed that these bonds will be amortized serially over a 20 year period at an assumed blended interest rate of 6.25%. Average annual debt service costs (principal and interest payments) are assumed to be approximately \$241,000.

It is assumed that an initial debt service mill levy of 62.0 will be required. As assessed valuation increases within the boundaries of the District it is assumed that the initial 62.0 mill levy will ultimately decrease to 46.0 mills or lower. Since the proposed

December 13, 2007

Page iii

Series 2008 Bonds exceed \$2,000,000 and the statutory debt to assessed limit of 50%, they would have to be privately placed by investment bankers to an institutional type investor.

The District could impose an Availability to Service Fee (Ready to Serve Fee) on vacant lots that are located within a reasonable distance from an existing water main. Since there are only approximately 28 vacant lots, and this fee is limited statutorily to 50% of the normal water user fee rate, we estimate that approximately \$7,560 of revenues could be generated annually and used for debt service payment purposes. This could initially reduce the Debt Service Fund mill levy by approximately 2.0 mills.

The financial information presented on Exhibit II demonstrates that the District could have the financial ability to discharge its bonded indebtedness on a reasonable basis.

Limitations

The Plan of Finance has been assembled by Stan Bernstein and Associates, Inc. for the purpose of demonstrating the financial viability of the proposed Ruedi Shores Metropolitan District based upon an initial 91.0 mill levy. Stan Bernstein and Associates, Inc. has assembled the Plan of Finance based upon information provided by others, and has not independently verified such information. Consequently, Stan Bernstein and Associates, Inc., does not vouch for the information presented on Exhibits I – II and does not express any opinion on the results presented. Furthermore, because of the nature of financial projections, the actual results will vary from the results projected on Exhibits I – II, and such variation may be material.

Very truly yours,

Stan Bernstein

Stan Bernstein, President (for the firm)
Stan Bernstein and Associates, Inc.

Ruedi Shores Metropolitan District
 Financing Plan - For District Formation Purposes
 For the Years Ending December 31, 2007 - 2015
 (3% Inflation)

Exhibit I - General Fund (pays for admin, & water costs)

	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
Assessed Valuation (assume 6% biennial inflationary increases)	2,948,580	2,948,580	3,125,495	3,125,495	3,313,024	3,313,024	3,511,806	3,511,806	
Assumed Mill Levy Required in Addition to Wate User Fees	0.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	
General Fund Revenues and Expenditures									
General Fund Revenues:									
Property Taxes @ 29.00 Mills	0	85,509	90,639	90,639	96,078	96,078	101,842	101,842	662,628
Specific Ownership Taxes @ 6% of Property Taxes	0	5,131	5,438	5,438	5,765	5,765	6,111	6,111	39,758
Water System Tap Fees	0	0	0	0	0	0	0	0	0
Water System User Fees (50 users @ \$205 per quarter per 2007 + 3% Inc.)	41,000	42,230	43,497	44,802	46,146	47,530	48,956	50,425	364,586
Interest Earnings @ 3% of Beginning Fund Balance	0	15	181	437	624	906	1,115	1,425	4,703
HOA Contribution (required because property taxes not collected until 2009)	76,000	0	0	0	0	0	0	0	76,000
Total General Fund Revenues	117,000	132,884	139,756	141,317	148,612	150,278	158,024	159,802	1,147,674
General Fund Expenditures* (Inflated 3% annually)									
Legal - Basic (per Collins, Cockrel & Cole)	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	133,385
Legal - Water System Related	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	88,923
Accounting and Audit	7,500	12,500	12,875	13,261	13,659	14,069	14,491	14,926	103,281
District Organization Costs (Reimbursed from Series 2008 Bonds)	0	0	0	0	0	0	0	0	0
Administrative Contingency Allowance (Insurance, Directors Fees, Engineer, Etc.)	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	355,693
Water System Operations, Compliance, Legal, Improvements (per Zancanella & Assoc.)	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	177,847
Water System Administration/Billing (per Zancanella & Assoc.)	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	88,923
Water System Contractual Services (per Zancanella & Assoc.)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	26,677
Water System Electrical (per Zancanella & Assoc.)	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	8,892
Water System Maintenance/Repairs (per Zancanella & Assoc.)	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	88,923
County Treasurer Collection Fees (estimated @ 3% of property taxes)	0	2,565	2,719	2,719	2,882	2,882	3,055	3,055	19,879
Total General Fund Expenditures	116,500	127,335	131,232	135,088	139,222	143,312	147,698	152,037	1,092,424
Excess General Fund Revenues over Expenditures	500	5,549	8,524	6,229	9,390	6,966	10,326	7,765	55,250
Beginning General Fund Balance, January 1	0	500	6,049	14,573	20,802	30,192	37,159	47,485	0
Ending General Fund Balance, December 31	500	6,049	14,573	20,802	30,192	37,159	47,485	55,250	55,250

Ruedi Shores Metropolitan District
 Financing Plan - For District Formation Purposes
 For the Years Ending December 31, 2008 - 2028
 (3% Inflation)

Exhibit II - Series 2008 Bonds Debt Service Fund

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Valuation (assume 6% biennial inflationary increases)	<u>2,948,580</u>	<u>2,948,580</u>	<u>3,125,495</u>	<u>3,125,495</u>	<u>3,313,024</u>	<u>3,313,024</u>	<u>3,511,806</u>	<u>3,511,806</u>	<u>3,722,514</u>
Assumed Mill Levy Required for Series 2008 Bonds	<u>0.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>	<u>62.00</u>
Series 2008 Bonds Debt Service Fund Revenues and Expenditures									
Series 2008 Bonds Debt Service Fund Revenues:									
Property Taxes @ 62.0 - 46.0 Mills	0	182,812	193,781	193,781	205,408	205,408	217,732	217,732	230,796
Specific Ownership Taxes @ 6% of Property Taxes	0	10,969	11,627	11,627	12,324	12,324	13,064	13,064	13,848
Transfer of Debt Service Reserve Fund from Series 2008 Bonds	240,000	0	0	0	0	0	0	0	0
Transfer of Capitalized Interest from Series 2008 Bonds	254,063	0	0	0	0	0	0	0	0
Interest Earnings on Debt Service Reserve Fund, Other @ 3%	10,000	12,572	11,338	10,387	9,398	8,739	8,070	7,780	7,359
Total Series 2008 Bonds Debt Service Fund Revenues	<u>504,063</u>	<u>206,353</u>	<u>216,745</u>	<u>215,795</u>	<u>227,130</u>	<u>226,471</u>	<u>238,866</u>	<u>238,576</u>	<u>252,003</u>
Series 2008 Bonds Debt Service Fund Expenditures									
Series 2008 Bonds Debt Service:									
Principal Payments	0	70,000	75,000	80,000	85,000	90,000	95,000	105,000	110,000
Interest Payments @ 6.25%	85,000	170,000	165,625	160,938	155,938	150,625	145,000	139,063	132,500
Total Principal and Interest	85,000	240,000	240,625	240,938	240,938	240,625	240,000	244,063	242,500
Bonds Outstanding @ 12/31	<u>2,720,000</u>	<u>2,650,000</u>	<u>2,575,000</u>	<u>2,495,000</u>	<u>2,410,000</u>	<u>2,320,000</u>	<u>2,225,000</u>	<u>2,120,000</u>	<u>2,010,000</u>
Paying Agent Fees	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
County Treasurer Collection Fees (estimated @ 3% of property taxes)	0	5,484	5,813	5,813	6,162	6,162	6,532	6,532	6,924
Total Series 2008 Bonds Debt Service Fund Expenditures	<u>85,000</u>	<u>247,484</u>	<u>248,438</u>	<u>248,751</u>	<u>249,100</u>	<u>248,787</u>	<u>248,532</u>	<u>252,594</u>	<u>251,424</u>
Excess Series 2008 Bonds Debt Service Fund & Cap Int. Over Expenditures	<u>419,063</u>	<u>(41,132)</u>	<u>(31,693)</u>	<u>(32,956)</u>	<u>(21,969)</u>	<u>(22,316)</u>	<u>(9,666)</u>	<u>(14,019)</u>	<u>579</u>
Beginning Fund Balance, January 1	<u>0</u>	<u>419,063</u>	<u>377,931</u>	<u>346,238</u>	<u>313,282</u>	<u>291,313</u>	<u>268,997</u>	<u>259,331</u>	<u>245,312</u>
Ending Fund Balance, December 31	<u>419,063</u>	<u>377,931</u>	<u>346,238</u>	<u>313,282</u>	<u>291,313</u>	<u>268,997</u>	<u>259,331</u>	<u>245,312</u>	<u>245,891</u>
Restricted - Debt Service Reserve fund	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>
Restricted for Future Debt Service Payments	<u>179,063</u>	<u>137,931</u>	<u>106,238</u>	<u>73,282</u>	<u>51,313</u>	<u>28,997</u>	<u>19,331</u>	<u>5,312</u>	<u>5,891</u>
SERIES 2008 BOND ISSUE SIZING (6/1/2008 Issue Date)									
Distribution System (per Zancanella & Assoc.)	1,195,300								
Well Pump House #1 (per Zancanella & Assoc.)	24,000								
Well Pump House #2 (per Zancanella & Assoc.)	24,000								
Spring Pump House #1(per Zancanella & Assoc.)	40,400								
250,000 Gallon Concrete U/G Storage Tank (Zanc. & Assoc.)	338,250								
15% Contingency (per Zancanella & Assoc.)	243,293								
Total Water System Capital Costs	<u>1,865,243</u>								
Land Acquisition	250,000								
10% P&I Debt Service Reserve Fund	240,000								
18-months Interest Payment (Capitalized Interest)	254,063								
Total All Without Bond Issuance Costs	<u>2,609,306</u>								
Costs of Bond Issuance Including Underwriters Fees (4%)	110,694								
Total Amount of Bond Issue	<u>2,720,000</u>								

Ruedi Shores Metropolitan District
 Financing Plan - For District Formation Purposes
 For the Years Ending December 31, 2008 - 2028
 (3% Inflation)

Exhibit II - Series 2008 Bonds Debt Service Fund

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Assessed Valuation (assume 6% biennial inflationary increases)	<u>3,722,514</u>	<u>3,945,865</u>	<u>3,945,865</u>	<u>4,182,617</u>	<u>4,182,617</u>	<u>4,433,574</u>	<u>4,433,574</u>	<u>4,699,589</u>	<u>4,699,589</u>	<u>4,981,564</u>
Assumed Mill Levy Required for Series 2008 Bonds	<u>62.00</u>	<u>59.00</u>	<u>58.00</u>	<u>55.00</u>	<u>55.00</u>	<u>53.00</u>	<u>52.00</u>	<u>49.00</u>	<u>49.00</u>	<u>46.00</u>
Series 2008 Bonds Debt Service Fund Revenues and Expenditures										
Series 2008 Bonds Debt Service Fund Revenues:										
Property Taxes @ 62.0 - 46.0 Mills	230,796	232,806	228,860	230,044	230,044	234,979	230,546	230,280	230,280	229,152
Specific Ownership Taxes @ 6% of Property Taxes	13,848	13,968	13,732	13,803	13,803	14,099	13,833	13,817	13,817	13,749
Transfer of Debt Service Reserve Fund from Series 2008 Bonds	0	0	0	0	0	0	0	0	0	0
Transfer of Capitalized Interest from Series 2008 Bonds	0	0	0	0	0	0	0	0	0	0
Interest Earnings on Debt Service Reserve Fund, Other @ 3%	<u>7,377</u>	<u>7,451</u>	<u>7,505</u>	<u>7,523</u>	<u>7,522</u>	<u>7,484</u>	<u>7,578</u>	<u>7,538</u>	<u>7,507</u>	<u>7,513</u>
Total Series 2008 Bonds Debt Service Fund Revenues	<u>252,020</u>	<u>254,225</u>	<u>250,097</u>	<u>251,370</u>	<u>251,369</u>	<u>256,562</u>	<u>251,956</u>	<u>251,634</u>	<u>251,604</u>	<u>250,414</u>
Series 2008 Bonds Debt Service Fund Expenditures										
Series 2008 Bonds Debt Service:										
Principal Payments	115,000	125,000	130,000	140,000	150,000	160,000	170,000	180,000	190,000	200,000
Interest Payments @ 6.25%	<u>125,625</u>	<u>118,438</u>	<u>110,625</u>	<u>102,500</u>	<u>93,750</u>	<u>84,375</u>	<u>74,375</u>	<u>63,750</u>	<u>52,500</u>	<u>40,625</u>
Total Principal and Interest	<u>240,625</u>	<u>243,438</u>	<u>240,625</u>	<u>242,500</u>	<u>243,750</u>	<u>244,375</u>	<u>244,375</u>	<u>243,750</u>	<u>242,500</u>	<u>240,625</u>
Bonds Outstanding @ 12/31	<u>1,895,000</u>	<u>1,770,000</u>	<u>1,640,000</u>	<u>1,500,000</u>	<u>1,350,000</u>	<u>1,190,000</u>	<u>1,020,000</u>	<u>840,000</u>	<u>650,000</u>	<u>450,000</u>
Paying Agent Fees	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
County Treasurer Collection Fees (estimated @ 3% of property taxes)	<u>6,924</u>	<u>6,984</u>	<u>6,866</u>	<u>6,901</u>	<u>6,901</u>	<u>7,049</u>	<u>6,916</u>	<u>6,908</u>	<u>6,908</u>	<u>6,875</u>
Total Series 2008 Bonds Debt Service Fund Expenditures	<u>249,549</u>	<u>252,422</u>	<u>249,491</u>	<u>251,401</u>	<u>252,651</u>	<u>253,424</u>	<u>253,291</u>	<u>252,658</u>	<u>251,408</u>	<u>249,500</u>
Excess Series 2008 Bonds Debt Service Fund & Cap Int. Over Expenditures	<u>2,471</u>	<u>1,804</u>	<u>606</u>	<u>(32)</u>	<u>(1,283)</u>	<u>3,138</u>	<u>(1,335)</u>	<u>(1,024)</u>	<u>195</u>	<u>914</u>
Beginning Fund Balance, January 1	<u>245,891</u>	<u>248,363</u>	<u>250,166</u>	<u>250,772</u>	<u>250,741</u>	<u>249,458</u>	<u>252,596</u>	<u>251,261</u>	<u>250,237</u>	<u>250,432</u>
Ending Fund Balance, December 31	<u>248,363</u>	<u>250,166</u>	<u>250,772</u>	<u>250,741</u>	<u>249,458</u>	<u>252,596</u>	<u>251,261</u>	<u>250,237</u>	<u>250,432</u>	<u>251,347</u>
Restricted - Debt Service Reserve fund	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>
Restricted for Future Debt Service Payments	<u>8,363</u>	<u>10,166</u>	<u>10,772</u>	<u>10,741</u>	<u>9,458</u>	<u>12,596</u>	<u>11,261</u>	<u>10,237</u>	<u>10,432</u>	<u>11,347</u>
SERIES 2008 BOND ISSUE SIZING (6/1/2008 Issue Date)										
Distribution System (per Zancanella & Assoc.)	1,195,300									
Well Pump House #1 (per Zancanella & Assoc.)	24,000									
Well Pump House #2 (per Zancanella & Assoc.)	24,000									
Spring Pump House #1(per Zancanella & Assoc.)	40,400									
250,000 Gallon Concrete U/G Storage Tank (Zanc. & Assoc)	338,250									
15% Contingency (per Zancanella & Assoc.)	<u>243,293</u>									
Total Water System Capital Costs	<u>1,865,243</u>									
Land Acquisition	250,000									
10% P&I Debt Service Reserve Fund	240,000									
18-months Interest Payment (Capitalized Interest)	<u>254,063</u>									
Total All Without Bond Issuance Costs	<u>2,609,306</u>									
Costs of Bond Issuance Including Underwriters Fees (4%)	<u>110,694</u>									
Total Amount of Bond Issue	<u>2,720,000</u>									

Ruedi Shores Metropolitan District
 Financing Plan - For District Formation Purposes
 For the Years Ending December 31, 2008 - 2028
 (3% Inflation)

Exhibit II - Series 2008 Bonds Debt Service Fund

	<u>2027</u>	<u>2028</u>	<u>TOTALS</u>
Assessed Valuation (assume 6% biennial inflationary increases)	4,981,564	5,280,458	
Assumed Mill Levy Required for Series 2008 Bonds	46.00	0.00	
Series 2008 Bonds Debt Service Fund Revenues and Expenditures			
Series 2008 Bonds Debt Service Fund Revenues:			
Property Taxes @ 62.0 - 46.0 Mills	229,152	0	4,184,387
Specific Ownership Taxes @ 6% of Property Taxes	13,749	0	251,063
Transfer of Debt Service Reserve Fund from Series 2008 Bonds	0	0	240,000
Transfer of Capitalized Interest from Series 2008 Bonds	0	0	254,063
Interest Earnings on Debt Service Reserve Fund, Other @ 3%	7,540	7,494	175,676
Total Series 2008 Bonds Debt Service Fund Revenues	250,441	7,494	5,105,189
Series 2008 Bonds Debt Service Fund Expenditures			
Series 2008 Bonds Debt Service:			
Principal Payments	215,000	235,000	2,720,000
Interest Payments @ 6.25%	28,125	14,688	2,214,063
Total Principal and Interest	243,125	249,688	4,934,063
Bonds Outstanding @ 12/31	235,000	0	0
Paying Agent Fees	2,000	2,000	40,000
County Treasurer Collection Fees (estimated @ 3% of property taxes)	6,875	0	125,532
Total Series 2008 Bonds Debt Service Fund Expenditures	252,000	251,688	5,099,594
Excess Series 2008 Bonds Debt Service Fund & Cap Int. Over Expenditures	(1,558)	(244,194)	5,595
Beginning Fund Balance, January 1	251,347	249,788	0
Ending Fund Balance, December 31	249,788	5,595	5,595
Restricted - Debt Service Reserve fund	240,000	0	
Restricted for Future Debt Service Payments	9,788	5,595	5,595
SERIES 2008 BOND ISSUE SIZING (6/1/2008 Issue Date)			
Distribution System (per Zancanella & Assoc.)	1,195,300		
Well Pump House #1 (per Zancanella & Assoc.)	24,000		
Well Pump House #2 (per Zancanella & Assoc.)	24,000		
Spring Pump House #1(per Zancanella & Assoc.)	40,400		
250,000 Gallon Concrete U/G Storage Tank (Zanc. & Assoc)	338,250		
15% Contingency (per Zancanella & Assoc.)	243,293		
Total Water System Capital Costs	1,865,243		
Land Acquisition	250,000		
10% P&I Debt Service Reserve Fund	240,000		
18-months Interest Payment (Capitalized Interest)	254,063		
Total All Without Bond Issuance Costs	2,609,306		
Costs of Bond Issuance Including Underwriters Fees (4%)	110,694		
Total Amount of Bond Issue	2,720,000		

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