

CONSOLIDATED SERVICE PLAN
FOR
TIMNATH RANCH METROPOLITAN DISTRICT NOS. 1, 2, 3 AND 4
TOWN OF TIMNATH, COLORADO

Prepared

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I. INTRODUCTION

A. Purpose and Intent.

This Consolidated Service Plan (the "Service Plan"), submitted in accordance with the requirements of the Special District Control Act (the "Act") (§ 32-1-101, *et seq.*, of the Colorado Revised Statutes), sets forth a proposal for the formation of four proposed metropolitan districts Timnath Ranch Metropolitan Districts Nos. 1, 2, 3 and 4 (collectively the "Districts" or individually the "District") which are intended to be independent units of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the Town only insofar as they may deviate in a material matter from the requirements of this Service Plan or the Act. The proposed Districts are wholly within the Town of Timnath, Colorado ("Town" or "Timnath"), and are generally located east of Interstate 25 and Larimer County Road 5, North of Prospect Road (Larimer County Road 44), South of Harmony Road, and West of Larimer County Road 3.

It is intended that the Districts will provide public improvements necessary and appropriate for the development of a project within the Town of Timnath (the "Town") to be known as Timnath Ranch (the "Project"). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

District No. 1 is proposed to be the Operating District, and is expected to coordinate the financing, construction, operations and maintenance of all Public Improvements. The Operating District will be permitted to provide public services and facilities throughout the Districts pursuant to the Service Plan. The Operating District will be responsible for managing the construction and operation of facilities and Public Improvements for the Project as well as coordinating the financing and management of the public facilities and services as approved by the Town throughout the Project.

District Nos. 2, 3 and 4 are proposed to be the Financing Districts which are expected to include all of the future residential and/or non-residential development comprising the Project. The Financing Districts will be responsible for producing property tax and other revenue sufficient to pay the costs of operations and debt service expenses incurred for the Public Improvements, until such obligations are discharged, creating mutual benefits for Timnath Ranch and the Town. It is currently planned that District No. 2 will contain residential development, District No. 3 will contain commercial development, and District No. 4 will contain industrial development.

B. Need for the Districts.

There are currently no other governmental entities, including the Town, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, ownership, operation, maintenance, relocation, redevelopment and/or financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. District Functions Generally.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, financing, ownership, operation, maintenance, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts, and from other legally available revenues. All Debt that is payable from a pledge of property taxes is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties. Debt which is issued within these parameters 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.

The Districts expect to own, operate and maintain certain Public Improvements not dedicated to the Town or other governmental entities. A general description of the Public Improvements expected to be retained, operated and maintained by the Districts is further described in Section V.A.1. It is expected that certain Public Improvements will be dedicated to either the Town or to other governmental entities according to the applicable procedures for the specific entity (including but not limited to standards relating to construction). The Districts are authorized to own, operate and maintain Public Improvements that are not dedicated to the Town or other governmental entities.

The Town shall have and will exercise sole and exclusive jurisdiction over land use and building, e.g., zoning, subdivision, building permit, and decisions affecting development of property within the boundaries of all Districts. Construction of all Public Improvements shall be subject to applicable ordinances, codes and regulations of the Town.

It is the intent of the Districts to consolidate and/or dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the Town, to retain only the power necessary to impose and collect taxes or fees to pay for these costs and to perform these functions.

D. Multiple District Structure.

The use of a consolidated Service Plan for the Districts will help assure proper coordination of the powers and authorities of the independent Districts, and will help avoid confusion regarding the separate, but coordinated, purposes of the Districts which could arise if separate service plans were used. Unless otherwise specifically noted herein, general provisions of this Service Plan apply to all Timnath Ranch Metropolitan Districts. Where possible, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a development plan or other process established by the Town (including, but not limited to approval of a site plan, preliminary plat, or minor development plat for any phase of the Project by the Town planning commission or by the Town Board) for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the Town pursuant to the Town Code and as amended pursuant to the Town Code from time to time.

Board: means the board of directors of one District or the boards of directors of all Districts, in the aggregate, as is contextually appropriate.

Debt: means bonds or other obligations not subject to annual appropriation for the payment of which any District has promised to impose an *ad valorem* property tax mill levy, to impose rates, fees, tolls, penalties or charges as permitted by applicable law, or to pay from any other legally available revenues of the District, or any combination thereof.

Development Fee: means the one-time development or system development fee imposed by the Districts on a per-unit (residential) or per square-foot (non-residential) basis at or prior to the issuance of a certificate of occupancy for the unit or structure to assist with the planning and development of the Public Improvements, subject to the limitations set forth in Section VI of the Service Plan. The Development Fee may be used to finance, pay debt service, plan, acquire, and construct the Public Improvements.

Developer: means Timnath Ranch, LLC, a Colorado limited liability company, and its affiliates, successors or assigns.

District: means any one of the Timnath Ranch Metropolitan District No. 1 through 4.

District No. 1: means the Timnath Ranch Metropolitan District No. 1.

District No. 2: means the Timnath Ranch Metropolitan District No. 2.

District No. 3: means the Timnath Ranch Metropolitan District No. 3.

District No. 4: means the Timnath Ranch Metropolitan District No. 4.

Districts: means District No. 1, District No. 2, District No. 3 and District No. 4 collectively.

Fees: means any fee, toll, rate, penalties, or charges imposed by the Districts for services, programs or facilities, operation and maintenance provided by the Districts, as authorized in Section 32-1-1001(1), C.R.S., as amended from time to time.

Financial Plan: means the Financial Plan described in Section VI which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; (iii) the estimated operating revenue derived from property taxes for the first budget year; and (iv) proposed sources of revenue and projected expenses of the Districts.

Financing District: means Districts Nos. 2, 3 & 4.

Inclusion Area Boundaries: (not applicable)

Inclusion Area Boundary Map: (not applicable)

Districts Boundaries: means the boundaries of the area described in the Districts Boundaries Map.

Districts Boundaries Map: means the map attached hereto as **Exhibit C**, describing the boundaries of the Districts.

Master IGA: means one or more agreements among the Districts that establish the obligation of the Financing Districts to fund capital and operational costs incurred by the Operating District on behalf of the Districts.

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

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VI.D below.

Operating District: means District No. 1.

Project: means the development or property commonly referred to as Timnath Ranch.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained and financed as generally described in the Special District Act, 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 one or more of the Districts.

Service Area: means the property within the Districts Boundaries which may be legally served.

Service Plan: means this service plan for the Districts approved by Town Board of Trustees.

Service Plan Amendment: means an amendment to the Service Plan approved by Town Board of Trustees in accordance with the Town's ordinances and the applicable state law.

Special District Act or the "Act": means Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

TABOR: means Article 10 Section 20 of the Colorado Constitution, as may be amended from time to time.

Taxable Property: means real or personal property within the Service Area subject to ad valorem taxes imposed by the Districts.

Timnath Development Authority Intergovernmental Agreement: means the intergovernmental agreement between the Districts and the Timnath Development Authority regarding the revenue and tax sharing between the Districts and Timnath Development Authority substantially in the form attached hereto as **Exhibit G**

Town: means the Town of Timnath, Colorado

Town Code: means the Town Code of the Town of Timnath, Colorado.

Town Board of Trustees: means the Town Board of Trustees of the Town of Timnath, Colorado.

Town Intergovernmental Agreement or Town IGA: means the intergovernmental agreement between the Districts and the Town as required by Town Code substantially in the form attached hereto as **Exhibit F**.

III. BOUNDARIES

The area of the Districts Boundaries includes approximately five hundred fifty-eight and five hundred forty one one-thousandths (558.541) acres. A legal description of the District Boundaries for each District is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the Districts Boundaries is attached hereto as **Exhibit C**. It is anticipated that the Districts' internal boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., subject to the limitations set forth in Article V below.

The Districts shall be entitled to change the configuration of their internal boundaries, without changing the total acreage of the Project or reconfiguring the Districts' Service Area, as their Boards of Directors may deem necessary. Any such internal reconfiguration shall be submitted to the Town's Planning Department for administrative review, who shall determine if such an internal reconfiguration constitutes a material modification of this Service Plan. In no event, shall any District include into its legal boundaries any property not located within the corporate limits of the Town at the time of inclusion. All changes in the Districts' boundaries must be made in compliance with the Special District Act.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Districts' Service Area consists of approximately 558.541 acres of residential, commercial and light industrial land. The current assessed valuation of the Service Area is assumed to be approximately zero dollars (\$0.00) for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The Operating District will contain neither residential nor commercial/industrial development. The Development is currently estimated to contain 1,569 residential units, 285,754 square feet of commercial space, and 364,815 square feet of industrial space. These residential and non-residential projections are initial estimates only and actual build out and development will coincide with the final Approved Development Plans submitted to and approved by the Town. The population of the Districts at build-out is currently estimated to be approximately 4,707 persons, based on an approximation of 3.0 persons per residence or single-family equivalent unit for 1,569 residential units.

Approval of this Service Plan by the Town does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. General Powers of the Districts.

The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, other applicable statutes, common law and the Constitution of the State of Colorado, and may include, but not be limited to, streets, traffic and safety controls, drainage, sanitation, water, parks and recreation, transportation, mosquito and pest control, television relay and translation, security services and covenant enforcement, subject to the limitations set forth herein.

1. **Operations and Maintenance Limitation.** The primary purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate those Public Improvements to the Town or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall be authorized to own, operate and maintain any part or all of the Public Improvements and facilities not dedicated to the Town or other appropriate jurisdiction, in accordance with the terms contained in the Approved Development Plan. Any such operations and maintenance shall be funded through the imposition of a mill levy or by appropriate user fees imposed by the Districts. The Districts shall be authorized, but not obligated to, operate and maintain park and recreation improvements without an intergovernmental agreement with the Town, provided that any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District Timnath residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts.

However, the Districts shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with Non-District Timnath residents to ensure that such costs are not the responsibility of Districts residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fees for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public and Non-District Timnath residents free of charge.

2. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. District Swimming Pool Operations Limitations. Any District swimming pool shall be constructed in accordance with plans submitted to and approved by the Town. The Districts may not cease or abandon the operation of, and may not change the use of the swimming pool as a District swimming pool, without prior consent of the Town, which consent shall not be unreasonably withheld, delayed or denied. The Districts swimming pool shall be operated and maintained in a manner similar to similar size and types of swimming pools operated by metropolitan districts in other communities. The Districts swimming pool shall be subject to Town regulatory authority as permitted by state law. The Town shall provide written notice of any default in the operation and maintenance of the District swimming pool. If any such default continues for more than thirty (30) days after receipt of a written notice from the Town, the Town shall have the right to enforce by specific performance the maintenance of the swimming pool. Should the Districts default continue after notice, opportunity to cure and refusal to cure the default, the Town shall have the right to operate and maintain the Districts swimming pool and collect and use the Districts pool fees unless and until the Districts demonstrate a willingness and ability to operate the pool in accordance with applicable standards. Any maintenance and operations costs incurred by the Town to perform these functions, after written notice of default and failure of the Districts to cure the default, shall be reimbursed by the Districts.

4. Current Town Residential Property Owners' Access to Park and Recreation Facilities and Improvements. All open space tracts, trails, and park improvements shall be open and available to the general public and Town citizens free of charge. It is acknowledged that the Town intends to explore the possibility of constructing a Town pool. Until such Town pool is constructed, the Districts shall allow Town residents who currently reside within property owner addresses as of November 1, 2005 as described in **Exhibit H**, and their families who may reside at the address, including any family member added through birth, marriage, adoption or a parents marriage thereafter, access to any District constructed pool facility at reduced rates as defined in the Intergovernmental Agreement with the Town on the same terms as if they owned homes within the Districts. A list defining the current residential property owner addresses which shall be provided this access is attached hereto as **Exhibit H**. Future residents of the addresses in **Exhibit H**, other than those defined above, who purchase or rent in these addresses after May 31, 2006, will not be entitled to this provision. Once a Town

pool is constructed, the access and reduced rate as required by the Town for Town residential property owners as defined in **Exhibit H** shall be rescinded.

5. Town Access and Maintenance Easement to Greenbelts, Open Space, Ponds and Drainage Improvements. The Districts will grant a perpetual, non-exclusive access easement to the Town for non-motorized pedestrian access to the Districts greenbelts and open space improvements as defined on the final plat approved by the Town. The Districts shall maintain greenbelts, open space, ponds and drainage improvements in accordance with the plans approved by the Town and subject to Town regulatory authority as provided by state law. The Districts shall grant an easement to the Town for purposes of routine inspections of pond and drainage improvements. The Districts shall also grant the Town emergency access for maintenance purposes to the pond and drainage improvements when necessary to preserve the health, safety and welfare of the Districts' property owners and residents, and guests. The Town shall provide written notice of any default in the maintenance of District owned, operated and maintained Public Improvements in accordance with the approved plans, which if continued for more than thirty (30) days after receipt of a written notice of default from the Town to the Districts, the Town shall have access for purposes of maintenance of these improvements by the Town. Any maintenance performed by the Town, after written notice of default and failure of the Districts to cure within thirty (30) days of receipt, shall be reimbursed by the Districts.

6. Initial Debt Limitation. On or before the effective date of approval by the Town of an Approved Development Plan, the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

7. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of Twenty-Five Million Dollars (\$25,000,000) without approval of the Town. The obligations of the Districts in IGAs (including the Master IGA) concerning the funding and/or operations of the Districts' public improvements and services, for which voter approval will be obtained to the extent required by law, will not count against the Debt Issuance Limitation, nor shall any Revenue Obligations payable from rates, fees, tolls and charges issued by the Districts. Increases necessary to accomplish a refunding, reissuance or restructuring of General Obligation Debt shall also not count against the Debt Issuance Limitation.

8. Consolidation Limitation. District No. 1 shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with District No. 2, District No. 3 or District No. 4. Consolidation of the Districts, after notice and approval of the Town, shall be permitted without the necessity of a Service Plan Amendment.

9. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Service Plan Amendment.

10. Service Plan Amendment Requirement. This Service Plan is general in nature and does not include specific detail in some instances because development plans have not been finalized. This Service Plan has been designed with sufficient flexibility to enable the Districts 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 development needs consistent with the then-current final Approved Development Plan(s) for the Project. The Districts are independent units of local government, separate and distinct from the Town, and their activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of this Service Plan. Any material change in the Service Plan will be submitted to the Town, and if the Town determines that such change constitutes a “material modification” of the Service Plan pursuant to Section 32-1-207, C.R.S., it shall be subject to Approval by the Town in accordance with the provisions of the Act. Any material change to the final approved plat for any phase of the Project requiring non-administrative Approval of the Town Board that also results in changes to the District Public Improvements to a level that the Town determines to be a “material modification” to the Service Plan pursuant to Section 32-1-207, C.R.S., shall be subject to Approval by the Town or Service Plan amendment in accordance with the Act. For those actions of the Districts, which violate the limitations set forth herein and which the Town deems to be a material modification to this Service Plan, the Town shall be entitled to all remedies available under State and local law to enjoin such action(s).

B. Preliminary Engineering Survey/Capital Plan.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, maintenance and financing of the Public Improvements and facilities needed to serve the Timnath Ranch planned development either directly or by contract or acquisition from the Developer or other public or private entities, within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. It is anticipated that the Districts will acquire the completed improvements from the Developer, and/or complete the construction of such improvements, and may then transfer certain improvements to the Town, as long as such improvements are

constructed and accepted in accordance with Town regulations, the Fort Collins – Loveland Water District, for ownership, operation and maintenance of water systems in accordance with Town regulations and the Fort Collins – Loveland Water District regulations, the South Fort Collins Sanitation District, for ownership, operation and maintenance of sanitary sewer systems in accordance with South Fort Collins Sanitation District regulations, as applicable, while retaining, operating and maintaining all other public improvements not otherwise dedicated to other public agencies. If appropriate, the Districts may contract with other public and/or private entities to complete the public improvements and to affect such functions and activities, including without limitation funding, acquisition and reimbursement agreements with the Developer or other developers and builders.

A preliminary engineering survey of the initial estimated costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from what is anticipated to be the approved development on the property in the Service Area and is attached hereto as **Exhibit D**. It is important to note that the engineering information used to determine costs, pricing, and phasing of improvements referenced in the Service Plan is preliminary in nature and that modifications to the type, configuration, quantity, dimension, location and costs of public improvements may be necessary as development proceeds. Notwithstanding the cost estimate allocations set forth in **Exhibit D**, the Districts shall be permitted to reallocate costs between categories of improvements as they deem necessary in their discretion, acting in the best interests of their respective residents, property owners and taxpayers. The combined total estimated cost of public improvements which the Districts currently estimate will be constructed is anticipated to be approximately Thirty Six Million, Three Hundred Thirty-Eight Thousand, Three Hundred Forty-Five Dollars (\$36,338,345), inclusive of contingencies. The Districts may finance all or a portion of such improvements.

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town or any other entity that is intended to have ownership and/or operation and maintenance responsibility for the Public Improvements and shall be in accordance with the requirements of the final Approved Development Plan. All Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the Town's requirements, and construction scheduling may require. All cost estimates will be inflated to then-current dollars at the time of issuance of Debt and construction. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Facilities and/or Services to be provided by Other Entities.

The Districts propose to construct or acquire the Public Improvements necessary to serve the Districts' residents and taxpayers, but do not intend to provide ongoing water or sanitary sewer services, unless approved or directed by the Town. It is intended that Fort Collins – Loveland Water District shall provide the water service in conjunction with the Town. The South Fort Collins Sanitation District shall provide sanitary sewer service, and Timnath shall provide law enforcement services and other municipal services, as appropriate. Appropriate

agreements regarding provision of service by these entities have been or will be obtained prior to obtaining service including any necessary inclusion in the respective districts of the property within the Districts, with the exception of any portion of the Districts that is already included in another district providing the same type of service. Nothing herein shall limit or discharge the Districts' responsibilities for operation, maintenance, and repair of Public Improvements prior to their acceptance by the Town, Fort Collins – Loveland Water District, South Fort Collins Sanitation District, or their designee, or the Districts' warranty obligations.

D. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction, maintenance and operation of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in a Master Intergovernmental Agreement ("Master IGA") between and among the Districts. The Master IGA will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Implementation of the Master IGA is essential to the orderly implementation of this Service Plan. Accordingly, any determination of any Board to set aside said Master IGA without the consent of all of the Districts shall be a material modification of the Service Plan. The Master IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

VI. FINANCIAL PLAN

A. General Plan of Finance.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation, financing, ownership, operation and maintenance and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed Twenty-Five Million Dollars (\$25,000,000) and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. A *pro forma* Financial Plan is attached hereto as **Exhibit E**. The attached Financial Plan is one illustration of how the Public Improvements and other services of the Districts may be financed; however, the final terms of such financing shall be determined by the Districts, subject to the parameters established within this Service Plan. All bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general *ad valorem* taxes and Fees to be imposed upon all taxable property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

Prior to the issuance of long-term bonds, the Districts may issue bond anticipation notes or other multiple-fiscal year financial obligations secured by the revenues generated from property taxes, capital facilities fees, district fees, and any other District revenues collected by the Districts. Credit enhancement may be provided for any obligation of the Districts, if necessary. The Districts may make multiple-fiscal year financial obligation pledges secured by property taxes, specific ownership taxes and the capital facilities fee revenue to fund the acquisition and installation of the Public Improvements for the Project. Revenue from property taxes, specific ownership taxes and capital facilities fees and from other available sources will be used to retire District bonds, other debt or multiple-fiscal year financial obligations.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The 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 expected to exceed fifteen percent (15%). The proposed maximum underwriting discount will be five percent (5%). 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. Total Combined Mill Levy.

The total mill levy in any of the Districts, combined to include both general operations, maintenance and debt service, shall not exceed fifty (50) mills unless approved by the Town; provided, however, in the event that the method of calculating assessed valuation is changed after the date of this Agreement by any change in law or method of calculation or by any change in the percentage of actual value used to determine assessed valuation pursuant to Section 39-1-104.2, C.R.S., and Article X, Section 3 of the State Constitution, the mill levy limitation shall be increased or decreased to reflect such change, as reasonably determined by the Boards of Directors of the Districts so that, to the greatest extent possible, the actual property tax revenues generated by the mill levy as adjusted are neither increased nor diminished as a consequence of such adjustment.

D. Maximum Debt Mill Levy.

With respect to each District, the "Maximum Debt Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt. The Maximum Debt Mill Levy, shall be thirty-five (35.0) mills; provided that, on or after January 1, 2006, the thirty-five (35.0) mill tax rate for debt may be increased to compensate for any decreases in the assessed valuation of the property within the District necessitated by state law pursuant to Article X, Section 3 of the Colorado Constitution commonly referred to as the Gallagher Amendment or any other legislation causing a reduction in the assessed valuation of residential properties. In the event of legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, the mill levy limitation provided herein will be increased or decreased as to all taxable property in the District to reflect such changes; so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method

of calculating assessed valuation. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State or Federal law.

Obligations of the Districts in the IGAs discussed herein will not count against the debt limitation, but will be subject to the Maximum Debt Mill Levy set forth herein. Any change in the debt limitation shall be considered a material modification of the Service Plan. The debt limitation shall not otherwise be increased unless approved by the Town and as permitted by statute.

To the extent that the Districts are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to each of the Districts and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

E. Maximum Debt Mill Levy Imposition Term.

The Districts shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of issuance of such debt mill levy unless a majority of the Board of Directors of the District imposing the mill levy are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; *et seq.*

F. Debt Repayment Sources.

Each of the Districts may impose a mill levy on taxable property within their boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in any District exceed the Maximum Debt Mill Levy or, for residential property within a District, the Maximum Debt Mill Levy Imposition Term.

The Districts may also collect a Development Fee, provided that such Development Fee does not exceed the following limits:

1. For each single-family detached residential unit, the Development Fee shall not exceed Two Thousand Five Hundred Dollars (\$2,500.00).
2. For each single-family attached or multi-family residential unit, the Development Fee shall not exceed Two Thousand Dollars (\$2,000.00).

3. For a structure other than a single-family or multi-family residential structure, the Development Fee shall not exceed Twenty-Five Cents (\$0.25) per square foot of the structure.

The Development Fee set forth in this Service Plan may increase by up to the Consumer Price Index for Denver-Boulder, all items, all urban consumers (or its successor index for any years for which Consumer Price Index is not available) each year thereafter (as an inflation adjustment) commencing on January 1, 2006. The Development Fee shall be collected prior to issuance of a certificate of occupancy.

G. Security for Debt.

The Districts shall not pledge any revenue or property of the Town 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 Town of payment of any of the Districts' obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the Town in the event of default by the Districts in the payment of any such obligation.

H. TABOR Compliance.

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

I. Districts' Formation and First Year Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the districts' organization and first year operations, are not anticipated to exceed One Hundred Sixty-Six Thousand Dollars (\$166,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The Districts' first year's operating budget is estimated to be Two Hundred Fourteen Thousand, Four Hundred Thirty-Three Dollars (\$214,433), which is anticipated to be derived primarily from developer advances and available from property taxes and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the Districts' ability to increase their mill levy as necessary for provision of operation and maintenance services to their taxpayers and service users.

VII. ANNUAL REPORT

A. General.

Upon the request of the Town, each of the Districts shall be responsible for submitting an annual report to the Town Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued.

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made to the District's boundary as of December 31 of the prior year.
2. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.
3. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the Town as of December 31 of the prior year.
4. The assessed valuation of the Districts for the current year.
5. Current year budget including a description of the Public Improvements to be constructed in such year.
6. Audit of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.
7. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

VIII. CONSOLIDATION/DISSOLUTION

The consolidation of any District with any other special district shall be subject to the approval of the Town. Each District will take all action necessary to dissolve pursuant to Title 32, Article 1, Part 7, C.R.S., as amended from time to time, at such time as it does not need to remain in existence to discharge its financial obligations or perform its services.

IX. DISCLOSURE TO PURCHASERS

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, fees, tolls and charges.

X. INTERGOVERNMENTAL AGREEMENTS

A. Town IGA. The form of the intergovernmental agreement required relating to the limitations imposed on the Districts' activities is attached hereto as **Exhibit F**. The Districts shall approve the intergovernmental agreement substantially in the form attached as **Exhibit F** at their first Board meetings after their organizational elections. The Town Board of Trustees shall approve the intergovernmental agreement in the form attached as **Exhibit F** at the public hearing approving the Service Plan.

B. Master IGA. The relationship between the Operating District and the Financing Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the Project is expected to be established by means of the Master IGA. The Master IGA is expected to generally provide that the Financing Districts will pay to and/or reimburse the Operating District over a period of years the costs of (1) the construction, acquisition, installation and financing of certain public facilities and services, and (2) the operation and maintenance of the facilities. Under the Master IGA, the Financing Districts are expected to covenant to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the Master IGA. In return for the payment under the agreement, the Operating District would agree to (1) acquire, construct and equip the facilities, (2) provide for their operation and maintenance, and (3) provide service to the property within the Districts or convey facilities to other appropriate entities which will provide service.

C. Timnath Development Authority IGA. The form of the intergovernmental agreement describing the relationship between the Timnath Development Authority and the Districts in relation to property tax and revenue sharing between the Timnath Development Authority and the Districts' Public Improvement financing, operations and maintenance is attached hereto as **Exhibit G**. The Districts shall approve this "Timnath Development Authority IGA" substantially in the form attached as **Exhibit G** as soon as practical after formation of the Districts on the terms and conditions substantially described in the form attached hereto. The Town Board of Trustees and/or the Timnath Development Authority Board shall approve the Timnath Development Authority IGA in substantially the form attached as **Exhibit G** at the public hearing approving the Service Plan.

D. Developer Fee Agreement. The Operating District may enter into a Developer Fee Agreement with the Developer and other developers and/or builders to install the public improvements to be furnished by the Districts. Under the Developer Fee Agreement, the Developer and other developers and/or builders will be obligated to pay a developer fee in the amounts set forth in Section VI.F. above based upon a per lot or equivalent unit calculation. The Operating District may increase the developer fee as necessary to fund the capital costs of the public improvements. If a Developer Fee Agreement is entered into, the developer fee will constitute an unconditional obligation of, and lien against, each lot within the Development until paid.

E. Other Agreements/Authority. To the extent necessary, the Operating District may enter into additional intergovernmental and private agreements to ensure the long-term provision of the public facilities and services needed for the Project and for the effective management of District affairs. Agreements may also be entered into with the Developer, other

developers and/or builders, owner associations, and other service providers to discharge any facility or service responsibility of the Districts.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), and Section 32-1-204.5, C.R.S., establishes that:

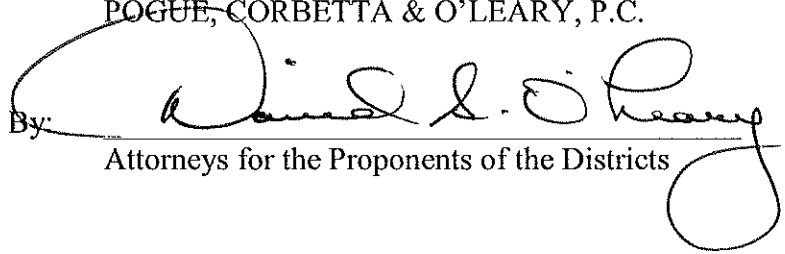
1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the Town or 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 Districts are compatible with the facility and service standards of the Town within which the special districts are to be located and each public entity which is an interested party under Section 32-1-204(1), C.R.S.
7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town Code.
8. The proposal is in compliance with any duly adopted Town, regional or state long-range water quality management plan for the area.
9. The creation of the Districts is in the best interests of the area proposed to be served.

Therefore, it is hereby respectfully requested that the Town Board of Trustees of the Town of Timnath, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204.5, C.R.S., *et seq.*, as amended, adopt a resolution, which approves this "Consolidated Service Plan for Timnath Ranch Metropolitan District No. 1, No. 2, No. 3, No. 4, No. 5 and No. 6" as submitted.

Respectfully submitted this 18th day of August, 2006.

POGUE, CORBETTA & O'LEARY, P.C.

By:

A handwritten signature in cursive script, appearing to read "Donald L. O'Leary". The signature is written over a horizontal line that extends across the page. The signature starts with a large, circular flourish on the left and ends with a large, circular flourish on the right.

Attorneys for the Proponents of the Districts

EXHIBIT A

Legal Descriptions for Timnath Ranch Metropolitan Districts Nos. 1 - 4



**NORTHERN
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www.northernengineering.com

DESCRIPTION: TIMNATH RANCH METRO DISTRICT No. 1

A tract of land being the proposed Tract F, Timnath Ranch Third Filing, located in Section 1, Township 6 North, Range 68 West of the 6th Principal Meridian, Town of Timnath, County of Larimer, State of Colorado being more particularly described as follows:

Considering the North line of the Northwest Quarter of said Section 1 as bearing South 89°33'31" East and with all bearings contained herein relative thereto:

Commencing at the Northwest corner of said Section 1; thence, South 63°37'39" East, 2578.08 feet to a point on the proposed Southerly right-of-way line of Autumn Leaf Drive, said point also being the **POINT OF BEGINNING**; thence along said Southerly right-of-way line and along a tangent curve concave to the Southeast having a central angle of 10°47'05" with a radius of 825.00 feet, an arc length of 155.29 feet and the chord of which bears North 55°49'28" East, 155.06 feet to a point on the proposed Westerly right-of-way line of Clubhouse Drive; thence, along said Westerly right-of-way line the following three (3) courses and distances; South 72°02'15" East, 5.83 feet; thence South 25°17'30" East, 233.96 feet; thence, South 17°04'26" West, 10.78 feet to a point on the proposed Northerly right-of-way line of School House Road; thence along said Northerly right-of-way line and along a tangent curve concave to the Southeast having a central angle of 9°00'25" with a radius of 580.00 feet, an arc length of 91.18 feet and the chord of which bears South 54°56'08" West, 91.08 feet; thence departing said Northerly right-of-way line and along the proposed West line of said Tract F, North 39°34'04" West, 245.00 feet to the Point of Beginning.

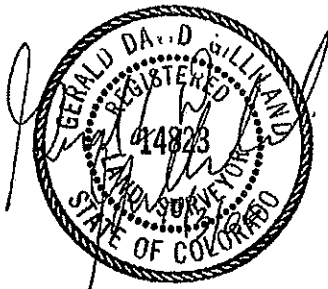
The above described tract of land contains 31,571 square feet or 0.725 acres, more or less and is subject to all easements and rights-of-way now on record or existing.

September 29, 2006

R.Ott

103-001.09

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DESCRIPTION: TIMNATH RANCH METRO DISTRICT No. 2

A tract of land located in Section 1, Township 6 North, Range 68 West of the 6th Principal Meridian, Town of Timnath, County of Larimer, State of Colorado being more particularly described as follows:

Considering the North line of the Northwest Quarter of said Section 1 as bearing South 89°33'31" East and with all bearings contained herein relative thereto:

NORTHERN TRACT:

Commencing at the Northwest corner of said Section 1; thence, South 36°11'43" East, 87.23 feet to the **POINT OF BEGINNING**, said point being on the proposed South right-of-way line of Larimer County Road No. 38; thence, along said South right-of-way line, South 89°33'31" East, 181.71 feet; thence departing said South right-of-way line, South 44°24'38" East, 804.40 feet; thence, along a tangent curve concave to the west having a central angle of 20°39'36" with a radius of 773.69 feet, an arc length of 278.98 feet and the chord of which bears South 33°39'57" East, 277.47 feet; thence, South 89°33'31" East, 1145.83 feet; thence South 39°34'04" East, 278.00 feet; thence along a non tangent curve concave to the Southeast having a central angle of 11°02'41" with a radius of 883.00 feet, an arc length of 170.21 feet and the chord of which bears North 55°57'16" East, 169.95 feet; thence, North 18°05'34" East, 5.50 feet; thence, North 25°17'30" West, 210.60 feet; thence along a tangent curve concave to the East having a central angle of 35°02'20" with a radius of 228.00 feet, an arc length of 139.43 feet and the chord of which bears North 07°46'20" West, 137.27 feet; thence, North 09°44'50" East, 125.32 feet; thence along a tangent curve concave to the Southwest having a central angle of 99°18'21" with a radius of 44.00 feet, an arc length of 76.26 feet and the chord of which bears North 39°54'21" West, 67.07 feet; thence, North 89°33'31" West, 129.07 feet; thence, North 00°26'29" East, 99.00 feet; thence, South 89°33'31" East, 119.60 feet; thence along a tangent curve concave to the Northwest having a central angle of 90°00'00" with a radius of 81.00 feet, an arc length of 127.23 feet and the chord of which bears North 45°26'29" East, 114.55 feet; thence, North 00°26'29" East, 211.11 feet; thence along a tangent curve concave to the Southwest having a central angle of 90°00'00" with a radius of 20.00 feet, an arc length of 31.42 feet and the chord of which bears North 44°33'31" West, 28.28 feet to a point on the proposed South right-of-way line of Larimer County Road No. 38; thence, along said proposed South right-of-way line, South 89°33'31" East, 309.31 feet; thence, South 89°33'48" East, 863.33 feet to a point on the Westerly line of that tract of land being recorded at Reception No. 93029603 on file at the office of the Larimer County Clerk and Recorder; thence, along said Westerly and Southerly line of said Tract of land by the following nine (9) courses and distances, South 46°31'54" East, 299.82 feet; thence, South 49°09'56" East, 223.17 feet; thence, South 41°28'44" East, 198.69 feet; thence, South 65°54'46" East, 187.51 feet; thence, South 59°47'45" East, 91.71 feet; thence, South 51°28'02" East, 233.76 feet; thence, South 64°52'04" East, 87.62 feet; thence, South 00°14'28" East, 450.00 feet; thence, South 89°34'04" East, 689.76 feet to a point on the proposed West



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right-of-way line of Larimer County Road No. 901 (Weld County Road No. 13); thence, along said West right-of-way line by the following two (2) courses and distances, South 00°13'55" East, 1,330.49 feet; thence, South 00°14'06" East, 2595.90 feet to a point on the proposed North right-of-way line of Larimer County Road No. 36; thence, along said North line, North 88°01'18" West, 1,432.22 feet to a point being on the Northerly right-of-way line of the Colorado Southern Railroad; thence, along said Northerly right-of-way line, North 50°23'30" West, 3411.36 feet; thence departing said Northerly right-of-way line and along a curve concave to the Northeast having a central angle of 50°22'04" with a radius of 905.37 feet, an arc length of 795.90 feet and the chord of which bears North 25°11'02" West, 770.51 feet; thence, North 00°00'00" East, 1,179.68 feet; thence, along a curve concave to the west having a central angle of 43°56'55" with a radius of 623.69 feet, an arc length of 478.40 feet and the chord of which bears North 21°58'28" West, 466.76 feet; thence, North 44°24'38" West, 909.42 feet to a point on the proposed East right-of-way line of Larimer County Road No. 3; thence, along said East right-of-way line, North 01°13'24" West, 30.95 feet to the Point of Beginning.

EXCEPT:

Commencing at the Northwest corner of said Section 1; thence, South 63°37'39" East, 2578.08 feet to a point on the proposed Southerly right-of-way line of Autumn Leaf Drive, said point also being the **POINT OF BEGINNING**; thence along said Southerly right-of-way line and along a tangent curve concave to the Southeast having a central angle of 10°47'05" with a radius of 825.00 feet, an arc length of 155.29 feet and the chord of which bears North 55°49'28" East, 155.06 feet to a point on the proposed Westerly right-of-way line of Clubhouse Drive; thence, along said Westerly right-of-way line the following three (3) courses and distances; South 72°02'15" East, 5.83 feet; thence South 25°17'30" East, 233.96 feet; thence, South 17°04'26" West, 10.78 feet to a point on the proposed Northerly right-of-way line of School House Road; thence along said Northerly right-of-way line and along a tangent curve concave to the Southeast having a central angle of 9°00'25" with a radius of 580.00 feet, an arc length of 91.18 feet and the chord of which bears South 54°56'08" West, 91.08 feet; thence departing said Northerly right-of-way line and along the proposed West line of Tract F, North 39°34'04" West, 245.00 feet to the Point of Beginning.

Contains 16,531,091 square feet or 379.502 acres more or less.



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SOUTHERN TRACT:

Commencing at the Southwest corner of said Section 1; thence, North 37°57'05" East, 79.32 feet to a point on the East right-of-way line of Larimer County Road No. 3, said point also being the **POINT OF BEGINNING**; thence along said East right-of-way line, North 01°07'35" West, 2,586.76 feet; thence, North 01°13'26" West, 222.08 feet to a point on the Southwesterly right-of-way line of the Colorado and Southern Railroad; thence, along said Southwesterly right-of-way line, South 50°23'30" East, 4,616.63 feet to a point on the North right-of-way line of Larimer Country Road No.36; thence, along said North right-of-way line, North 88°01'18" West, 941.14 feet; thence, North 88°01'30" West, 389.38 feet; thence departing said North right-of-way line and along a non tangent curve concave to the Northwest having a central angle of 90°00'06" with a radius of 15.00 feet, an arc length of 23.56 feet and the chord of which bears North 46°58'26" East, 21.21 feet ; thence, North 01°58'24" East, 65.46 feet; thence along a tangent curve concave to the East having a central angle of 14°29'55" with a radius of 186.00 feet, an arc length of 47.07 feet and the chord of which bears North 09°13'21" East, 46.94 feet; thence, North 16°28'19" East, 41.06 feet; thence along a tangent curve concave to the West having a central angle of 9°54'53" with a radius of 109.00 feet, an arc length of 18.86 feet and the chord of which bears North 11°30'52" East, 18.84 feet; thence along a reverse curve concave to the East having a central angle of 12°07'43" with a radius of 1040.00 feet, an arc length of 220.15 feet and the chord of which bears North 12°37'17" East, 219.74 feet; thence along a reverse curve concave to the Southwest having a central angle of 90°39'17" with a radius of 20.00 feet, an arc length of 31.64 feet and the chord of which bears North 26°38'30" West, 28.45 feet; thence along a compound curve concave to the South having a central angle of 16°03'16" with a radius of 350.00 feet, an arc length of 98.07 feet and the chord of which bears North 79°59'46" West, 97.75 feet; thence, North 88°01'24" West, 674.20 feet; thence along a tangent curve concave to the North having a central angle of 15°26'02" with a radius of 400.00 feet, an arc length of 107.75 feet and the chord of which bears North 80°18'23" West, 107.42 feet; thence along a reverse curve concave to the Southeast having a central angle of 84°25'22" with a radius of 15.00 feet, an arc length of 22.10 feet and the chord of which bears South 65°11'56" West, 20.16 feet; thence, South 22°59'15" West, 6.71 feet; thence along a tangent curve concave to the East having a central angle of 21°00'42" with a radius of 690.00 feet, an arc length of 253.04 feet and the chord of which bears South 12°28'54" West, 251.62 feet; thence, South 01°58'33" West, 176.64 feet; thence along a tangent curve concave to the Northeast having a central angle of 90°00'03" with a radius of 15.00 feet, an arc length of 23.56 feet and the chord of which bears South 43°01'28" East, 21.21 feet to a point on the North right-of-way line of Larimer Country Road No.36; thence, along said North right-of-way line, North 88°01'30" West, 1290.80 feet; thence along a tangent curve concave to the Northeast having a central angle of 86°53'55" with a radius of 15.00 feet, an arc length of 22.75 feet and the chord of which bears North 44°34'32" West, 20.63 feet to the Point of Beginning.

Contains 4,534,721 square feet or 104.103 acres more or less.



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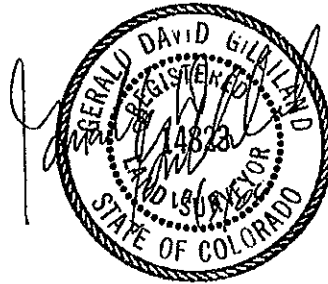
The above described tract of land contains 21,065,812 square feet or 483.604 acres, more or less and is subject to all easements and rights-of-way now on record or existing.

September 29, 2006

R.Ott

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DESCRIPTION: TIMNATH RANCH METRO DISTRICT No. 3

Tracts of land located in Section 1, Township 6 North, Range 68 West of the 6th Principal Meridian, Town of Timnath, County of Larimer, State of Colorado being more particularly described as follows:

Considering the North line of the Northwest Quarter of said Section 1 as bearing South 89°33'31" East and with all bearings contained herein relative thereto:

NORTHERN TRACT:

Commencing at the Northwest corner of said Section 1; thence, South 36°11'43" East, 87.23 feet to a point on the proposed South right-of-way line of Larimer County Road No. 38; thence, along said South right-of-way line, South 89°33'31" East, 181.71 feet to the **POINT OF BEGINNING**; thence continuing on said proposed South right-of-way line, South 89°33'31" East, 2106.55 feet; thence departing said South right-of-way line and along a tangent curve concave to the Southwest having a central angle of 90°00'00" with a radius of 20.00 feet, an arc length of 31.42 feet and the chord of which bears South 44°33'31" East, 28.28 feet; thence, South 00°26'29" West, 211.11 feet; thence along a tangent curve concave to the Northwest having a central angle of 90°00'00" with a radius of 81.00 feet, an arc length of 127.23 feet and the chord of which bears South 45°26'29" West, 114.55 feet; thence, North 89°33'31" West, 119.60 feet; thence, South 00°26'29" West, 99.00 feet; thence, South 89°33'31" East, 129.07 feet; thence along a tangent curve concave to the Southwest having a central angle of 99°18'21" with a radius of 44.00 feet, an arc length of 76.26 feet and the chord of which bears South 39°54'21" East, 67.07 feet; thence, South 09°44'50" West, 125.32 feet; thence along a tangent curve concave to the East having a central angle of 35°02'20" with a radius of 228.00 feet, an arc length of 139.43 feet and the chord of which bears South 07°46'20" East, 137.27 feet; thence, South 25°17'30" East, 210.60 feet; thence South 18°05'34" West, 5.50 feet; thence along a non tangent curve concave to the Southeast having a central angle of 11°02'41" with a radius of 883.00 feet, an arc length of 170.21 feet and the chord of which bears South 55°57'16" West, 169.95 feet; thence, North 39°34'04" West, 278.00 feet; thence, North 89°33'31" West, 1145.83 feet; thence, along a tangent curve concave to the west having a central angle of 20°39'36" with a radius of 773.69 feet, an arc length of 278.98 feet and the chord of which bears North 33°39'57" West, 277.47 feet; thence, North 44°24'38" West, 804.40 feet to the Point of Beginning.
Contains 1,392,911 square feet or 31.977 acres more or less.



**NORTHERN
ENGINEERING**

ADDRESS: 200 S. College Ave. Suite 100 Fort Collins, CO 80524	PHONE: 970.221.4158	WEBSITE: www.northernengineering.com
	FAX: 970.221.4159	

SOUTHERN TRACT:

Commencing at the Southwest corner of said Section 1; thence, North 89°51'27" East, 1353.30 feet to a point on the North right-of-way line of Larimer County Road No. 36, said point also being the **POINT OF BEGINNING**; thence departing said North right-of-way line and along a non tangent curve concave to the Northeast having a central angle of 90°00'03" with a radius of 15.00 feet, an arc length of 23.56 feet and the chord of which bears North 43°01'28" West, 21.21 feet; thence, North 01°58'33" East, 176.64 feet; thence along a tangent curve concave to the East having a central angle of 21°00'42" with a radius of 690.00 feet, an arc length of 253.04 feet and the chord of which bears North 12°28'54" East, 251.62 feet; thence, North 22°59'15" East, 6.71 feet; thence along a tangent curve concave to the Southeast having a central angle of 84°25'22" with a radius of 15.00 feet, an arc length of 22.10 feet and the chord of which bears North 65°11'56" East, 20.16 feet; thence along a reverse curve concave to the North having a central angle of 15°26'02" with a radius of 400.00 feet, an arc length of 107.75 feet and the chord of which bears South 80°18'23" East, 107.42 feet; thence, South 88°01'24" East, 674.20 feet; thence along a tangent curve concave to the South having a central angle of 16°03'16" with a radius of 350.00 feet, an arc length of 98.07 feet and the chord of which bears South 79°59'46" East, 97.75 feet; thence along a compound curve concave to the Southwest having a central angle of 90°39'17" with a radius of 20.00 feet, an arc length of 31.64 feet and the chord of which bears South 26°38'30" East, 28.45 feet; thence along a reverse curve concave to the East having a central angle of 12°07'43" with a radius of 1040.00 feet, an arc length of 220.15 feet and the chord of which bears South 12°37'17" West, 219.74 feet; thence along a reverse curve concave to the West having a central angle of 9°54'53" with a radius of 109.00 feet, an arc length of 18.86 feet and the chord of which bears South 11°30'52" West, 18.84 feet; thence, South 16°28'19" West, 41.06 feet; thence along a tangent curve concave to the East having a central angle of 14°29'55" with a radius of 186.00 feet, an arc length of 47.07 feet and the chord of which bears South 09°13'21" West, 46.94 feet; thence, South 01°58'24" West, 65.46 feet; thence along a tangent curve concave to the Northwest having a central angle of 90°00'06" with a radius of 15.00 feet, an arc length of 23.56 feet and the chord of which bears South 46°58'26" West, 21.21 feet to a point on the North right-of-way line of Larimer County Road No. 36; thence along said North right-of-way line, North 88°01'30" West, 867.43 feet to the Point of Beginning.

Contains 401,901 square feet or 9.226 acres more or less.

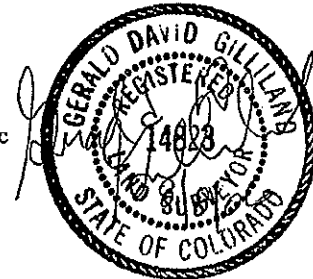
The above described tract of land contains 1,794,812 square feet or 41.203 acres, more or less and is subject to all easements and rights-of-way now on record or existing.

August 7, 2006

R.Ott

103-001.09

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**NORTHERN
ENGINEERING**

ADDRESS: 200 S. College Ave. Suite 100 Fort Collins, CO 80524	PHONE: 970.221.4158	WEBSITE: www.northernengineering.com
	FAX: 970.221.4159	

DESCRIPTION: TIMNATH RANCH METRO DISTRICT No. 4

A tract of land located in Section 1, Township 6 North, Range 68 West of the 6th Principal Meridian, Town of Timnath, County of Larimer, State of Colorado being more particularly described as follows:

Considering the North line of the Northwest Quarter of said Section 1 as bearing South 89°33'31" East and with all bearings contained herein relative thereto:

Commencing at the Northwest corner of said Section 1; thence, South 36°11'43" East, 87.23 feet to a point on the proposed East right-of-way line of Larimer County Road No. 3; thence, along said East right-of-way line, South 01°13'24" East, 30.95 feet to the **POINT OF BEGINNING**; thence departing said East right-of-way line, South 44°24'38" East, 909.42 feet; thence along a curve concave to the west having a central angle of 43°56'55" with a radius of 623.69 feet, an arc length of 478.40 feet and the chord of which bears South 21°58'28" East, 466.76 feet; thence, South 00°00'00" East, 1179.68 feet; thence along a curve concave to the Northeast having a central angle of 50°22'04" with a radius of 905.37 feet, an arc length of 795.90 feet and the chord of which bears South 25°11'02" East, 770.51 feet to a point on the Northerly right-of-way line of the Colorado Southern Railroad; thence, along said Northerly right-of-way line, North 50°23'30" West, 837.99 feet to a point on the East-West centerline of said Section 1; thence, along said East-West centerline and along the South, East, and North line of that tract of land described at Reception No. 91047374 on file at said office of the Larimer County Clerk and Recorder by the following four (4) courses and distances, South 88°02'56" East, 217.93 feet; thence, North 50°26'43" West, 480.53 feet; thence, North 29°42'55" West, 227.13 feet; thence, North 89°58'24" West, 186.84 feet to a point on the proposed East right-of-way line of Larimer County Road No. 3; thence, along said East right-of-way line, North 01°13'24" West, 1929.70 feet to the Point of Beginning.

The above described tract of land contains 1,437,845 square feet or 33.008 acres, more or less and is subject to all easements and rights-of-way now on record or existing.

August 7, 2006

R.Ott

103-001.09

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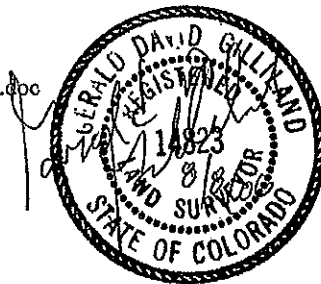
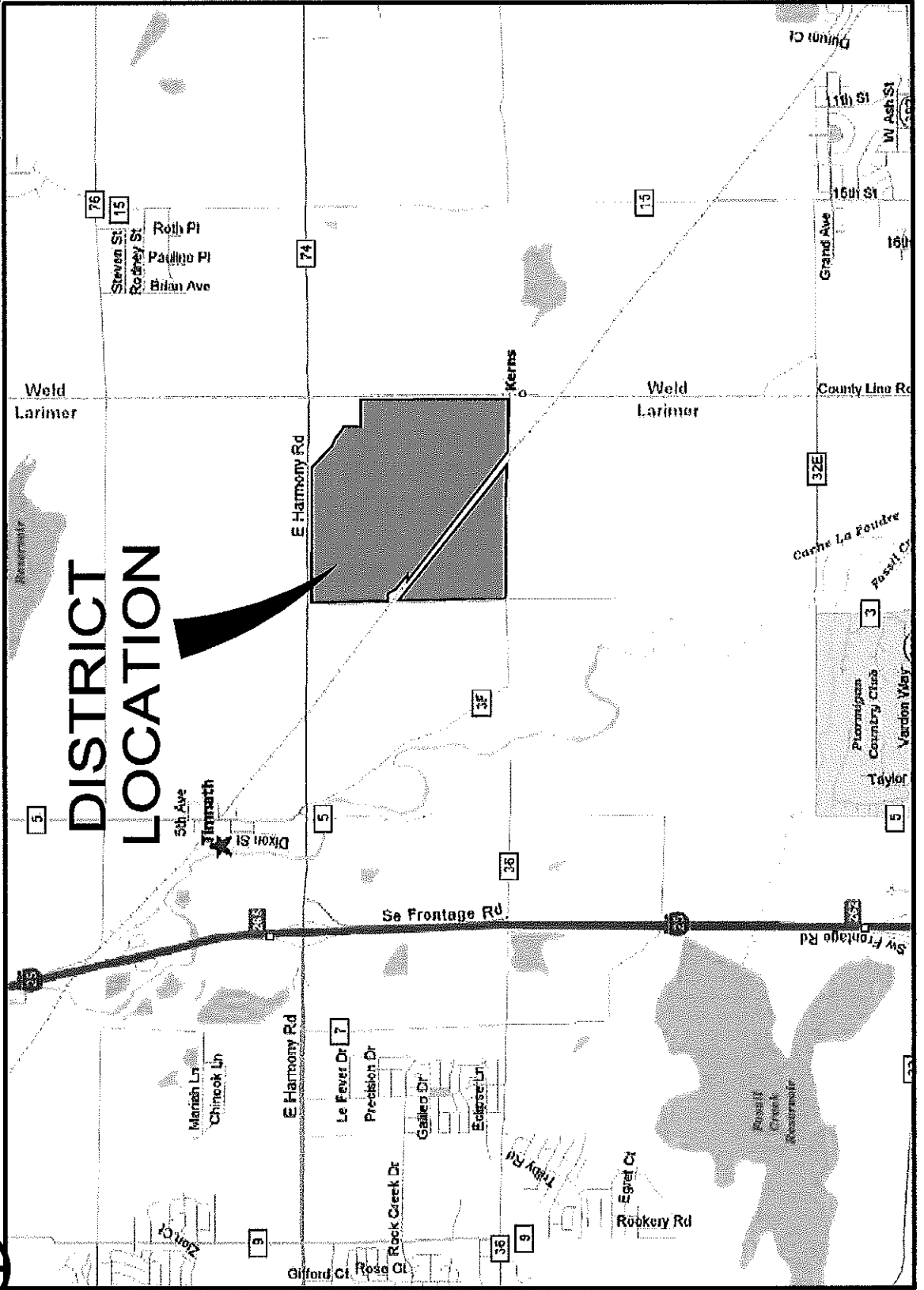


EXHIBIT B

Timnath Vicinity Map

TIMNATH RANCH METROPOLITAN DISTRICT

VICINITY MAP (NOT TO SCALE)



DISTRICT LOCATION

EXHIBIT C

Districts Boundaries Map

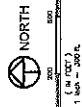
TIMNATH RANCH METROPOLITAN DISTRICT MAP

LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

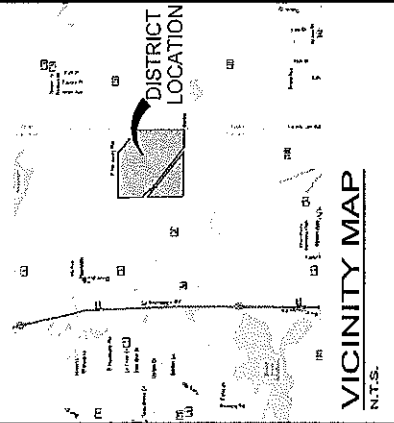
- LEGEND:**
- 12 13 -Section Corner
 - Metro District No.1
 - Metro District No.2
 - Metro District No.3
 - Metro District No.4

DISTRICT ACREAGE:

TIMNATH RANCH METRO DISTRICT LAND DISTRIBUTION TABLE	PARCEL	SF	AC	% OF TOTAL
METRO DIST #1	31,571	0.725	0.33	
METRO DIST #2	21,055,812	483,804	86.58	
METRO DIST #3	1,794,812	41,203	7.33	
METRO DIST #4	1,437,845	33,008	5.81	
SUM =	24,320,040	568,541	100.00	



SEPTEMBER 29, 2006



TIMNATH RANCH
Metropolitan District

DISTRICT MAP

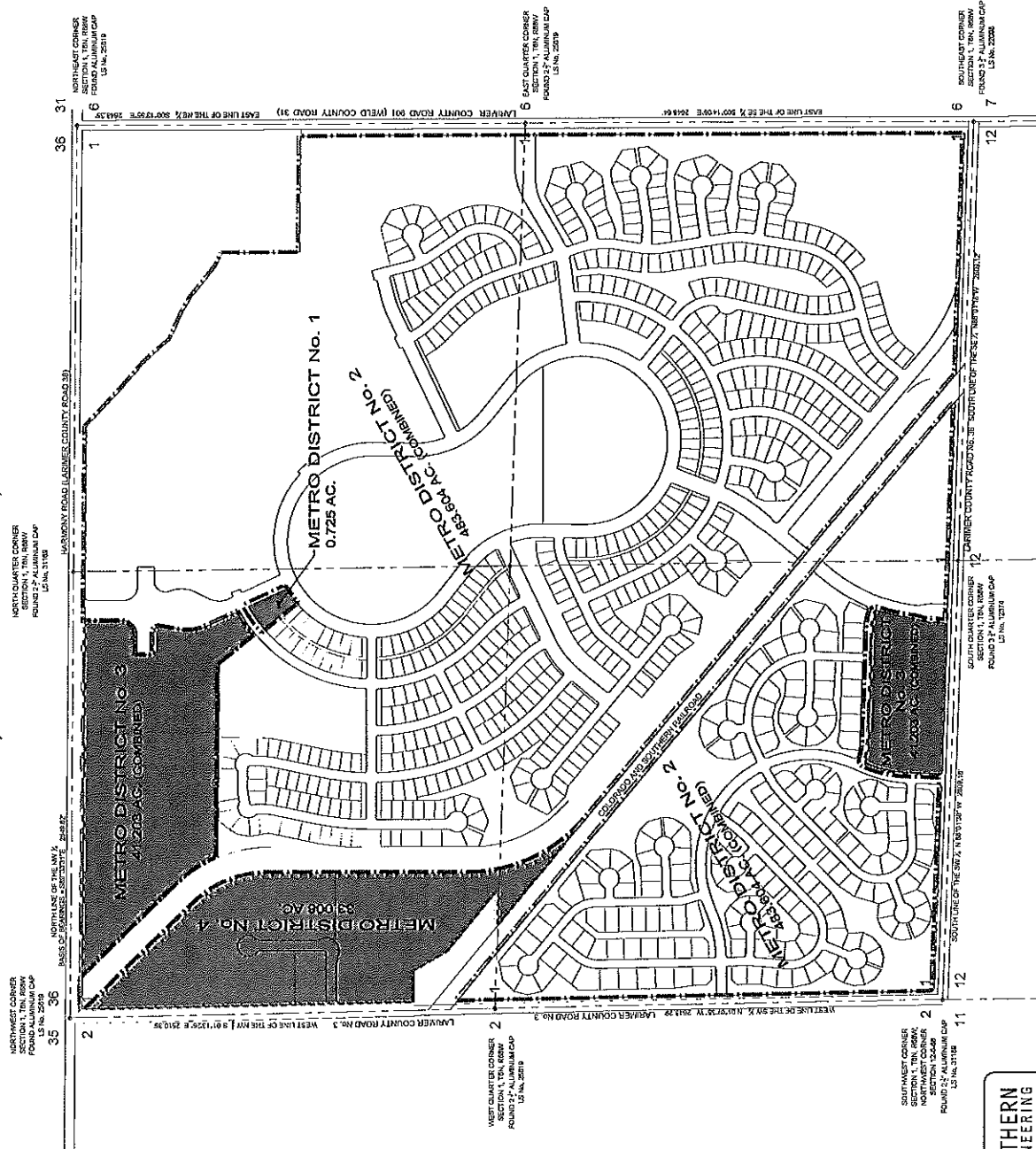


EXHIBIT D

Capital Plan

Estimate of Construction Costs

Project Name: **Timnath Ranch**

Date: July 20, 2006

Filing 1 (Estate Lots)

Lot Count: (180)

LAND, LEGAL & ACCOUNTING		Owner Input Required
SITE OPERATIONS (engineering, management, plans, etc.)	\$	334,820.00
PERMITS / FEES (WQCD, dust, access, etc.)	\$	1,550.00
SOILS & SURVEY	\$	160,950.00
EARTHWORK	\$	737,540.00
SITE UTILITIES (sanitary sewer, water, storm)	\$	2,482,964.00
ROADWAY - STREETS (concrete, asphalt paving, signage, striping, etc.)	\$	1,354,474.00
ROADWAY - STREETS (off-site improvements, includes reimbursement for 1/2 const.)	\$	557,576.00
EROSION CONTROL	\$	107,967.00
PUBLIC UTILITIES (Elect, Gas, Tele, Conduits, Etc.)	\$	913,550.00
LANDSCAPE (open space, tracts, mainline piping, pumps, pond lining, proj. signage, etc.)	\$	1,156,260.00
Contingencies		6%
		\$468,459.00
Total	\$	8,276,110.00

Summit Land Management Services, Inc.

1166 Silver Fir Dr. • Loveland, CO. 80538 • Ofc: (970) 207-1511 • Fax: (970) 207-9780
 Email: andy@slmsl.com • Web: www.slmsl.com

Estimate of Construction Costs

Project Name: **Timnath Ranch**

Date: July 20, 2006

Filing 2 (Industrial)

Lot Count: (5)

LAND, LEGAL & ACCOUNTING		Owner Input Required
SITE OPERATIONS (engineering, management, plans, etc.)	\$	64,258.00
PERMITS / FEES (WQCD, dust, access, etc.)	\$	1,550.00
SOILS & SURVEY	\$	10,100.00
EARTHWORK	\$	97,342.00
SITE UTILITIES (sanitary sewer, water, storm)	\$	239,874.00
ROADWAY - STREETS (concrete, asphalt paving, signage, striping, etc.)	\$	92,086.00
ROADWAY - STREETS (off-site improvements, includes reimbursement for 1/2 const.)	\$	107,250.00
EROSION CONTROL	\$	8,330.00
PUBLIC UTILITIES (Elect, Gas, Tele, Conduits, Etc.)	\$	121,918.00
LANDSCAPE (open space, tracts, mainline piping, pumps, pond lining, proj. signage, etc.)	\$	96,000.00
Contingencies	6%	\$50,322.00
Total	\$	889,030.00

Summit Land Management Services, Inc.

1166 Silver Fir Dr. • Loveland, CO. 80538 • Ofc: (970) 207-1511 • Fax: (970) 207-9780
 Email: andy@slmsl.com • Web: www.slmsl.com

Estimate of Construction Costs

Project Name: **Timnath Ranch**

Date: July 20, 2006

Filing 3 (Phases 1 - 15)

Lot Count: (579)

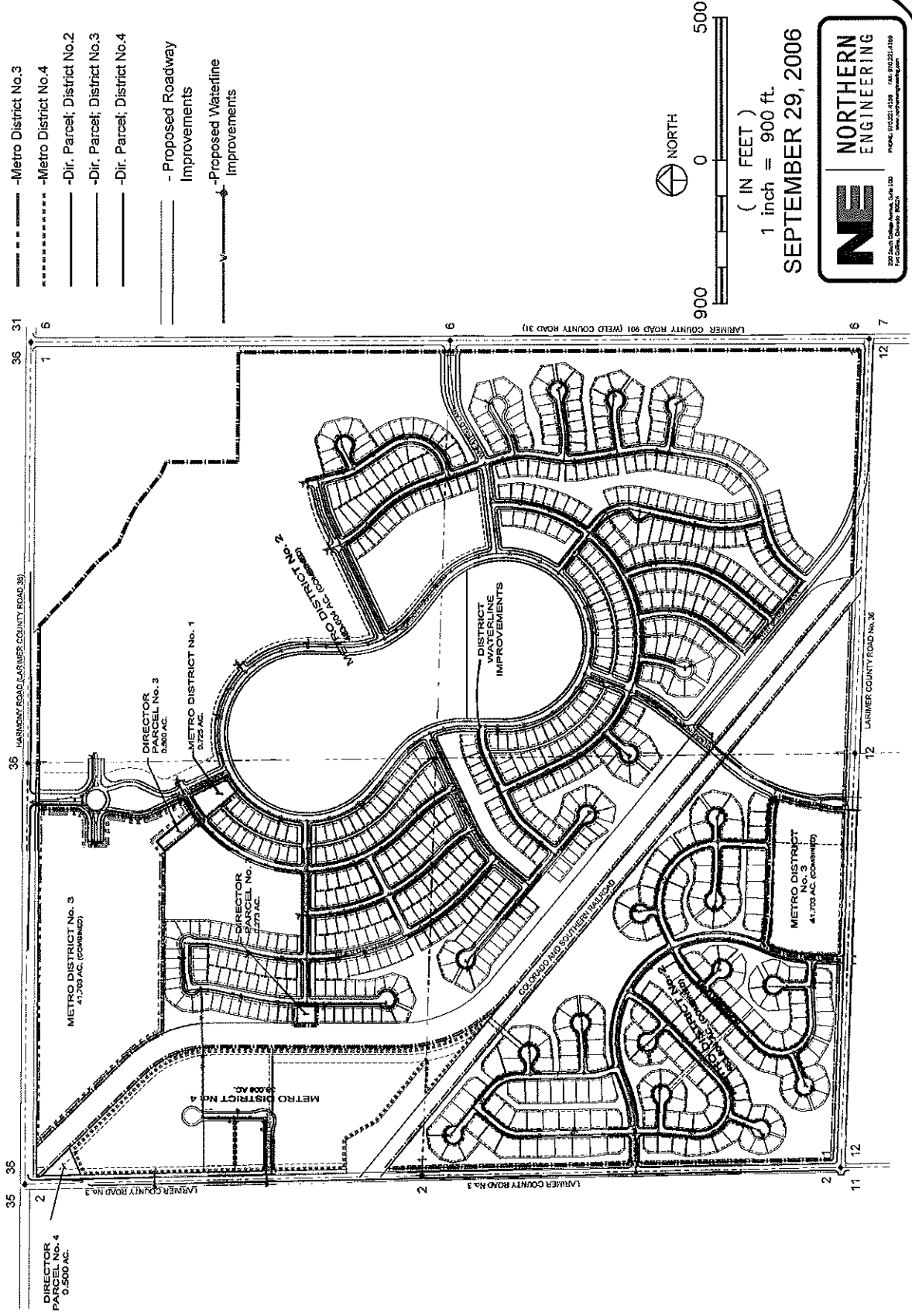
LAND, LEGAL & ACCOUNTING	Owner Input Required
SITE OPERATIONS (engineering, management, plans, etc.)	\$ 1,440,912.00
PERMITS / FEES (WQCD, dust, access, etc.)	\$ 17,850.00
SOILS & SURVEY	\$ 310,828.00
EARTHWORK	\$ 4,150,828.00
DITCH REALIGNMENT	\$ 600,000.00
SITE UTILITIES (sanitary sewer, water, storm)	\$ 4,858,683.00
ROADWAY - STREETS (concrete, asphalt paving, signage, striping, etc.)	\$ 4,982,638.00
ROADWAY - STREETS (off-site improvements)	\$ 1,661,250.00
EROSION CONTROL	\$ 100,337.00
PUBLIC UTILITIES (Elect, Gas, Tele, Conduits, Etc.)	\$ 2,478,096.00
PUBLIC UTILITIES (off-site improvements)	\$ 500,000.00
LANDSCAPE (open space, tracts, mainline piping, pumps, pond lining, proj. signage, etc.)	\$ 4,533,677.00
Contingencies	6% \$1,538,106.00
Total	\$ 27,173,205.00

EXHIBIT

TIMNATH RANCH METRO DISTRICT WATERLINE IMPROVEMENTS
 LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
 TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

LEGEND:

- ◆ -Section Corner
- -Metro District No.1
- -Metro District No.2
- -Metro District No.3
- -Metro District No.4
- -Dir. Parcel; District No.2
- -Dir. Parcel; District No.3
- -Dir. Parcel; District No.4
- -Proposed Roadway Improvements
- -Proposed Waterline Improvements



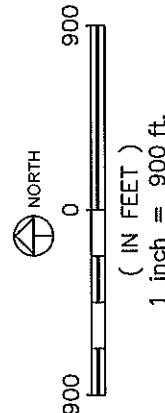
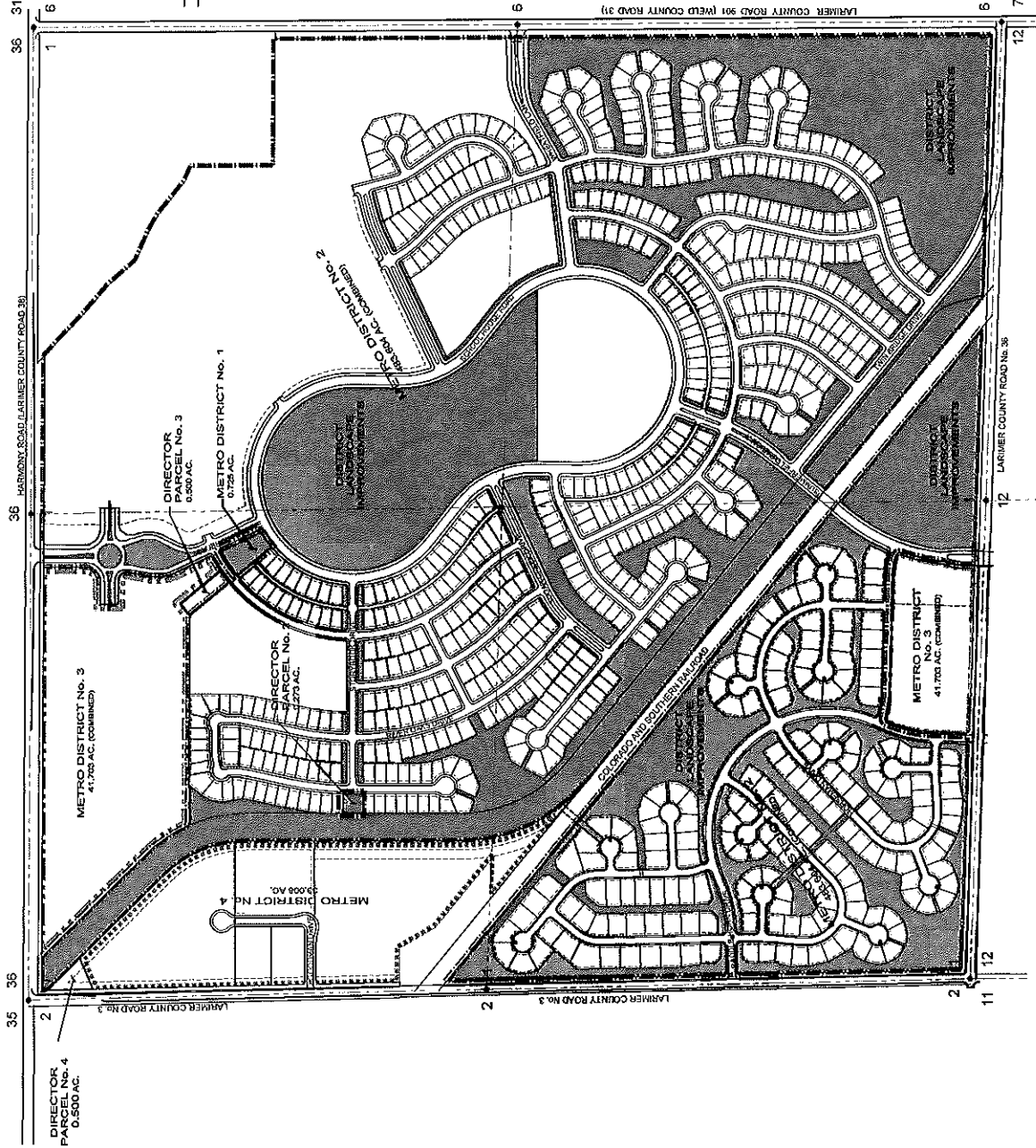
JOB 103.001.09

EXHIBIT

TIMNATH RANCH METRO DISTRICT LANDSCAPING IMPROVEMENTS
 LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
 TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

LEGEND:

- ◆ Section Corner
- Metro District No. 1
- Metro District No. 2
- Metro District No. 3
- Metro District No. 4
- Dir. Parcel, District No. 2
- Dir. Parcel, District No. 3
- Dir. Parcel, District No. 4
- Proposed Roadway Improvements
- Proposed Landscape Improvements



SEPTEMBER 29, 2006

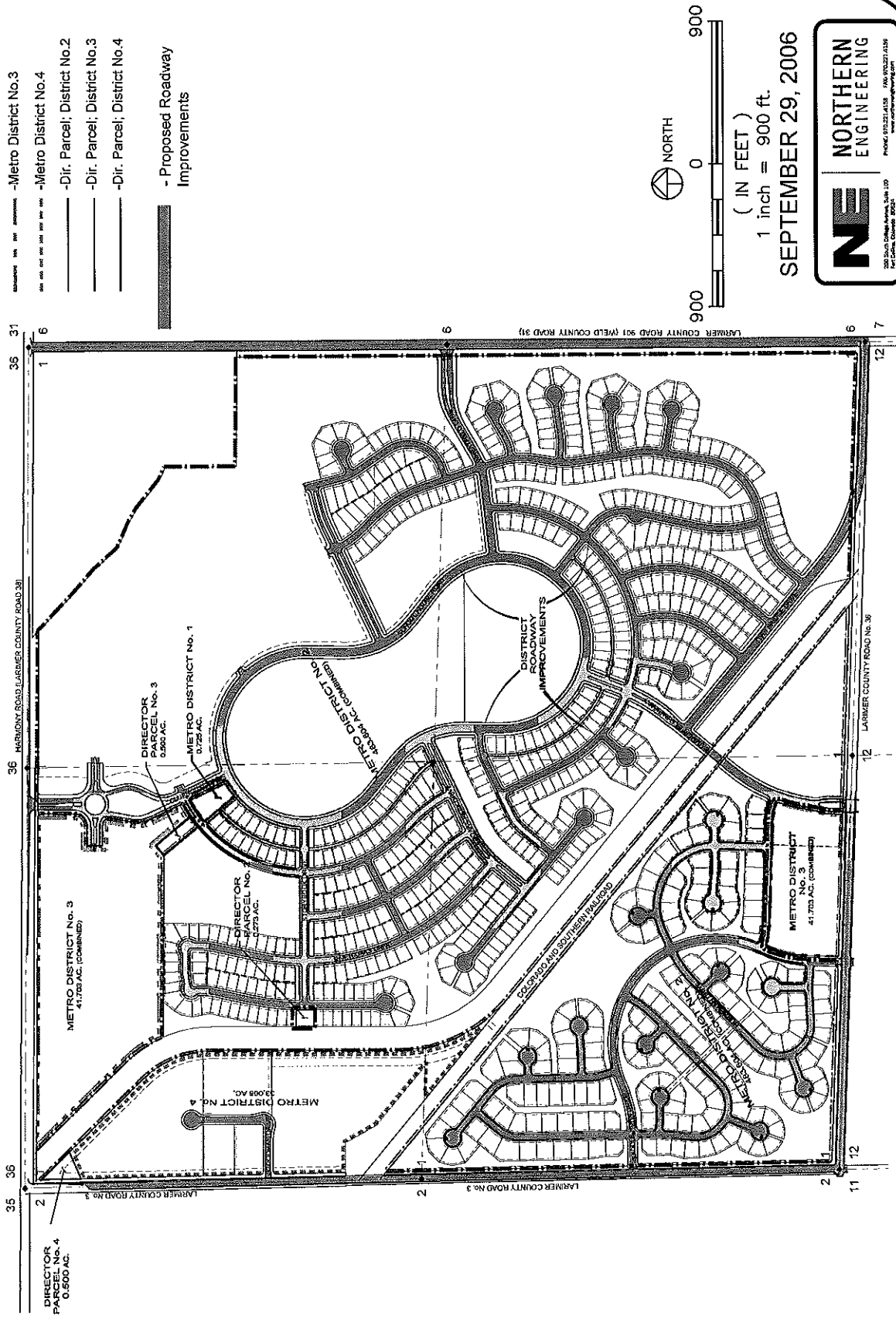
NE NORTHERN ENGINEERING
 555 East Colfax Avenue, Suite 100
 Fort Collins, Colorado 80504
 PHONE: 970.221.4148 FAX: 970.221.4149
 www.northerneng.com

EXHIBIT

TIMNATH RANCH METRO DISTRICT ROADWAY IMPROVEMENTS
 LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
 TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

LEGEND:

- ◆ -Section Corner
- - - Metro District No.1
- - - Metro District No.2
- - - Metro District No.3
- - - Metro District No.4
- - - Dir. Parcel; District No.2
- - - Dir. Parcel; District No.3
- - - Dir. Parcel; District No.4
- Proposed Roadway Improvements



NE NORTHERN ENGINEERING
 200 South Oxford Avenue, Suite 100
 Fort Collins, Colorado 80521
 Phone: 970.221.4133 Fax: 970.221.4134
 www.northerneng.com

SEPTEMBER 29, 2006
 1 inch = 900 ft.



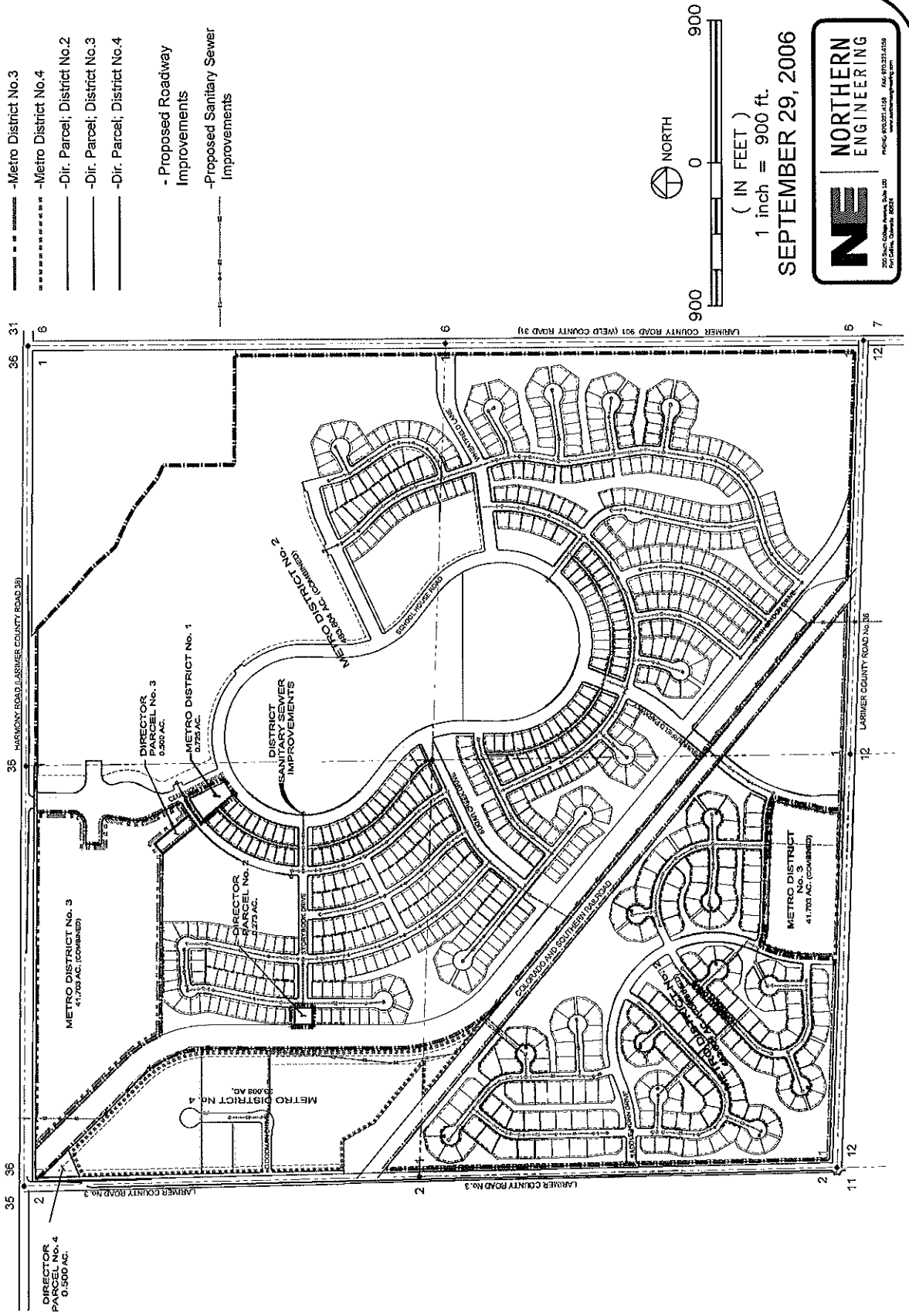
900 0 900
 (IN FEET)

EXHIBIT

TIMNATH RANCH METRO DISTRICT SANITARY SEWER IMPROVEMENTS
 LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
 TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

LEGEND:

- ◆ -Section Corner
- Metro District No.1
- Metro District No.2
- Metro District No.3
- Metro District No.4
- Dir. Parcel; District No.2
- Dir. Parcel; District No.3
- Dir. Parcel; District No.4
- Proposed Roadway Improvements
- Proposed Sanitary Sewer Improvements



JOB 103.001.09

SEPTEMBER 29, 2006

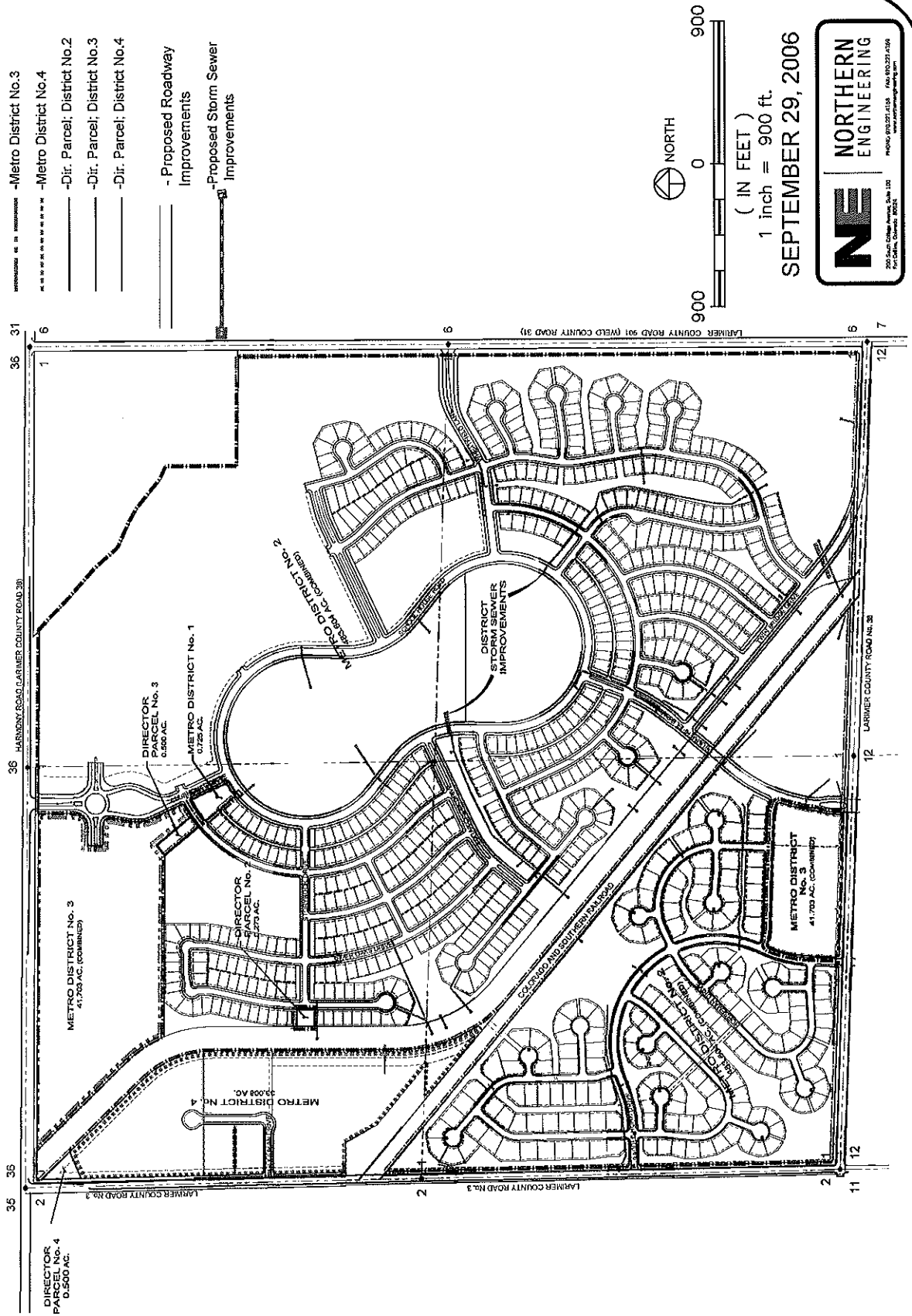
NE NORTHERN ENGINEERING
 202 East Colfax Avenue, Suite 100
 Fort Collins, Colorado 80524
 PHONE: 970.221.4188 FAX: 970.231.0760
 www.northernengineering.com

EXHIBIT

TIMNATH RANCH METRO DISTRICT STORM SEWER IMPROVEMENTS
 LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
 TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO

LEGEND:

- ◆ -Section Corner
- Metro District No.1
- Metro District No.2
- Metro District No.3
- Metro District No.4
- Dir. Parcel; District No.2
- Dir. Parcel; District No.3
- Dir. Parcel; District No.4
- Proposed Roadway Improvements
- Proposed Storm Sewer Improvements



900 0 900
 (IN FEET)
 1 inch = 900 ft.

SEPTEMBER 29, 2006

NE NORTHERN ENGINEERING
 200 S. 2nd Street, Suite 105
 Fort Collins, Colorado 80526
 PHONE: 970.221.4145 FAX: 970.221.4156
 www.northernengineering.com

EXHIBIT E

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

MEMORANDUM

TO: David O'Leary, Esq., Pogue, Corbetta & O'Leary, P.C.
Peggy Dowswell, CPA, Pinnacle Consulting Group, Inc.
Jonathan Turner, Manager, Timnath Ranch, LLC

FROM: Stan Bernstein
Amy Bernstein

DATE: August 16, 2006

SUBJECT: Working Draft – Financial Model – Timnath Ranch Metropolitan Districts
#1 - #4

INTRODUCTION AND SCOPE

Stan Bernstein and Associates, Inc. has assembled preliminary (for discussion purposes only) Financial Models for Timnath Ranch Metropolitan Districts #1 - #4 based upon key assumptions provided by officials of Timnath Ranch, LLC and its consultants Pinnacle Consulting Group, Inc. The Financial Models were assembled in order to provide a conceptual understanding of (i) the amount of General Obligation Bonds (presumably unlimited tax) that could ultimately be supported by Financing Districts #2 - #4 (as presented on Exhibits II - IV); (ii) how the Operating District could fund its General Fund administrative and operating expenditures, Swimming Pool Fund administrative and operating expenditures, and Recreation Center Fund administrative and operating expenditures (as presented on Exhibits I, IA, and IB); (iv) and how the Operating District could fund its infrastructure requirements (as presented on Exhibit V). Detailed land use, values, and buildout assumptions (as well as related assessed valuation estimates) for Financing Districts #2 - #4 were provided by Timnath Ranch, LLC (the Developer) and Pinnacle Consulting Group, Inc., and are presented on Schedules 2 - 4.

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

FUTURE RATES OF RESIDENTIAL AND COMMERCIAL BUILDOUT AND RELATED ASSESSED VALUATION, AND BONDING CAPACITY

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

For financial planning purposes it is assumed that a portion of the property tax revenues generated from the 45.0 mills assumed to be levied by Financing District #2 and the 25.0 mills assumed to be levied by Financing Districts #3 and #4 will be transferred to the Operating District's General Fund and used to fund administrative and operating expenditures (for Financing District #2, 19 mills and for Financing District #3 and #4, 15 mills). The property tax revenues not transferred to the General Fund (for Financing District #2, 26 mills and for Financing Districts #3 and #4, 10 mills) will be available to make annual interest and principal payments on outstanding unlimited tax General Obligation Bonds.

This draft indicates that Financing District #2 could support unlimited tax General Obligation Bonds as presented below (based upon buildout and assessed valuations presented on Schedule 1):

- December 1, 2010 \$2,550,000
- December 1, 2013 \$2,400,000
- December 1, 2016 \$2,500,000
- December 1, 2021 \$4,000,000
- December 1, 2026 \$2,300,000

Total Bonds Issued \$14,100,000

Memorandum
August 16, 2006
Page iii

This draft also indicates that Financing District #3 could support unlimited tax General Obligation Bonds as presented below (based upon buildout and assessed valuations presented on Schedule 3).

- December 1, 2020 \$1,200,000
 - December 1, 2024 \$ 850,000
- Total Bonds Issued \$2,050,000**

This draft also indicates that Financing District #4 could support unlimited tax General Obligation Bonds in the amount of \$1,750,000 on 12/1/2015 (based upon buildout and assessed valuations presented on Schedule 4).

It is possible that the timing of these bond issues could be accelerated by using various forms of credit enhancement. These alternative financing structures can be modeled in future drafts based upon input from the Districts' investment bankers. It is assumed that the bonds would be issued at average interest rates of 7.00% and mature serially over a 30-year period. Costs of Bond Issuance have been estimated to be 4.0% of the par amount of the bonds. It is also possible that if buildout rates and assessed valuations lag expectations, and/or if administrative and operating expenditures exceed expectations, the amount of the bonds that could be supported will be less than shown on the previous page, and the timing of the issuance of these bonds will not occur as soon as indicated.

It is assumed that the net proceeds of the unlimited tax General Obligation Bonds will be used to reimburse the Developer for a portion of the infrastructure costs expected to be originally funded by the Developer (as presented on Exhibit V).

The key assumptions with respect to future residential and commercial buildout, and related assessed valuation buildup, within the boundaries of the Financing Districts are presented in detail on Schedules 2 - 4. These assumptions were provided by officials of the Developer. The assessed valuation estimates assume an average annual inflationary increase of approximately 1% (2% biennially - this assumptions was provided by Pinnacle Consulting Group, Inc.)

The Financial Model is based upon a total of 1,569 residential units completed by the end of 2025 (Financing District #2), 285,754 square feet of commercial space being completed by the end of 2023 (Financing District #3), and 364,815 of industrial space being completed by the end of 2014 (Financing District #4). The Developer has provided the information contained in Schedules 2 - 4, and believes these assumptions to be reasonable and appropriate to use for financial modeling purposes at this time.

Memorandum
August 16, 2006
Page iv

FINANCING DISTRICT #2 – CASH FLOW – EXHIBIT II, PAGE 12

Exhibit II presents the estimated revenues and expenditures for Financing District #2 (residential).

The primary revenue source consists of property tax revenues generated from a 45.0 mill levy. Other sources of revenue include specific ownership tax revenues (estimated to be 8.0% of property tax revenues per Pinnacle Consulting Group, Inc.) and interest earnings.

Exhibit II expenditures include an annual transfer of 19.0 mills beginning in 2008, to the Operating District's General Fund. A 2.0% County Treasurer's collection fee has also been assumed. The annual debt service requirements relating to the Series 2010, 2013, 2016, 2021, and 2026 unlimited tax General Obligation Bonds are also presented on this Exhibit (and are shown in detail on Schedule 1). Average interest rates of 7.0% and up to 30-year amortization have been assumed.

FINANCING DISTRICT #3 – CASH FLOW – EXHIBIT III, PAGE 23

Exhibit III presents the estimated revenues and expenditures for Financing District #3 (commercial).

The primary revenue source consists of property tax revenues generated from a 25.0 mill levy. Other sources of revenue include specific ownership tax revenues (estimated to be 8.0% of property tax revenues per Pinnacle Consulting Group, Inc.) and interest earnings.

Exhibit III expenditures include an annual transfer of 15.0 mills beginning in 2008 to the Operating District's General Fund. A 2.0% County Treasurer's collection fee has also been assumed. The annual debt service requirements relating to the Series 2020, and 2024 unlimited tax General Obligation Bonds are also presented on this Exhibit. Average interest rates of 7.0% and up to 30-year amortization have been assumed.

FINANCING DISTRICT #4 – CASH FLOW – EXHIBIT IV, PAGE 29

Exhibit IV presents the estimated revenues and expenditures for Financing District #4 (industrial).

The primary revenue source consists of property tax revenues generated from a 25.0 mill levy. Other sources of revenue include specific ownership tax revenues (estimated to be 8.0% of property tax revenues per Pinnacle Consulting Group, Inc.) and interest earnings.

Exhibit IV expenditures include an annual transfer of 15.0 mills beginning in 2008 to the Operating District's General Fund. A 2.0% County Treasurer's collection fee has also been assumed. The annual debt service requirements relating to the Series 2015 unlimited tax General Obligation Bonds are also presented on this Exhibit. Average interest rates of 7.0% and up to 30-year amortization have been assumed.

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OPERATING DISTRICT GENERAL FUND - CASH FLOW – EXHIBIT I, PAGE 1

Exhibit I presents the estimated revenues and expenditures for the Operating District's General Fund (Operating District #1).

The primary ongoing general fund revenue source is assumed to be property tax revenue transfers of 19.0 mills beginning in 2008 from Financing District #2 and 15.0 mills beginning in 2008 from Financing Districts #3 - #4. Additional revenue sources include (i) Development Fees of \$2,500 per single family unit (ii) and interest income.

Operating District General Fund expenditures (which were developed by Pinnacle Consulting Group, Inc.) are presented on Exhibit I, and include landscaping, accounting, audit, district management and administration, insurance, and dues. All administrative, operating, and maintenance costs have been inflated 5% annually beginning in 2012 through 2025, and inflated 2% annually beginning in 2026.

OPERATING DISTRICT SWIMMING POOL FUND - CASH FLOW – EXHIBIT IA, PAGE 4

Exhibit IA presents the estimated revenues and expenditures for the Operating District's Swimming Pool Fund.

The primary ongoing Swimming Pool Fund revenue source is an assumed annual pool user fee of \$325 in year 2012, \$300 in years 2013 – 2015, \$250 in years 2016 – 2020 and \$225 in years 2021 and beyond per home (assumed that 80% of all homes participate). The pool is assumed to be operational beginning in 2012.

Swimming pool expenditures (which were developed by Pinnacle Consulting Group, Inc.) are presented on Exhibit IA, and include equipment, supplies, labor, cleaning and activities. All administrative, operating, and maintenance costs have been inflated 5% annually beginning in 2012 through 2025, and inflated 2% annually beginning in 2026.

OPERATING DISTRICT RECREATION CENTER FUND - CASH FLOW – EXHIBIT IB, PAGE 8

Exhibit IB presents the estimated revenues and expenditures for the Operating District's Recreation Center Fund.

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The primary ongoing Recreation Center Fund revenue source is an assumed annual recreation center user fee of \$400 in year 2012, \$325 in year 2013, \$300 in years 2014 – 2019, and \$250 in years 2020 and beyond per home (assumed that 80% of all homes participate). The recreation center is assumed to be operational beginning in 2012.

Recreation center expenditures (which were developed by Pinnacle Consulting Group, Inc.) are presented on Exhibit IB, and include equipment, supplies, labor, cleaning and activities. All administrative, operating, and maintenance costs have been inflated 5% annually beginning in 2012 through 2025, and inflated 2% annually beginning in 2026.

OPERATING DISTRICT CAPITAL PROJECTS FUND – CASH FLOW –
EXHIBIT V, PAGE 36

Exhibit V presents the capital infrastructure requirements, and the funding plan, for the public infrastructure required to service property within the boundaries of the Combined Financing Districts. Pursuant to an Intergovernmental Agreement (IGA) the Operating District, through its Capital Projects Fund, will account for these capital expenditures and related funding sources.

The detailed capital expenditure requirements are presented by year. It is assumed that all capital expenditures will initially be funded from Developer Contributions (i.e., Loans). It is assumed that these Developer Contributions/Loans (the cumulative amount of the Developer Contributions/Loans without interest appears on the bottom line of Exhibit V) will be reimbursed to the Developer from net general obligation bond proceeds.

DISCLAIMER AND LIMITATIONS

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

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factors. Additionally, other key assumptions relating to inflation, assessment ratios, interest rates, debt service coverage requirements, and infrastructure, administrative and operating costs may, and likely will, vary from those assumed.

Because Stan Bernstein and Associates, Inc. has not independently evaluated or reviewed the assumptions that the Financial Models are based upon, we do not vouch for the achievability of the information presented on Exhibits I - V and on Schedules 1 - 4. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented on Exhibits I - V and on Schedules 1 - 4. Stan Bernstein and Associates, Inc. has no responsibility or obligation to update this information or these Financial Models for events occurring after the date of this memorandum.

The actual amount of General Obligation Bonds that could be supported by the Districts will depend on the rate of buildout and the related increases in assessed valuation, interest rates and debt service coverage requirements, and the actual amounts needed to pay for the Districts' administrative and operating costs. In the event that the Districts' actual operating and administrative expenses are more than anticipated on Exhibit I, the amount of General Obligation Bonds that could actually be supported by the Districts could be less than shown, and if assessed valuation levels are more than anticipated it could be possible for the Districts to issue additional General Obligation Bonds than shown.

EXHIBIT I (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS - GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

KEY ASSUMPTIONS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ASSESSED VALUATION - TRMD #1	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1)	0	30	90	140	100	100	100	100	100	100	100
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	0	30	120	260	360	460	560	660	760	860	960
ASSESSED VALUATION TRMD #2 (SCH. 1)	0	300,000	300,000	1,135,800	3,716,064	7,694,472	9,918,757	11,989,153	14,340,740	16,452,544	18,935,635
ASSUMED MILL LEVY TRANSFER FROM TRMD #2	0.00	0.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
INCREMENTAL COMMERCIAL SQ FT ADDED - TRMD #3 (SCH. 2)	0	0	0	35,000	0	35,000	0	35,000	0	35,000	0
CUMULATIVE COMMERCIAL SQ FT - TRMD #3	0	0	0	35,000	35,000	70,000	70,000	105,000	105,000	140,000	140,000
ASSESSED VALUATION TRMD #3 (SCH. 2)	0.00	0.00	0.00	0	306,000	1,600,125	1,632,128	2,952,135	3,011,178	4,357,585	4,444,737
ASSUMED MILL LEVY TRANSFER FROM TRMD #3	0.00	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL INDUSTRIAL SQ FT ADDED - TRMD #4 (SCH. 3)	0	25,000	50,000	50,000	50,000	50,000	50,000	50,000	39,815	0	0
CUMULATIVE INDUSTRIAL SQ FT - TRMD #4	0	25,000	75,000	125,000	175,000	225,000	275,000	325,000	364,815	364,815	364,815
ASSESSED VALUATION TRMD #4 (SCH. 3)	0.00	0.00	300,000	952,500	2,302,650	3,633,750	5,084,147	6,421,869	7,935,183	9,320,059	10,631,293
ASSUMED MILL LEVY TRANSFER FROM TRMD #4	0.00	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
ASSUMED SYSTEM DEVELOPMENT FEE COMMERCIAL (ONE TIME AT PERMIT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASSUMED SYSTEM DEVELOPMENT FEE RESIDENTIAL (ONE TIME AT PERMIT)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
CASH FLOW											
OPERATING REVENUES	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROPERTY TAXES @ 45 MILLS	0	225	225	225	225	225	225	225	225	225	225
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	0	18	18	18	18	18	18	18	18	18	18
IGA PROPERTY TAX TRANSFERS FROM TRMD #2	0	0	5,700	21,580	70,605	146,195	188,456	227,794	272,474	312,598	359,777
IGA PROPERTY TAX TRANSFERS FROM TRMD #3	0	0	0	0	4,590	24,002	24,482	44,282	45,168	65,364	66,671
IGA PROPERTY TAX TRANSFERS FROM TRMD #4	0	0	4,500	14,288	34,540	54,506	75,962	96,328	119,028	139,801	159,469
DEVELOPER OPERATING CONTRIBUTION	0	140,000	40,000	0	95,000	80,000	25,000	0	(50,000)	(100,000)	(100,000)
SYSTEM DEVELOPMENT FEES RESIDENTIAL (\$2,500 @ PERMIT)	0	75,000	225,000	350,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
INTEREST EARNINGS @ 4% OF BEG.FUNDS	0	0	388	620	1,238	1,641	2,010	2,559	3,606	4,246	4,920
TOTAL REVENUES	0	215,243	275,831	386,731	456,216	556,587	586,153	621,206	640,518	672,252	741,080
OPERATING EXPENDITURES (Pinnacle Consulting Gro	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CAPITAL IMPROVEMENT MANAGEMENT	0	21,240	21,240	21,240	21,240	21,240	0	0	0	0	0
LANDSCAPE	0	65,471	98,207	163,678	229,149	311,767	327,355	343,723	360,909	378,955	397,902
IRRIGATION WATER SYSTEM	0	8,100	12,150	20,249	28,349	38,570	40,499	42,523	44,650	46,882	49,226
ADMINISTRATION	0	16,035	20,043	24,052	24,240	25,452	26,725	28,061	29,464	30,937	32,484
ACCOUNTING	0	24,872	31,091	37,309	37,600	39,480	41,454	43,527	47,703	47,988	50,388
FACILITY MANAGEMENT	0	49,990	62,487	74,984	75,570	79,349	83,316	87,482	91,856	96,449	101,271
LEGAL	0	2,778	3,473	4,167	4,200	4,410	4,631	4,862	5,105	5,360	5,628
INSURANCE	0	9,261	11,576	13,892	14,000	14,700	15,435	16,207	17,017	17,868	18,761
MISCELLANEOUS	0	7,806	9,757	11,709	11,800	12,390	13,010	13,660	14,343	15,060	15,813
CONTINGENCY FOR ADMINISTRATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	0	205,552	270,023	371,279	446,148	547,358	552,423	595,045	624,497	655,413	687,865
EXCESS OPERATING REVENUES OVER EXPENDITURES	0	9,691	5,807	15,451	10,068	9,229	13,730	26,161	16,021	16,840	53,216
BEGINNING FUND BALANCE - JANUARY 1	0	0	9,691	15,498	30,949	41,017	50,246	63,976	90,138	106,159	122,999
ENDING FUND BALANCE - DECEMBER 31	0	9,691	15,498	30,949	41,017	50,246	63,976	90,138	106,159	122,999	176,214

INCREASE AFTER
 2011, DROPS TO 2% IN
 2026

EXHIBIT I (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS - GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

KEY ASSUMPTIONS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
ASSESSED VALUATION - TRMD #1	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1)	100	100	106	50	50	50	50	50	53	0	0
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	1,060	1,160	1,266	1,316	1,366	1,416	1,466	1,516	1,569	1,569	1,569
ASSESSED VALUATION TRMD #2 (SCH. 1)	21,089,675	23,708,590	25,905,710	28,664,898	31,094,200	32,401,850	33,087,615	34,448,848	35,148,329	36,564,765	36,962,516
ASSUMED MILL LEVY TRANSFER FROM TRMD #2	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
INCREMENTAL COMMERCIAL SQ FT ADDED - TRMD #3 (SCH. 2)	35,000	0	35,000	0	35,000	0	40,754	0	0	0	0
CUMULATIVE COMMERCIAL SQ FT - TRMD #3	175,000	175,000	210,000	210,000	245,000	245,000	285,754	285,754	285,754	285,754	285,754
ASSESSED VALUATION TRMD #3 (SCH. 2)	5,818,073	5,934,434	7,335,237	7,481,942	8,910,760	9,088,975	10,546,370	10,757,298	12,136,730	12,379,465	12,379,465
ASSUMED MILL LEVY TRANSFER FROM TRMD #3	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL INDUSTRIAL SQ FT ADDED - TRMD #4 (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE INDUSTRIAL SQ FT - TRMD #4	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815
ASSESSED VALUATION TRMD #4 (SCH. 3)	10,631,293	10,843,919	10,843,919	11,080,797	11,080,797	11,282,013	11,282,013	11,507,654	11,156,156	11,379,279	11,379,279
ASSUMED MILL LEVY TRANSFER FROM TRMD #4	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
ASSUMED SYSTEM DEVELOPMENT FEE COMMERCIAL (ONE TIME AT PERMIT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASSUMED SYSTEM DEVELOPMENT FEE RESIDENTIAL (ONE TIME AT PERMIT)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
CASH FLOW											
OPERATING REVENUES											
PROPERTY TAXES @ 45 MILLS	225	225	225	225	225	225	225	225	225	225	225
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	18	18	18	18	18	18	18	18	18	18	18
IGA PROPERTY TAX TRANSFERS FROM TRMD #2	400,704	450,463	482,208	544,633	590,790	615,635	628,665	654,528	667,818	694,731	702,288
IGA PROPERTY TAX TRANSFERS FROM TRMD #3	87,271	89,017	110,029	112,229	133,661	136,335	158,196	161,359	182,051	185,692	185,692
IGA PROPERTY TAX TRANSFERS FROM TRMD #4	159,469	162,659	162,659	165,912	165,912	169,230	169,230	172,615	167,342	170,689	170,689
DEVELOPER OPERATING CONTRIBUTION	(130,000)	0	0	0	0	0	0	0	0	0	0
SYSTEM DEVELOPMENT FEES RESIDENTIAL (\$2,500 @ PERMIT)	250,000	250,000	285,000	125,000	125,000	125,000	125,000	125,000	132,500	0	0
INTEREST EARNINGS @ 4% OF BEG.FUNDS	7,049	9,161	17,315	27,404	33,036	39,942	46,621	53,139	59,325	65,223	66,586
TOTAL REVENUES	774,736	961,542	1,047,454	975,421	1,048,642	1,086,385	1,127,954	1,166,885	1,209,280	1,116,578	1,125,498
OPERATING EXPENDITURES (Pinnacle Consulting Gro											
CAPITAL IMPROVEMENT MANAGEMENT	0	0	0	0	0	0	0	0	0	0	0
LANDSCAPE	417,798	438,687	460,622	483,653	507,836	533,227	559,889	587,883	617,277	629,623	642,215
IRRIGATION WATER SYSTEM	51,687	54,272	56,985	59,835	62,826	65,968	69,266	72,729	76,366	77,893	79,451
ADMINISTRATION	34,108	35,814	37,604	39,484	41,459	43,532	45,708	47,994	50,393	51,401	52,429
ACCOUNTING	52,907	55,552	58,330	61,246	64,309	67,524	70,900	74,445	78,168	79,731	81,326
FACILITY MANAGEMENT	106,395	111,651	117,234	123,096	129,250	135,713	142,499	149,623	157,105	160,247	163,452
LEGAL	5,910	6,205	6,516	6,841	7,183	7,543	7,920	8,316	8,731	8,906	9,084
INSURANCE	19,699	20,684	21,719	22,805	23,945	25,142	26,399	27,719	29,105	29,687	30,281
MISCELLANEOUS	16,604	17,434	18,306	19,221	20,182	21,191	22,251	23,363	24,531	25,022	25,522
CONTINGENCY FOR ADMINISTRATION	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,159	20,159	20,000	15,000
TOTAL OPERATING EXPENDITURES	721,930	757,689	795,226	834,629	875,992	919,411	964,990	1,012,232	1,061,835	1,082,510	1,098,760
EXCESS OPERATING REVENUES OVER EXPENDITURES	52,805	203,853	252,228	140,792	172,650	166,974	162,964	154,653	147,444	34,068	26,737
BEGINNING FUND BALANCE - JANUARY 1	176,214	229,020	432,873	685,101	825,893	998,543	1,165,517	1,328,481	1,483,133	1,630,578	1,664,646
ENDING FUND BALANCE - DECEMBER 31	229,020	432,873	685,101	825,893	998,543	1,165,517	1,328,481	1,483,133	1,630,578	1,664,646	1,691,383

INCREASE AFTER
 2011, DROPS TO 2% IN
 2026

**EXHIBIT I (OPERATING DISTRICT #1)
TIMNATH RANCH METROPOLITAN DISTRICT #1
CASH FLOW FORECASTS - GENERAL FUND
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031**

KEY ASSUMPTIONS	2028	2029	2030	2031	TOTALS
ASSESSED VALUATION - TRMD #1	5,000	5,000	5,000	5,000	
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1)	0	0	0	0	1,569
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	1,569	1,569	1,569	1,569	1,569
ASSESSED VALUATION TRMD #2 (SCH. 1)	37,701,766	37,701,766	38,455,802	38,455,802	
ASSUMED MILL LEVY TRANSFER FROM TRMD #2	19.00	19.00	19.00	19.00	
INCREMENTAL COMMERCIAL SQ. FT. ADDED - TRMD #3 (SCH. 2)	0	0	0	0	285,754
CUMULATIVE COMMERCIAL SQ. FT. - TRMD #3	285,754	285,754	285,754	285,754	285,754
ASSESSED VALUATION TRMD #3 (SCH. 2)	12,627,054	12,627,054	12,879,595	12,879,595	
ASSUMED MILL LEVY TRANSFER FROM TRMD #3	15.00	15.00	15.00	15.00	
INCREMENTAL INDUSTRIAL SQ. FT. ADDED - TRMD #4 (SCH. 3)	0	0	0	0	364,815
CUMULATIVE INDUSTRIAL SQ. FT. - TRMD #4	364,815	364,815	364,815	364,815	364,815
ASSESSED VALUATION TRMD #4 (SCH. 3)	11,606,864	11,606,864	11,839,002	11,839,002	
ASSUMED MILL LEVY TRANSFER FROM TRMD #4	15.00	15.00	15.00	15.00	
ASSUMED SYSTEM DEVELOPMENT FEE COMMERCIAL (ONE TIME AT PERMIT)	0.00	0.00	0.00	0.00	0.00
ASSUMED SYSTEM DEVELOPMENT FEE RESIDENTIAL (ONE TIME AT PERMIT)	2,500	2,500	2,500	2,500	2,500
CASH FLOW					
OPERATING REVENUES	2028	2029	2030	2031	TOTALS
PROPERTY TAXES @ 4.5 MILLS	225	225	225	225	5,625
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	18	18	18	18	450
IGA PROPERTY TAX TRANSFERS FROM TRMD #2	716,334	716,334	730,660	730,660	10,941,630
IGA PROPERTY TAX TRANSFERS FROM TRMD #3	189,406	189,406	193,194	193,194	2,581,289
IGA PROPERTY TAX TRANSFERS FROM TRMD #4	174,103	174,103	177,585	177,585	3,238,205
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0
SYSTEM DEVELOPMENT FEES RESIDENTIAL (\$2,500 @ PERMIT)	0	0	0	0	3,922,500
INTEREST EARNINGS @ 4% OF BEG. FUNDS	67,655	68,748	68,999	69,423	720,851
TOTAL REVENUES	1,147,741	1,148,853	1,170,681	1,171,105	21,410,550
OPERATING EXPENDITURES (Pinnacle Consulting Group)					
CAPITAL IMPROVEMENT MANAGEMENT	0	0	0	0	106,200
LANDSCAPE	655,060	668,161	681,524	695,155	11,255,725
IRRIGATION WATER SYSTEM	81,040	82,661	84,314	86,000	1,392,493
ADMINISTRATION	53,478	54,547	55,638	56,751	957,832
ACCOUNTING	82,952	84,611	86,303	88,030	1,485,746
FACILITY MANAGEMENT	166,721	170,055	173,455	176,925	2,986,113
LEGAL	9,266	9,451	9,640	9,833	165,961
INSURANCE	30,886	31,504	32,134	32,777	563,203
MISCELLANEOUS	26,033	26,554	27,085	27,626	466,271
CONTINGENCY FOR ADMINISTRATION	15,000	15,000	10,000	0	307,434
TOTAL OPERATING EXPENDITURES	1,120,436	1,142,544	1,160,095	1,173,097	19,676,980
EXCESS OPERATING REVENUES OVER EXPENDITURES	27,305	6,289	10,586	(1,992)	1,733,570
BEGINNING FUND BALANCE - JANUARY 1	1,691,353	1,718,688	1,724,977	1,735,563	0
ENDING FUND BALANCE - DECEMBER 31	1,718,688	1,724,977	1,735,563	1,753,570	1,733,570

INCREASE AFTER 2011, DROPS TO 2% IN 2026

EXHIBIT IA- SWIMMING POOL OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

KEY ASSUMPTIONS

INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1) 100
 CUMULATIVE RESIDENTIAL UNITS - TRMD #2 360
 ASSUMED ANNUAL POOL USER FEES 0
 ASSUMED # OF HOMES FOR ANNUAL POOL FEES (80%) 208

CASH FLOW

REVENUES

POOL MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT) 0
 POOL USER FEES @ \$300 (ASSUME 80% OF HOMES) 0
 DEVELOPER OPERATING CONTRIBUTION 0
 INTEREST EARNINGS @ 4% OF BEG.FUNDS 0
TOTAL REVENUES 0

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE 0
 MAJOR REFURBISH 0
 CONTINGENCY 0

TOTAL OPERATING EXPENDITURES

EXCESS REVENUES & BONDS OVER EXPENDITURES

BEGINNING FUND BALANCE - JANUARY 1

ENDING FUND BALANCE - DECEMBER 31

	2006	2007	2008	2009	2010	2011	2012	2013
	0	30	90	140	100	100	100	100
	0	30	120	260	360	460	560	660
	0	0	0	0	0	0	325	300
	0	0	24	96	208	288	368	448
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	119,600	134,400
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	108
	0	0	0	0	0	0	119,600	134,508
	0	0	0	0	0	0	116,893	122,737
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	116,893	122,737
	0	0	0	0	0	0	2,708	11,771
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	2,708
	0	0	0	0	0	0	2,708	14,479

EXHIBIT IA- SWIMMING POOL OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

KEY ASSUMPTIONS

INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1) 2014 2015 2016 2017 2018 2019 2020 2021 2022
 CUMULATIVE RESIDENTIAL UNITS - TRMD #2 760 860 960 1,060 1,160 1,266 1,316 1,366 1,416
 ASSUMED ANNUAL POOL USER FEES 300 300 250 250 250 250 250 225 225
 ASSUMED # OF HOMES FOR ANNUAL POOL FEES (80%) 528 608 688 768 848 928 1,013 1,053 1,093

CASH FLOW

REVENUES	2014	2015	2016	2017	2018	2019	2020	2021	2022
POOL MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)	0	0	0	0	0	0	0	0	0
POOL USER FEES @ \$300 (ASSUME 80% OF HOMES)	158,400	182,400	172,000	192,000	212,000	232,000	253,200	236,880	245,880
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 4% OF BEG FUNDS	579	783	1,668	1,870	2,565	3,756	5,448	7,692	2,991
TOTAL REVENUES	<u>158,979</u>	<u>183,183</u>	<u>173,668</u>	<u>193,870</u>	<u>214,565</u>	<u>235,756</u>	<u>258,648</u>	<u>244,572</u>	<u>248,871</u>

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE	128,874	135,318	142,084	149,188	156,647	164,479	172,703	181,339	190,406
MAJOR REFURBISH	0	0	0	0	0	0	0	150,000	0
CONTINGENCY	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669
TOTAL OPERATING EXPENDITURES	<u>153,874</u>	<u>161,068</u>	<u>168,606</u>	<u>176,506</u>	<u>184,785</u>	<u>193,461</u>	<u>202,555</u>	<u>362,085</u>	<u>222,075</u>

EXCESS REVENUES & BONDS OVER EXPENDITURES

	<u>5,105</u>	<u>22,116</u>	<u>5,062</u>	<u>17,365</u>	<u>29,780</u>	<u>42,295</u>	<u>56,093</u>	<u>(117,514)</u>	<u>26,796</u>
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BEGINNING FUND BALANCE - JANUARY 1

	<u>14,479</u>	<u>19,584</u>	<u>41,700</u>	<u>46,761</u>	<u>64,126</u>	<u>93,906</u>	<u>136,201</u>	<u>192,294</u>	<u>74,781</u>
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ENDING FUND BALANCE - DECEMBER 31

	<u>19,584</u>	<u>41,700</u>	<u>46,761</u>	<u>64,126</u>	<u>93,906</u>	<u>136,201</u>	<u>192,294</u>	<u>74,781</u>	<u>101,577</u>
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**EXHIBIT IA- SWIMMING POOL OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031**

KEY ASSUMPTIONS	2023	2024	2025	2026	2027	2028	2029	2030	2031
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1)	50	50	53	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	1,466	1,516	1,569	1,569	1,569	1,569	1,569	1,569	1,569
ASSUMED ANNUAL POOL USER FEES	225	225	225	225	225	225	225	225	225
ASSUMED # OF HOMES FOR ANNUAL POOL FEES (80%)	1,133	1,173	1,213	1,255	1,255	1,255	1,255	1,255	1,255
CASH FLOW									
REVENUES									
POOL MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)	0	0	0	0	0	0	0	0	0
POOL USER FEES @ \$300 (ASSUME 80% OF HOMES)	254,880	263,880	272,880	282,420	282,420	282,420	282,420	282,420	282,420
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 4% OF BEG.FUNDS	4,063	5,119	6,138	7,098	8,274	9,288	10,131	10,792	3,257
TOTAL REVENUES	<u>258,943</u>	<u>268,999</u>	<u>279,018</u>	<u>289,518</u>	<u>290,694</u>	<u>291,708</u>	<u>292,551</u>	<u>293,212</u>	<u>285,677</u>
EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)									
EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE	199,926	209,922	220,418	224,827	229,323	233,910	238,588	243,360	248,227
MAJOR REFURBISH	0	0	0	0	0	0	0	200,000	0
CONTINGENCY	32,619	33,598	34,606	35,298	36,004	36,724	37,458	38,208	38,972
TOTAL OPERATING EXPENDITURES	<u>232,545</u>	<u>243,520</u>	<u>255,024</u>	<u>260,125</u>	<u>265,327</u>	<u>270,634</u>	<u>276,046</u>	<u>481,567</u>	<u>287,199</u>
EXCESS REVENUES & BONDS OVER EXPENDITURES	<u>26,398</u>	<u>25,479</u>	<u>23,994</u>	<u>29,393</u>	<u>25,367</u>	<u>21,075</u>	<u>16,505</u>	<u>(188,356)</u>	<u>(1,521)</u>
BEGINNING FUND BALANCE - JANUARY 1	<u>101,577</u>	<u>127,975</u>	<u>153,454</u>	<u>177,448</u>	<u>206,841</u>	<u>232,208</u>	<u>258,283</u>	<u>269,788</u>	<u>81,432</u>
ENDING FUND BALANCE - DECEMBER 31	<u>127,975</u>	<u>153,454</u>	<u>177,448</u>	<u>206,841</u>	<u>232,208</u>	<u>253,283</u>	<u>269,788</u>	<u>81,432</u>	<u>79,911</u>

EXHIBIT IA- SWIMMING POOL OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

KEY ASSUMPTIONS
 INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 1)
 CUMULATIVE RESIDENTIAL UNITS - TRMD #2

ASSUMED ANNUAL POOL USER FEES
 ASSUMED # OF HOMES FOR ANNUAL POOL FEES (80%)

TOTALS
1,569
1,569

CASH FLOW

REVENUES

POOL MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)
 POOL USER FEES @ \$300 (ASSUME 80% OF HOMES)
 DEVELOPER OPERATING CONTRIBUTION
 INTEREST EARNINGS @ 4% OF BEG.FUNDS
TOTAL REVENUES

TOTALS
 0
 4,624,920
 0
 91,622
4,716,542

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE
 MAJOR REFURBISH
 CONTINGENCY

3,709,167
 350,000
577,465
4,636,631

TOTAL OPERATING EXPENDITURES

EXCESS REVENUES & BONDS OVER EXPENDITURES

79,911

BEGINNING FUND BALANCE - JANUARY 1

0

ENDING FUND BALANCE - DECEMBER 31

79,911

EXHIBIT IB- RECREATION CENTER OPERATING FUND (OPERATING DISTRICT #1)
 TRIMMATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
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KEY ASSUMPTIONS

INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 2)
 CUMULATIVE RESIDENTIAL UNITS - TRMD #2

ASSUMED ANNUAL REC CENTER USER FEES
 ASSUMED # OF HOMES FOR REC CENTER FEES (80%)

	2006	2007	2008	2009	2010	2011	2012	2013
	0	30	90	140	100	100	100	100
	0	30	120	260	360	460	560	660
	0	0	0	0	0	0	400	325
	0	0	24	96	208	288	368	448

CASH FLOW

REVENUES

REC CENTER MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)
 REC CENTER USER FEES @ \$300 (ASSUME 80% OF HOMES)
 DEVELOPER OPERATING CONTRIBUTION
 INTEREST EARNINGS @ 4% OF BEG.FUNDS
 TOTAL REVENUES

	2006	2007	2008	2009	2010	2011	2012	2013
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	147,200	145,600
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	565
	0	0	0	0	0	0	147,200	146,165

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE
 MAJOR REFURBISH
 CONTINGENCY
 TOTAL OPERATING EXPENDITURES

	2006	2007	2008	2009	2010	2011	2012	2013
	0	0	0	0	0	0	133,068	139,721
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	133,068	139,721

EXCESS REVENUES & BONDS OVER EXPENDITURES

BEGINNING FUND BALANCE - JANUARY 1

ENDING FUND BALANCE - DECEMBER 31

	2006	2007	2008	2009	2010	2011	2012	2013
	0	0	0	0	0	0	14,132	6,444
	0	0	0	0	0	0	0	14,132
	0	0	0	0	0	0	14,132	20,576

EXHIBIT IB- RECREATION CENTER OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

KEY ASSUMPTIONS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 2)	100	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	760	860	960	1,060	1,160	1,266	1,316	1,366
ASSUMED ANNUAL REC CENTER USER FEES	300	300	300	300	300	300	250	250
ASSUMED # OF HOMES FOR REC CENTER FEES (80%)	528	608	688	768	848	928	1,013	1,053

CASH FLOW

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>REVENUES</u>								
REC CENTER MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)	0	0	0	0	0	0	0	0
REC CENTER USER FEES @ \$300 (ASSUME 80% OF HOMES)	158,400	182,400	206,400	230,400	254,400	278,400	253,200	263,200
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 4% OF BEG.FUNDS	823	1,324	1,511	2,308	3,720	5,754	8,415	9,740
TOTAL REVENUES	159,223	183,724	207,911	232,708	258,120	284,154	261,615	272,940

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE	146,707	154,043	161,745	169,832	178,324	187,240	196,602	206,432
MAJOR REFURBISH	0	0	0	0	0	0	0	125,000
CONTINGENCY	0	25,000	26,250	27,563	28,941	30,388	31,907	33,502
TOTAL OPERATING EXPENDITURES	146,707	179,043	187,995	197,395	207,264	217,628	228,509	364,935
EXCESS REVENUES & BONDS OVER EXPENDITURES	12,516	4,681	19,916	35,313	50,856	66,527	33,106	(91,995)
BEGINNING FUND BALANCE - JANUARY 1	20,576	33,091	37,772	57,688	93,001	143,857	210,383	243,489
ENDING FUND BALANCE - DECEMBER 31	33,091	37,772	57,688	93,001	143,857	210,383	243,489	151,494

EXHIBIT IB- RECREATION CENTER OPERATING FUND (OPERATING DISTRICT #1)
 TIMMATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

<u>KEY ASSUMPTIONS</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 2)	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	1,416	1,466	1,516	1,569	1,569	1,569	1,569	1,569
ASSUMED ANNUAL REC CENTER USER FEES	250	250	250	250	250	250	250	250
ASSUMED # OF HOMES FOR REC CENTER FEES (80%)	1,093	1,133	1,173	1,213	1,255	1,255	1,255	1,255
<u>CASH FLOW</u>								
<u>REVENUES</u>								
REC CENTER MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)	0	0	0	0	0	0	0	0
REC CENTER USER FEES @ \$300 (ASSUME 80% OF HOMES)	273,200	283,200	293,200	303,200	313,800	313,800	313,800	313,800
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 4% OF BEG.FUNDS	6,060	7,153	8,186	9,131	9,959	11,010	11,866	12,512
TOTAL REVENUES	279,260	290,353	301,386	312,331	323,759	324,810	325,666	326,312
<u>EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)</u>								
EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE	216,754	227,591	238,971	250,920	255,938	261,057	266,278	271,603
MAJOR REFURBISH	0	0	0	0	0	0	0	0
CONTINGENCY	35,178	36,936	38,783	40,722	41,537	42,368	43,215	44,079
TOTAL OPERATING EXPENDITURES	251,931	264,528	277,754	291,642	297,475	303,424	309,493	315,683
EXCESS REVENUES & BONDS OVER EXPENDITURES	27,329	25,825	23,632	20,689	26,284	21,386	16,173	10,630
BEGINNING FUND BALANCE - JANUARY 1	151,494	178,823	204,648	228,280	248,969	275,253	296,639	312,812
ENDING FUND BALANCE - DECEMBER 31	178,823	204,648	228,280	248,969	275,253	296,639	312,812	323,441

EXHIBIT IB- RECREATION CENTER OPERATING FUND (OPERATING DISTRICT #1)
 TIMNATH RANCH METROPOLITAN DISTRICT #1
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2031

KEY ASSUMPTIONS

	<u>2030</u>	<u>2031</u>	<u>TOTALS</u>
INCREMENTAL RESIDENTIAL UNITS ADDED - TRMD #2 (SCH. 2)	0	0	760
CUMULATIVE RESIDENTIAL UNITS - TRMD #2	1,569	1,569	1,569
ASSUMED ANNUAL REC CENTER USER FEES	250	250	
ASSUMED # OF HOMES FOR REC CENTER FEES (80%)	1,255	1,255	

CASH FLOW

	<u>2030</u>	<u>2031</u>	<u>TOTALS</u>
<u>REVENUES</u>			
REC CENTER MEMBERSHIP FEE (ONE-TIME@ \$0/LOT @ PERMIT)	0	0	0
REC CENTER USER FEES @ \$300 (ASSUME 80% OF HOMES)	313,800	313,800	5,155,200
DEVELOPER OPERATING CONTRIBUTION	0	0	0
INTEREST EARNINGS @ 4% OF BEG.FUNDS	12,938	7,127	130,101
TOTAL REVENUES	<u>326,738</u>	<u>320,927</u>	<u>5,285,301</u>

EXPENDITURES - POOL ONLY (5% annual increases, decrease to 2% in 2026)

EQUIPMENT, SUPPLIES, LABOR, CLEANING, ACTIVITIES, RESERVE	277,035	282,576	4,222,438
MAJOR REFURBISH	150,000	0	275,000
CONTINGENCY	44,961	45,860	917,189
TOTAL OPERATING EXPENDITURES	<u>471,996</u>	<u>328,436</u>	<u>5,114,627</u>
EXCESS REVENUES & BONDS OVER EXPENDITURES	<u>(145,259)</u>	<u>(7,509)</u>	<u>170,674</u>
BEGINNING FUND BALANCE - JANUARY 1	<u>323,441</u>	<u>178,183</u>	<u>0</u>
ENDING FUND BALANCE - DECEMBER 31	<u>178,183</u>	<u>170,674</u>	<u>170,674</u>

EXHIBIT II (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
KEY ASSUMPTIONS											
ASSESSED VALUATION (SCH. 2)	0	0	300,000	1,135,800	3,716,064	7,694,472	9,918,757	11,989,153	14,340,740	16,452,544	18,935,635
TOTAL DISTRICT MILL LEVY	0.00	0.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	0.00	0.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	0	30	90	140	100	100	100	100	100	100	100
CUMULATIVE RESIDENTIAL UNITS (SCH. 2)	0	30	120	260	360	460	560	660	760	860	960
CASH FLOW											
REVENUES											
PROPERTY TAXES	0	0	13,500	51,111	167,223	346,251	446,344	539,512	645,333	740,364	862,104
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	0	0	1,080	4,089	13,378	27,700	35,708	43,161	51,627	59,229	68,168
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	0	0	0	344	862	4,339	4,357	5,773	11,722	11,704	14,251
TOTAL REVENUES	0	0	14,580	55,544	181,463	378,290	486,408	589,446	708,682	811,298	934,523
EXPENDITURES											
IGA PAYMENT TO TRMD #1 FOR OPS (OPERATING DISTRICT)	0	0	5,700	21,580	70,605	146,195	188,456	227,794	272,474	312,598	359,777
COUNTY TREASURER 2.0% COLLECTION FEE	0	0	270	1,022	3,344	6,925	8,927	10,790	12,907	14,807	17,042
ADMINISTRATIVE ALLOWANCE	0	0	0	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597
TOTAL EXPENDITURES	0	0	5,970	42,602	94,550	174,338	219,238	261,094	308,566	351,287	401,417
FUNDS AVAILABLE FOR DEBT SERVICE	0	0	8,610	12,942	86,913	203,952	267,170	328,352	400,115	460,011	533,106
LIMITED GO BONDS DEBT SERVICE											
SERIES 2010 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	203,500	206,750	204,650	207,550	205,100	207,650
SERIES 2013 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	0	0	193,000	191,250	194,500
SERIES 2016 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0
SERIES 2020 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	0	0	0	0	0	0	0	0	0	0	0
SERIES 2025 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	0	0	0	0	0	0	0	0	0	0	0
SERIES 20 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE (SCH. 2)	0	0	0	0	0	203,500	206,750	204,650	400,550	396,350	402,150
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	0	0	8,610	12,942	86,913	452	60,420	123,702	(435)	63,661	130,956
G.O. BONDS ISSUED											
COSTS OF BOND ISSUANCE @4%	0	0	0	0	2,550,000	0	0	2,400,000	0	0	2,500,000
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	102,000	0	0	96,000	0	0	100,000
BEGINNING FUND BALANCE - JANUARY 1	0	0	0	8,610	21,552	108,465	108,917	169,337	293,039	292,605	356,266
ENDING FUND BALANCE - DECEMBER 31	0	0	8,610	21,552	108,465	108,917	169,337	293,039	292,605	356,266	487,222
TOTAL G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	2,550,000	2,525,000	2,495,000	4,865,000	4,805,000	4,745,000	7,175,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	0.00%	33.14%	25.46%	20.81%	33.92%	29.21%	25.06%	34.02%

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

EXHIBIT II (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ASSESSED VALUATION (SCH. 2)	21,089,675	23,708,590	25,905,710	28,664,888	31,094,200	32,401,850	33,087,615	34,448,848	35,148,329	36,564,765
TOTAL DISTRICT MILL LEVY	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	100	100	106	50	50	50	50	50	53	0
CUMULATIVE RESIDENTIAL UNITS (SCH. 2)	1,044,447	1,171,813	1,281,326	1,421,063	1,548,038	1,623,547	1,656,963	1,723,665	1,760,115	1,832,047
CASH FLOW										
REVENUES										
PROPERTY TAXES	949,035	1,066,887	1,165,757	1,289,920	1,399,239	1,458,083	1,488,943	1,550,198	1,581,675	1,645,414
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	75,923	85,351	93,261	103,194	111,939	116,847	119,115	124,016	126,534	131,633
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	19,489	19,576	22,309	27,950	36,859	48,817	48,905	49,451	51,906	54,999
TOTAL REVENUES	1,044,447	1,171,813	1,281,326	1,421,063	1,548,038	1,623,547	1,656,963	1,723,665	1,760,115	1,832,047
EXPENDITURES										
IGA PAYMENT TO TRMD #1 FOR OPS (OPERATING DISTRICT)	400,704	450,463	492,208	544,633	590,790	615,635	628,665	654,528	667,818	694,731
COUNTY TREASURER 2.0% COLLECTION FEE	18,981	21,338	23,315	25,798	27,985	29,162	29,779	31,004	31,633	32,908
ADMINISTRATIVE ALLOWANCE	25,335	26,095	26,878	27,685	28,515	29,371	30,252	31,159	32,094	33,057
TOTAL EXPENDITURES	445,020	497,896	542,402	598,116	647,290	674,167	688,695	716,691	731,546	760,696
FUNDS AVAILABLE FOR DEBT SERVICE	599,427	673,917	738,924	822,947	900,748	949,380	968,267	1,006,974	1,028,569	1,071,351
LIMITED GO BONDS DEBT SERVICE										
SERIES 2010 G.O. NON-RATED DEBT SERVICE (SCH. 2)	204,850	207,050	203,900	205,750	207,250	203,400	209,550	205,000	205,450	205,550
SERIES 2013 G.O. NON-RATED DEBT SERVICE (SCH. 2)	192,400	195,300	192,850	195,400	192,600	194,800	191,650	193,500	195,000	191,150
SERIES 2016 G.O. NON-RATED DEBT SERVICE (SCH. 2)	200,000	203,250	201,150	199,050	201,950	199,500	202,050	199,250	201,450	203,300
SERIES 2020 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	0	0	0	0	0	349,500	351,350	347,850	349,350	350,500
SERIES 2025 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	0	0	0	0	0	0	0	0	0	0
SERIES 20 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	0	0	0	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE (SCH. 2)	597,250	605,600	597,900	600,200	601,800	947,200	954,600	945,600	951,250	950,500
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	2,177	68,317	141,024	222,747	298,948	2,180	13,667	61,374	77,319	120,851
G.O. BONDS ISSUED										
COSTS OF BOND ISSUANCE @4%	0	0	0	0	4,350,000	0	0	0	0	2,300,000
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	174,000	0	0	0	0	92,000
BEGINNING FUND BALANCE - JANUARY 1	487,222	489,399	557,716	698,740	921,487	1,220,435	1,222,615	1,236,282	1,297,656	1,374,975
ENDING FUND BALANCE - DECEMBER 31	489,399	557,716	698,740	921,487	1,220,435	1,222,615	1,236,282	1,297,656	1,374,975	1,495,826
TOTAL G.O. BONDS OUTSTANDING @ 12/31	7,080,000	6,970,000	6,860,000	6,740,000	10,960,000	10,780,000	10,580,000	10,375,000	10,150,000	12,210,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	29.86%	26.91%	23.93%	21.68%	33.93%	32.58%	30.71%	29.52%	27.76%	33.03%

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

EXHIBIT II (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
ASSESSED VALUATION (SCH. 2)	36,962,516	37,701,766	37,701,766	38,455,802	38,455,802	39,224,918	39,224,918	40,009,416	40,009,416	40,809,604
TOTAL DISTRICT MILL LEVY	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS (SCH. 2)	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569
CASH FLOW										
REVENUES										
PROPERTY TAXES	1,663,313	1,696,579	1,696,579	1,730,511	1,730,511	1,765,121	1,765,121	1,800,424	1,800,424	1,836,432
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	133,065	135,726	135,726	138,441	138,441	141,210	141,210	144,034	144,034	146,915
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	59,833	57,909	56,701	55,241	54,456	53,775	54,139	54,563	55,217	56,335
TOTAL REVENUES	1,856,211	1,890,215	1,889,006	1,924,193	1,923,408	1,960,106	1,960,470	1,999,020	1,999,674	2,039,682
EXPENDITURES										
IGA PAYMENT TO TRMD #1 FOR OPS (OPERATING DISTRICT)	702,288	716,334	716,334	730,660	730,660	745,273	745,273	760,179	760,179	775,382
COUNTY TREASURER 2.0% COLLECTION FEE	33,266	33,932	33,932	34,610	34,610	35,302	35,302	36,008	36,008	36,729
ADMINISTRATIVE ALLOWANCE	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	44,426
TOTAL EXPENDITURES	769,603	785,335	786,387	802,476	803,593	820,048	821,232	838,063	839,319	856,537
FUNDS AVAILABLE FOR DEBT SERVICE	1,086,609	1,104,880	1,102,619	1,121,717	1,119,815	1,140,058	1,139,238	1,160,957	1,160,355	1,183,145
LIMITED GO BONDS DEBT SERVICE										
SERIES 2010 G.O. NON-RATED DEBT SERVICE (SCH. 2)	205,300	204,700	203,750	207,450	205,450	203,100	205,400	207,000	202,900	203,450
SERIES 2013 G.O. NON-RATED DEBT SERVICE (SCH. 2)	192,300	193,100	193,550	193,650	193,400	192,800	191,850	195,550	193,550	191,200
SERIES 2016 G.O. NON-RATED DEBT SERVICE (SCH. 2)	199,800	201,300	202,450	203,250	203,700	198,800	198,900	203,650	202,700	201,400
SERIES 2020 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	351,300	351,750	351,850	351,600	351,000	350,050	348,750	352,100	349,750	352,050
SERIES 2025 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	186,000	184,250	187,500	185,400	183,300	186,200	183,750	186,300	183,500	185,700
SERIES 20 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE (SCH. 2)	1,134,700	1,135,100	1,139,100	1,141,350	1,136,850	1,130,950	1,128,650	1,144,600	1,132,400	1,133,800
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	(48,091)	(30,220)	(36,481)	(19,633)	(17,035)	9,108	10,588	16,357	27,955	49,345
G.O. BONDS ISSUED	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0
BEGINNING FUND BALANCE - JANUARY 1	1,495,826	1,447,735	1,417,515	1,381,034	1,361,401	1,344,366	1,353,474	1,364,063	1,380,420	1,408,375
ENDING FUND BALANCE - DECEMBER 31	1,447,735	1,417,515	1,381,034	1,361,401	1,344,366	1,353,474	1,364,063	1,380,420	1,408,375	1,457,720
TOTAL G.O. BONDS OUTSTANDING @ 12/31	11,930,000	11,630,000	11,305,000	10,955,000	10,585,000	10,195,000	9,780,000	9,320,000	8,840,000	8,325,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	31.64%	30.85%	29.40%	28.49%	26.99%	25.99%	24.44%	23.29%	21.66%	20.40%

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

EXHIBIT II (RESIDENTIAL FINANCING DISTRICT #2)
 TIMMATH RANCH METROPOLITAN DISTRICT #2
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

	2037	2038	2039	2040	2041	2042	TOTALS
KEY ASSUMPTIONS							
ASSESSED VALUATION (SCH. 2)	40,809,604	41,625,797	41,625,797	42,458,313	42,458,313	43,307,479	
TOTAL DISTRICT MILL LEVY	45.00	45.00	45.00	45.00	43.00	43.00	
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	19.00	19.00	19.00	19.00	19.00	19.00	
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 2)	0	0	0	0	0	0	1,569
CUMULATIVE RESIDENTIAL UNITS (SCH. 2)	1,569	1,569	1,569	1,569	1,569	1,569	1,569
CASH FLOW							
REVENUES							
PROPERTY TAXES	1,836,432	1,873,161	1,873,161	1,910,624	1,825,707	1,862,222	46,063,217
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	146,915	149,853	149,853	152,850	146,057	148,978	3,685,057
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	58,309	60,350	63,095	66,160	70,408	79,042	1,390,146
TOTAL REVENUES	2,041,656	2,083,364	2,086,109	2,129,634	2,042,172	2,090,242	51,138,421
EXPENDITURES							
IGA PAYMENT TO TRMD #1 FOR OPS (OPERATING DISTRICT)	775,382	790,890	790,890	806,708	806,708	822,842	19,521,338
COUNTY TREASURER 2.0% COLLECTION FEE	36,729	37,463	37,463	38,212	36,514	37,244	921,264
ADMINISTRATIVE ALLOWANCE	45,759	47,131	48,545	50,002	51,502	53,047	1,154,604
TOTAL EXPENDITURES	857,870	875,485	876,899	894,922	894,724	913,133	21,597,206
FUNDS AVAILABLE FOR DEBT SERVICE	1,183,786	1,207,879	1,209,211	1,234,712	1,147,449	1,177,108	29,541,214
LIMITED GO BONDS DEBT SERVICE							
SERIES 2010 G.O. NON-RATED DEBT SERVICE (SCH. 2)	203,300	207,450	205,550	197,950	0	0	6,155,700
SERIES 2013 G.O. NON-RATED DEBT SERVICE (SCH. 2)	193,500	195,100	191,000	191,550	191,400	390,550	5,797,450
SERIES 2016 G.O. NON-RATED DEBT SERVICE (SCH. 2)	199,750	202,750	200,050	202,000	203,250	898,800	5,933,500
SERIES 2020 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	348,650	349,900	350,450	350,300	349,450	872,900	7,880,400
SERIES 2025 G.O. NON-RATED DEBT SERVICE (SCH. 2) (Note 1)	187,550	184,050	185,550	186,700	187,500	617,950	3,401,200
SERIES 20 G.O. NON-RATED DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	0
TOTAL LIMITED G.O. BONDS DEBT SERVICE (SCH. 2)	1,132,750	1,139,250	1,132,600	1,128,500	931,600	2,780,200	29,168,250
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	51,036	98,629	76,611	106,212	215,849	(1,603,092)	372,964
G.O. BONDS ISSUED							
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	14,100,000
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	564,000
BEGINNING FUND BALANCE - JANUARY 1	1,457,720	1,508,756	1,577,385	1,653,996	1,760,207	1,976,056	0
ENDING FUND BALANCE - DECEMBER 31	1,508,756	1,577,385	1,653,996	1,760,207	1,976,056	372,964	372,964
TOTAL G.O. BONDS OUTSTANDING @ 12/31	7,775,000	7,180,000	6,550,000	5,880,000	5,360,000	2,955,000	2,955,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	18.68%	17.25%	15.43%	13.85%	12.38%	12.38%	

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

**SCHEDULE 1 (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 GENERAL OBLIGATION BOND ISSUES AND DEBT SERVICE REQUIREMENTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042**

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES				
BOND ISSUE DATE	NET PROCEEDS	OTHER COSTS	GROSS BOND ISSUE	
12/1/2010 NON-RATED	2,448,000	102,000	2,550,000	
12/1/2013 NON-RATED	2,304,000	96,000	2,400,000	
12/1/2016 NON-RATED	2,400,000	100,000	2,500,000	
12/1/2021 NON-RATED	4,176,000	174,000	4,350,000	
12/1/2026 NON-RATED	2,208,000	92,000	2,300,000	
TOTALS	13,536,000	564,000	14,100,000	

ANNUAL DEBT SERVICE REQUIREMENTS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
G.O. BONDS DEBT SERVICE													
SERIES 12/1/2010 @ 7.0%					0	178,500	176,750	174,650	172,550	170,100	167,650	164,850	162,050
INTEREST @ 7.0%					0	25,000	30,000	30,000	35,000	35,000	40,000	40,000	45,000
PRINCIPAL REDUCTION					0	203,500	206,750	204,650	207,550	205,100	207,650	204,850	207,050
TOTAL DEBT SERVICE					0	203,500	206,750	204,650	207,550	205,100	207,650	204,850	207,050
G.O. BONDS OUTSTANDING @ 12/31					2,550,000	2,525,000	2,495,000	2,465,000	2,430,000	2,395,000	2,355,000	2,315,000	2,270,000
SERIES 12/1/2013 @ 7.0%													
INTEREST @ 7.0%					0	0	0	0	168,000	166,250	164,500	162,400	160,300
PRINCIPAL REDUCTION					0	0	0	0	25,000	25,000	30,000	30,000	35,000
TOTAL DEBT SERVICE					0	0	0	0	193,000	191,250	194,500	192,400	195,300
G.O. BONDS OUTSTANDING @ 12/31					0	0	0	2,400,000	2,375,000	2,350,000	2,320,000	2,290,000	2,255,000
SERIES 12/1/2016 @ 7.0%													
INTEREST @ 7.0%					0	0	0	0	0	0	0	175,000	173,250
PRINCIPAL REDUCTION					0	0	0	0	0	0	0	25,000	30,000
TOTAL DEBT SERVICE					0	0	0	0	0	0	0	200,000	203,250
G.O. BONDS OUTSTANDING @ 12/31					0	0	0	0	0	0	2,500,000	2,475,000	2,445,000
SERIES 12/1/2021 @ 7.0% (Note 1)													
INTEREST @ 7.0%					0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION					0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE					0	0	0	0	0	0	0	0	0
G.O. BONDS OUTSTANDING @ 12/31					0	0	0	0	0	0	0	0	0
SERIES 12/1/2026 @ 7.0% (Note 1)													
INTEREST @ 7.0%					0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION					0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE					0	0	0	0	0	0	0	0	0
G.O. BONDS OUTSTANDING @ 12/31					0	0	0	0	0	0	0	0	0
TOTAL G.O. BONDS DEBT SERVICE					0	203,500	206,750	204,650	400,550	396,350	402,150	597,250	605,600
TOTAL G.O. BONDS OUTSTANDING @ 12/31					2,550,000	2,525,000	2,495,000	4,865,000	4,805,000	4,745,000	7,175,000	7,080,000	6,970,000

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

SCHEDULE 1 (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 GENERAL OBLIGATION BOND ISSUES AND DEBT SERVICE
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES														
BOND ISSUE	NET PROCEEDS	OTHER COSTS	GROSS BOND ISSUE	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
12/1/2010 NON-RATED	2,448,000	102,000	2,550,000	203,900	205,750	207,250	203,400	209,550	205,000	205,450	205,550	205,300	204,700	203,750
12/1/2013 NON-RATED	2,304,000	96,000	2,400,000	192,850	195,400	192,600	194,800	191,650	193,500	195,000	191,150	192,300	193,100	193,550
12/1/2016 NON-RATED	2,400,000	100,000	2,500,000	201,150	199,050	201,950	199,500	202,050	199,250	201,450	203,300	199,800	201,300	202,450
12/1/2021 NON-RATED	4,176,000	174,000	4,350,000	0	0	0	349,500	351,350	347,850	349,350	350,500	351,300	351,750	351,850
12/1/2026 NON-RATED	2,208,000	92,000	2,300,000	0	0	0	0	0	0	0	0	186,000	184,250	187,500
TOTALS	13,536,000	564,000	14,100,000	597,900	600,200	601,300	947,200	954,500	945,600	951,250	950,500	1,134,700	1,135,100	1,139,100

G.O. BONDS DEBT SERVICE

SERIES 12/1/2010 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

SERIES 12/1/2013 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

SERIES 12/1/2016 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

SERIES 12/1/2021 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

SERIES 12/1/2026 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

TOTAL G.O. BONDS DEBT SERVICE

TOTAL G.O. BONDS OUTSTANDING @ 12/31

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

Stan Bernstein and Associates, Inc.

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**SCHEDULE 1 (RESIDENTIAL FINANCING DISTRICT #2)
TIMNATH RANCH METROPOLITAN DISTRICT #2
GENERAL OBLIGATION BOND ISSUES AND DEBT SERVICE
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH**

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES				
BOND ISSUE DATE	NET PROCEEDS	OTHER COSTS	GROSS BOND ISSUE	
12/1/2010 NON-RATED	2,448,000	102,000	2,550,000	
12/1/2013 NON-RATED	2,304,000	96,000	2,400,000	
12/1/2016 NON-RATED	2,400,000	100,000	2,500,000	
12/1/2021 NON-RATED	4,176,000	174,000	4,350,000	
12/1/2026 NON-RATED	2,208,000	92,000	2,300,000	
TOTALS	13,536,000	564,000	14,100,000	

G.O. BONDS DEBT SERVICE

SERIES 12/1/2010 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

107,450	100,450	93,100	85,400	77,000	67,900	58,450	48,300	37,450	25,550	12,950
100,000	105,000	110,000	120,000	130,000	135,000	145,000	155,000	170,000	180,000	185,000
207,450	205,450	203,100	205,400	207,000	202,900	203,450	203,300	207,450	205,550	197,950
1,435,000	1,330,000	1,220,000	1,100,000	970,000	835,000	690,000	535,000	365,000	185,000	0

SERIES 12/1/2013 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

118,650	113,400	107,800	101,850	95,550	88,550	81,200	73,500	65,100	56,000	46,550
75,000	80,000	85,000	90,000	100,000	105,000	110,000	120,000	130,000	135,000	145,000
193,650	193,400	192,800	191,850	195,550	193,550	191,200	193,500	195,100	191,000	191,550
1,620,000	1,540,000	1,455,000	1,365,000	1,265,000	1,160,000	1,050,000	930,000	800,000	665,000	520,000

SERIES 12/1/2016 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

138,250	133,700	128,800	123,900	118,650	112,700	106,400	99,750	92,750	85,050	77,000
65,000	70,000	70,000	75,000	85,000	90,000	95,000	100,000	110,000	115,000	125,000
203,250	203,700	198,800	198,900	203,650	202,700	201,400	199,750	202,750	200,050	202,000
1,910,000	1,840,000	1,770,000	1,695,000	1,610,000	1,520,000	1,425,000	1,325,000	1,215,000	1,100,000	975,000

SERIES 12/1/2021 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

271,600	266,000	260,050	253,750	247,100	239,750	232,050	223,650	214,900	205,450	195,300
80,000	85,000	90,000	95,000	105,000	110,000	120,000	125,000	135,000	145,000	155,000
351,600	351,000	350,050	348,750	352,100	349,750	352,050	348,650	349,900	350,450	350,300
3,800,000	3,715,000	3,625,000	3,530,000	3,425,000	3,315,000	3,195,000	3,070,000	2,935,000	2,790,000	2,635,000

SERIES 12/1/2026 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

155,400	153,300	151,200	148,750	146,300	143,500	140,700	137,550	134,050	130,550	126,700
30,000	30,000	35,000	35,000	40,000	40,000	45,000	50,000	50,000	55,000	60,000
185,400	183,300	186,200	183,750	186,300	183,500	185,700	187,550	184,050	185,550	186,700
2,190,000	2,160,000	2,125,000	2,090,000	2,050,000	2,010,000	1,965,000	1,915,000	1,865,000	1,810,000	1,750,000

TOTAL G.O. BONDS DEBT SERVICE

TOTAL G.O. BONDS OUTSTANDING @ 12/31

1,141,350	1,136,850	1,130,950	1,128,650	1,144,600	1,132,400	1,133,800	1,132,750	1,139,250	1,132,600	1,128,500
10,955,000	10,585,000	10,195,000	9,780,000	9,320,000	8,840,000	8,325,000	7,775,000	7,180,000	6,550,000	5,880,000

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

**SCHEDULE 1 (RESIDENTIAL FINANCING DISTRICT #2)
 TIMNATH RANCH METROPOLITAN DISTRICT #2
 GENERAL OBLIGATION BOND ISSUES AND DEBT SERVICE
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH**

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES					
BOND ISSUE DATE	NET PROCEEDS	OTHER COSTS	GROSS BOND ISSUE	2041	2042 TOTALS
12/1/2010 NON-RATED	2,448,000	102,000	2,550,000	0	6,155,700
12/1/2013 NON-RATED	2,304,000	96,000	2,400,000	191,400	390,550 5,797,450
12/1/2016 NON-RATED	2,400,000	100,000	2,500,000	203,250	898,800 5,933,500
12/1/2021 NON-RATED	4,176,000	174,000	4,350,000	349,450	872,900 7,880,400
12/1/2026 NON-RATED	2,208,000	92,000	2,300,000	187,500	617,950 3,401,200
TOTALS	13,536,000	564,000	14,100,000	931,600	2,780,200 29,168,250

G.O. BONDS DEBT SERVICE

SERIES 12/1/2010 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

0	0	0	3,605,700
0	0	0	2,550,000
0	0	0	6,155,700
0	0	0	0

SERIES 12/1/2013 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

36,400	25,550	3,397,450
155,000	365,000	2,400,000
191,400	390,550	5,797,450
365,000	0	0

SERIES 12/1/2016 @ 7.0%

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

68,250	58,800	3,433,500
135,000	840,000	2,500,000
203,250	898,800	5,933,500
840,000	0	0

SERIES 12/1/2021 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

184,450	172,900	5,300,400
165,000	700,000	2,580,000
349,450	872,900	7,880,400
2,470,000	1,770,000	1,770,000

SERIES 12/1/2026 @ 7.0% (Note 1)

INTEREST @ 7.0%

PRINCIPAL REDUCTION

TOTAL DEBT SERVICE

G.O. BONDS OUTSTANDING @ 12/31

122,500	117,950	2,286,200
65,000	500,000	1,115,000
187,500	617,950	3,401,200
1,685,000	1,185,000	1,185,000

TOTAL G.O. BONDS DEBT SERVICE

TOTAL G.O. BONDS OUTSTANDING @ 12/31

931,600	2,780,200	29,168,250
5,360,000	2,955,000	

(Note 1) Series 2020 and 2025 bond issues assumed to be paid by 2046

SCHEDULE 2 (RESIDENTIAL FINANCING DISTRICT #2)
 TIMMATH RANCH METROPOLITAN DISTRICT #2
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

WORKING DRAFT
 SUBJECT TO REVISION
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Description of Unit	Planned Number of Homes	Average Per Unit Price	Total Gross Unit Volume
Residential			
Single Family Residential Filing 1	180	350,000	63,000,000
Single Family Residential 4	586	350,000	205,100,000
Multi Family Residential Filing 4	803	150,000	120,450,000
Total Residential - Increm.	1,569	247,642	388,550,000
Total Residential - Cumulat.			

Actual Values:

Single Family Residential Filing 1	0	10,500,000	21,000,000	31,500,000	0	0	0	0	0
Single Family Residential 4	0	0	10,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
Multi Family Residential Filing 4	0	0	0	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total Actual Values - Incremental	0	10,500,000	31,500,000	49,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total Actual Values - Cumulative	0	10,500,000	42,000,000	91,000,000	116,000,000	141,000,000	166,000,000	191,000,000	216,000,000

Assessed Values (Residential @ 7.96%):

Single Family Residential Filing 1	0	835,800	1,671,600	2,507,400	0	0	0	0	0
Single Family Residential 4	0	0	835,800	1,393,000	1,393,000	1,393,000	1,393,000	1,393,000	1,393,000
Multi Family Residential Filing 4	0	0	0	0	597,000	597,000	597,000	597,000	597,000
Total Assessed Value	0	835,800	2,507,400	3,900,400	1,990,000	1,990,000	1,990,000	1,990,000	1,990,000
Total Assessed Valuation Vacant Land	300,000	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	300,000	835,800	2,507,400	3,900,400	1,990,000	1,990,000	1,990,000	1,990,000	1,990,000
Total Assessed Valuation - Cumulative	300,000	1,135,800	3,643,200	7,543,600	11,523,600	13,513,600	15,503,600	17,493,600	19,483,600
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	300,000	1,135,800	3,716,064	7,694,472	11,989,153	14,340,740	16,452,544	18,335,635	20,220,720

Year Assessed Valuation Certified To TRMD #2
 Year Taxes Received By TRMD #2

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
0	0	0	0	0	0	0	0	0	0

**SCHEDULE 2 (RESIDENTIAL FINANCING DISTRICT #2)
TIMMATH RANCH METROPOLITAN DISTRICT #2
PROJECTED ASSESSED VALUATION - BUILDOUT
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027**

BUILDOUT - RESIDENTIAL (Source: Pinnacle Consulting Group, Inc.)			
<u>Description of Unit</u>	<u>Planned Number of Homes</u>	<u>Average Per Unit Price</u>	<u>Total Gross Unit Volume</u>
Residential			
Single Family Residential Filing 1	180	350,000	63,000,000
Single Family Residential 4	586	350,000	205,100,000
Multi Family Residential Filing 4	803	150,000	120,450,000
Total Residential - Increm.	<u>1,569</u>	<u>247,642</u>	<u>388,550,000</u>
Total Residential - Cumulat	860	1,060	960

Actual Values:

Single Family Residential Filing 1	0	0	0	0	0	0	0	0	0
Single Family Residential 4	17,500,000	17,500,000	17,500,000	19,600,000	0	0	0	0	0
Multi Family Residential Filing 4	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total Actual Values - Incremental	25,000,000	25,000,000	25,000,000	27,100,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Total Actual Values - Cumulative	241,000,000	266,000,000	316,000,000	343,100,000	350,600,000	358,100,000	365,600,000	373,100,000	373,100,000

Assessed Values (Residential @ 7.96%):

Single Family Residential Filing 1	0	0	0	0	0	0	0	0	0
Single Family Residential 4	1,393,000	1,393,000	1,393,000	1,560,160	0	0	0	0	0
Multi Family Residential Filing 4	597,000	597,000	597,000	597,000	597,000	597,000	597,000	597,000	597,000
Total Assessed Value	1,990,000	1,990,000	1,990,000	2,157,160	597,000	597,000	597,000	597,000	597,000
Total Assessed Valuation Vacant Land	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	1,990,000	1,990,000	1,990,000	2,157,160	597,000	597,000	597,000	597,000	597,000
Total Assessed Valuation - Cumulative	19,483,600	21,473,600	23,463,600	27,610,760	28,207,760	28,804,760	29,401,760	29,998,760	29,998,760
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	21,089,675	23,708,590	25,905,710	31,094,200	32,401,850	33,087,615	34,448,848	35,148,329	35,148,329

**Year Assessed Valuation Certified To TRMD #2
Year Taxes Received By TRMD #2**

2016	2017	2018	2019	2020	2021	2022	2023	2024
2017	2018	2019	2020	2021	2022	2023	2024	2025

**SCHEDULE 2 (RESIDENTIAL FINANCING DISTRICT #2)
TIMNATH RANCH METROPOLITAN DISTRICT #2
PROJECTED ASSESSED VALUATION - BUILDOUT
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027**

Description of Unit	Pinnacle Consulting Group, Inc.)			2024	2025	2026	2027	TOTAL
	Planned Number of Homes	Average Per Unit Price	Total Gross Unit Volume					
Residential								
Single Family Residential Filing 1	180	350,000	63,000,000	0	0	0	0	180
Single Family Residential 4	586	350,000	205,100,000	0	0	0	0	586
Multi Family Residential Filing 4	803	150,000	120,450,000	50	53	0	0	803
Total Residential - Increm.	1,569	247,642	388,550,000	50	53	0	0	1,569
Total Residential - Cumulat.				1,516	1,569	1,569	1,569	1,569

Actual Values:

Single Family Residential Filing 1	0	0	0	0	0	0	0	63,000,000
Single Family Residential 4	0	0	0	0	0	0	0	205,100,000
Multi Family Residential Filing 4	7,500,000	7,950,000	0	0	0	0	0	120,450,000
Total Actual Values - Incremental	7,500,000	7,950,000	0	0	0	0	0	388,550,000
Total Actual Values - Cumulative	380,600,000	388,550,000	388,550,000	388,550,000	388,550,000	388,550,000	388,550,000	388,550,000

Assessed Values (Residential @ 7.96%):

Single Family Residential Filing 1	0	0	0	0	0	0	0	5,014,800
Single Family Residential 4	0	0	0	0	0	0	0	16,325,960
Multi Family Residential Filing 4	597,000	632,820	0	0	0	0	0	9,587,820
Total Assessed Value	597,000	632,820	0	0	0	0	0	30,928,580
Total Assessed Valuation Vacant Land	0	(300,000)	0	0	0	0	0	0
Total Assessed Valuation - Incremental	597,000	332,820	0	0	0	0	0	30,928,580
Total Assessed Valuation - Cumulative	30,595,760	30,928,580	30,928,580	30,928,580	30,928,580	30,928,580	30,928,580	30,928,580
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	36,564,765	36,962,516	37,701,766	37,701,766	37,701,766	37,701,766	37,701,766	37,701,766

**Year Assessed Valuation Certified To TRMD #2
Year Taxes Received By TRMD #2**

2025	2026	2027	2028
2026	2027	2028	2029

EXHIBIT III (COMMERCIAL FINANCING DISTRICT #3)
 TIMNATH RANCH METROPOLITAN DISTRICT #3
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

KEY ASSUMPTIONS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ASSESSED VALUATION (SCH. 1)	0	0	0	0	306,000	1,600,125	1,632,128	2,952,135	3,011,178	4,357,585	4,444,737	5,818,073
TOTAL DISTRICT MILL LEVY	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	0.00	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL COMMERCIAL SQ. FT ADDED (SCH. 2)	0	0	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000
CUMULATIVE COMMERCIAL SQ. FT ADDED (SCH. 2)	0	0	0	35,000	35,000	70,000	70,000	105,000	105,000	140,000	140,000	175,000

CASH FLOW

REVENUES	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PROPERTY TAXES	0	0	0	0	7,650	40,003	40,803	73,803	75,279	108,940	111,118	145,452
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	0	0	0	0	612	3,200	3,264	5,904	6,022	8,715	8,889	11,636
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	0	0	0	0	0	141	882	1,669	3,093	4,602	6,731	8,984
TOTAL REVENUES	0	0	0	0	8,262	43,344	44,950	81,376	84,395	122,257	126,739	166,072

EXPENDITURES

IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	0	0	0	0	4,590	24,002	24,482	44,282	45,168	65,364	66,671	87,271
COUNTY TREASURER 2.0% COLLECTION FEE	0	0	0	0	153	800	816	1,476	1,506	2,179	2,222	2,909
ADMINISTRATIVE ALLOWANCE	0	0	0	0	0	0	0	0	0	1,500	1,500	1,500
TOTAL EXPENDITURES	0	0	0	0	4,743	24,802	25,298	45,758	46,673	69,043	70,393	91,680

FUNDS AVAILABLE FOR DEBT SERVICE

	0	0	0	0	3,519	18,542	19,652	35,618	37,722	53,214	56,345	74,392
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G.O. BONDS DEBT SERVICE

SERIES 12/1/2020 @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0

SERIES 12/1/2024 @ 7.0% (Note 1)

INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL G.O. BONDS DEBT SERVICE

	0	0	0	0	3,519	18,542	19,652	35,618	37,722	53,214	56,345	74,392
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EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE

	0	0	0	0	0	0	0	0	0	0	0	0
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G.O. BONDS ISSUED

COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0	0

BEGINNING FUND BALANCE - JANUARY 1

	0	0	0	0	0	3,519	22,061	41,713	77,331	115,053	168,267	224,612
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ENDING FUND BALANCE - DECEMBER 31

	0	0	0	0	3,519	22,061	41,713	77,331	115,053	168,267	224,612	299,005
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TOTAL G.O. BONDS OUTSTANDING @ 12/31

% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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EXHIBIT III (COMMERCIAL FINANCING DISTRICT #3)
 TIMNATH RANCH METROPOLITAN DISTRICT #3
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
KEY ASSUMPTIONS											
ASSESSED VALUATION (SCH. 1)	5,934,434	7,335,237	7,481,942	8,910,760	9,088,975	10,546,370	10,757,298	12,136,730	12,379,465	12,379,465	12,627,054
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL COMMERCIAL SQ. FT. ADDED (SCH. 2)	0	35,000	0	35,000	0	40,754	0	0	0	0	0
CUMULATIVE COMMERCIAL SQ. FT. ADDED (SCH. 2)	175,000	210,000	210,000	245,000	245,000	285,754	285,754	285,754	285,754	285,754	285,754
CASH FLOW											
REVENUES											
PROPERTY TAXES	148,361	183,381	187,049	222,769	227,224	263,659	268,932	303,418	309,487	309,487	315,676
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	11,869	14,670	14,964	17,822	18,178	21,093	21,515	24,273	24,789	24,789	25,254
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	11,960	15,108	18,887	22,878	23,720	24,713	26,452	28,393	28,300	28,179	28,129
TOTAL REVENUES	<u>172,190</u>	<u>213,160</u>	<u>220,899</u>	<u>263,469</u>	<u>269,122</u>	<u>309,465</u>	<u>316,899</u>	<u>356,084</u>	<u>362,546</u>	<u>362,425</u>	<u>369,060</u>
EXPENDITURES											
IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	89,017	110,029	112,229	133,661	136,335	158,196	161,359	182,051	185,692	185,692	189,406
COUNTY TREASURER 2.0% COLLECTION FEE	2,967	3,668	3,741	4,455	4,544	5,273	5,379	6,068	6,190	6,190	6,314
ADMINISTRATIVE ALLOWANCE	1,500	5,000	5,150	5,305	5,464	5,628	5,796	6,149	6,149	6,149	6,524
TOTAL EXPENDITURES	<u>93,484</u>	<u>118,696</u>	<u>121,120</u>	<u>143,421</u>	<u>146,343</u>	<u>169,096</u>	<u>172,534</u>	<u>194,090</u>	<u>198,031</u>	<u>198,216</u>	<u>202,243</u>
FUNDS AVAILABLE FOR DEBT SERVICE	<u>78,706</u>	<u>94,464</u>	<u>99,779</u>	<u>120,047</u>	<u>122,780</u>	<u>140,369</u>	<u>144,365</u>	<u>161,993</u>	<u>164,515</u>	<u>164,209</u>	<u>166,817</u>
G.O. BONDS DEBT SERVICE											
SERIES 12/1/2020 @ 7.0%	0	0	0	84,000	82,950	81,900	80,850	79,800	78,750	77,350	75,950
INTEREST @ 7.0%	0	0	0	15,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000
PRINCIPAL REDUCTION	0	0	0	99,000	97,950	96,900	95,850	94,800	98,750	97,350	95,950
TOTAL DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,185,000</u>	<u>1,170,000</u>	<u>1,155,000</u>	<u>1,140,000</u>	<u>1,125,000</u>	<u>1,105,000</u>	<u>1,085,000</u>	<u>1,065,000</u>
G.O. BONDS OUTSTANDING @ 12/31											
SERIES 12/1/2024 @ 7.0% (Note 1)	0	0	0	0	0	0	0	59,500	58,800	58,100	57,400
INTEREST @ 7.0%	0	0	0	0	0	0	0	10,000	10,000	10,000	10,000
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	69,500	68,800	68,100	67,400
TOTAL DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>840,000</u>	<u>830,000</u>	<u>820,000</u>	<u>810,000</u>
G.O. BONDS OUTSTANDING @ 12/31											
TOTAL G.O. BONDS DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>	<u>99,000</u>	<u>97,950</u>	<u>96,900</u>	<u>95,850</u>	<u>164,300</u>	<u>167,550</u>	<u>165,450</u>	<u>163,350</u>
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	<u>78,706</u>	<u>94,464</u>	<u>99,779</u>	<u>21,047</u>	<u>24,830</u>	<u>43,469</u>	<u>48,515</u>	<u>(2,305)</u>	<u>(3,035)</u>	<u>(1,241)</u>	<u>3,467</u>
G.O. BONDS ISSUED	0	0	1,200,000	0	0	0	850,000	0	0	0	0
COSTS OF BOND ISSUANCE @4%	0	0	48,000	0	0	0	34,000	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	1,152,000	0	0	0	816,000	0	0	0	0
BEGINNING FUND BALANCE - JANUARY 1	289,005	377,711	472,175	571,954	593,001	617,831	661,300	709,815	707,509	704,474	703,233
ENDING FUND BALANCE - DECEMBER 31	377,711	472,175	571,954	593,001	617,831	661,300	709,815	707,509	704,474	703,233	706,700
TOTAL G.O. BONDS OUTSTANDING @ 12/31	0	0	1,200,000	1,185,000	1,170,000	1,155,000	1,140,000	1,125,000	1,105,000	1,085,000	1,065,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	<u>0.00%</u>	<u>0.00%</u>	<u>13.47%</u>	<u>13.04%</u>	<u>11.09%</u>	<u>10.74%</u>	<u>16.40%</u>	<u>15.87%</u>	<u>15.63%</u>	<u>15.09%</u>	<u>14.85%</u>

EXHIBIT III (COMMERCIAL FINANCING DISTRICT #3)
 TIMNATH RANCH METROPOLITAN DISTRICT #3
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
ASSESSED VALUATION (SCH. 1)	12,627,054	12,879,595	12,879,595	13,137,187	13,137,187	13,399,931	13,399,931	13,667,930	13,667,930	13,941,288	13,941,288
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL COMMERCIAL SQ.FT ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE COMMERCIAL SQ.FT ADDED (SCH. 2)	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754
CASH FLOW											
REVENUES											
PROPERTY TAXES	315,676	321,990	321,990	328,430	328,430	334,998	334,998	341,698	341,698	348,532	348,532
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	25,254	25,759	25,759	26,274	26,274	26,800	26,800	27,336	27,336	27,883	27,883
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	359,198	28,268	28,710	28,830	29,176	29,440	29,952	30,401	30,921	31,407	32,196
TOTAL REVENUES	369,198	376,237	376,459	383,534	383,880	391,238	391,750	399,956	399,956	407,822	408,610
EXPENDITURES											
IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	189,406	193,194	193,194	197,058	197,058	200,999	200,999	205,019	205,019	209,119	209,119
COUNTY TREASURER 2.0% COLLECTION FEE	6,314	6,440	6,440	6,569	6,569	6,700	6,700	6,834	6,834	6,971	6,971
ADMINISTRATIVE ALLOWANCE	6,720	6,921	7,129	7,343	7,563	7,790	8,024	8,264	8,512	8,768	9,031
TOTAL EXPENDITURES	202,439	206,555	206,763	210,969	211,189	215,489	215,722	220,117	220,365	224,857	225,121
FUNDS AVAILABLE FOR DEBT SERVICE	166,760	169,683	169,696	172,565	172,691	175,749	176,027	179,318	179,591	182,964	183,490
G.O. BONDS DEBT SERVICE											
SERIES 12/1/2020 @ 7.0%											
INTEREST @ 7.0%											
PRINCIPAL REDUCTION	74,550	73,150	71,400	69,650	67,900	65,800	63,700	61,250	58,800	56,000	53,200
TOTAL DEBT SERVICE	20,000	25,000	25,000	25,000	30,000	30,000	35,000	35,000	40,000	40,000	45,000
G.O. BONDS OUTSTANDING @ 12/31	94,550	98,150	95,400	94,650	97,900	95,800	98,700	96,250	98,800	96,000	98,200
	1,045,000	1,020,000	995,000	970,000	940,000	910,000	875,000	840,000	800,000	760,000	715,000
SERIES 12/1/2024 @ 7.0% (Note 1)											
INTEREST @ 7.0%											
PRINCIPAL REDUCTION	56,700	56,000	55,300	54,250	53,200	52,150	51,100	50,050	48,650	47,250	45,850
TOTAL DEBT SERVICE	10,000	10,000	15,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000	20,000
G.O. BONDS OUTSTANDING @ 12/31	800,000	790,000	775,000	760,000	745,000	730,000	715,000	695,000	675,000	655,000	635,000
TOTAL G.O. BONDS DEBT SERVICE	161,250	164,150	166,700	163,900	166,100	162,950	164,800	166,300	167,450	163,250	164,050
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	5,510	5,533	2,996	8,665	6,591	12,799	11,227	13,018	12,141	19,714	19,440
G.O. BONDS ISSUED	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0
BEGINNING FUND BALANCE - JANUARY 1	706,700	712,209	717,742	720,738	729,402	735,993	748,792	760,020	773,037	785,178	804,892
ENDING FUND BALANCE - DECEMBER 31	712,209	717,742	720,738	729,402	735,993	748,792	760,020	773,037	785,178	804,892	824,332
TOTAL G.O. BONDS OUTSTANDING @ 12/31	1,845,000	1,810,000	1,770,000	1,730,000	1,685,000	1,640,000	1,590,000	1,535,000	1,475,000	1,415,000	1,350,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	14.32%	14.05%	13.47%	13.17%	12.57%	12.24%	11.63%	11.23%	10.58%	10.15%	9.49%

EXHIBIT III (COMMERCIAL FINANCING DISTRICT #3)
 TIMNATH RANCH METROPOLITAN DISTRICT #3
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS

	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>TOTALS</u>
ASSESSED VALUATION (SCH. 1)	14,220,114	14,220,114	14,504,516	
TOTAL DISTRICT MILL LEVY	20.00	20.00	15.00	
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	
INCREMENTAL COMMERCIAL SQ.FT ADDED (SCH. 2)	0	0	0	
CUMULATIVE COMMERCIAL SQ.FT ADDED (SCH. 2)	285,754	285,754	285,754	

CASH FLOW

	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>TOTALS</u>
REVENUES				
PROPERTY TAXES	284,402	284,402	290,090	7,868,360
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	22,752	22,752	23,207	629,469
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	32,973	30,867	28,661	703,112
TOTAL REVENUES	<u>340,128</u>	<u>338,021</u>	<u>341,958</u>	<u>9,200,941</u>

EXPENDITURES

IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	213,302	213,302	217,568	4,849,850
COUNTY TREASURER 2.0% COLLECTION FEE	5,688	5,688	5,802	157,367
ADMINISTRATIVE ALLOWANCE	9,301	9,581	9,868	178,132
TOTAL EXPENDITURES	<u>228,291</u>	<u>228,570</u>	<u>233,237</u>	<u>5,185,350</u>

FUNDS AVAILABLE FOR DEBT SERVICE

	<u>111,837</u>	<u>109,451</u>	<u>108,721</u>	<u>4,015,591</u>
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G.O. BONDS DEBT SERVICE

SERIES 12/1/2020 @ 7.0%				
INTEREST @ 7.0%	50,050	46,900	43,400	1,497,300
PRINCIPAL REDUCTION	45,000	50,000	620,000	1,200,000
TOTAL DEBT SERVICE	<u>95,050</u>	<u>96,900</u>	<u>663,400</u>	<u>2,697,300</u>
G.O. BONDS OUTSTANDING @ 12/31	<u>670,000</u>	<u>620,000</u>	<u>0</u>	<u>0</u>

SERIES 12/1/ 2024 @ 7.0% (Note 1)

INTEREST @ 7.0%	44,450	42,700	40,950	932,400
PRINCIPAL REDUCTION	25,000	25,000	30,000	295,000
TOTAL DEBT SERVICE	<u>69,450</u>	<u>67,700</u>	<u>70,950</u>	<u>1,227,400</u>
G.O. BONDS OUTSTANDING @ 12/31	<u>610,000</u>	<u>585,000</u>	<u>555,000</u>	<u>555,000</u>

TOTAL G.O. BONDS DEBT SERVICE

	<u>164,500</u>	<u>164,600</u>	<u>734,350</u>	<u>3,924,700</u>
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EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE

	<u>(52,663)</u>	<u>(55,149)</u>	<u>(625,629)</u>	<u>90,891</u>
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G.O. BONDS ISSUED

	0	0	0	2,050,000
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COSTS OF BOND ISSUANCE @4%

	0	0	0	82,000
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TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS

	0	0	0	1,968,000
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BEGINNING FUND BALANCE - JANUARY 1

	<u>824,332</u>	<u>771,669</u>	<u>716,520</u>	<u>0</u>
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ENDING FUND BALANCE - DECEMBER 31

	<u>771,669</u>	<u>716,520</u>	<u>90,891</u>	<u>90,891</u>
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TOTAL G.O. BONDS OUTSTANDING @ 12/31

	<u>1,280,000</u>	<u>1,205,000</u>	<u>555,000</u>	<u>555,000</u>
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% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION

	<u>9.00%</u>	<u>8.31%</u>	<u>0.00%</u>	<u>0.00%</u>
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SCHEDULE 3 (COMMERCIAL FINANCING DISTRICT #3)
 TIMMATH RANCH METROPOLITAN DISTRICT #3
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2015

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

Description of Unit	Number of Sq. Ft.	Average Per Sq. Ft.	Pinnacle Consulting Group, Inc.)	
			Planned Total	Gross Unit Volume
Commercial				
Commercial Filing 3	285,754	125	35,719,250	
Total Commercial - Increm.	285,754	125	35,719,250	
Total Commercial - Cumulat.	285,754			
Total Project Value				35,719,250

Description of Unit	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actual Values:														
Commercial Filing 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Values - Incremental	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Actual Values - Cumulative	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assessed Values (Commercial @ 29%):														
Commercial Filing 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation Vacant Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Cumulative	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Year Assessed Valuation Certified To TRMD #3
 Year Taxes Received By TRMD #3

SCHEDULE 3 (COMMERCIAL FINANCING DISTRICT #3)
 TIMNATH RANCH METROPOLITAN DISTRICT #3
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2015

Description of Unit	Planned Number of Sq. Ft.	Average Per Sq. Ft.	Total Gross Unit Volume	BUILDOUT - RESIDENTIAL (Source: Pinnacle Consulting Group, Inc.)																
				2018	2019	2020	2021	2022	2023	2024	2025	TOTAL								
Commercial																				
Commercial Filing 3	285,754	125	35,719,250	0	35,000	0	35,000	0	40,754	0	40,754	0	0	0	0	0	0	0	0	285,754
Total Commercial - Incremental	285,754	125	35,719,250	0	35,000	0	35,000	0	40,754	0	40,754	0	0	0	0	0	0	0	0	285,754
Total Commercial - Cumulative	285,754			175,000	210,000	210,000	245,000	245,000	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754	285,754
Total Project Value																				35,719,250

Actual Values:

Commercial Filing 3	0	4,375,000	0	4,375,000	0	5,094,250	0	0	0	0	0	0	0	0	0	0	0	0	0	35,719,250
Total Actual Values - Incremental	0	4,375,000	0	4,375,000	0	5,094,250	0	0	0	0	0	0	0	0	0	0	0	0	0	35,719,250
Total Actual Values - Cumulative	21,875,000	26,250,000	26,250,000	30,625,000	30,625,000	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250	35,719,250

Assessed Values (Commercial @ 25%):

Commercial Filing 3	0	1,268,750	0	1,268,750	0	1,477,333	0	0	0	0	0	0	0	0	0	0	0	0	0	10,358,583
Total Assessed Value	0	1,268,750	0	1,268,750	0	1,477,333	0	0	0	0	0	0	0	0	0	0	0	0	0	10,358,583
Total Assessed Valuation Vacant Land	0	0	0	0	0	(300,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	0	1,268,750	0	1,268,750	0	1,177,333	0	0	0	0	0	0	0	0	0	0	0	0	0	10,358,583
Total Assessed Valuation - Cumulative	6,643,750	7,912,500	7,912,500	9,181,250	9,181,250	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	10,358,583	
Total Assessed Values - Curt. 2% Biennial Net Increases after 2009	7,481,942	8,910,750	9,088,975	10,546,370	10,757,298	12,136,730	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	12,379,465	

Year Assessed Valuation Certified To TRMD #3

Year Taxes Received By TRMD #3	2019	2020	2021	2022	2023	2024	2025	2026	2027
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EXHIBIT IV INDUSTRIAL FINANCING DISTRICT #4)
 TIMMATH RANCH METROPOLITAN DISTRICT #4
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

KEY ASSUMPTIONS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ASSESSED VALUATION (SCH. 3)	0	0	300,000	952,500	2,302,650	3,633,750	5,064,147	5,421,869	7,935,183	9,320,059
TOTAL DISTRICT MILL LEVY	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	0.00	0.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL INDUSTRIAL SQ FT ADDED (SCH. 2)	0	25,000	50,000	50,000	50,000	50,000	50,000	50,000	39,815	0
CUMULATIVE INDUSTRIAL SQ FT ADDED (SCH. 2)	0	25,000	75,000	125,000	175,000	225,000	275,000	325,000	364,815	364,815

CASH FLOW

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
PROPERTY TAXES	0	0	7,500	23,813	57,566	90,844	126,604	160,547	198,380	233,001
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	0	0	600	1,905	4,605	7,268	10,128	12,844	15,870	18,640
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	0	0	0	78	456	1,468	3,128	5,510	8,608	12,522
TOTAL REVENUES	0	0	8,100	25,796	62,628	99,579	139,860	178,901	222,858	264,164

EXPENDITURES

IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	0	0	4,500	14,288	34,540	54,506	75,962	96,328	119,028	139,801
COUNTY TREASURER 2.0% COLLECTION FEE	0	0	150	476	1,151	1,817	2,532	3,211	3,968	4,660
ADMINISTRATIVE ALLOWANCE	0	0	1,500	1,575	1,654	1,736	1,823	1,914	2,010	2,111
TOTAL EXPENDITURES	0	0	6,150	16,339	37,345	58,060	80,318	101,453	125,005	146,572

FUNDS AVAILABLE FOR DEBT SERVICE

G.O. BONDS DEBT SERVICE	0	0	1,950	9,457	25,283	41,519	59,543	77,447	97,852	117,592
SERIES 12/1/2015 @ 7.0%	0	0	0	0	0	0	0	0	0	0
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	1,950	9,457	25,283	41,519	59,543	77,447	97,852	117,592
G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	1,750,000

SERIES 12/1 @ 7.0%

INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0
TOTAL G.O. BONDS DEBT SERVICE	0	0	0	0	0	0	0	0	0	0

EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE

G.O. BONDS ISSUED	0	0	0	0	0	0	0	0	0	1,750,000
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	70,000
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	1,680,000
BEGINNING FUND BALANCE - JANUARY 1	0	0	0	1,950	11,407	36,690	78,209	137,752	215,199	313,051
ENDING FUND BALANCE - DECEMBER 31	0	0	1,950	11,407	36,690	78,209	137,752	215,199	313,051	430,643

TOTAL G.O. BONDS OUTSTANDING @ 12/31

% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.46%
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EXHIBIT IV INDUSTRIAL FINANCING DISTRICT #4)
 TIMMATH RANCH METROPOLITAN DISTRICT #4
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ASSESSED VALUATION (SCH. 3)	10,631,293	10,631,293	10,843,919	10,843,919	11,060,797	11,060,797	11,282,013	11,282,013	11,507,654	11,156,156
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL INDUSTRIAL SQ FT ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0
CUMULATIVE INDUSTRIAL SQ FT ADDED (SCH. 2)	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815
CASH FLOW										
REVENUES										
PROPERTY TAXES	265,782	265,782	271,098	271,098	276,520	276,520	282,050	282,050	287,691	278,904
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	21,263	21,263	21,688	21,688	22,122	22,122	22,564	22,564	23,015	22,312
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	17,226	17,017	16,850	16,827	16,556	16,438	16,180	16,090	16,074	16,239
TOTAL REVENUES	304,271	304,061	309,636	309,613	315,198	315,080	320,794	320,705	326,781	317,455
EXPENDITURES										
IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	159,469	159,469	162,659	162,659	165,912	165,912	169,230	169,230	172,615	167,342
COUNTY TREASURER 2.0% COLLECTION FEE	5,316	5,316	5,422	5,422	5,530	5,530	5,641	5,641	5,754	5,578
ADMINISTRATIVE ALLOWANCE	2,216	2,327	2,443	5,000	5,150	5,305	5,464	5,628	5,796	5,970
TOTAL EXPENDITURES	167,001	167,112	170,524	173,081	176,592	178,747	180,335	180,499	184,165	178,891
FUNDS AVAILABLE FOR DEBT SERVICE	137,269	136,949	139,112	136,532	138,605	136,333	140,459	140,206	142,616	138,565
G.O. BONDS DEBT SERVICE										
SERIES 12/1/2015 @ 7.0%										
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	20,000	20,000	20,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000
TOTAL DEBT SERVICE	142,500	141,100	139,700	143,300	141,550	144,800	142,700	140,600	138,500	141,400
G.O. BONDS OUTSTANDING @ 12/31	1,730,000	1,710,000	1,690,000	1,665,000	1,640,000	1,610,000	1,580,000	1,550,000	1,520,000	1,485,000
SERIES 12/1/ @ 7.0%										
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0
TOTAL G.O. BONDS DEBT SERVICE	142,500	141,100	139,700	143,300	141,550	144,800	142,700	140,600	138,500	141,400
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	(5,231)	(4,151)	(588)	(6,768)	(2,945)	(6,467)	(2,241)	(394)	4,116	(2,835)
G.O. BONDS ISSUED	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0
BEGINNING FUND BALANCE - JANUARY 1	430,643	425,413	421,262	420,674	413,907	410,962	404,495	402,254	401,860	405,976
ENDING FUND BALANCE - DECEMBER 31	425,413	421,262	420,674	413,907	410,962	404,495	402,254	401,860	405,976	403,141
TOTAL G.O. BONDS OUTSTANDING @ 12/31	1,730,000	1,710,000	1,690,000	1,665,000	1,640,000	1,610,000	1,580,000	1,550,000	1,520,000	1,485,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	16.27%	15.77%	15.58%	15.05%	14.63%	14.27%	14.00%	13.47%	13.62%	13.05%

EXHIBIT IV INDUSTRIAL FINANCING DISTRICT #4)
 TIMMATH RANCH METROPOLITAN DISTRICT #4
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
ASSESSED VALUATION (SCH. 3)	11,379,279	11,379,279	11,606,864	11,606,864	11,839,002	11,839,002	12,075,782	12,075,782	12,317,297	12,317,297
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
INCREMENTAL INDUSTRIAL SQ FT ADDED (SCH. 2)	0	0	0	0	0	0	0	0	0	0
CUMULATIVE INDUSTRIAL SQ FT ADDED (SCH. 2)	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815	364,815
CASH FLOW										
REVENUES										
PROPERTY TAXES	284,482	284,482	290,172	290,172	295,975	295,975	301,895	301,895	307,932	307,932
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	22,759	22,759	23,214	23,214	23,678	23,678	24,152	24,152	24,635	24,635
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	16,126	16,201	16,170	16,347	16,436	16,752	16,999	17,296	17,550	18,085
TOTAL REVENUES	323,366	323,442	329,556	329,733	336,089	336,405	343,045	343,342	350,117	350,652
EXPENDITURES										
IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	170,689	170,689	174,103	174,103	177,585	177,585	181,137	181,137	184,759	184,759
COUNTY TREASURER 2.0% COLLECTION FEE	5,690	5,690	5,803	5,803	5,920	5,920	6,038	6,038	6,159	6,159
ADMINISTRATIVE ALLOWANCE	6,149	6,394	6,524	6,720	6,921	7,129	7,343	7,563	7,790	8,024
TOTAL EXPENDITURES	182,528	182,773	186,430	186,626	190,426	190,633	194,517	194,738	198,708	198,942
FUNDS AVAILABLE FOR DEBT SERVICE	140,838	140,729	143,125	143,107	145,663	145,772	148,528	148,605	151,409	151,710
G.O. BONDS DEBT SERVICE										
SERIES 12/1/2015 @ 7.0%	103,950	101,500	98,700	95,900	92,750	89,600	86,100	82,250	78,050	73,850
INTEREST @ 7.0%	35,000	40,000	40,000	45,000	45,000	50,000	55,000	60,000	60,000	65,000
PRINCIPAL REDUCTION	138,950	141,500	138,700	140,900	137,750	139,600	141,100	142,250	138,050	138,850
TOTAL DEBT SERVICE	1,450,000	1,410,000	1,370,000	1,325,000	1,280,000	1,230,000	1,175,000	1,115,000	1,055,000	990,000
G.O. BONDS OUTSTANDING @ 12/31										
SERIES 12/1 @ 7.0%	0	0	0	0	0	0	0	0	0	0
INTEREST @ 7.0%	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0	0
TOTAL G.O. BONDS DEBT SERVICE	138,950	141,500	138,700	140,900	137,750	139,600	141,100	142,250	138,050	138,850
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	1,888	(771)	4,425	2,207	7,913	6,172	7,428	6,355	13,359	12,860
G.O. BONDS ISSUED	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0
BEGINNING FUND BALANCE - JANUARY 1	403,141	405,029	404,258	408,683	410,890	418,803	424,975	432,403	438,757	452,117
ENDING FUND BALANCE - DECEMBER 31	405,029	404,258	408,683	410,890	418,803	424,975	432,403	438,757	452,117	464,977
TOTAL G.O. BONDS OUTSTANDING @ 12/31	1,450,000	1,410,000	1,370,000	1,325,000	1,280,000	1,230,000	1,175,000	1,115,000	1,055,000	990,000
% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	12.74%	12.15%	11.80%	11.19%	10.81%	10.19%	9.73%	9.05%	8.57%	7.88%

EXHIBIT IV INDUSTRIAL FINANCING DISTRICT #4)
 TIMNATH RANCH METROPOLITAN DISTRICT #4
 CASH FLOW FORECASTS
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2042

KEY ASSUMPTIONS	2036	2037	2038	2039	2040	2041	2042	TOTALS
ASSESSED VALUATION (SCH. 3)	12,563,643	12,563,643	12,814,916	12,814,916	13,071,215	13,071,215	13,332,639	
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	20.00	20.00	20.00	
ASSUMED MILL LEVY TRANSFER TO TRMD #1 FOR OPS	15.00	15.00	15.00	15.00	15.00	15.00	15.00	
INCREMENTAL INDUSTRIAL SQ FT ADDED (SCH. 2)	0	0	0	0	0	0	0	
CUMULATIVE INDUSTRIAL SQ FT ADDED (SCH. 2)	364,815	364,815	364,815	364,815	364,815	364,815	364,815	

CASH FLOW

REVENUES	2036	2037	2038	2039	2040	2041	2042	TOTALS
PROPERTY TAXES	314,091	314,091	320,373	320,373	261,424	261,424	266,653	8,675,091
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	25,127	25,127	25,630	25,630	20,914	20,914	21,332	684,007
INTEREST EARNINGS @ 4% OF BEGINNING FUNDS	18,599	19,220	19,851	20,624	21,440	19,463	17,462	501,890
TOTAL REVENUES	357,817	358,438	365,854	366,626	303,778	301,802	305,447	9,870,988

EXPENDITURES

IGA PAYMENT TO TRMD #1 FOR OPS (SERVICE DISTRICT)	188,455	188,455	192,224	192,224	196,068	196,068	199,990	5,323,480
COUNTY TREASURER 2.0% COLLECTION FEE	6,282	6,282	6,407	6,407	5,228	5,228	5,333	173,502
ADMINISTRATIVE ALLOWANCE	8,264	8,512	8,768	9,031	9,301	9,581	9,868	193,443
TOTAL EXPENDITURES	203,001	203,249	207,399	207,662	210,598	210,877	215,191	5,690,424
FUNDS AVAILABLE FOR DEBT SERVICE	154,817	155,189	158,455	158,965	93,180	90,924	90,257	4,180,564

G.O. BONDS DEBT SERVICE

SERIES 12/1/2015 @ 7.0%								
INTEREST @ 7.0%	69,300	64,400	59,150	53,550	47,600	40,950	33,950	2,422,700
PRINCIPAL REDUCTION	70,000	75,000	80,000	85,000	95,000	100,000	485,000	1,750,000
TOTAL DEBT SERVICE	139,300	139,400	139,150	138,550	142,600	140,950	518,950	4,172,700
G.O. BONDS OUTSTANDING @ 12/31	920,000	845,000	765,000	680,000	585,000	485,000	0	0

SERIES 12/1 @ 7.0%

INTEREST @ 7.0%	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0

TOTAL G.O. BONDS DEBT SERVICE

TOTAL G.O. BONDS DEBT SERVICE	139,300	139,400	139,150	138,550	142,600	140,950	518,950	4,172,700
EXCESS REVENUES OVER EXPENDITURES AND DEBT SERVICE	15,517	15,789	19,305	20,415	(49,420)	(50,026)	(428,693)	7,864

G.O. BONDS ISSUED

G.O. BONDS ISSUED	0	0	0	0	0	0	0	1,750,000
COSTS OF BOND ISSUANCE @4%	0	0	0	0	0	0	0	70,000
TRANSFER OF NET BOND PROCEEDS TO TRMD #1 FOR CAPITAL IMPROVEMENTS	0	0	0	0	0	0	0	1,680,000

BEGINNING FUND BALANCE - JANUARY 1

BEGINNING FUND BALANCE - JANUARY 1	484,977	480,493	496,283	515,588	536,003	486,583	436,557	0
ENDING FUND BALANCE - DECEMBER 31	480,493	496,283	515,588	536,003	486,583	436,557	7,864	7,864

TOTAL G.O. BONDS OUTSTANDING @ 12/31

TOTAL G.O. BONDS OUTSTANDING @ 12/31	920,000	845,000	765,000	680,000	585,000	485,000	0	0
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% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION

% OF OUTSTANDING G.O. BONDS/ASSESSED VALUATION	7.32%	6.59%	5.97%	5.20%	4.48%	3.64%	0.00%	
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SCHEDULE 4 (INDUSTRIAL FINANCING DISTRICT #4)
 TIMNATH RANCH METROPOLITAN DISTRICT #4
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2015

WORKING DRAFT
 SUBJECT TO REVISION
 4-Aug-06
 SEE CONSULTANTS' DISCLAIMER

BUILDOUT - RESIDENTIAL (Source: Pinnacle Consulting Group, Inc.)			
Description of Unit	Planned Number of Sq. Ft.	Average Per Sq. Ft.	Total Gross Unit Volume
Commercial			
Industrial Filing 3	364,815	90	32,833,350
Total Commercial - Increm.	364,815	90	32,833,350
Total Commercial - Cumulat.	364,815		
Total Project Value			32,833,350

Actual Values:

Industrial Filing 3
 Total Actual Values - Incremental
 Total Actual Values - Cumulative

Assessed Values (Commercial @ 29%):

Industrial Filing 3
 Total Assessed Value
 Total Assessed Valuation Vacant Land
 Total Assessed Valuation - Incremental
 Total Assessed Valuation - Cumulative
 Total Assessed Values - Cum. 2% Biennial Net Increases after 2009

Year Assessed Valuation Certified To TRMD #4
 Year Taxes Received By TRMD #4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
2006	0	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	39,815
	0	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	39,815
	0	25,000	75,000	125,000	175,000	225,000	275,000	325,000	325,000	325,000	364,815
	0	2,250,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	3,583,350
	0	2,250,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	3,583,350
	0	2,250,000	6,750,000	11,250,000	15,750,000	20,250,000	24,750,000	29,250,000	29,250,000	29,250,000	32,833,350
	0	652,500	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,039,172
	0	652,500	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,039,172
	300,000	0	0	0	0	0	0	0	0	0	0
	300,000	652,500	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,039,172
	300,000	952,500	2,257,500	3,562,500	4,867,500	6,172,500	7,477,500	8,782,500	9,087,500	9,392,500	9,821,672
	300,000	952,500	2,302,650	3,633,750	5,084,147	6,421,869	7,935,183	9,320,059	9,320,059	9,320,059	10,631,293
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
	2008	2009	2010	2011	2012	2013	2014	2015	2016		

**SCHEDULE 4 (INDUSTRIAL FINANCING DISTRICT #4)
TIMMATH RANCH METROPOLITAN DISTRICT #4
PROJECTED ASSESSED VALUATION - BUILDOUT
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2015**

BUILDOUT - RESIDENTIAL (Source: Pinnacle Consulting Group, Inc.)			
Description of Unit	Planned Number of Sq. Ft.	Average Per Sq. Ft.	Total Gross Unit Volume
Commercial			
Industrial Filing 3	364,815	90	32,833,350
Total Commercial - Increm.	364,815	90	32,833,350
Total Commercial - Cumulat.	364,815		364,815
Total Project Value			32,833,350

Actual Values:

Industrial Filing 3	0	0	0	0	0	0	0	0	0
Total Actual Values - Incremental	0	0	0	0	0	0	0	0	0
Total Actual Values - Cumulative	32,833,350	32,833,350	32,833,350	32,833,350	32,833,350	32,833,350	32,833,350	32,833,350	32,833,350

Assessed Values (Commercial @ 29%):

Industrial Filing 3	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Value	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation Vacant Land	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Incremental	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assessed Valuation - Cumulative	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672	9,821,672
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	10,631,293	10,843,919	11,060,797	11,282,013	11,507,854	11,734,708	11,961,562	12,188,416	12,415,270	12,642,124	12,868,978	13,095,832	13,322,686

Year Assessed Valuation Certified To TRMD #4
Year Taxes Received By TRMD #4

2016	2017	2018	2019	2020	2021	2022	2023
2017	2018	2019	2020	2021	2022	2023	2024

**SCHEDULE 4 (INDUSTRIAL FINANCING DISTRICT #4)
 TIMMATH RANCH METROPOLITAN DISTRICT #4
 PROJECTED ASSESSED VALUATION - BUILDOUT
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2015**

BUILDOUT - RESIDENTIAL (Source: Pinnacle Consulting Group, Inc.)				
<u>Description of Unit</u>	<u>Planned Number of Sq. Ft.</u>	<u>Average Per Sq. Ft.</u>	<u>Total Gross Unit Volume</u>	
Commercial				
<u>Industrial Filing 3</u>	<u>364,815</u>	<u>90</u>	<u>32,833,350</u>	
Total Commercial - Incrmen.	364,815	90	32,833,350	
Total Commercial - Cumulat.	364,815			
Total Project Value				<u>32,833,350</u>

Actual Values:

Industrial Filing 3				
Total Actual Values - Incremental	0	0	0	<u>32,833,350</u>
Total Actual Values - Cumulative	0	0	0	<u>32,833,350</u>

Assessed Values (Commercial @ 29%):

Industrial Filing 3				
Total Assessed Value	0	0	0	<u>9,521,672</u>
Total Assessed Valuation Vacant Land	0	0	0	<u>9,521,672</u>
Total Assessed Valuation - Incremental	(300,000)	0	0	0
Total Assessed Valuation - Cumulative	(300,000)	0	0	<u>9,521,672</u>
Total Assessed Values - Cum. 2% Biennial Net Increases after 2009	9,521,672	9,521,672	9,521,672	<u>11,379,279</u>

Year Assessed Valuation Certified To TRMD #4	2024	2025	2026	2027
Year Taxes Received By TRMD #4	2025	2026	2027	

EXHIBIT V
 TIMNATH RANCH METROPOLITAN DISTRICTS #1 - #4
 CAPITAL EXPENDITURES (OPERATING DISTRICT CAPITAL PROJECTS FUND)
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

WORKING DRAFT
 SUBJECT TO REVISION
 16-Aug-06
 SEE CONSULTANTS' DISCLAIMER

CAPITAL EXPENDITURES (SOURCE PINNACLE CONSULTING GROUP, INC.)	2006	2007	2008	2009	2010	2011	2012	2013	2014
TIMNATH RANCH									
FILING I	8,276,110	0	0	0	0	0	0	0	0
FILING II	889,030	0	0	0	0	0	0	0	0
FILING III	27,173,205	0	0	0	0	0	0	0	0
DISTRICT FORMATION AND ORGANIZATION	166,000	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURES BY YEAR	860,806	2,084,417	3,242,427	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019
CAPITAL EXPENDITURE FUNDING SOURCES:									
DEVELOPER CAPITAL LOANS	36,504,345	860,806	2,084,417	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019
REPAYMENT OF DEVELOPER CAPITAL LOANS	(36,504,345)	0	0	0	(2,448,000)	0	0	(2,304,000)	0
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	13,536,000	0	0	0	2,448,000	0	0	2,304,000	0
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 3	1,968,000	0	0	0	0	0	0	0	0
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 4	1,680,000	0	0	0	0	0	0	0	0
DEVELOPER PERMANENT CONTRIBUTION	19,320,345	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	36,504,345	860,806	3,242,427	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019	2,316,019
EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	0	0	0	0	0	0	0
FUND BALANCE - DECEMBER 31	0	0	0	0	0	0	0	0	0
CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING (w/o inter	0	860,806	2,945,223	8,503,670	8,371,689	10,687,709	13,003,728	13,015,748	15,331,767

EXHIBIT V
TIMNATH RANCH METROPOLITAN DISTRICTS #1 - #4
CAPITAL EXPENDITURES (OPERATING DISTRICT CAPITAL PROJECTS
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

CAPITAL EXPENDITURES (SOURCE PINNACLE CONSULTING GROUP

TIMNATH RANCH	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FILING I	0	0	0	0	0	0	0	0	0	0
FILING II	0	0	0	0	0	0	0	0	0	0
FILING III	0	0	0	0	0	0	0	0	0	0
DISTRICT FORMATION AND ORGANIZATION	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURES BY YEAR	2,316,019	2,316,019	2,316,019	2,454,981	1,158,010	1,158,010	1,158,010	1,158,010	1,158,010	1,227,490
CAPITAL EXPENDITURE FUNDING SOURCES:										
DEVELOPER CAPITAL LOANS	2,316,019	2,316,019	2,316,019	2,454,981	1,158,010	1,158,010	1,158,010	1,158,010	1,158,010	1,227,490
REPAYMENT OF DEVELOPER CAPITAL LOANS	(1,680,000)	(2,400,000)	0	0	0	(1,152,000)	(4,176,000)	0	0	(816,000)
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	0	2,400,000	0	0	0	0	4,176,000	0	0	0
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 3	0	0	0	0	0	1,152,000	0	0	0	816,000
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 4	1,680,000	0	0	0	0	0	0	0	0	0
DEVELOPER PERMANENT CONTRIBUTION	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	2,316,019	2,316,019	2,316,019	2,454,981	1,158,010	1,158,010	1,158,010	1,158,010	1,158,010	1,227,490
EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - DECEMBER 31	0	0	0	0	0	0	0	0	0	0
CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING (w/o inter	15,967,787	15,883,806	18,199,825	20,654,806	21,812,816	21,818,826	18,800,835	19,958,845	21,116,855	21,528,345

EXHIBIT V
 TIMNATH RANCH METROPOLITAN DISTRICTS #1 - #4
 CAPITAL EXPENDITURES (OPERATING DISTRICT CAPITAL PROJECTS)
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2027

CAPITAL EXPENDITURES (SOURCE PINNACLE CONSULTING GROUP)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>TOTALS</u>
TIMNATH RANCH				
FILING I	0	0	0	8,276,110
FILING II	0	0	0	889,030
FILING III	0	0	0	27,173,205
DISTRICT FORMATION AND ORGANIZATION	0	0	0	<u>166,000</u>
TOTAL CAPITAL EXPENDITURES BY YEAR	0	0	0	<u>36,504,345</u>
CAPITAL EXPENDITURE FUNDING SOURCES:				
DEVELOPER CAPITAL LOANS	0	0	0	36,504,345
REPAYMENT OF DEVELOPER CAPITAL LOANS	0	(2,208,000)	(19,320,345)	(36,504,345)
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	0	2,208,000	0	13,536,000
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 3	0	0	0	1,968,000
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 4	0	0	0	1,680,000
DEVELOPER PERMANENT CONTRIBUTION	0	0	<u>19,320,345</u>	<u>19,320,345</u>
TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	0	0	0	<u>36,504,345</u>
EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	0	0
FUND BALANCE - DECEMBER 31	0	0	0	0
CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING (w/o inter 21.528.345)	<u>19,320,345</u>	<u>19,320,345</u>	0	0

EXHIBIT F

Form of Intergovernmental Agreement
between the Districts and Town of Timnath

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE TOWN OF TIMNATH, COLORADO
AND
TIMNATH RANCH METROPOLITAN DISTRICT NOS. 1, 2, 3 & 4**

THIS AGREEMENT is made and entered into to be effective as of the ___ day of _____, _____, by and between the **TOWN OF TIMNATH**, a municipal corporation and political subdivision of the State of Colorado (“Town”), and **TIMNATH RANCH METROPOLITAN DISTRICT NO. 1, TIMNATH RANCH METROPOLITAN DISTRICT NO. 2, TIMNATH RANCH METROPOLITAN DISTRICT NO. 3** and **TIMNATH RANCH METROPOLITAN DISTRICT NO. 4**, quasi-municipal corporations and political subdivisions of the State of Colorado (individually “District”, collectively the “Districts”). The Town and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide certain capital facilities and services in connection with the development of property annexed to the Town under an annexation agreement (the “Timnath Ranch Annexation Agreement”); and

WHEREAS, the Districts are authorized to provide financing and to exercise powers as are more fully set forth in the Districts’ Consolidated Service Plan approved by the Town on September ____, 2006 (“Service Plan”); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the Districts; and

WHEREAS, the Town and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (“Agreement”) to promote the coordinated development of the Timnath Ranch Annexation property.

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

COVENANTS AND AGREEMENTS

1. Ownership, Operations and Maintenance of Facilities. The Districts shall dedicate the Public Improvements (as defined in the Service Plan) to the Town or other appropriate jurisdiction or owners association in a manner consistent with the final Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall undertake ownership, operation and maintenance of those public facilities, and shall furnish related services, or shall dedicate and convey to the Town, the Fort Collins - Loveland Water District, or the South Fort

Collins Sanitation District, those facilities shown for such dedication and conveyance as set forth the schedule of disposition of facilities attached hereto as **Exhibit A** and incorporated herein by reference. Except for those public improvements required to be dedicated to the Town or its designee in accordance with the final approved plat for any phase of development or this Intergovernmental Agreement, the Districts shall be authorized to operate and maintain any part or all of the Public Improvements provided for in the Service Plan.

The Districts shall be authorized to impose a Fee for access to the District constructed Pool for those Non-District Town residential property owners as defined in **Exhibit H** to the Service Plan at a rate of 50% of the then current fee charged to in-District residents. The Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District Town residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public and Non-District Town residents free of charge.

2. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. District Swimming Pool Operations Limitations. Any District swimming pool shall be constructed in accordance with plans submitted to and approved by the Town. The Districts may not cease or abandon the operation of, and may not change the use of the swimming pool as a District swimming pool, without prior consent of the Town, which consent shall not be unreasonably withheld, delayed or denied. The Districts swimming pool shall be operated and maintained in a manner similar to similar size and types of swimming pools operated by metropolitan districts in other communities. The Districts swimming pool shall be subject to Town regulatory authority as permitted by state law. The Town shall provide written notice of any default in the operation and maintenance of the District swimming pool. If any such default continues for more than thirty (30) days after receipt of a written notice from the Town, the Town shall have the right to enforce by specific performance the maintenance of the swimming pool. Should the Districts default continue after notice, opportunity to cure and refusal to cure the default, the Town shall have the right to operate and maintain the Districts swimming pool and collect and use the Districts pool fees unless and until the Districts demonstrate a willingness and ability to operate the pool in accordance with applicable standards. Any maintenance and operations costs incurred by the Town to perform these functions, after written notice of default and failure of the Districts to cure the default, shall be reimbursed by the Districts.

4. Current Town Residential Property Owners' Access to Park and Recreation Facilities and Improvements. All open space tracts, trails, and park improvements shall be open and available to the general public and Town citizens free of charge. It is acknowledged that the Town intends to explore the possibility of constructing a Town pool. Until such Town pool is constructed, the Districts shall allow Town residents who reside within property owner addresses as of November 1, 2005 as described in Exhibit H, and their families who may reside at the address, including any family member added through birth, marriage, adoption or a parents marriage thereafter, access to any District constructed pool facility at reduced rates equivalent to 50% of the then current fee charged to in-District residents. A list defining the current residential property owner addresses which shall be provided this access is attached hereto as **Exhibit H**. Future residents of the addresses in **Exhibit H**, other than those defined above, who purchase or rent in these addresses after May 31, 2006, will not be entitled to this provision. Once a Town pool is constructed, the access and reduced rate as required by the Town for Town residential property owners as defined in **Exhibit H** shall be rescinded.

5. Town Access and Maintenance Easement to Greenbelts, Open Space, Ponds and Drainage Improvements. The Districts will grant a perpetual, non-exclusive access easement to the Town for non-motorized pedestrian access to the Districts greenbelts and open space improvements as defined on the final plat approved by the Town. The Districts shall maintain greenbelts, open space, ponds and drainage improvements in accordance with the plans approved by the Town and subject to Town regulatory authority as provided by state law. The Districts shall grant an easement to the Town for purposes of routine inspections of pond and drainage improvements. The Districts shall also grant the Town emergency access for maintenance purposes to the pond and drainage improvements when necessary to preserve the health, safety and welfare of the Districts' property owners and residents, and guests. The Town shall provide written notice of any default in the maintenance of District owned, operated and maintained Public Improvements in accordance with the approved plans, which if continued for more than thirty (30) days after receipt of a written notice of default from the Town to the Districts, the Town shall have access for purposes of maintenance of these improvements by the Town. Any maintenance performed by the Town, after written notice of default and failure of the Districts to cure within thirty (30) days of receipt, shall be reimbursed by the Districts.

6. Changes in Boundaries or Service Area. Except as provided in the Service Plan and internal boundary adjustments between the Districts, the inclusion of property located within the Town into, and the exclusion of property from each District, and the furnishing of services outside the Service Area (as defined in the Service Plan) of the Districts, shall be subject to the approval of the Town. No inclusion or exclusion of property conforming with this Section 6 shall constitute a material modification of the Service Plan.

7. Total Debt Issuance. Unless otherwise approved by the Town Board of Trustees, which approval will not be unreasonably withheld, delayed or conditioned, the Districts shall not issue Debt in excess of Twenty-Five Million Dollars (\$25,000,000).

8. Consolidation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with another Timnath Ranch Metropolitan District.

9. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

a. Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

b. Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Service Plan Amendment.

10. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes and until such time as the District does not need to remain in existence to perform operations and maintenance services or has provided for those services through another public entity having jurisdiction.

11. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District’s authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the Town prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

12. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in the Service Plan shall be deemed to be material modifications to the Service Plan and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

13. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between and among the Districts. Such intergovernmental agreement will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan. Implementation of such intergovernmental agreement is essential to the orderly implementation of the Service Plan. Accordingly, any determination of any Board to set aside said intergovernmental agreement without the consent of all of the Districts shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend the Service Plan.

14. Annual Report. Upon request by the Town, the Districts shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the Town Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, in accordance with applicable Town policies and pursuant to the Town Code and containing the information set forth in Section VIII of the Service Plan.

15. Maximum Debt Mill Levy. The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt. With respect to each District, the "Maximum Debt Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt. The Maximum Debt Mill Levy, shall be thirty-five (35.0) mills; provided that, on or after January 1, 2006, the thirty-five (35.0) mill tax rate for debt may be increased to compensate for any decreases in the assessed valuation of the property within the District necessitated by state law pursuant to Article X, Section 3 of the Colorado Constitution commonly referred to as the Gallagher Amendment or any other legislation causing a reduction in the assessed valuation of residential properties. In the event of legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution, the mill levy limitation provided herein will be increased or decreased as to all taxable property in the District to reflect such changes; so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State or Federal law.

Obligations of the Districts in the IGAs discussed herein will not count against the debt limitation, but will be subject to the Maximum Debt Mill Levy set forth herein. Any change in the debt limitation shall be considered a material modification of the Service Plan. The debt limitation shall not otherwise be increased unless approved by the Town and as permitted by statute.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

16. Total Combined Mill Levy. The total mill levy in any of the Districts, combined to include both general operations, maintenance and debt service, shall not exceed fifty (50) mills unless approved by the Town; provided, however, in the event that the method of calculating assessed valuation is changed after the date of this Agreement by any change in law or method of calculation or by any change in the percentage of actual value used to determine assessed valuation pursuant to Section 39-1-104.2, C.R.S., and Article X, Section 3 of the State Constitution, the mill levy limitation shall be increased or decreased to reflect such change, as reasonably determined by the Boards of Directors of the Districts so that, to the greatest extent possible, the actual property tax revenues generated by the mill levy as adjusted are neither increased nor diminished as a consequence of such adjustment.

17. Maximum Debt Mill Levy Imposition Term. The District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the issuance of such Debt unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; *et seq.*

18. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts: Timnath Ranch Metropolitan District Nos. 1- 4
c/o Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, Colorado 80538
Phone: 970-669-3611
Fax: 970-669-3612

with copy to: Pogue, Corbetta & O'Leary, P.C.
Attn: David Sean O'Leary
821 17th Street, Suite 600-B
Denver, Colorado 80202
Phone: (303) 294-9100
Fax: (303) 294-9112

To the Town: Town of Timnath
4100 Main Street
P.O. Box 37
Timnath, Colorado 80547

with copy to: Richard Samson, Esq.
Samson, Papis & Marsh, PC
255 Weaver Park Road, Suite 200
Longmont, Colorado 80502
(mail) P.O. Box 1079
Longmont, Colorado 80502
Phone: (303) 776-1169
Fax: (303) 776-5444

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

19. Precedence. Recognizing that full development of the Timnath Ranch property may take up to thirty (30) years, the Town approved the Service Plan with sufficient flexibility to accommodate and enable the Districts to respond to changed conditions over time, while still relying upon the provisions of this Agreement to enable it to exercise appropriate control and supervision of the Districts as provided by state law. Accordingly, any conflict or inconsistency between the Service Plan and this Agreement shall be resolved in favor of the provisions of this Agreement.

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

21. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan. The need for formal amendment to the Service Plan shall be determined according to state law then in effect.

22. Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

23. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary

damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party/Parties in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

25. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

26. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

27. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the Town shall be for the sole and exclusive benefit of the Districts and the Town. Except as otherwise stated herein, this Agreement is not intended to, and shall not limit in any ways the powers and responsibilities of the Town, the Districts, or any other entity not a party hereto.

28. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

29. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

30. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

31. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY]

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

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 1

By: _____
President

Attest:

Secretary

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 2

By: _____
President

Attest:

Secretary

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 3

By: _____
President

Attest:

Secretary

TIMNATH RANCH
METROPOLITAN DISTRICT NO. 4

By _____
President

Attest:

Secretary

TOWN OF TIMNATH, COLORADO

By: _____
_____, Mayor

Attest:
By: _____
Its: _____

APPROVED AS TO FORM: _____
Town Attorney

EXHIBIT A
SCHEDULE OF FACILITIES DISPOSITION

1. Streets and Roadways.

Upon acceptance, conveyed to the Town for ownership, operation and maintenance.

2. Traffic and Safety Protection.

Unless otherwise agreed to between Town and Districts, upon acceptance, conveyed to the Town for ownership, operation and maintenance.

3. Drainage/Stormwater Facilities.

Owned, operated and maintained by District unless accepted and conveyed to the Town or South Fort Collins Sanitation District for ownership, operation and maintenance.

4. Sanitation.

Upon acceptance, conveyed to South Fort Collins Sanitation District for ownership, operation and maintenance.

5. Water.

a. Potable water facilities: Upon acceptance, conveyed to Fort Collins - Loveland Water District for ownership, operation and maintenance.

b. Non-potable water facilities: Owned, operated and maintained by District.

6. Parks and Recreation.

Owned, operated and maintained by District or Town in accordance with the Approved Development Plan or otherwise agreed to by the Parties.

7. Transportation.

(If applicable) Owned, operated and maintained by District unless accepted and conveyed to the Town for ownership, operation and maintenance.

8. Mosquito Control; Miscellaneous

Owned, operated and maintained by District.

EXHIBIT G

Form of Intergovernmental Agreement between
the Districts and Timnath Development Authority

INTERGOVERNMENTAL AGREEMENT
REGARDING DISTRICT PROPERTY TAXES

THIS INTERGOVERNMENTAL AGREEMENT REGARDING DISTRICT PROPERTY TAXES (TIMNATH RANCH) (this "**Agreement**") is made and entered into this ____ day of _____, 2006, by and between the TOWN OF TIMNATH, a Colorado statutory town (the "**Town**"), the TIMNATH DEVELOPMENT AUTHORITY, a body corporate and politic of the State of Colorado (the "**Authority**"), and the TIMNATH RANCH METROPOLITAN DISTRICT NOS. 1, 2, 3, and 4, quasi-municipal corporations and political subdivisions of the State of Colorado (each a "**District**" and, collectively, the "**Districts**"). The Authority, the Town, and the Districts are each referred to herein as a "Party" or collectively as the "Parties".

RECITALS

WHEREAS, the Districts were organized to provide certain public improvements and services to serve the Service Area (as shown on Exhibit A hereto) in connection with the development of property annexed to the Town; and

WHEREAS, the Districts are authorized to provide financing and to exercise powers as are more fully set forth in the Districts' Consolidated Service Plan approved by the Town on _____, 2006 (the "**Service Plan**"); and

WHEREAS, pursuant to Resolution No. AJ-2004, adopted by the Town on November 10, 2004, the TDA was formed as a urban renewal authority, a body corporate and politic of the State of Colorado, to serve the Plan Area, having the powers of an urban renewal authority under the Urban Renewal Act (as defined herein); and

WHEREAS, development of the public improvements in the Service Area would be of substantial benefit to the Town and result in a net increase in the Town's revenues; and

WHEREAS, development of the Service Area is necessary and appropriate to facilitate proper growth and development of the Town in accordance with sound planning standards and community objectives and in accordance with the applicable general development plan approved by the Town and it is in the best interests of the Town for the Service Area to be developed; and

WHEREAS, considerable public infrastructure will be required to provide potable and non-potable water; to dispose of wastewater; to detain, retain and transport stormwater; to landscape public rights of way, public easements, and publicly dedicated or owned real properties; to provide curb, gutter, sidewalks, streets, trails and other access ways; to provide public parks, recreation facilities and open spaces; and to provide other public improvements necessary and/or reasonably required for development of the Service Area, and neither the Town nor the TDA is able to fund the total costs of all such public improvements necessary or reasonably required for development of the Service Area within a reasonable period of time; and

WHEREAS, pursuant to the Service Plan, the Districts are permitted to impose a total mill levy (combined to include both general operations, maintenance and debt service) (the "**District Mill Levy**") not in excess of fifty (50) mills unless approved by the Town; provided, however, in the event that the method of calculating assessed valuation is changed after the date of this Agreement by any change in law or method of calculation or by any change in the percentage of actual value used to determine assessed valuation pursuant to Section 39-1-104.2, C.R.S., and Article X, Section 3 of the State Constitution, the mill levy limitation shall be increased or decreased (the "**Gallagher Adjustment**") to reflect such change, as reasonably determined by the Boards of Directors of the Districts so that, to the greatest extent possible, the actual property tax revenues generated by the mill levy as adjusted are neither increased nor diminished as a

consequence of such adjustment; and further provided that, with respect to each District, the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of District Debt shall be thirty-five (35.0) mills, subject to the Gallagher Adjustment;

WHEREAS, in order to fund or refund certain of the Eligible Improvements, and in consideration for the pledge and assignment of the District Tax Increment to the Districts to fund Eligible Improvements, it is contemplated that one or more of the Districts will incur District Debt (as defined herein) payable from District capital fees and revenues resulting from the District Mill Levy ("**District Mill Levy Revenues**"); and

WHEREAS, as a result of the adoption of the Urban Renewal Plan, the parties hereto understand that, by operation of the Urban Renewal Law, the TDA is granted certain rights in revenues constituting "**Tax Increment Revenues**" (as defined herein), and intend to ensure that, in the event that any District Mill Levy Revenues constitute Tax Increment Revenues, such revenues continue to be made available to the Districts for the purpose of funding or refunding the provision of Eligible Improvements.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby confessed and acknowledged, the Parties agree as follows:

SECTION 1. DEFINITIONS

"**Base Valuation**" means, with respect to the Plan Area, the total assessed valuation of all taxable property last certified by the assessor prior to the effective date of the approval of the Urban Renewal Plan, as may be subsequently adjusted due to a general reassessment of taxable property in the Plan Area or if additional area is added to the original Plan Area.

"County" shall mean Larimer County, Colorado.

"District Debt" shall mean and refer to all bonds (including refunding bonds), notes, interim certificates or receipts, temporary bonds, certificates of indebtedness, debentures, promissory notes, contracts, agreements, leases, or other documents or instruments evidencing loans, advances, indebtedness, whether funded, refunded, assumed or otherwise, and all other obligations incurred by any District to finance or refinance, in whole or in part, the construction, installation, repair, replacement, improvement, maintenance and operation of any Eligible Improvements.

"Designated District" shall mean the District (or Districts) designated to receive all or any portion of the District Tax Increment pursuant to Section 2.03 hereof, as indicated in a certificate executed by a duly authorized officer of each of the Districts.

"Developer" shall mean and refer to Timnath Ranch, LLC.

"District Tax Increment" means the portion of Tax Increment Revenues attributable to any District Mill Levy imposed by the Districts on property located within the Plan Area.

"Effective Date" shall mean and refer to the date this Agreement is signed by all Parties.

"Eligible Costs" shall mean and refer to (i) expenditures made by any District, and expenditures made by the Developer, the Town or any other entity acting at the request of or on behalf of a District, and reimbursed by any District, to finance or refinance, in whole or in part, the construction, installation, repair, replacement, improvement, maintenance and operation of any Eligible Improvements; and (iii) principal, interest, premiums, reserves, trustee and rebate fees and all other amounts due or which may become due on or in connection with any District Debt.

"Eligible Improvements" shall mean and refer to any and all improvements that could be acquired, constructed, installed, owned, maintained, repaired, replaced, improved, and/or operated by the Districts for the benefit of the Service Area, to the maximum extent permitted by the Special District Act and the Service Plan, as presently existing or as amended from time to time; but only to the extent that such improvements could also be installed, constructed, or reconstructed by the TDA to the maximum extent permitted by the Urban Renewal Law as it presently exists or as it may be amended from

time to time; regardless of whether such improvements are in fact acquired, constructed, installed, owned, maintained, repaired, replaced, improved, and/or operated by a District or the TDA; subject to any limitations of the Urban Renewal Plan.

"Increment Valuation" means, with respect to the Plan Area, the amount of assessed valuation, if any, which exceeds the Base Valuation.

"Plan Area" shall mean and refer to the area indicated in the Urban Renewal Plan, as shown on Exhibit B hereto.

"Service Area" shall mean and refer to the area included within the boundaries of the Districts as shown on the map attached as Exhibit A hereto, subject to addition of future inclusions and deletion of future exclusions.

"Special District Act" shall mean Title 32, Article 1, Colorado Revised Statutes, as amended from time to time.

"Tax Increment Revenues" means the amount of ad valorem property taxes collected on the Increment Valuation of all taxable property located in the Plan Area.

"TDA" shall mean and refer to the urban renewal authority for the Growth Management Area for the Town of Timnath, also referred to as the Timnath Urban Renewal Authority, or the Timnath Development Authority, a body corporate and politic of the State of Colorado, formed by Resolution No. AJ-2004, on November 10, 2004.

"Urban Renewal Law" shall mean and refer to the Colorado Urban Renewal Law, Colorado Revised Statutes, Title 31, Article 25, Part I, as amended from time to time.

"Urban Renewal Plan" shall mean and refer to the Urban Renewal Plan prepared for the Town, recommended by the Planning Commission on November 10, 2004, and approved and adopted by the Town's Board of Trustees December 15, 2004 by Resolution No. AS-2004.

SECTION 2. DISTRICT TAX INCREMENT

2.01 TDA Direction to County.

(a) In order to enable the Districts to acquire, construct, operate and maintain the Eligible Improvements, the TDA hereby agrees (subject to subparagraph (b) hereof)

(i) to direct the County to pay all of the District Tax Increment directly to the District imposing the related District Mill Levy, and (ii) to pay any District Tax Increment received from the County promptly to the applicable District; provided that such District Tax Increment may be applied only to Eligible Costs. The Districts shall make the final determination as to costs that constitute Eligible Costs; provided that such determination is in accordance with the definition set forth herein.

(b) Notwithstanding subparagraph (a) hereof, in the event that (i) legal counsel to the TDA advises that the TDA is not legally permitted to take the actions set forth in subparagraph (a) hereof or (ii) the County Assessor refuses to comply with the directions of the TDA as contemplated by subparagraph (a), then the provisions of subparagraph (a) shall be deemed of no force and effect, the TDA shall not be obligated to comply with the same and, instead, the TDA shall apply District Tax Increment in accordance with the provisions of Sections 2.02 and 2.03.

2.02 Deposit and Pledge of District Tax Increment. *The provisions of this Section 2.02 shall be operative only under the circumstances described in Section 2.01(b).* There shall be created and held by the TDA a special fund referred to herein as the “**Timnath Ranch Special Fund.**” All of the District Tax Increment shall be allocated to, and when collected paid into, the Timnath Ranch Special Fund. All of the District Tax Increment, and all interest earned thereon, is hereby irrevocably pledged and assigned to the Districts for the purpose of funding and refunding Eligible Costs. The TDA agrees that, at such time as one or more of the Districts proposes to issue District Debt to fund Eligible Improvements, the TDA shall execute such additional documentation as may be necessary to further evidence such pledge and facilitate the issuance of such District Debt. Until terminated as provided in Section 2.04, the District Tax Increment collected from the TDA may not be allocated by the TDA for any use or purpose except as permitted by this Agreement.

2.03 Disbursement of District Tax Increment. *The provisions of this Section 2.03 shall be operative only under the circumstances described in Section 2.01(b).*

All District Tax Increment collected and the balance in the Timnath Ranch Special Fund, including all interest thereon, shall be paid to or at the direction of the Designated District on dates established by the Designated District, but no more frequently than monthly, subject to the receipt by the TDA of the following at least 5 business days prior to the requested disbursement: (i) if to be applied to District Debt, a certificate of the District (provided at the time of issuance of such District Debt) indicating the Eligible Improvements to which net proceeds of such District Debt are to be applied and stating that all of such proceeds and the requested District Tax Increment will be applied to Eligible Costs, and providing specific instructions as to the time and place of payment; and (ii) if to be applied to Eligible Costs not constituting District Debt, a certificate of the District indicating the Eligible Costs to be funded with such District Tax Increment (which Eligible Costs need not have been incurred by a District if based upon budgeted operation and maintenance expenses of the District for the current year or, in the case of the funding of capital costs, the amount of any proposed contract) and stating that such District Tax Increment will be applied only to such Eligible Costs. The Districts shall make the final determination as to costs that constitute Eligible Costs; provided that such determination is in accordance with the definition set forth herein.

2.04 Termination of Tax Increment Financing. Allocation of the District Tax Increment to the Timnath Ranch Special Fund shall terminate twenty-five (25) years after the TDA Commencement Date.

2.05 Pledge of District Tax Increment. All of the District Tax Increment, and all interest earned thereon, due hereunder, is hereby irrevocably pledged and assigned by the TDA to the Districts for the purpose of funding and refunding Eligible Costs.

2.06 No Annual Appropriation. The obligations of the TDA hereunder constitute valid and binding obligations of the TDA, subject to any advice described in Section 2.01(b), and are expressly not subject to annual appropriation by the TDA.

SECTION 3. COVENANTS, ACKNOWLEDGEMENTS & AUTHORIZATIONS

3.01 Districts' Provision of Eligible Improvements. In exchange for the TDA's pledge and payment of the District Tax Increment in accordance with the foregoing

provisions, the Districts hereby agree to provide the Eligible Improvements, or a portion thereof, to the extent the same may be funded by the District Tax Increment. The TDA hereby authorizes and delegates to the Districts, to the extent of available funds and to the extent the District has the legal authority to do so, to (i) design, install, maintain, repair, replace, construct, reconstruct, expand, operate and maintain Eligible Improvements in the Plan Area, including, without limitation, water, street, park, recreation, landscaping, sanitary sewer and drainage improvements and (ii) to incur indebtedness as necessary to pay the Eligible Costs.

3.02 Town/TDA Debt. Neither the Town nor the TDA shall be obligated by this Agreement to issue bonds, incur debt, pledge its credit, or otherwise incur financial risk under the Urban Renewal Plan except that the TDA shall irrevocably pledge, assign and pay the District Tax Increment, to the extent received by the TDA, in accordance with the provisions hereof.

3.03 District Debt. The TDA expressly acknowledges that District Debt will be incurred by the Districts in reliance upon the agreements set forth in Article 2.

3.04 Amendment of Plan. The Urban Renewal Plan shall not be amended or modified in any way if:

(a) such amendment or modification would reduce the District Tax Increment to be allocated to the Timnath Ranch Special Fund as originally approved, or reduce, delete, or exclude any real property from the TDA as originally established; or

(b) such amendment or modification would impair in any way any of the obligations of the TDA set forth in Section 2 hereof or District Debt.

3.05 Acknowledgement of Other Revenues. The parties hereto acknowledge that: (i) the Town may impose certain fees on property owners in connection with the annexation of their property to the Town, certain property tax levies on properties with the boundaries of the Town, and certain sales taxes on sales transactions occurring within the Town (collectively, the “**Town Impositions**”); (ii) the Districts may impose certain fees, rates and charges (collectively, “**District Impositions**”) as are permitted by the Special District Act and the Service Plan for the purpose of funding Public Improvements (provided that such fees, rates and charges are not imposed on properties then-owned by the Town); and (iii) owners of property within the Districts, in particular commercial

property, may choose to impose such private contractual fees on users of such property, including public improvement fees imposed on sales transactions, as are legally permitted by law (“**Private Fees**”). Nothing in this Agreement is intended to or shall prohibit or restrict in any way, or alter the parties entitled to receipt of, and no provision of this Agreement is contingent upon the existence or non-existence of, such Town Impositions, District Impositions or Private Fees.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.01 By the Districts. Each District represents and warrants as follows:

(a) The District is a quasi-municipal corporation and political subdivision of the state of Colorado duly organized and validly existing under the Special District Act;

(b) The District has the power to enter into and has taken all actions required to authorize this Agreement and to carry out its obligations hereunder;

(c) There is no litigation, proceeding or investigation pending contesting the power and authority of the District or its officials to enter into or consummate the transactions contemplated by this Agreement and the District is unaware of any such litigation, proceeding or investigation that has been threatened;

(d) The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not:

(i) conflict with or contravene any Regulation applicable to the District;

(ii) result in the breach of any of the terms or provisions of, or constituted default under, any agreement or other instrument to which the District is a party or by which it may be bound or affected; or

(iii) permit any party to terminate any such agreement or instruments or to accelerate the maturity of any indebtedness or other obligation of the District; and

(e) This Agreement constitutes a valid and binding obligation of the District, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The District will defend the validity

of this Agreement in the event of any litigation arising hereunder that names the District as a party or which challenges the authority of the District to enter into or perform its obligations hereunder.

4.02 By the TDA. The TDA and the Town, for and on behalf of the TDA, jointly and severally represent and warrant as follows:

(a) The TDA is a body corporate and politic and has the power to enter into, and has taken all actions to date required to authorize, this Agreement and to carry out its obligations hereunder;

(b) Neither the TDA nor the Town knows of any litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of the TDA or its officials with respect to this Agreement that has not been disclosed in writing to the Developer and the Districts (and, in connection therewith, the Districts acknowledge receipt of the letter of _____ dated _____ relating to certain litigation involving the Town and TDA);

(c) The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not:

(i) conflict with or contravene any Regulation of, or applicable to, the TDA;

(ii) result in the breach of any of the terms or provisions of, or constitute a default under, any agreement or other instrument to which the TDA is a party or by which it may be bound or affected; or

(iii) permit any party to terminate any such agreement or instruments or accelerate the maturity of any indebtedness or other obligation of the TDA; and

(d) This Agreement constitutes a valid and binding obligation of the TDA, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The Town and the TDA will defend the validity of this Agreement in the event of any litigation arising hereunder that names the TDA as a party or which challenges the authority of the TDA to enter into or perform its obligations hereunder.

SECTION 5. MISCELLANEOUS

5.01 Amendment. This Agreement shall be amended only by an instrument signed by all of the Parties. It may not be amended or modified by course of conduct or by an oral understanding or agreement among any of the Parties.

5.02 Applicable Law. This Agreement shall be governed by, and its terms construed in accordance with, the laws of the state of Colorado.

5.03 Assignment. The Districts shall have the right to assign or transfer all or any of their interests, rights and obligations under this Agreement to any trustee for District Debt and/or to a Designated District without consent of the TDA. No other assignment or assumption of this Agreement shall be permitted without the written consent of the parties hereto.

5.04 Execution and Counterparts. This Agreement may be executed in any number of counterpart copies. Facsimile signatures shall be accepted the same as originals.

5.05 Notice. Any notice required or desired to be given by one or more of the Parties to any other Party or Parties shall be in writing and may be personally delivered; mailed, certified mail, return receipt requested; sent by telephone facsimile with a hard copy sent by regular mail; sent by a nationally recognized receipted overnight delivery service, including, by example and not limitation, United Parcel Service, Federal Express, or Airborne Express for earliest delivery the next business day; or sent by electronic mail with a hard copy sent by regular mail. Any such notice shall be deemed given when personally delivered; if mailed, three (3) delivery days after deposit in the United States mail, postage prepaid; if sent by telephone facsimile or electronic mail, on the day sent if sent on a business day during regular business hours (9 a.m. to 5 p.m.) of the recipient, otherwise on the next business day; or if sent by overnight delivery service, one (1) business day after deposit in the custody of the delivery service. The addresses, telephone numbers, and electronic mail addresses for the mailing, transmitting, or delivering of notices shall be as follows:

If to Town or TDA: Town of Timnath
ATTN: Town Manager
4100 Main Street
P.O. Box 37
Timnath, Colorado 80547

With a copy to: Richard Samson, Esq., Town Attorney
Samson, Pipis & Marsh, PC
255 Weaver Park Road, Suite 200
Longmont, Colorado 80502

(mailing address) P.O. Box 1079
Longmont, Colorado 80502
Phone: (303) 776-1169
Fax: (303) 776-5444

If to Developer: Timnath Ranch, LLC
ATTN: Jonathan A. Turner, Member-Manager
8020 S. LCR 5
Windsor, Colorado 80528
Phone: (970) 204-9393
Fax: (970) _____

With a copies to: Pogue, Corbetta & O’Leary, P.C.
Attn: David Sean O’Leary, Esq.
821 17th Street, Suite 600B
Denver, Colorado 80202
Phone: 303-294-9100
Fax: 303-294-9112

If to Districts: Timnath Ranch Metropolitan District Nos. 1 - 4
c/o Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, Colorado 80538
Phone: 970-669-3611
Fax: 970-669-3612

Notice of a change of address of a Party shall be given in the same manner as all other notices as hereinabove provided.

5.06 Contracting by Electronic Means. The Parties do not agree to contract by electronic means except for facsimile signatures on this Agreement and notices given by electronic means pursuant to Section 5.05.

5.07 Further Assurances. The Parties shall execute such documents or instruments and take such action as may be necessary or reasonably required to carry out the terms and provisions of this Agreement.

5.08 Default/Remedies. The Parties recognize that because the extent of damage caused by any breach of the provisions of this Agreement may be extremely difficult or impossible to determine, an action for specific performance may be necessary to provide an adequate remedy for such breach. Accordingly, in the event of a material breach or default by any Party in the performance of its obligations under this Agreement, and in the event such default is not cured within thirty (30) days after notice of default is given to the defaulting party, any nondefaulting Party shall have the right to an action for specific performance, injunctive relief, and/or damages.

5.09 Entire Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes any prior agreements, understandings, discussions, representations or warranties made by any Party.

5.10 Good Faith. Except for any matters expressly stated to be in the sole discretion of a Party, the Parties shall act in good faith and shall not act unreasonably, arbitrarily or capriciously in the performance of their obligations under this Agreement. Any consent required to be given pursuant to the terms of this Agreement, unless stated to be in the sole discretion of one Party, shall not be unreasonably withheld, conditioned, delayed, or denied.

5.11 Incorporation of Exhibits. All exhibits attached to this Agreement are incorporated into and made a part of this Agreement as if fully set forth herein.

5.12 Third Party Beneficiaries. No rights created in favor of any Party shall be construed as benefiting any Person that is not a party to this Agreement, except the Bond Trustee. The trustee for any District Debt is an intended third party beneficiary of all of the terms and provisions of this Agreement and shall be entitled to enforce such terms and provisions the same as if it was a Party to the Agreement.

5.13 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, such provision shall be fully severable and this Agreement shall be construed and enforced, and shall not be affected by, the illegal,

invalid or unenforceable provision or by the severance of such provision from this Agreement.

5.14 Titles of and References to Sections. The titles of sections of this Agreement are inserted for convenience of reference only and shall not be considered in construing or interpreting any section of this Agreement. References to section numbers are to sections or subsections of this Agreement.

5.15 Town Findings. The Town finds and determines that the execution of this Agreement is in the best interest of the public health, safety and general welfare of the Town.

5.16 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership, joint venture or other joint enterprise between and among any of the Parties.

5.17 Waiver of Breach. No waiver of any one or more of the terms of this Agreement shall constitute a waiver of any other terms and no failure to enforce any of the terms or provisions of this Agreement shall be construed as a waiver of such terms or provisions.

5.18 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

5.19 Term. This Agreement shall remain in full force and effect for a period of twenty-five (25) years from and after the Effective Date.

5.20 Construction. The terms and provisions of this Agreement have been negotiated among the Parties and shall not be construed in favor of or against the Party primarily responsible for the drafting of this Agreement. To the extent that any of the terms or provisions of this Agreement may conflict with any current or future Regulations, the terms and provisions of this Agreement shall govern and shall be deemed to have superseded such Regulations. Regulations shall be applicable only as expressly provided in this Agreement to the extent such Regulations are not in conflict with any of the terms or provisions of this Agreement.

5.21 Delegation of Authority. Nothing contained in this Agreement is intended to, or shall be construed to, constitute or require an unlawful delegation of authority by

the Town or the TDA or an unlawful restraint on the legislative discretion of future Town Boards.

5.22 Nonliability of Officials and Employees. No member of the Town Board, of any District Board, or any official, employee, agent or consultant of any Party to this Agreement shall be personally liable for the performance of any of the terms or provisions of this Agreement or in the event of a breach or default by any Party.

5.23 Conflict of Interest. No Party shall allow or knowingly permit any of the following Persons to have any interest, direct or indirect, in this Agreement:

- (a) A member of the Town Board;
- (b) A member of the governing body of the TDA;
- (c) An employee of the Town or an employee of the TDA who exercises responsibility concerning the Urban Renewal Project; or
- (d) An individual or firm retained by the Town or the TDA that has performed consulting or other professional services in connection with the Urban Renewal Project.

No party shall willingly permit any of the above-described Persons to participate in any decision relating to this Agreement that affects his or her financial interest or the financial interest of any Person with whom or in which he or she is directly or indirectly interested. The parties hereto acknowledge that ownership of, or an interest in, a residential home in the Districts by any of the above-described persons will not constitute a prohibited interest in this Agreement for the purpose of this Section 5.23.

IN WITNESS WHEREOF, the Parties have executed this Agreement or counterpart copies thereof as of the Effective Date.

TIMNATH DEVELOPMENT AUTHORITY

By: _____

Date: _____, 2006

ATTEST:

By: _____

TOWN OF TIMNATH, COLORADO

By: _____

Date: _____, 2006

ATTEST:

By: _____

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 1

By: _____

Date: _____, 2006

ATTEST:

By: _____

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 2

By: _____

Date: _____, 2006

ATTEST:

By: _____

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 3

By: _____

Date: _____, 2006

ATTEST:

By: _____

TIMNATH RANCH METROPOLITAN
DISTRICT NO. 4

By: _____

Date: _____, 2006

ATTEST:

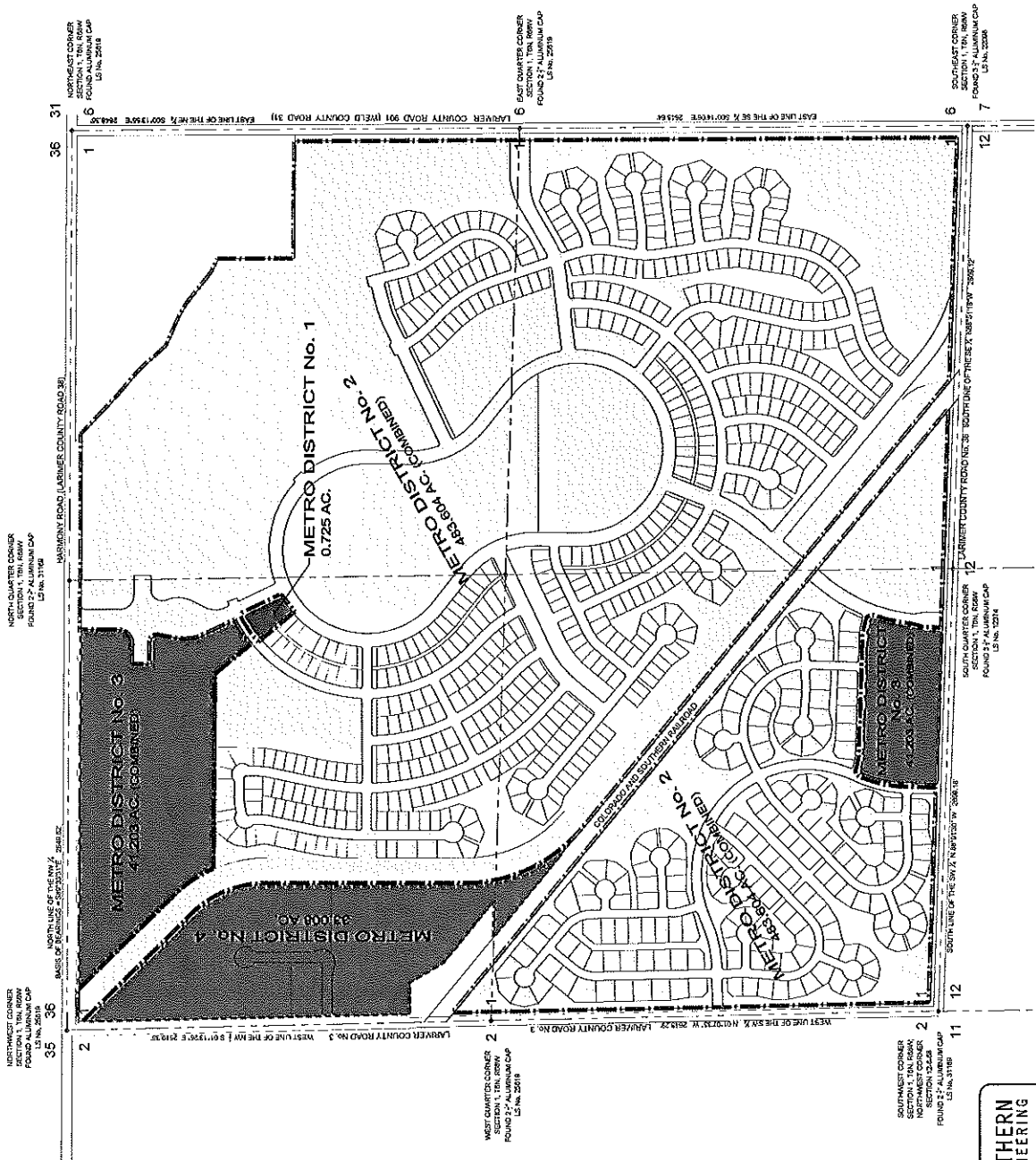
By: _____

TRMD/Agreements/Timnath Ranch TDA IGA DSO1824062006
20001.0003a

EXHIBIT A
DISTRICTS BOUNDARIES
(SERVICE AREA)

TIMNATH RANCH METROPOLITAN DISTRICT MAP

LOCATED IN SECTION 1, TOWNSHIP 6 NORTH, RANGE 68 WEST,
TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO



LEGEND:

- 12 -Section Corner
- 13 -Metro District No.1
- 14 -Metro District No.2
- 15 -Metro District No.3
- 16 -Metro District No.4

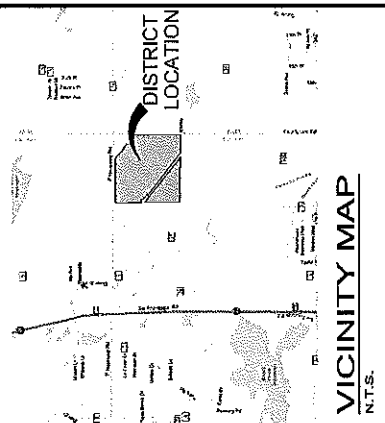
DISTRICT ACREAGE:

TIMNATH RANCH METRO DISTRICT LAND DISTRIBUTION TABLE			
PARCEL	SF	AC	% OF TOTAL
METRO DIST #1	31,571	0.725	0.33
METRO DIST #2	2,085,812	48,804	86.58
METRO DIST #3	1,794,812	41,203	7.38
METRO DIST #4	1,457,845	33,000	5.91
SUM:	24,330,040	569,544	100.00



NORTH

SEPTMBER 29, 2006



TIMNATH RANCH

Metropolitan District

DISTRICT MAP



NORTHERN ENGINEERING
Professional Engineering Firm
1000 North Lincoln Street, Suite 100
Timnath, Colorado 80549
Phone: 970.825.1234 Fax: 970.825.1235
www.northerneng.com

EXHIBIT B
PLAN AREA

Exhibit H
Timnath Ranch Metropolitan Districts
Town of Timnath Address List as of November 1, 2005

<u>Main Street</u>		<u>Dixon Street</u>	<u>Kern Street</u>
3721	4124	4208	4000
3733	4201	4208½	4001
3805	4120	4217	4004
3817	4217	4220	4006
3927	4229	4221	4009
4000	4233	4225	4016
4004	4237	4228	4017
4005	4241	4233	4020
4008	4301	4234	4025
4012	4309	4241	4033
4016	4317	4248	4101
4104	4321	4249	4105
4105	4325	4304	4113
4109	4329	4305	4121
4110	4333	4308	
4113	4401	4316	
4116	4405	4319	
4117	4409	4320	
		4324	
		4324	
		4332	

<u>Sugar Trail</u>	<u>3rd Avenue</u>	<u>4th Avenue</u>	<u>5th Avenue</u>
5101	5000	5124	5001
5103	5050	5200	5008
5105	5151	5250	5009
			5016
			5017
			5024
			5025
			5032
			5033
			5115
			5121