

OFFICIAL STATEMENT

REMARKETING – NOT A NEW ISSUE

NONRATED

In the opinion of Bond Counsel, interest on the Remarketed Bonds is excluded from gross income for federal income tax purposes, is exempt from Colorado income tax and is not an item of preference for purposes of computing the individual or corporate alternative minimum taxes to the extent, upon the conditions and subject to the limitations stated under "TAX EXEMPTION."

\$5,000,000
MOUNT CARBON METROPOLITAN DISTRICT, JEFFERSON COUNTY, COLORADO
\$2,000,000 7% Limited Tax and Revenue Refunding Bonds, Series 2004A
\$2,000,000 7% Limited Tax and Revenue Refunding Bonds, Series 2004B
\$1,000,000 8% Limited Tax and Revenue Refunding Bonds, Series 2004C

Price: 100%

Dated: Date of Delivery

Due: June 1, 2043

The Mount Carbon Metropolitan District, Jefferson County, Colorado (the "District") is issuing its Limited Tax and Revenue Refunding Bonds, Series 2004A (the "2004A Bonds"), Limited Tax and Revenue Refunding Bonds, Series 2004B (the "2004B Bonds"), Limited Tax and Revenue Refunding Bonds, Series 2004C (the "2004C Bonds") and Limited Tax and Revenue Refunding Bonds, Series 2004D (the "2004D Bonds") (collectively, the "Bonds") to consummate and effectuate the District's Seventh Amended Plan for Adjustment of Debts (the "Plan") filed in Case No. 97-20215-HRT in the United States Bankruptcy Court for the District of Colorado, pursuant to a Trust Indenture dated as of the Date of Delivery (as defined herein) (the "Indenture"), between the District and U.S. Bank National Association, Denver, Colorado, as trustee (the "Trustee"). Under the Plan, Colco Corp., the Plan Funder, will receive all of the 2004A Bonds and the 2004B Bonds and substantially all of the remaining Bonds in exchange for cash required to fund certain claims under the Plan. Simultaneously with the issuance of the Bonds, the Plan Funder is remarketing all of the 2004A Bonds and the 2004B Bonds and \$1,000,000 of 2004C Bonds (collectively, the "Remarketed Bonds") to raise the capital needed to fund a portion of the Plan. This Official Statement has been prepared solely in connection with the remarketing of the Remarketed Bonds and is not designed to provide disclosure to investors of any of the other Bonds.

To assist the Plan Funder in its remarketing efforts, the District and the Trustee are to enter into a Supplemental Indenture dated as of the Date of Delivery, modifying the priorities of the Bonds, all as more fully set forth herein. Pursuant to the Supplemental Indenture, the 2004A Bonds and the 2004B Bonds are secured on a parity basis, superior to the 2004C Bonds. The 2004A Bonds and the 2004B Bonds are to be initially remarketed by the Plan Funder in minimum amounts of \$20,000 or any multiple thereof and initial purchasers will also receive \$5,000 in principal amount of Series 2004C Bonds for every \$20,000 of the 2004A Bonds and the 2004B Bonds purchased. The Remarketed Bonds are to be delivered in certificate form. If all of the Remarketed Bonds are not sold to accredited investors by April 30, 2004, this remarketing will terminate unless the Plan Funder elects to extend this remarketing. Upon issuance of the Bonds, and the consummation of the Plan including the remarketing of the Remarketed Bonds by the Plan Funder, all bankruptcy claims shall be discharged as of the Effective Date (as defined herein). See "BANKRUPTCY".

The 2004A Bonds and the 2004B Bonds shall bear interest at the per annum rate of 7% until June 1, 2033. The 2003C Bonds shall bear interest at the per annum rate of 8% until June 1, 2033. After June 1, 2033, each such series of Bonds shall no longer bear interest. Interest on the Remarketed Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2004 (each such date an "Interest Payment Date"). Interest payments for five years on the 2004A Bonds and 2004B Bonds will be secured by an Irrevocable and Unconditional Standby Letter of Credit from Citywide Banks of Aurora, Colorado in the stated amount of \$1,400,000. If available Revenues (as defined herein) are insufficient to pay interest on the Remarketed Bonds, interest shall compound at the rate stated until June 1, 2033. Additionally, the payment of interest and principal on the Remarketed Bonds is secured by the Trust Estate (as defined herein). Principal payments on the 2004A Bonds and 2004B Bonds are to be made solely from available Revenues in accordance with a sinking fund schedule as set forth herein. Principal payments on the 2003C Bonds are to be made solely from Revenues when available as described herein. See "SECURITY FOR THE BONDS-Funds and Flow of Funds." The Remarketed Bonds are also subject to optional and special mandatory redemption prior to their maturity as described under "THE REMARKETED BONDS – Redemption".

The Bonds are special and limited obligations of the District payable solely from Revenues comprised primarily of (i) limited general ad valorem taxes levied by the District for the payment of the Bonds, (ii) certain tap revenues, and (iii) all other moneys to be received by the District or the Trustee in respect of repayment of the Bonds, including without limitation all moneys and investments held by the Trustee from time to time in certain funds and accounts established under the Indenture. THE OBLIGATION OF THE DISTRICT TO LEVY GENERAL AD VALOREM TAXES FOR THE PURPOSE OF REPAYMENT OF THE BONDS, INCLUDING THE REMARKETED BONDS, IS LIMITED TO TWENTY (20) MILLS. THE DISTRICT SHALL NOT BE IN DEFAULT IN ANY OF ITS OBLIGATIONS UNDER THE BONDS INCLUDING THE REMARKETED BONDS, THE INDENTURE OR SUPPLEMENTAL INDENTURE BY REASON OF ITS FAILURE TO PAY INTEREST AND PRINCIPAL ON SUCH BONDS IF THERE ARE INSUFFICIENT REVENUES TO MAKE SUCH PAYMENT. IF FOR ANY REASON ANY BONDS INCLUDING THE REMARKETED BONDS REMAIN OUTSTANDING ON JUNE 2, 2043, ALL LIABILITY OF THE DISTRICT WITH RESPECT TO SUCH BONDS SHALL CEASE, AND SUCH BONDS SHALL BE DEEMED TO BE CANCELLED BY THE DISTRICT. THE BONDS INCLUDING THE REMARKETED BONDS ARE NOT A DEBT OF THE TOWN OF MORRISON, THE CITY OF LAKEWOOD, THE STATE OF COLORADO, OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE DISTRICT) AND NEITHER THE TOWN, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE DISTRICT) IS LIABLE THEREFOR. See "SECURITY FOR THE BONDS."

PURCHASE OF THE REMARKETED BONDS WILL CONSTITUTE AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK. PROSPECTIVE PURCHASERS SHOULD READ AND UNDERSTAND THIS OFFICIAL STATEMENT IN ITS ENTIRETY INCLUDING THE APPENDICES HERETO AND OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION PRIOR TO PURCHASING THE REMARKETED BONDS. SEE "RISK FACTORS." THE SALE AND RESALE OF THE REMARKETED BONDS IS RESTRICTED AND THEY MAY ONLY BE SOLD OR RESOLD TO PERSONS DEFINED AS "ACCREDITED INVESTORS," WITHIN THE MEANING OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED, PURSUANT TO AN INVESTMENT LETTER. SEE "THE REMARKETED BONDS - Transfer and Exchange."

This cover page contains certain information for general reference only. It is not intended to be a summary of the Remarketed Bonds or any transaction. The Remarketed Bonds are remarketed, subject to approval as to legality by Ballard Spahr Andrews & Ingersoll, LLP, Denver, Colorado, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the District by Hayes, Phillips, Hoffmann & Carberry, P.C., Denver, Colorado. It is anticipated that the Remarketed Bonds hereunder will be available for delivery in Denver, Colorado on or about April 22, 2004.

Northland Securities, Inc.

Kinsell Newcomb & De Dios, Inc.

This Official Statement is dated March 19, 2004

**MOUNT CARBON METROPOLITAN DISTRICT
JEFFERSON COUNTY, COLORADO**

Board of Directors

All terms expire May 2005

Terry Bartholomew (Chairman and President)

Amie McCarty
Michael Moore
Robert Thacker
Chad Gilland

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Denver, Colorado

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Selling Agents' Counsel

Messerli & Kramer PA
Minneapolis, Minnesota

Trustee, Escrow Agent, and Dissemination Agent

U.S. Bank National Association
Denver, Colorado

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Plan Funder, or the Selling Agents. The information and expressions of opinion stated herein are subject to change without notice. The information set forth herein has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation of such by the District, the Plan Funder, or the Selling Agents. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the District since the date hereof.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Remarketed Bonds being remarketed by the Plan Funder hereunder by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Remarketed Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE REMARKETING OF THE REMARKETED BONDS BY THE PLAN FUNDER HEREUNDER AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

THE REMARKETED BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

FORWARD LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the captions "RISK FACTORS," "REVENUE ANALYSIS," "IMPOSITION AND COLLECTION OF TAX REVENUES BY THE DISTRICT," "THE DISTRICT" and "FUTURE DEVELOPMENT WITHIN THE DISTRICT" contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "anticipate" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see "RISK FACTORS."

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OFFICIAL STATEMENT

\$5,000,000

MOUNT CARBON METROPOLITAN DISTRICT JEFFERSON COUNTY, COLORADO

\$2,000,000 7% Limited Tax and Revenue Refunding Bonds, Series 2004A

\$2,000,000 7% Limited Tax and Revenue Refunding Bonds, Series 2004B

\$1,000,000 8% Limited Tax and Revenue Refunding Bonds, Series 2004C

I INTRODUCTORY STATEMENT

Definitions

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in Appendix A attached to this Official Statement.

Background

The purpose of this Official Statement (which includes the cover page and the appendices hereto) is to set forth information regarding the remarketing by the Plan Funder of the 2004A Bonds, the 2004B Bonds and \$1,000,000 of the 2004C Bonds (collectively, the "Remarketed Bonds") to be received by the Plan Funder in connection with the issuance and sale by the Mount Carbon Metropolitan District, Jefferson County, Colorado, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "District"), of its Limited Tax and Revenue Refunding Bonds, Series 2004A (the "2004A Bonds"), Limited Tax and Revenue Refunding Bonds, Series 2004B (the "2004B Bonds"), Limited Tax and Revenue Refunding Bonds, Series 2004C (the "2004C Bonds") and Limited Tax and Revenue Refunding Bonds, Series 2004D (the "2004D Bonds"), in the aggregate amount of \$16,000,000 (collectively, the "Bonds").

The Bonds are secured by a Trust Indenture dated as of the Date of Delivery, by and between the District and U.S. Bank National Association, as trustee (the "Trustee"), Denver, Colorado as amended by a Supplemental Trust Indenture dated as the Date of Delivery (the "Supplemental Indenture" and, collectively, the "Indenture"). The Date of Delivery is anticipated to be on or about April 22, 2004.

The Bonds are being issued by the District to consummate and effectuate the terms of the District's Seventh Amended Plan for Adjustment of Debts confirmed on June 19, 2003 (the "Plan") in a proceeding under Chapter 9 of the Bankruptcy Code commenced by the District on July 14, 1997 in the United States Bankruptcy Court for the District of Colorado. Under the Plan, all of the 2004A Bonds and 2004B Bonds as well as substantially all of the remaining Bonds are to be issued to the Plan Funder in exchange for cash required to fund certain claims under the Plan.

To assist the Plan Funder in its remarketing efforts, the District and the Trustee will enter into the Supplemental Indenture modifying the priorities of the Bonds, all as more fully set forth herein. See "SECURITY FOR THE REMARKETED BONDS – Funds and Flow of Funds." The 2004A Bonds and the 2004B Bonds are to be initially remarketed by the Plan Funder in minimum amounts of \$20,000 or any multiple thereof and the initial purchasers will also receive \$5,000 in principal amount of Series 2004C Bonds for every \$20,000 of the 2004A Bonds and the 2004B Bonds purchased. The Remarketed Bonds are to be delivered in certificate form. If all of the Remarketed Bonds are not sold to accredited investors by April 30, 2004, this remarketing will terminate unless the Plan Funder elects to extend this remarketing from time to time until June 19, 2004.

Upon issuance of the Bonds and the consummation of the Plan, which will require the remarketing of the Remarketed Bonds, all classes of claims are to be discharged as of the Effective Date of the Plan. See "BANKRUPTCY".

Source of Payment on the Bonds

The Bonds are special and limited obligations of the District payable solely from Revenues comprised primarily of (i) limited general ad valorem taxes levied by the District for the payment of the Bonds, (ii) certain tap revenues, and (iii) all other moneys to be received by the District or the Trustee in respect of repayment of the Bonds, including without limitation all moneys and investments held by the Trustee from time to time in certain funds and accounts established under the Indenture. **THE OBLIGATION OF THE DISTRICT TO LEVY GENERAL AD VALOREM TAXES FOR THE PURPOSE OF REPAYMENT OF THE BONDS INCLUDING THE REMARKETED BONDS IS LIMITED TO TWENTY (20) MILLS. THE BONDS INCLUDING THE REMARKETED BONDS ARE NOT A DEBT OF THE TOWN OF MORRISON, THE CITY OF LAKEWOOD, THE STATE OF COLORADO, OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE DISTRICT) AND NEITHER THE TOWN, THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE DISTRICT) IS LIABLE THEREFOR.** See "SECURITY FOR THE BONDS" and "REVENUE ANALYSIS".

Priority of Payment on the Bonds

The 2004A Bonds and 2004B Bonds are secured on a parity basis and have interest and principal payment priority over all other Bonds as described under "SECURITY FOR THE BONDS-Funds and Flow of Funds".

Letter of Credit for Interest Payment on 2004A and 2004B Bonds

The Plan Funder has obtained an Irrevocable and Unconditional Standby Letter of Credit from Citywide Banks of Aurora, Colorado in the stated amount of \$1,400,000, for interest payments due on the 2004A Bonds and 2004B Bonds if not paid by the District for five years from the Series Issue Date. See SECURITY FOR THE BONDS - Letter of Credit".

Limited Remedies if Revenues Insufficient to Service Bonds

THE DISTRICT SHALL NOT BE IN DEFAULT IN ANY OF ITS OBLIGATIONS UNDER THE BONDS INCLUDING THE REMARKETED BONDS OR THE INDENTURE BY REASON OF ITS FAILURE TO PAY INTEREST AND PRINCIPAL ON THE BONDS IF THERE ARE INSUFFICIENT REVENUES TO MAKE SUCH PAYMENT. FURTHER, IF FOR ANY REASON ANY BONDS INCLUDING THE REMARKETED BONDS REMAIN OUTSTANDING ON JUNE 2, 2043, ALL LIABILITY OF THE DISTRICT WITH RESPECT TO SUCH BONDS SHALL CEASE, AND SUCH BONDS SHALL BE DEEMED TO BE CANCELLED BY THE DISTRICT. As a result, Holders will have no rights or remedies against the District except to enforce the obligations and express covenants contained in the Bonds, the Resolution, the Amending Resolution (collectively with the Resolution, hereinafter referred to as the "Resolution") and the Indenture. In the event of a default under the Resolution or the Indenture, there is no acceleration of maturity of principal of the Bonds. Consequently, the remedies of the Holders (consisting primarily of an action in the nature of mandamus requiring the District to perform the terms of the Resolution or the Indenture) may have to be enforced from year to year. See "SECURITY FOR THE BONDS – Events of Default and Remedies".

Restricted Resale

The resale of the Remarketed Bonds is restricted and they may only be resold to persons defined as "Accredited Investors," within the meaning of Regulation D of the Securities Act of 1933, as amended. See "THE REMARKETED BONDS -Transfer and Exchange" and "APPENDIX L, FORM OF INVESTMENT LETTER."

Investment Risk

The purchase and ownership of the Remarketed Bonds involve investment risk. Prospective purchasers of the Remarketed Bonds are urged to read this Official Statement in its entirety. For a discussion of certain risks relating to the Remarketed Bonds, see "RISK FACTORS".

Brief Descriptions

This Official Statement contains brief descriptions of, among other things the District, the Bonds, the Remarketed Bonds, the Indenture, the Resolution, security for the Remarketed Bonds (the Trust Estate), the Letter of Credit, the Plan, the Plan Funder, the Revenue Analysis, the Intergovernmental Agreement, which incorporates by reference the proposed Amended and Restated Service Plan. Such descriptions are only brief summaries of some of the provisions thereof and do not purport to be comprehensive or definitive of all of the provisions thereof, and reference is made to said documents for full and complete statements of their provisions. All references in this Official Statement to documents are qualified in their entirety by reference to such documents and to the forms of the Remarketed Bonds included in the Indenture. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Remarketed Bonds. Until the issuance and delivery of the Remarketed Bonds, copies of the Indenture and other documents described in this Official Statement and not attached hereto may be obtained at the principal office of the District. Copies of these documents may be obtained from the Trustee or the District following delivery of the Remarketed Bonds.

II THE REMARKETED BONDS

Authority

The Bonds are issued pursuant to the Constitution and the laws of the State of Colorado, particularly the Colorado Refunding Act (part 1 of chapter 56 of Title 11, Colorado Revised Statutes, as amended), a Resolution adopted by the District and a ballot question approved by a majority of the registered electors of the District on November 4, 1997. The Remarketed Bonds are authorized by the Amending Resolution adopted by the District.

Description

The 2004A Bonds and the 2004B Bonds shall bear interest at the per annum rate of 7% until June 1, 2033. The 2003C Bonds shall bear interest at the per annum rate of 8% until June 1, 2033. After June 1, 2033, each such series of Bonds shall no longer bear interest. Interest on the Remarketed Bonds is payable semiannually on an Interest Payment Date. Interest payments for five years on the 2004A Bonds and 2004B Bonds will be secured by an Irrevocable and Unconditional Standby Letter of Credit from Citywide Banks of Aurora, Colorado in the stated amount of \$1,400,000. If available Revenues are insufficient to pay interest on the Remarketed Bonds, interest shall compound at the rate stated until June 1, 2033. Additionally, the payment of interest and principal on the Remarketed Bonds is secured by

the Trust Estate. Principal payments on the Remarketed Bonds are to be made solely from Revenues when available as described below under "SECURITY FOR THE BONDS-Funds and Flow of Funds".

Redemption

Optional Redemption. The Remarketed Bonds are subject to optional redemption prior to their maturity date, in whole or in part, by lot, but only from the proceeds of obligations issued for the purpose of refunding, paying and discharging Remarketed Bonds on June 1, 2014, in the case of the 2004A Bonds and 2004B Bonds and on June 1, 2019 in the case of the 2004C Bonds, and on any date thereafter at a price equal to the principal amount thereof plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The 2004A Bonds and the 2004B Bonds are each subject to mandatory sinking fund redemption prior to their maturity date, by lot, on the dates specified below, at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. The 2004A Bonds and 2004B Bonds are each to be redeemed on June 1 of the following years in the following aggregate principal amounts:

<u>Years</u> (June 1)	<u>2004A Bonds</u> <u>Principal Amounts</u>	<u>2004B Bonds</u> <u>Principal Amounts</u>
2008	\$30,000	\$30,000
2009	\$30,000	\$30,000
2010	\$30,000	\$30,000
2011	\$40,000	\$40,000
2012	\$40,000	\$40,000
2013	\$40,000	\$40,000
2014	\$40,000	\$40,000
2015	\$50,000	\$50,000
2016	\$50,000	\$50,000
2017	\$50,000	\$50,000
2018	\$60,000	\$60,000
2019	\$60,000	\$60,000
2020	\$70,000	\$70,000
2021	\$70,000	\$70,000
2022	\$70,000	\$70,000
2023	\$80,000	\$80,000
2024	\$90,000	\$90,000
2025	\$90,000	\$90,000
2026	\$100,000	\$100,000
2027	\$100,000	\$100,000
2028	\$110,000	\$110,000
2029	\$120,000	\$120,000
2030	\$130,000	\$130,000
2031	\$140,000	\$140,000
2032	\$150,000	\$150,000
2033	<u>\$160,000</u>	<u>\$160,000</u>
	\$2,000,000	\$2,000,000

Special Mandatory Redemption. The 2004A Bonds and the 2004B Bonds are subject to special mandatory redemption prior to their maturity date, in whole or in part, by lot, in an amount of approximately \$900,000 in the aggregate, on June 1 of each year at a price equal to the principal amount

thereof plus accrued interest thereon to the redemption date in the event that an amount accumulates in the Mandatory Redemption Fund that is not required by the Indenture to be otherwise applied.

The remainder of the 2004A Bonds and the 2004B Bonds and all of the 2004C Bonds are subject to special mandatory redemption prior to their maturity date, in whole or in part, by lot, if every Bond having a superior lien on the Revenues has previously been redeemed (a) in the case of 2004A Bonds and 2004B Bonds on June 1, 2014, and (b) in the case of 2004C Bonds on June 1, 2019, and in each case on each June 1 thereafter at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date in the event that an amount accumulates in the Mandatory Redemption Fund that is not required by the Indenture to be otherwise applied.

Partial Redemption. If fewer than all of the Bonds are to be redeemed, the selection of Bonds to be redeemed, or portions thereof, be made by lot or by such other method as the Trustee deems fair and appropriate. If it is determined that less than all of any Bond is to be called for redemption, then upon notice of redemption of such portion, the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of such portion called for redemption (including without limitation the interest accrued to the date fixed for redemption), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

Notice of Redemption. The Trustee shall cause notice of the redemption to be given not more than 60 days and not less than 30 days prior to the redemption date by mailing copies of such notice of redemption by first class mail, postage prepaid, to all Holders of Bonds to be redeemed at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the redemption of any other Bond with respect to which notice was properly given.

Each such notice shall be dated and shall be given in the name of the District and shall specify (a) the identification numbers, as established under the Indenture, and the CUSIP numbers, if any, of the Bonds being redeemed, (b) the redemption date and price, (c) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed, (d) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Office of the Trustee, and (e) that on the redemption date the redemption price will become due and payable and that interest thereon shall cease to accrue from and after said date.

Payment of Redeemed Bonds. If notice of the redemption has been duly given or duly waived by the Holders of all Bonds called for redemption, then the Bonds called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price together with accrued interest shall be made by the Trustee, out of Revenues or other funds deposited for such purpose, to the Holders of the Bonds called for redemption upon surrender of such Bonds. All moneys held by the Trustee under the Indenture for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof, without liability for interest thereon, and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Payment and Ownership of Bonds

Bond Service on the Bonds shall be payable in lawful money of the United States of America without deduction for the fees and expenses of the Trustee. Subject to certain provisions of the Indenture, (a) the principal of any Bond including the Remarketed Bonds shall be payable when due to a Holder upon presentation and surrender of such Bond at the Principal Office of the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by check or draft, which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond is registered at the close of

business on the Regular Record Date on the Register at the address appearing therein. However, if and to the extent the District shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who or which was the Holder of that Bond as of the applicable Regular Record Date.

When moneys become available for payment of that interest, (a) the Trustee shall establish a Special Record Date for the payment of that interest, which Special Record Date shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage-prepaid, to each Holder at its address as it appears on the Register not fewer than 15 days prior to the Special Record Date and, thereafter, interest shall be payable to the Persons who are the Holders of the Bonds at the close of business on the Special Record Date.

The interest and the principal or redemption price becoming due with respect to any Bond shall, at the written request of the Holder of at least \$1,000,000 aggregate principal amount of such Bonds received by the Trustee at least two Business Days before the corresponding Regular Record Date or maturity or redemption date, be paid by wire transfer within the United States in immediately available funds to the bank account number of such Holder specified in such request and entered by the Trustee on the Register, but, in the case of principal or redemption price, only upon presentation and surrender of such Bonds at the Principal Office of the Trustee.

Subject to the foregoing, each Bond delivered under the Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided above and subject to the books of registration and transfer maintained by the Trustee, (a) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of the Indenture, (b) payment of or on account of the Bond Service on any Bond shall be made only to that Holder or its duly authorized attorney as provided in the Indenture, and (c) neither the District nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond to the extent of the amount or amounts so paid.

Transfer and Exchange

The Remarketed Bonds shall be registered upon transfer from the Plan Funder to the purchaser in the name of the purchaser, and upon subsequent transfer or exchange. The Trustee shall act as registrar and transfer agent for the Remarketed Bonds. So long as any of the Remarketed Bonds remain outstanding, the District shall cause books for the registration and transfer of Remarketed Bonds to be maintained and kept at the Principal Office of the Trustee.

Currently, the Remarketed Bonds are not rated and unless such Bonds are rated in one of the four highest rating categories by a rating service, such Bonds may not be sold, pledged, donated or otherwise transferred, including the sale of a participation interest therein, whether or not for consideration, by the registered owner thereof except to an "Accredited Investor" within the meaning of Regulation D under the Securities Act of 1933, as amended ("Accredited Investor"). Evidence of the qualifications of the transferee is required to be evidenced by the execution of an Investment Letter in the form attached hereto as Appendix L.

Subject to the restrictions on transfer stated herein, any Remarketed Bond may be transferred upon the Register, upon presentation and surrender thereof at the Principal Office of the Trustee, together with an assignment duly executed by the Holder or its duly authorized attorney in form and with guarantee of signature satisfactory to the Trustee. Upon transfer of any Remarketed Bond, the District

shall execute in the name of the transferee, and the Trustee shall authenticate and deliver, a new Remarketed Bond or Remarketed Bonds of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Remarketed Bonds presented and surrendered for transfer.

The District or the Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the exchange or transfer. The charge shall be paid before a new Bond is delivered. The Trustee, under certain circumstances, shall replace Bonds which have been mutilated, lost, destroyed or stolen. The District and the Trustee may charge the Holder their reasonable fees and expenses in connection with such replacement.

The Trustee shall not be required to exchange or transfer (a) any Bond during a period beginning at the opening of business 10 days before the date of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, (b) any Bond selected for redemption, in whole or in part, or (c) any Bond during the period of 15 days preceding any Interest Payment Date.

In case any Bond is redeemed in part only, on or after the redemption date and upon presentation and surrender of the Bond, the District shall cause execution of, and the Trustee shall authenticate and deliver, a new Bond or Bonds in authorized denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond redeemed in part.

III SOURCES AND USES OF FUNDS

Proceeds of the 2004A and 2004B Bonds, together with additional sources, are estimated to be applied as follows:

<u>SOURCES OF FUNDS</u>	<u>COMBINED</u>
Par Amount of Bonds	\$4,000,000
Treasury Strip Proceeds	2,900,000 ¹
Plan Funder Contribution	<u>1,721,500²</u>
 TOTAL SOURCES:	 \$8,621,500
 <u>USES OF FUNDS</u>	
Payment to Escrow Agent for Bankruptcy Claims	\$4,052,000 ³
Payment to Escrow Agent for Cash Out of 1985 Bonds Not paid from Treasury Strips	1,517,000
Payment to Escrow Agent for Cash Out of 1985 Bonds Paid from Treasury Strips	2,900,000 ¹
Letter of Credit Fee	70,000
Amount to Selling Agents	200,000
Costs of Issuance	<u>82,500⁴</u>
 TOTAL USES:	 \$8,621,500

¹ Approximate

² To be satisfied from the satisfaction of CDN's payment of its Administrative claims and certain of its Class 3 claims related to the 1985 Bonds in the approximate amount of \$1,800,000 under an agreement with the Plan Funder.

³ Includes fees to Bond Counsel, the Trustee, and THK in connection with the issuance of the Bonds.

⁴ Includes fees to Selling Agents' Counsel and costs of printing

IV SECURITY FOR THE REMARKETED BONDS

Trust Estate

Pursuant to the Indenture, the Bonds, including the Remarketed Bonds are secured by a lien on the Trust Estate consisting of all present and future Revenues, and all funds and accounts established under the Indenture including the Revenue Fund, the Bond Funds and the Mandatory Redemption Fund but not the Rebate Fund, and all moneys and investments therein. The enforceability of the pledge of and lien on Revenues may be affected by applicable federal and state bankruptcy laws.

The lien on the Trust Estate is for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds without privilege, priority or distinction as to the lien or otherwise, except as to payment of interest and principal as described under "Funds and Flow of Funds". The 2004A Bonds and 2004B Bonds are secured on a parity basis and have priority over all other Bonds as described under "Funds and Flow of Funds".

Limited Taxes and Revenues

The Bonds are special and limited obligations of the District payable solely from Revenues comprised primarily of (i) limited general ad valorem taxes, (ii) certain tap revenues, and (iii) all other moneys to be received by the District or the Trustee in respect of repayment of the Bonds, including without limitation all moneys and investments held by the Trustee from time to time in certain funds and accounts established under the Indenture. The ultimate security for the Bonds is the District's covenant to levy limited ad valorem taxes and certain tap fees, together with other legally available revenue, to meet the principal and interest payments on the Bonds.

Mill Levy for General Ad Valorem Taxes. In the Resolution, the District covenants to annually fix and certify to the Board of County Commissioners of Jefferson County, Colorado, a rate of levy for general ad valorem taxes equal to twenty (20) mills in each year until the principal of and interest on the Bonds are paid in full (the "20 Mill Levy"). In the event that under existing or new constitutional or statutory provisions, the method of determining assessed value, actual value or the percentage of actual value used to arrive at assessed value changes from that in effect in 2004, as the case may be, the 20 Mill Levy is required to be adjusted to a level that will produce the same amount of revenue that would have been raised if such method or percentage had not otherwise been changed. Such levy is to be applied against all taxable property within the District.

Pledged Tap Revenues. In the Resolution, the Board has also covenanted to impose water and sewer tap fees payable by customers who or which purchase a water tap and who or which are to receive both water and sewer services from the District. The amount of such combined tap fees shall include \$1,000 for each residential tap or its equivalent for non-residential development, for repayment of the Bonds (the "Pledged Tap Revenues"). Any tap fees received by the District in excess of the Pledged Tap Revenues shall be used to finance the District's plan to expand its water and sewer facilities necessary to support the development of the District (the "Unpledged Tap Revenues"). See "FUTURE DEVELOPMENT WITHIN THE DISTRICT – Intergovernmental Agreement".

Mill Levy to be Imposed by District

The District has analyzed the mill levies in surrounding districts to determine the maximum mill levy that could be instituted and still allow for economic use of property within the District. The District has prepared a comparison of mill levies in surrounding areas, which is attached to this Official Statement as Appendix D. The districts chosen for comparison were picked because of their geographical proximity and because the services provided are similar to those that will be provided by the District. The District believes that the District's portion of the mill levy, and therefore the total mill

levy, is comparable with other districts. For these reasons and others, the District has agreed to limit its mill levy to the 20 Mill Levy plus the Mill Levy for Operating Expenses as may produce additional revenue of \$150,000 for District expenses as set forth herein. The Mill Levy for Operating Expenses may remain in effect so long as the Bonds issued pursuant to the Plan are outstanding, or so long as any debt evidenced by them is still outstanding, in the case of a refunding of the Bonds. See "THE DISTRICT – Mill Levy for Operating Expenses."

Limitations on District Indebtedness

Under the Intergovernmental Agreement, a copy of which is attached hereto as Exhibit G, which was executed in furtherance of the Plan, the maximum District indebtedness is \$16,000,000 for the Bonds and \$18,000,000 for certain revenue bonds which may be issued to finance the expansion of water and sewer facilities needed to support development of the District. No other debt shall be incurred by the District. Additionally, no ad valorem taxes shall be used to pay or to secure any District debt except the Bonds. See "FUTURE DEVELOPMENT WITHIN DISTRICT – Financing of Water and Sewer Infrastructure".

Letter of Credit

The Plan Funder has obtained an Irrevocable and Unconditional Standby Letter of Credit from Citywide Banks of Aurora, Colorado (the "Bank") in the stated amount of \$1,400,000, to guarantee the payment of interest on the 2004A Bonds and 2004B Bonds if not paid by the District in the full amount due on the ten Interest Payment Dates from the Series Issue Date through June 1, 2009 (the "Letter of Credit"), a copy of which is attached hereto as Appendix I. The Letter of Credit is irrevocable and unconditional. Under the Letter of Credit, prior to each such Interest Payment Date, the Trustee shall ascertain whether sufficient amounts are on deposit to pay the interest due on the 2004A Bonds and the 2004B Bonds on such Interest Payment Dates. If said amounts are insufficient for such purpose, the Trustee shall draw upon the Letter of Credit in the amount of the deficiency and deposit the amount so received for payment on the 2004A Bonds and the 2004B Bonds on the Interest Payment Dates.

Any Revenues received by the Trustee and required by the Indenture to be used to reimburse the Bank or the Plan Funder upon demand by either of them for draws on the Letter of Credit by the Plan Funder, plus interest thereon at the rate borne by the 2004A Bonds and the 2004B Bonds, shall be deposited by the Trustee in the "Reimbursement Account" of the Letter of Credit Fund. See "Funds and Flow of Funds" below.

Description of Citywide Banks

Citywide Banks is family-owned and locally and independently operated. Citywide Banks began in a remodeled tire shop at Colfax and Ironston in Aurora, Colorado on July 22, 1963 under the name of Aurora National Bank. Today, Citywide Banks is made up of ten locations with the latest branch opening at the Lowry Town Center in 2002. There are two Citywide Banks locations in Aurora, four locations in Denver, one in Lakewood, one in Wheatridge, one at the Denver Tech Center and one at Arapahoe Corners in Centennial. Citywide Banks is divided into three regions. Each region has a president who oversees the day-to-day operations of the banks within his region. Vince Schmitz, one of the original founders of Citywide Banks, is CEO and Chairman. Mr. Schmitz's two sons are President and Vice President of Citywide Banks. More information on Citywide Banks is available on its website at www.citywidebanks.com. Citywide Banks most recent audited financial statements are attached hereto as Appendix J.

Funds and Flow of Funds.

The following sets forth the funds, and the flow of funds, for all of the Bonds, including the Remarketed Bonds pursuant to the Amending Resolution and Supplemental Indenture:

Issuance date until May 31, 2008. During the period beginning from the Issuance Date until May 31, 2008, all Revenues received by the District are to be deposited with the Trustee within 15 days after receipt thereof by the District and, upon receipt thereof by the Trustee, are to be immediately deposited in the Revenue Fund and applied in the following order of priority:

(a) First, in equal shares to the 2004A Bond Fund and the 2004B Bond Fund until the amount so deposited equals the interest on the 2004A Bonds and the 2004B Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the 2004A Bonds and the 2004B Bonds;

(b) Second, to the "Reimbursement Account" of the Letter of Credit Fund until the amount so deposited equals the amount necessary to reimburse the Bank or the Plan Funder upon demand by the Bank or the Plan Funder for draws on the Letter of Credit plus interest thereon at the rate borne by the 2004A Bonds and the 2004B Bonds;

(c) Third, to the 2004C Bond Fund until the amount so deposited equals the interest on the 2004C Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the 2004C Bonds;

(d) Fourth, to the 2004D Bond Fund until the amount so deposited equals the interest on the 2004D Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the 2004D Bonds;

(e) Fifth, to the Mandatory Redemption Fund to be used as described under "The Remarketed Bonds – Redemption – Special Mandatory Redemption";

(f) Sixth, to the Trustee or the Escrow Bank for the payment of any accrued and unpaid fees and expenses of the Trustee or the Escrow Bank for Ordinary Services or Extraordinary Services; and

(g) Seventh, to the District for any other lawful purpose.

June 1, 2008 and thereafter. During the period beginning on June 1, 2008 and thereafter, all Revenues received by the District are to be deposited with the Trustee within 15 days after receipt thereof by the District and, upon receipt thereof by the Trustee, are to be immediately deposited in the Revenue Fund and to be applied in the following order of priority:

(a) First, in equal shares to the 2004A Bond Fund and the 2004B Bond Fund until the amount so deposited equals the interest on the 2004A Bonds and the 2004B Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the 2004A Bonds and the 2004B Bonds;

(b) Second, to the "Reimbursement Account" of the Letter of Credit Fund until the amount so deposited equals the amount necessary to reimburse the Bank or the Plan Funder upon demand by the Bank or the Plan Funder for draws on the Letter of Credit, plus interest thereon at the rate borne by the 2004A Bonds and the 2004B Bonds;

(c) Third, to the 2004C Bond Fund until the amount so deposited equals the interest on the Superior 2004C Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the Superior 2004C Bonds;

(d) Fourth, to the 2004D Bond Fund until the amount so deposited equals the interest on the Superior 2004D Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the Superior 2004D Bonds;

(e) Fifth, to the Mandatory Redemption Fund to be used as described under "The Remarketed Bonds – Redemption – Mandatory Sinking Fund Redemption".

(f) Sixth, to the 2004C Bond Fund until the amount so deposited equals the interest on the Subordinate 2004C Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the Subordinate 2004C Bonds;

(g) Seventh, to the 2004D Bond Fund until the amount so deposited equals the interest on the Subordinate 2004D Bonds due in the then-current Bond Year plus any accrued and unpaid interest on the Subordinate 2004D Bonds;

(h) Eighth, to the Mandatory Redemption Fund to be used as described in the first paragraph under "The Remarketed Bonds – Redemption – Special Mandatory Redemption";

(i) Ninth, to the Mandatory Redemption Fund to be used as described in the second paragraph under "The Remarketed Bonds – Redemption – Special Mandatory Redemption";

(j) Tenth, to the Trustee or the Escrow Bank for the payment of any accrued and unpaid fees and expenses of the Trustee or the Escrow Bank for Ordinary Services or Extraordinary Services; and

(k) Eleventh, to the District for any other lawful purpose.

Any amount accumulated in the Mandatory Redemption Fund may be transferred back to the Revenue Fund and then to the Bond Funds to the extent that other moneys on deposit therein are insufficient to pay interest on the Bonds when due.

Limited Remedies

THE DISTRICT SHALL NOT BE IN DEFAULT IN ANY OF ITS OBLIGATIONS UNDER THE BONDS INCLUDING THE REMARKETED BONDS OR THE INDENTURE BY REASON OF ITS FAILURE TO PAY INTEREST AND PRINCIPAL ON THE BONDS IF THERE ARE INSUFFICIENT REVENUES TO MAKE SUCH PAYMENT. IF FOR ANY REASON ANY BONDS INCLUDING THE REMARKETED BONDS REMAIN OUTSTANDING ON JUNE 2, 2043, ALL LIABILITY OF THE DISTRICT WITH RESPECT TO SUCH BONDS SHALL CEASE, AND SUCH BONDS SHALL BE DEEMED TO BE CANCELLED BY THE DISTRICT. As a result, Holders will have no rights or remedies against the District except to enforce the obligations and express covenants contained in the Bonds, the Resolution and the Indenture. In the event of a default under the Resolution or the Indenture, there is no acceleration of maturity of principal of the Bonds. Consequently, the remedies of the Holders (consisting primarily of an action in the nature of mandamus requiring the District to perform the terms of the Resolution or the Indenture) may have to be enforced from year to year. See "SECURITY FOR THE BONDS – Events of Default and Remedies".

Events of Default

Under the Indenture, an Event of Default constitutes (a) the failure by the District to comply with the provisions of the Bonds or to observe or perform any other obligation on its part to be performed as provided in the Indenture or in the Bonds, which failure continues for 90 days after written notice, by registered or certified mail, to the District specifying the failure and requiring that it be remedied which notice may be given by the Trustee in its discretion and is to be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding, or (b) a decree or order of a court or a supervisory authority for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings.

Upon an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Bond Service or the performance of any agreement or obligation under the Indenture or any other instrument providing security, directly or indirectly, for the Bonds including (a) by mandatory injunction or other suit, action or proceeding at law or in equity to enforce all rights of the Holders, including the right to require the District to carry out the provisions of the Indenture for the benefit of the Holders, (b) by action or suit in equity requiring the District to account as if it were the trustee of an express trust for the Holders, and (c) by action or suit in equity enjoining any acts or things which may be unlawful or in violation of the rights of the Holders.

Provisions of the Indenture permit a Holder to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, if the Trustee fails or refuses to exercise the remedies, rights and powers granted to the Trustee to institute a suit and other requirements set forth in the Indenture are satisfied.

All moneys received by the Trustee less costs and expenses incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken shall be deposited in the Revenue Fund and shall be applied in the same order of priority established in the Indenture.

Limitations Affecting Creditors Rights

The remedies available to the Trustee or the owners of the Bonds including the Remarketed Bonds upon a default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the Federal Bankruptcy Code) and relevant banking and insurance law, the remedies provided in the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds including the Remarketed Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

THE DISTRICT SHALL NOT BE IN DEFAULT IN ANY OF ITS OBLIGATIONS UNDER THE BONDS INCLUDING THE REMARKETED BONDS OR THE INDENTURE BY REASON OF ITS FAILURE TO PAY INTEREST AND PRINCIPAL ON THE BONDS IF THERE ARE INSUFFICIENT REVENUES TO MAKE SUCH PAYMENT. IF FOR ANY REASON ANY BONDS INCLUDING THE REMARKETED BONDS REMAIN OUTSTANDING ON JUNE 2, 2043, ALL LIABILITY OF THE DISTRICT WITH RESPECT TO SUCH BONDS SHALL EASE, AND SUCH BONDS SHALL BE DEEMED TO BE CANCELLED BY THE DISTRICT.

V IMPOSITION AND COLLECTION OF TAX REVENUE BY THE DISTRICT

General Description of Colorado System

In order for the District to satisfy its repayment obligations respecting the Bonds including the Remarketed Bonds, it must increase its property tax revenues. The District has covenanted in the Resolution to fix and certify the 20 Mill Levy against all taxable property in the District in each year until the Bonds including the Remarketed Bonds are paid in full. State statutes provide procedures for the valuation of property for assessment purposes. The assessed value of real property for tax purposes is computed using statutory actual values (which differ from market values) as determined from manuals and data supplied by the State Property Tax Administrator. The following schedule shows the dates upon which the assessed value of real property was or is to be computed for the years shown:

State Property Appraisal Method

<u>Collection Year</u>	<u>Assessment Year</u>	<u>Value Calculated As of</u>	<u>Based on the Market Period</u>
2001	2000	July 1, 1998	January 1, 1997 to June 30, 1998
2002	2001	July 1, 2000	January 1, 1999 to June 30, 2000
2003	2002	July 1, 2000	January 1, 1999 to June 30, 2000
2004	2003	July 1, 2002	January 1, 2001 to June 30, 2002
2005	2004	July 1, 2002	January 1, 2001 to June 30, 2002
2006	2005	July 1, 2004	January 1, 2003 to June 30, 2004
2007	2006	July 1, 2004	January 1, 2003 to June 30, 2004

As of January 1, 1985, the State General Assembly was required to determine the percentage of the aggregate Statewide valuation for assessment that is attributable to residential real property. For each subsequent year, the General Assembly was and is required to redetermine the percentage of the aggregate Statewide valuation for assessment that is attributable to each class of taxable property, after adding any increased valuation for assessment attributable to new construction and increased oil and gas production. For each year in which there is a change in the level of value, the General Assembly is required to adjust the assessed valuation ratio for residential real property as necessary to maintain the previous year's percentage of aggregate Statewide valuation attributable to residential real property. The General Assembly set the residential real property assessed valuation ratio at 7.96% of its statutory actual value for assessment years 2003 and 2004. For assessment years 2001 and 2002, residential real property was valued for assessment at 9.15% of its statutory actual value. For assessment year 2000, residential real property was valued for assessment at 9.74% of its statutory actual value. All other taxable property (with certain specified exceptions) has had an assessed valuation ratio throughout these tax years of 29% of statutory actual value.

The District's assessed valuation is established by the County Assessor, except for public utility property which is assessed by the Administrator of the State Division of Property Taxation. The County Assessor is required to complete the assessment real of all taxable property no later than August 25 of each year. Property taxes are levied on all real and personal property, except certain categories of exempt property. Classes not subject to property taxes include, but are not limited to: property of the United States of America; property of the State and its political subdivisions; property of school districts; property used as an integral part of a licensed school childcare center; inventories of merchandise and supplies that are held for consumption by a business or are held primarily for sale; agricultural and livestock products; agricultural equipment; property used for religious or charitable purposes; and noncommercial personal property.

Upon receipt of the County Assessor's certification, the State Board of Equalization computes a rate of levy which is based upon the total of all mill levies for a particular parcel of property depending on which taxes may apply (i.e. school district, municipal, county, water and sanitation, etc.).

The rate of levy is then multiplied by the assessed value of property to arrive at the amount of taxes levied against particular property. Each mill is equivalent to one tenth of one percent.

Taxes levied in one year are collected in the next year. Thus, 2004 taxes will be collected during 2005. Taxes are due January 1 in the year of collection; however, they may be paid in either one installment (not later than April 30) or in two equal installments (not later than February 28 and June 15) without interest penalty.

Taxes which are not paid within the prescribed time limits bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16. All taxes levied on property, together with interest thereon and penalties for default, as well as other costs of collection, constitute a perpetual lien on and against the property. Such lien is on parity with the tax liens of other general taxes. Collection of delinquent real property taxes is enforceable by tax sale of such realty. Tax sales of realty are generally held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks public notice of the impending public sale. There can be no assurance, however, that the value of property sold, in the event of foreclosure and sale, would be sufficient to produce the amount required with respect to taxes levied by the District and by overlapping taxing entities. Property not sold is stricken from the tax rolls.

Constitutional Revenue, Spending And Debt Limitations (TABOR)

On November 3, 1992, the voters of the State approved an amendment to the State Constitution known as the "Taxpayer's Bill of Rights" ("TABOR"), which limits the powers of public entities to borrow, tax and spend.

TABOR requires voter approval prior to the imposition by the District of a new tax, tax rate increase, mill levy increase, valuation for assessment ratio increase, tax extension or any other change in policy which results in a net revenue gain or the creation by the District of any multiple-fiscal year debt or other financial obligation, subject to certain exceptions, including refinancing at a lower interest rate. Ballot questions seeking voter approval for such matters may be submitted only at State general elections or at regular biennial elections.

TABOR limits the total amount of property taxes that may be collected and retained by the District for all purposes to the total amount of such property taxes collected in the preceding year, adjusted for inflation and local growth, unless a "revenue change" is approved by the voters.

The voter approval received by the District at a valid election held November 4, 1997, for the issuance of general obligation bonds satisfies the voter approval requirement for the levy of property taxes to pay the Bonds. The voter approval also permits the District to increase its property tax revenue up to the amount of any debt service funded by such revenue. Revenues other than property tax revenues are limited only as a function of the spending limitation described below.

TABOR also limits the total amount of expenditures and reserve increases (excluding changes in debt service payments) that may be made by the District for all purposes to the total amount thereof made in the preceding year, adjusted for inflation and local growth, unless the voters approve a "revenue change." Incurring debt may raise the spending limit, and retiring or refinancing debt may lower the spending limit. This provision of TABOR does not affect the security for the Bonds. If revenues

collected by the District in excess of the spending limit are required to be refunded, they must be refunded during the next calendar year.

At the election held on November 4, 1997, the District obtained voter approval to exempt from these limits all revenues received by the District.

2003 Assessed Valuation

The 2003 Certification of Value from the Jefferson County Assessor assessed the valuation for the District's property at \$1,880,410. The District totals approximately 1,100 acres in size with a zoning mix of approximately 540 acres commercial, 350 acres residential and 210 acres devoted to open space, parks and recreation, roadways, municipal services and other development. The property in the District is currently undeveloped resulting in low real estate assessments. The District anticipates assessed valuations shall increase commensurate with the development of the District.

VI REVENUE ANALYSIS

The District retained THK Associates ("THK") of Denver, Colorado, as an expert for the purpose of analyzing, studying and projecting anticipated operations and revenues of the District after the Effective Date of the Plan in connection with the District's bankruptcy. Based on the Revenue Analysis submitted with the Plan, the District believes that it will have sufficient Revenues to fully pay and satisfy the Bonds over the forty (40) year term of the Bonds. At the request of the District, the Revenue Analysis has been updated and is attached hereto as Appendix C. The Revenue Analysis, demonstrates that sufficient Revenues may be generated by the District in order to satisfy the District's debt service on the Bonds including the Remarketed Bonds. The Revenue Analysis also sets forth the anticipated assessed value of property subject to the Bonds. The Revenue Analysis contains a detailed description of projected assessed valuations on a year by year basis by each property type (i.e. high, medium and low density residential, commercial, etc.) and the property taxes which would be collected based on those assessed valuations. Based on those revenue projections, the District should generate sufficient revenue from the limited general ad valorem taxes and Pledged Tap Fees to defease the Bonds within 30 years, subject to earlier optional or mandatory redemption provisions. See "THE REMARKETED BONDS – Redemption".

INVESTORS CONSIDERING PURCHASE OF THE REMARKETED BONDS HEREUNDER ARE URGED TO REVIEW CAREFULLY THE REVENUE ANALYSIS IN ITS ENTIRETY. ALTHOUGH THE DISTRICT AND THK BELIEVE THE ASSUMPTIONS UNDERLYING THE FORECASTS INCLUDED IN THE REVENUE ANALYSIS ARE REASONABLE, INVESTORS ARE CAUTIONED THAT THERE MAY BE DIFFERENCES BETWEEN THE FORECASTED AND ACTUAL RESULTS. THERE ARE A NUMBER OF FACTORS WHICH MAY CAUSE ACTUAL RESULTS TO VARY MATERIALLY FROM FORECASTS. See "RISK FACTORS" and "FORWARD LOOKING STATEMENTS".

Set forth below on the next two pages is a projected repayment schedule for interest and principal on the Bonds beginning with the June 1, 2004 Interest Payment Date, which is calculated from March 15, 2004, and certain assumptions underlying the Revenue Analysis:

Mount Carbon Bond Repayment Schedule, March 1, 2004

YEAR	TOTAL BOND REVENUES	SERIES A & B BONDS INTEREST	PAYMENT LETTER OF CREDIT	INTEREST ON SUPERIOR C BOND	INTEREST ON SUPERIOR D BOND	PRINCIPAL A & B BONDS	INTEREST ON JUNIOR C BOND	INTEREST ON JUNIOR D BOND	A & B MANDATORY REDEMPTION PRINCIPAL PAYMENTS	PAYMENT PRINCIPAL C & D BONDS	TRUST BANK	DISTRICT AFTER ALL PAYMENTS
2004	\$0	\$186,676	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2005	\$0	\$280,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006	\$379,400	\$280,000	\$99,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007	\$307,850	\$280,000	\$27,850	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008	\$249,570	\$280,000	(\$30,430)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$414,038	\$280,000	\$134,038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010	\$713,921	\$280,000	\$433,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$825,583	\$280,000	\$6,973	\$309,019	\$103,006	\$126,584	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$956,955	\$271,139	\$0	\$30,701	\$10,234	\$213,416	\$431,466	\$0	\$0	\$0	\$0	\$0
2013	\$1,086,457	\$256,200	\$0	\$30,701	\$10,234	\$80,000	\$709,323	\$0	\$0	\$0	\$0	\$0
2014	\$1,345,168	\$250,600	\$0	\$30,701	\$10,234	\$80,000	\$973,634	\$0	\$0	\$0	\$0	\$0
2015	\$1,366,178	\$245,000	\$0	\$30,701	\$10,234	\$100,000	\$960,243	\$0	\$0	\$0	\$0	\$0
2016	\$1,549,776	\$238,000	\$0	\$30,701	\$10,234	\$100,000	\$1,170,841	\$0	\$0	\$0	\$0	\$0
2017	\$1,901,778	\$231,000	\$0	\$30,701	\$10,234	\$100,000	\$1,529,843	\$0	\$0	\$0	\$0	\$0
2018	\$2,184,544	\$224,000	\$0	\$30,701	\$10,234	\$120,000	\$1,799,610	\$0	\$0	\$0	\$0	\$0
2019	\$2,240,984	\$215,600	\$0	\$30,701	\$10,234	\$120,000	\$1,864,449	\$0	\$0	\$0	\$0	\$0
2020	\$2,501,767	\$207,200	\$0	\$30,701	\$10,234	\$140,000	\$2,113,632	\$0	\$0	\$0	\$0	\$0
2021	\$2,793,035	\$197,400	\$0	\$30,701	\$10,234	\$140,000	\$2,414,700	\$0	\$0	\$0	\$0	\$0
2022	\$3,160,799	\$187,600	\$0	\$30,701	\$10,234	\$140,000	\$2,792,265	\$0	\$0	\$0	\$0	\$0
2023	\$3,129,579	\$177,800	\$0	\$30,701	\$10,234	\$160,000	\$2,750,845	\$0	\$0	\$0	\$0	\$0
2024	\$3,384,953	\$166,600	\$0	\$30,701	\$10,234	\$180,000	\$2,997,418	\$0	\$0	\$0	\$0	\$0
2025	\$3,578,824	\$154,000	\$0	\$30,701	\$10,234	\$180,000	\$2,154,688	\$1,049,201	\$0	\$0	\$0	\$0
2026	\$3,902,076	\$141,400	\$0	\$30,701	\$10,234	\$200,000	\$689,299	\$2,830,442	\$0	\$0	\$0	\$0
2027	\$3,870,856	\$127,400	\$0	\$30,701	\$10,234	\$200,000	\$689,299	\$2,813,222	\$0	\$0	\$0	\$0
2028	\$4,186,717	\$113,400	\$0	\$30,701	\$10,234	\$220,000	\$689,299	\$3,123,084	\$0	\$0	\$0	\$0
2029	\$4,413,519	\$88,000	\$0	\$30,701	\$10,234	\$240,000	\$689,299	\$3,345,285	\$0	\$0	\$0	\$0
2030	\$4,804,882	\$81,200	\$0	\$30,701	\$10,234	\$0	\$689,299	\$3,311,915	\$681,533	\$0	\$0	\$0
2031	\$4,773,662	\$33,493	\$0	\$30,701	\$10,234	\$0	\$689,299	\$229,766	\$478,467	\$3,301,702	\$0	\$0
2032	\$5,163,193	\$0	\$0	\$22,254	\$7,418	\$0	\$499,644	\$166,548	\$0	\$4,467,329	\$0	\$0
2033	\$5,463,318	\$0	\$0	\$10,825	\$3,608	\$0	\$243,034	\$81,011	\$0	\$4,230,969	\$0	\$0
2034	\$5,871,485	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$893,871
2035	\$6,191,368	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,871,485
2036	\$6,696,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,191,368
2037	\$6,696,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,696,583
2038	\$7,243,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,243,024
2039	\$7,243,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,243,024
2040	\$7,834,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,834,055
2041	\$7,834,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,834,055
2042	\$8,473,314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,473,314
2043	\$8,473,314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,473,314
	\$143,206,188	\$5,763,708	\$671,751	\$956,120	\$318,706	\$2,840,000	\$29,561,426	\$16,950,475	\$1,160,000	\$12,000,000	\$0	\$73,450,677

Note: Interest is assumed to begin April 1, 2004

Revenue Analysis Assumptions

The Revenue Analysis is conditioned on a number of assumptions which the District believes are reasonable for property contained within the District. The following is a description of the primary assumptions upon which the Revenue Analysis is conditioned:

- A 8% inflation rate has been applied to property values every two years throughout the analysis.
- Residential real estate will be assessed at a rate of 7.96% of market value and commercial properties will be assessed at 29% of market value.
- Property values for the various land use types are estimated as follows:

Single Family & Attached	Multi-Family - \$85,000/unit
High Density - \$150,000/unit	Office, High-Tech, Hotel - \$100/square foot
Medium Density - \$200,000/unit	Retail/Commercial - \$110 square foot
Low Density - \$250,000/unit	
- As construction occurs, market and assessed values have been lagged two years to allow for recording on the county tax rolls and collection of taxes.
- A mill levy of 20 mills has been applied to the assessed value, residential and commercial, for debt reduction on the Bonds.
- For every 4,804 square feet of commercial and hotel space developed, there will be a need for one single family water and sewer tap equivalent.
- The Plan calls for \$1,000 from each water and sewer tap to be used for debt reduction on the Bonds.
- The following are the expected uses for the District over 40 years with development halting upon the utilization of 2,142 water and sewer taps in Year 31.

Residential:	Commercial:
Single Family: 1,050 Units	Office and Industrial: 975,000 square feet.
Attached: 430 units	Retail: 1,257,200 square feet
Multi-Family: 400 units	Hotel: 340,000 square feet

Based on these assumptions, THK determined that the following results would be realized, as set forth in the Revenue Analysis:

- Total residential market values of \$1,393,787,423 will be generated over the next 40 years.
- Total commercial market values of \$1,197,556,358 will be generated over the next 40 years.
- Total assessed values will grow to \$458,236,823 by 2041.
- Real estate taxes generated by the 20 mill levy on residential and commercial uses will total \$141,064,738 over 40 years.
- Water and sewer tap fee income will total \$2,141,520 (2,142 taps at \$1,000 per tap) over 40 years.
- District expenses amount to \$150,000 annually for overhead, per the Plan, which will be paid from the Mill Levy for Operating Expenses.
- Total net income will be \$143,206,188 over 40 years.
- The debt payment schedule is based on \$4 million at 7%, \$9 million at 8% and \$3 million at 9%.

Based on these calculations of revenue potentials and retiring accrued interest in the initial stages of development and then retiring the principal, \$16 million in debt can be retired over a 30-year time frame.

VII RISK FACTORS

THE PURCHASE OF THE REMARKETED BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR OF SUCH BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW THAT, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE REMARKETED BONDS AND THAT COULD ALSO AFFECT THE MARKET PRICE OF THE REMARKETED BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

Limited Revenues and Tap Fees

The Bonds including the Remarketed Bonds are special and limited obligations of the District payable solely from Revenues comprised primarily of (i) limited general ad valorem taxes levied by the District for the payment of the Bonds, (ii) certain tap revenues, and (iii) all other moneys to be received by the District or the Trustee in respect of repayment of the Bonds, including without limitation all moneys and investments held by the Trustee from time to time in certain funds and accounts established under the Indenture. The District may only levy ad valorem taxes in the amount of 20 mills (as adjusted for constitutional or statutory changes) to pay the debt service on the Bonds. In addition, the District has covenanted to impose water and sewer tap fees on its customers and has pledged \$1,000 for each such tap fee to the payment of the Bonds (the "Pledged Tap Revenues"). The projected ad valorem tax collections and Pledged Tap Revenues are premised on property within the District having certain values during the term of the Bonds and on anticipated rates of development within the District. If the projected ad valorem tax collections or Pledged Tap Revenues are not realized, there is no assurance that the District will have sufficient funds to pay the principal of and interest on the Bonds including the Remarketed Bonds.

Limited Remedies if Revenues Insufficient to Service Bonds

THE DISTRICT SHALL NOT BE IN DEFAULT IN ANY OF ITS OBLIGATIONS UNDER THE BONDS INCLUDING THE REMARKETED BONDS OR THE INDENTURE BY REASON OF ITS FAILURE TO PAY INTEREST AND PRINCIPAL ON THE BONDS IF THERE ARE INSUFFICIENT REVENUES TO MAKE SUCH PAYMENT. IF FOR ANY REASON ANY BONDS INCLUDING THE REMARKETED BONDS REMAIN OUTSTANDING ON JUNE 2, 2043, ALL LIABILITY OF THE DISTRICT WITH RESPECT TO SUCH BONDS SHALL CEASE, AND SUCH BONDS SHALL BE DEEMED TO BE CANCELLED BY THE DISTRICT. As a result, the Holders will have no rights or remedies against the District except to enforce the obligations and express covenants contained in the Bonds, the Resolution and the Indenture. In the event of a default under the Resolution or the Indenture, there is no acceleration of maturity of principal of the Bonds. Consequently, the remedies of the Holders (consisting primarily of an action in the nature of mandamus requiring the District to perform the terms of the Resolution or the Indenture) may have to be enforced from year to year. See "SECURITY FOR THE BONDS – Events of Default".

Completion of Development Not Assured

THERE CAN BE NO ASSURANCE THAT THE DISTRICT WILL BE SUFFICIENTLY DEVELOPED TO PROVIDE ANY REVENUES TO SERVICE THE BONDS, INCLUDING THE REMARKETED BONDS. Generally, the District's ability to pay debt service on the Bonds including the Remarketed Bonds, will be dependent upon development by others of adequate residential and commercial developments within the District which is substantial. Currently, no land in the District is developed. Developers may not be able to locate a sufficient number of builders willing and able to purchase the

parcels, to construct office and residential improvements on the parcels, fund the infrastructure required, and to lease a sufficient amount of office space or sell a sufficient number of houses to establish sufficient Revenues to service the Bonds and fund the necessary water and sewer infrastructure. If the landowners do not sufficiently develop the land within the District, the District may not receive adequate amounts of Revenues to adequately service the Bonds including Remarketed Bonds or to fund the necessary water and sewer infrastructure required to operate the District.

Additionally, the general economy of the District will be subject, in part, to the development risks generally associated with real estate development projects. Projected development within the District may be subject to unexpected delays, disruptions and changes. For example, real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market, fluctuations in interest rates, unexpected increases in development costs and by other factors. Further, real estate development operations within the District could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the District is delayed or halted, the economy of the District could be adversely affected, causing a reduction of Revenues available to adequately service the Bonds including the Remarketed Bonds and fund the necessary water and sewer infrastructure.

Although it is anticipated that the land within the District, once fully developed, will provide adequate revenues for the debt service of the Bonds and for the District's other obligations such as completing its infrastructure, there can be no assurance that the District will be fully developed, or if fully developed, will provide adequate revenues to service the Remarketed Bonds. See "REVENUE ANALYSIS"; "THE DISTRICT" and "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Certain Infrastructure to be Paid for by Landowners

Under the Intergovernmental Agreement, the District no longer participates in the construction or maintenance of any infrastructure other than water and sewer infrastructure. All other infrastructure required such as street improvements and roads shall be paid for by landowners within the District. The funding of necessary infrastructure will increase the cost of development and may affect the ability of landowners to sell or develop the land in District. There can be no assurance that the District will be sufficiently developed which could adversely affect the ability of the District to adequately service the Bonds. See "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Additional Sources of Water and Sewer Services

Property owners in the District have the option of obtaining water and sewer services from municipalities and districts other than the District. Possible sources include the communities of Lakeland and Morrison. While the District believes other municipalities or districts lack the resources to provide water and sewer to property owners within the District, no assurance can be given that such services will not be available. In the event that one or more property owners obtain water and sewer services from a source other than the District, it will cause a reduction in the available Revenues and reduce the amount available for funding the costs of the infrastructure. Such property owner will, however, be obligated to pay the 20 Mill Levy to the District.

Completion of Water and Sewer Treatment Plants Not Assured

Critical to the District's success is the construction of an expanded water treatment plant to serve the water needs of the District and an expanded sewer treatment plant. The District is responsible for financing, designing and constructing these facilities with financing available from Unpledged Tap Revenue and water and sewer rates and charges. There can be no assurance that the District will be sufficiently developed and will receive sufficient Unpledged Tap Revenue which could adversely affect the

ability of the District to service the Bonds including the Remarketed Bonds. See "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Tax Collections

Security for the punctual payment of the principal of and interest on the Bonds including the Remarketed Bonds is dependent upon the ability to collect ad valorem taxes assessed against property within the District. Ad valorem taxes levied in one year are collected in the next year. Taxes are due January 1, in the year of collection; however, they may be paid in either one installment by April 30 or in two equal installments by February 28 and June 15 without interest or penalty. Property taxes do not constitute personal obligations of a property owner. While the current year's taxes constitute a lien upon property assessed superior to contractual encumbrances, and landowner's property could be sold to satisfy the District's tax lien for the year(s) in which the taxes are in default, this remedy would be costly and time consuming. Furthermore, any such tax sale would only be for the amount of taxes due and unpaid for the particular tax year(s) in question. In addition, when property is to be sold for taxes, there is always the possibility that no bids will be received. In this event, the statutes of the State of Colorado require unpurchased property to be stricken from the tax rolls. Delinquencies in the payment of property taxes by the District's landowners could have an adverse effect on the District's ability to service the Bonds including the Remarketed Bonds. See "IMPOSITION AND COLLECTION OF TAX REVENUE BY THE DISTRICT." and "FUTURE DEVELOPMENT WITHIN THE DISTRICT."

Increased Property Valuations

For the District to satisfy its repayment obligations respecting the Bonds including the Remarketed Bonds, its assessed property values must increase. The property in the District is currently undeveloped. It cannot develop without organized service for treated water and sanitary sewer. As development occurs, it is anticipated that assessed property values will increase accordingly thereby increasing Revenues. However, there can be no assurance that the District will be sufficiently developed, or even if developed, that assessed property values will increase resulting in sufficient Revenues to service the Bonds including the Remarketed Bonds. See "IMPOSITION AND COLLECTION OF TAX REVENUE BY THE DISTRICT".

Appeals of Assessed Values

Pursuant to Colorado law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, with the appropriate county board of equalization or assessment appeals board. Certain property owners have pending appeals of assessed valuations. The successful appeal by a large landowner of the District could have an adverse effect on the District's ability to make timely debt service payments on the Bonds including the Remarketed Bonds. See "IMPOSITION AND COLLECTION OF TAX REVENUE BY THE DISTRICT".

Competing Developments

The property owners within the District will be competing for the sale and leasing of commercial, office, industrial, and residential properties with other developments in the Denver metropolitan area. Red Rocks Business Park and Red Rocks Center, the proposed business parks within the District, will be competing with business developments within the vicinity of the proposed parks. Some of the newer developments in the area include the Ken Caryl Ranch commercial building and office park. No assurance can be given that development in the District will occur as set forth in the Revenue Analysis. See "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Actual Results May Differ from Forecasts

The financial forecasts described under "REVENUE ANALYSIS," are based upon assumptions made by THK therein. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary and the variations may be material. See "REVENUE ANALYSIS".

Secondary Market

Currently, the Bonds, including the Remarketed Bonds, are not rated and unless the Bonds are rated in one of the four highest rating categories by a rating service, the Bonds may not be sold, pledged, donated or otherwise transferred, including the sale of a participation interest herein, whether or not for consideration, by the registered owner thereof except to an Accredited Investor. Prospective purchasers of the Bonds should be prepared, if necessary, to hold their Bonds until their maturity dates. See "THE REMARKETED BONDS - Transfer and Exchange".

Mandatory Early Redemption on Portion of 2004A and 2004B Bonds

Approximately \$900,000 in the aggregate of the 2004A Bonds and 2004B Bonds may be required to be redeemed, prior to their maturity date, on June 1 of each year if there are sufficient funds in the Mandatory Redemption Fund. See "THE REMARKETED BONDS - Mandatory Redemption".

Limitations on Remedies Available to Holders

The registered owners of the Bonds will have no rights or remedies against the District except to enforce the obligations and express covenants contained in the Bonds, the Resolution and the Indenture. In the event of a default under the Resolution or the Indenture, there is no acceleration of maturity of principal of the Bonds. Consequently, the remedies of the Holders (consisting primarily of an action in the nature of mandamus requiring the District to perform the terms of the Resolution or the Indenture) may have to be enforced from year to year.

The enforceability of the rights and remedies of the Holders and the obligations incurred by the District in issuing the Bonds, are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; the exercise by the United States of America of the powers granted to it by the federal Constitution; and the reasonable exercise of the police power of the State of Colorado. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Various Colorado laws and constitutional provisions apply to the imposition, collection and expenditure of ad valorem property taxes and the operations of the District. There is no assurance that there will not be any change in the interpretation of, or additions to, applicable law, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection or expenditure of ad valorem property taxes or Pledged Tap Revenues.

VIII THE DISTRICT

Organization and Description

The District is a quasi municipal corporation and a political subdivision of the State of Colorado, formed pursuant to the Special District Act, Title 32 of the Colorado Revised Statutes, as amended. The District was originally formed on September 14, 1976, as Mount Carbon Water and Sanitation District. The District petitioned for conversion to a metropolitan district and an order was entered October 4, 1982 converting the District to Mount Carbon Metropolitan District.

The original property included in the District consisted of approximately 860 acres of land on the west side of the Denver metropolitan area in Jefferson County near today's intersection of Interstate C-470 and Morrison Road. Subsequent parcels of land were added to the District. The District today totals approximately 1,100 acres in size with a zoning mix of approximately 540 acres commercial, 350 acres residential and 210 acres devoted to open space, parks and recreation, roadways, municipal services and other development. Nearly all of the property within the boundaries of the District is within either the City of Lakewood, Colorado ("Lakewood") or the Town of Morrison, Colorado ("Morrison"), both located in Jefferson County, Colorado. See "Appendix B, MAPS OF DISTRICT; COMPARISON OF LAND USE ZONING WITHIN THE DISTRICT."

Limited Powers Under Intergovernmental Agreement

Currently, the District, as a Special District under C.R.S. 32-1-102, operates under a Service Plan that was originally approved by the Jefferson County Board of County Commissioners in 1983 in connection with its formation. The original Service Plan has been modified as a result of and in accordance with the terms of the Intergovernmental Agreement, a copy of which is attached hereto as Appendix G. Pursuant to the Intergovernmental Agreement dated November 4, 2003 among Lakewood, Morrison and the District, the District has agreed that the only services it may provide within its legal boundaries are water and sanitary services and only in the manner prescribed by the Intergovernmental Agreement. The District is specifically prohibited under the terms of the Intergovernmental Agreement from exercising any of its former authorization to furnish park and recreation, street improvement, traffic safety protection services and facilities or any other services except such water and sanitary sewer services. See "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Landowners

The current landowners of the District are set forth on Appendix B attached hereto. Except for one residence, all of this property is undeveloped. Of 18 landowners in the District, the three most significant for future development are: (1) CDN Development, L.P. (CDN) with approximately 228 acres zoned for residential development (Springfield Green) and approximately 142 acres zoned for commercial development (Red Rocks Business Park), (2) Colco Corp. owning approximately 280 acres zoned for commercial development (Red Rocks Centre and Red Rocks Business Park), and (3) Westwind Limited Liability Company with approximately 44 acres zoned for residential and commercial development.

CDN Development, L.P. CDN Development, L.P., a Canadian Limited Partnership, is one of the largest landowners of the District. CDN has informed the District that it intends to develop first Springfield Green, a residential development, as soon as reasonably possible. Such development is contingent upon provision of adequate water, installation of infrastructure and negotiation of a new Public Improvement Agreement with Lakewood. CDN was the previous and unconfirmed plan funder and is a creditor under the Plan. CDN and the District have entered into a tap purchase option for the right for CDN to purchase 1,200 taps.

Colco Corp. Colco owns approximately 280 acres of commercial land in the southern portion of the District. Colco is in the process of selling retail and commercial parcels to developers. Colco has entered into a purchase agreement with Lauth Property Group whereby Lauth will purchase from Colco 18 acres of land within the District to support approximately 175,000 square feet of retail space. Lauth plans to develop a neighborhood shopping center to be anchored by a national grocery chain with smaller retailers and restaurants. It is anticipated that 40 taps will be needed to fully develop this property by Lauth. Lauth is a leading national privately held development and construction firm with completed projects exceeding the \$2 billion mark. Lauth builds retail, office, industrial and healthcare facilities for clients to lease or own throughout the United States from offices in Indianapolis, Charlotte, Denver and Salt Lake City.

District Powers

The rights, powers, privileges, authorities, functions, and duties of the District are established by the laws of the State of Colorado, particularly Title 32, Article 1, C.R.S., which provides that the District has the power to enter into contracts and agreements; to sue and be sued; to fix and from time to time increase or decrease fees, rates, tolls, or charges for services, programs, or facilities furnished by or available from the District, and to pledge such revenue for the payment of any indebtedness of the District; to acquire, dispose of, and encumber real and personal property, and any interest therein, including leases and easements; and to have the management, control, and supervision of all the business affairs of the District, and the construction, installation, operation, and maintenance of the District improvements therein.

Subject to compliance with statutory procedures, the Board may order the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of the District; however, such excluded property is obligated to the same extent as all other property within the District for the payment of the Bonds.

Governing Board

The District is governed by a board of directors which consists of five members (the "Board"). The members must be electors of the District as defined by State law and are elected to four-year terms of office. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval.

The directors hold special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors receive no compensation from the District for serving on the Board. The present directors are set forth on the inside front cover of this Official Statement.

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, shall be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids and such Board member or owner submits the lowest responsible and responsive bid. As of the date of this Official Statement, none of the directors have any potential or existing personal or private interests relating to the issuance or delivery of the Bonds or the expenditure of the proceeds thereof.

Administration

The Board is responsible for the overall management and administration of the affairs of the District. The District has no employees, and day-to-day management functions of the District are provided by independent contractors. The District retains Hayes, Phillips, Hoffman & Carberry, P.C., Denver, Colorado, as its general counsel and Mason Russell West, LLC, Littleton Colorado, as its auditor.

Mill Levy for Operating Expenses

In addition to the 20 Mill Levy, the District has covenanted to add as an additional property tax for the payment of the District's operating expenses an amount not to exceed the lesser of \$150,000 or whatever amount would be payable with a levy of 17 mills (the "Mill Levy for Operating Expenses"). This additional levy may be used to pay direct operation and maintenance expenses of the water and sewer system to be constructed by the District and needed to support development to the extent that water and sewer service rates and charges on active taps are not sufficient to pay such direct costs. At such time as service rates and charges are adequate to pay operation and maintenance expenses, the levy shall cease to be used for such direct costs, and shall be reduced to an amount necessary to fund general administration expenses only. See "FUTURE DEVELOPMENT WITHIN THE DISTRICT".

Related Party Transactions

Colorado State law requires the Directors of the District to own property in the District. Currently, the Directors of the District are all partial owners in less than one acre of land within the District. Except for this interest, none of the Directors have any development interest in any land within the District.

Pursuant to C.R.S. 32-1-902(3), as amended, a director must disqualify himself from voting on any issue in which he has a conflict of interest unless he has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Board at least seventy-two (72) hours in advance of any meeting in which such conflict may arise. No disclosure certificate has been filed disclosing a conflict of interest. Moreover, to the extent the Directors have personal interests in transactions involving the District, such transactions may be subject to challenge with regard to their validity provided that the Directors have not disclosed such interests and have not abstained from a vote on such transactions.

Continued Operations

Currently, the District has limited operations as shown in the District's most recent financial statements for the year ended December 31, 2002 attached hereto as Appendix F but remains in operation. The Board will continue to hold public meetings as necessary to approve budgets and to take other proposed action.

IX BANKRUPTCY

History

On May 1, 1985, the District issued \$10,500,000 of its General Obligation Bonds, Series 1985A-1 and \$3,500,000 of its General Obligation Bonds, Series 1985A-2 (collectively, the "1985 Bonds"). The 1985 Bonds were used to make improvements in two primary developments within the District, a business park known as Red Rocks Business Park and a residential area known as Springfield Green. The improvements consisted of the construction of roads and the installation of water and sewer facilities. As a result of the lack of development within the District, the District was unable to pay principal and interest on the 1985 Bonds when due. In order to preserve and protect its rights and interests and to facilitate the satisfaction of existing obligations of the District, including the 1985 Bonds, the District sought bankruptcy protection.

Chapter 9 Bankruptcy Filing - General

On July 14, 1997, the District filed its voluntary petition under Chapter 9 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado. On September 23, 1997, the Court entered the Order for Relief pursuant to Bankruptcy Code Section 921(d). The District filed with the Court its Seventh Amended Plan of Adjustment of Debts (the "Plan") on January 21, 2003, which was confirmed by the Court pursuant to an order on June 19, 2003 (the "Confirmation Order") after the Plan was accepted by the required number of impaired creditors. A detailed description of the Plan, the treatment of each class and a listing of the claims by creditors of each Class is included in the Plan document, a copy of which is attached hereto as Appendix E.

Upon confirmation, the Plan binds the District and any creditor to the fullest extent permitted by Bankruptcy Code Section 944 and, without limiting the foregoing, will (1) bind all creditors, whether or not they accept the Plan, and (2) discharge the District from all debts that arose before the confirmation, except as otherwise provided in the Plan.

Purpose and General Overview of the Plan

The purpose of the Plan is to implement a fair and equitable repayment plan for all creditors' claims, including the satisfaction of the 1985 Bonds, and to put the District on sound financial footing with adequate water and tap rights for future operations. The Plan separates creditors' claims into classes, and sets forth the treatment afforded to each class. The Plan provides that if the Effective Date does not occur by June 19, 2004, then the Confirmation Order will automatically be rescinded.

All of the classes of claims allowed under the Plan will be paid in cash on the Effective Date other than certain claim holders who elected to receive in the aggregate \$524,000 of 2004C Bonds and 2004D Bonds (the "Replacement Bonds"). Upon consummation of the Plan, all debt obligations prior to the Confirmation Order will be discharged, including the 1985 Bonds. The District will originally issue and distribute in the aggregate the Bonds equaling \$16,000,000. Substantially all of these Bonds, other than the Replacement Bonds, will be issued by the District to the Plan Funder in exchange for cash to be provided by the Plan Funder to pay certain Claims. See "Plan Funder" below.

Plan Funder

Colco Corp., a Colorado corporation, as the "Plan Funder", will provide the District with cash in the approximate amount of \$5,450,000 for the cash payments necessary under the Plan. The Plan Funder intends to satisfy this obligation through the simultaneous remarketing of the Remarketed Bonds received on the Effective Date on the terms contained herein and through an agreement with CDN Development, L.P., a landowner in the District and creditor under the Plan ("CDN") where CDN agrees to waive its

right to approximately \$1,800,000 in cash upon consummation of the Plan. In lieu thereof, the Plan Funder and CDN have agreed that the Plan Funder will deliver to CDN \$4,500,000 of the 2004C Bonds and the 2004D Bonds received by Colco on the Effective Date.

Colco Corp. is a significant District landowner and creditor under the Plan and will receive approximately \$436,000 as a claimholder and \$7,260 as a holder of 1985 Bonds in cash upon consummation of the Plan. Additionally and more significantly, as part of the Plan Funder's consideration under the Plan, substantially all of the Bonds approximating \$15,500,000 will be issued to Colco Corp. See "THE DISTRICT – Landowners".

X FUTURE DEVELOPMENT WITHIN DISTRICT

Intergovernmental Agreement

The property in the District is undeveloped. The District cannot develop without organized service for expanded treated water and sanitary sewer. To the knowledge of the District, there are no entities other than the District that are willing to provide these services to property within the District. Nearly all of the property within the boundaries of the District is within either Lakewood or Morrison. Property owners within the District have the option of obtaining water and sewer services from other sources. See "RISK FACTORS-Additional Sources of Water and Sewer Services".

The Plan required the District to significantly reduce its powers and the services it provides as set forth in the Intergovernmental Agreement. The Plan also required that the Amended and Restated Service Plan (incorporated into the Intergovernmental Agreement) be approved by the Jefferson County Board of County Commissioners unless such requirement was waived by both Lakewood and Morrison in their sole discretion. On November 4, 2003, Lakewood, Morrison and the District entered into the Intergovernmental Agreement, whereby Lakewood and Morrison waived such requirement. The parties further agreed that the District would continue to seek the County Commissioners' approval and until such approval is obtained, to comply with all of the terms and conditions of the Intergovernmental Agreement.

Under the Intergovernmental Agreement, and in furtherance of the Plan, the District agreed to significantly reduce its powers and services and no longer participates in the construction or maintenance of any infrastructure other than water and sewer infrastructure.

Under the Intergovernmental Agreement, the District has the authority to finance, acquire land and water rights, design, construct, own, operate and maintain water and sanitary sewer facilities within and outside its legal boundaries, and the authority to serve only property or customers within its legal boundaries and not outside thereof. Any and all former authorization and powers for the District to furnish park and recreation, street improvement, and traffic safety protection services and facilities are terminated, cancelled and revoked.

Limited Indebtedness

The Intergovernmental Agreement limits the District's taxing authority to amounts consistent with the Plan. Under the Intergovernmental Agreement, the District may not issue any new tax supported debt other than the Bonds until all debt evidenced by the Bonds has been paid in full. The maximum District indebtedness is \$16,000,000 for the Bonds and \$18,000,000 for revenue bonds discussed under "Expansion of Water and Sewer Infrastructure" and "Financing of Water and Sewer Infrastructure" below. No other debt may be incurred by the District.

Expansion of Water and Sewer Infrastructure

Among the assumptions upon which future development is premised are the District plans for the provision of infrastructure that will support the development of the District. Under the Intergovernmental Agreement, the District is required to construct an expanded water treatment plant to serve the water needs of the District and an expanded sewer treatment plant. The expanded water treatment plant may be built in phases to permit responsible gradual investment to meet actual needs. The District is responsible for financing, designing, constructing, operating and maintaining these facilities. The District expects to finance these treatment plants through the Unpledged Tap Revenues.

The District's current water and sewer sources and facilities are set forth below:

Water Rights. Currently, the District has access to existing water to support the equivalent of 2,142 residential unit taps (EQRs). The Revenue Analysis assumes that the District will issue in the next thirty years 2,142 EQRs. The District has water rights from various sources. An overview of the District's existing water rights are set forth in the Intergovernmental Agreement attached hereto. Property owners within the District have the option of obtaining water and sewer services from other sources. See "RISK FACTORS - Additional Sources of Water and Sewer Services".

Water Taps. Full build out of the District may require the equivalent of up to 5,500 EQRs. The District's current water system consists of a shallow, horizontal well or gallery on Bear Creek with the capacity to supply up to 400 EQRs without storage. The gallery is connected to a 1.5 million gallon storage tank. Treatment is by chlorination only at the present time. Under water decrees, the District can increase its ability to supply 2,142 EQRs by the construction or acquisition of additional storage facilities. Such construction or acquisition of additional facilities will require additional regulatory permits to be obtained by the District.

Sewer Treatment. Under agreements with the Town of Morrison, the District has the right to treat its wastewater at the Morrison Sewage Treatment Plant. It currently has rights to treat up to 50,000 gallons or 167 EQRs. The Morrison Sewage Treatment plant has unused capacity of approximately 115,000 gallons. Additionally, the plant was planned as a phased plant and can be expanded to handle the entire flows from the District. Such construction or acquisition of additional facilities will require additional regulatory permits to be obtained by the District.

Sewer Flows. The District has constructed a major sewer outfall line and sewage lift station with the capacity for 450 EQRs. The final design contemplated by the District envisions an outfall line that will connect directly to the Morrison Sewage Treatment Plant which would be sized to handle all of the District's needs.

Summary. The District can now legally service 167 water and sewer EQRs provided that adequate water and sewer lines exist to the serviced premises. No additional water taps are available within the District until the water and sewer treatment plants and other infrastructure is completed, as needed. Additional storage, diversion facilities, regulatory permits, wastewater treatment capacity, water distribution lines and sewage collection lines and water treatment facilities will be necessary to service additional demand. Additional storage will also be required for full build out. Water service might be obtained from other water service providers but no such legal commitment exists.

Estimated Time and Cost

The estimated time and cost by phase to construct sufficient water and sewer treatment plants to support 2,142 is set forth on Appendix H, attached hereto. The total cost to construct these facilities is estimated at \$18,000,000.

Financing of Water and Sewer Infrastructure

Under the Intergovernmental Agreement, upon approval of the electors of the District, the District may raise no more than \$18,000,000 from revenue bonds to finance the construction of the District's water and sewer infrastructure payable solely from Unpledged Tap Revenue and service rates and charges. Of the anticipated \$13,000 per tap fee, approximately \$12,000 will be deemed Unpledged Tap Revenue and available to fund these infrastructure requirements. See "REVENUE ANALYSIS." The District may only use the Unpledged Tap Revenue to complete the District's water and sewer infrastructure. The District believes that it can complete and maintain its water and sewer infrastructure through the use of the Unpledged Tap Revenue and from future water and sewer usage fees. The Intergovernmental Agreement contains a detailed description of the water and sewer infrastructure that will need to be completed and the estimated costs associated with doing so. Taps available at any given time shall be allocated based on a Tap Allocation Policy adopted by the District and included as an exhibit to the Intergovernmental Agreement.

Landowners to Fund All Other Infrastructure

Under the Intergovernmental Agreement, other than the District's authority to build sewer and water infrastructure and providing these services solely within the District, all additional infrastructure required, shall be paid for by landowners within the District. Property owners are required to enter into public improvement agreements which provide for construction of public infrastructure excepting such water and sewer infrastructure built by the District. Property owners typically pay for such costs through construction loans, internal financing or special improvement districts financing. To realize any value from the land, it will be necessary for landowners to pay for and install such infrastructure. However, at the present time there is no specific method or plan to raise funds from the disparate landowners, and such method, whether by way of assessment, joint development agreement, special improvement districts or some other means to allocate the costs has yet to be determined and is not within the District's control.

XI THE TRUSTEE

The District has appointed U.S. Bank National Association, Denver, Colorado, a national banking association organized under the laws of the United States, to serve as Trustee. The trustee is to carry out those duties assignable to it under the Indenture and the Bonds. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable for the use or application by the District of the proceeds of the Bonds, except as provided in the Indenture or the Escrow Agreement. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the development of the District, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at www.usbank.com/corporatetrust. The U.S. Bank website is not incorporated into this Official Statement by such reference and is not a part hereof.

XII ABSENCE OF LITIGATION

As of the date of the remarketing of the Bonds hereunder, officers of the District will execute certificates to the effect that there is no controversy or litigation now pending against the District, or to the knowledge of its officers threatened, restraining or enjoining the issuance, sale, execution or delivery of such Bonds, or in any way contesting or affecting the validity of such Bonds.

XIII TAX EXEMPTION

In the opinion of Ballard, Spahr, Andrews & Ingersoll, LLP ("Bond Counsel"), assuming the accuracy of certain certifications of the District regarding the use of Remarketed Bond proceeds and continuing compliance with the requirements of the Code, interest on the Remarketed Bonds is excludable from gross income for federal income tax purposes and is exempt from State of Colorado income tax under existing laws as presently enacted and construed. Bond Counsel is further of the opinion that interest on the Remarketed Bonds is not an item of tax preference for purposes of determining either the individual or corporate alternative minimum tax under the laws and regulations of the United States of America as presently enacted and construed. However, interest on Remarketed Bonds held by corporations (other than regulated investment companies, real estate investment trusts, real estate mortgage investment conduits, financial asset securitization investment trusts and S corporations) may be indirectly subject to the alternative minimum tax because of its inclusion in the adjusted current earnings of corporations, and interest on Remarketed Bonds held by foreign corporations may be subject to the branch profits tax.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations with "excess passive income," individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued debt to purchase or carry such obligations. No opinion is being offered with respect to such consequences. Prospective purchasers of the Remarketed Bonds should consult their own tax advisors as to such consequences.

XIV RATINGS

The Remarketed Bonds are not currently rated by a rating service and it is not anticipated that the Remarketed Bonds will be rated.

XV CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement between the District and U.S. Bank National Association, acting as dissemination agent (the "Dissemination Agent") thereunder (the "Disclosure Agreement"), the District, as an "obligated person" under paragraph (f)(10) of SEC Rule 15c2-12 (the "Rule"), has agreed to provide, or cause to be provided to the Dissemination Agent, who will forward, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of the Rule (each, a "Repository") certain annual financial information and operating data. In addition, the District has agreed to provide, or cause to be provided, to the Dissemination Agent in a timely manner notice of the following "Listed Events" if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) modifications to rights of Holders of Bonds; (4) Bond calls; (5) defeasances; (6) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds; (7) substitution of credit or liquidity providers, or their failure to perform; and (8) release, substitution or sale of property securing repayment of the Bonds. These covenants have been made in order to assist the Selling Agents in complying with paragraph (b)(5) of the Rule.

The District's obligations under the Disclosure Agreement shall terminate upon the defeasance or payment in full of all of the Bonds. The provisions of the Disclosure Agreement is intended to be for the benefit of the Holders and shall be enforceable by the Dissemination Agent on behalf of such Holders, provided that any enforcement action by any such person shall be limited to a right to obtain specific enforcement of the District's obligations under the Disclosure Agreement and any failure by the District to comply with the provisions thereof shall not be an event of default under the Indenture.

XVI THE SELLING AGENTS

The Plan Funder has entered into a "Best Efforts, All or None" selling agreement with Northland Securities, Inc., Minneapolis, Minnesota, and Kinsell, Newcomb and De Dios, Inc. (collectively the "Selling Agents") to assist the Plan Funder in reselling the Remarketed Bonds on the terms set forth in this Official Statement. The Plan Funder will pay the Selling Agents a selling commission of \$200,000 if all of the Remarketed Bonds are sold. The Selling Agents will also receive \$400,000 principal amount of the 2004C Bonds if all of the 2004A and 2004B Bonds sold.

XVII APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Remarketed Bonds are subject to the approval of Bond Counsel. The approving opinion of Bond Counsel to the District will be delivered with the Remarketed Bonds in substantially the form attached to this Official Statement as Appendix K. Certain matters will be passed upon for the District by its counsel Hayes, Phillips, Hoffmann & Carberry, P.C., Denver, Colorado and for the Selling Agents by their counsel, Messerli & Kramer P.A., Minneapolis, Minnesota.

The execution and delivery of this Official Statement and its use and distribution, has been authorized by the District in connection with the remarketing of the Remarketed Bonds by the Plan Funder as provided herein.

MOUNT CARBON METROPOLITAN DISTRICT JEFFERSON COUNTY, COLORADO

By: _____
Terry Bartholomew
Its: Chairman and President

11/11/2002

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APPENDIX A CAPITALIZED TERMS

Definitions In this Official Statement, the following terms shall have the meanings set forth below, unless the context otherwise requires:

"Accredited Investor" shall have the same meaning as set forth in Regulation D of the Securities Act of 1933, as amended.

"Amending Resolution" means the resolution of the Board adopted on the Date of Delivery, authorizing the execution and delivery of a Supplemental Indenture relating to the Bonds.

"Bank" means Citywide Banks, a state banking association.

"Board" means the board of directors of the District.

"Bond Counsel" means an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Funds" means collectively, the 2004A Bond Fund, the 2004B Bond Fund, the 2004C Bond Fund and the 2004D Bond Fund.

"Bond Service" means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon prior redemption.

"Bonds" means the 2004A Bonds, the 2004B Bonds, the 2004C Bonds and the 2004D Bonds.

"Bond Year" means the period commencing on June 2 of each calendar year and ending on June 1 of the next calendar year, provided that the first Bond Year shall commence on the Series Issue Date.

"Business Day" means any day other than a Saturday or Sunday or a day on which the principal office of the Trustee is required or permitted to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Date of Delivery" is the date on which the Bonds are delivered to the Plan Funder, which is anticipated to be on or about April 22, 2004.

"District" means Mount Carbon Metropolitan District, Jefferson County, Colorado.

"Effective Date" means the date the Plan is consummated as provided in the Plan.

"Eligible Investments" means any obligation permitted by the legal investment laws of the State of Colorado.

"Escrow Agreement" means the Escrow Agreement, dated the Date of Delivery, by and among the District, the Plan Funder and the Escrow Bank, as amended or supplemented from time to time.

"Escrow Bank" means U.S. Bank National Association, or its successors.

"Event of Default" means the events of default described in the Indenture.

"Funds" means collectively, the Revenue Fund, the Bond Funds, the Mandatory Redemption Fund and the Rebate Fund.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including a receipt, certificate or any other evidence of an ownership interest in such obligations or in specified portions thereof (which may consist of specified portions of interest thereon).

"Holder" means the Person in whose name a Bond is or is to be registered on the Register.

"Indenture" means the Trust Indenture dated the Date of Delivery between the District and U.S. Bank National Association, as Trustee, as amended or supplemented by the Supplemental Indenture and as may be further amended and supplemented from time to time.

"Interest Payment Date" means each Semiannual Date.

"Interest Rate for Advances" means the rate per annum that is two percentage points in excess of that interest rate announced by the principal banking affiliate of the Trustee in its commercial lending capacity as a bank as its "base rate".

"Intergovernmental Agreement" means the Intergovernmental Agreement, which incorporates by reference the proposed Amended and Restated Service Plan, dated November 4, 2003, among the City of Lakewood, Colorado, the Town of Morrison, Colorado, and the District.

"Letter of Credit" means the Irrevocable and Unconditional Standby Letter of Credit No. 200043208 in the stated amount of \$1,400,000 issued by the Bank on the Date of Delivery, and expiring on June 30, 2009.

"Letter of Credit Fund" means the fund of that name created in the Amending Resolution and referred to in Supplemental Indenture.

"Mandatory Redemption Fund" means the fund of that name created in the Resolution.

"Mill Levy for Operating Expenses" means the amount the District is entitled under the Plan to retain each year from general ad valorem taxes levied for operating purposes, which amount, subject to the provisions of the Plan, is the lesser of (a) \$150,000 or (b) the amount generated by a levy of 17 mills.

"Outstanding," as applied to Bonds, means, as of the applicable date, all Bonds that have been authenticated and delivered by the Trustee under the Indenture, except:

Bonds cancelled or required to be cancelled upon surrender, exchange or transfer, or cancelled or required to be cancelled because of payment or redemption on or prior to that date pursuant to the Indenture;

Bonds deemed paid in accordance with Article IX of the Indenture; and

Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to the Indenture.

For purposes of approval or consent by the Holders, "Outstanding," as applied to Bonds, does not include Bonds registered in the name of the District or known by the Trustee to be registered in the name of a Person for the benefit of the District (unless all of the Outstanding Bonds are so owned).

"Person" or words importing persons means firms, associations, partnerships (including without limitation general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Plan" means the District's Seventh Amended Plan for Adjustment of Debts filed in Case No. 97-20215-HRT in the United States Bankruptcy Court for the District of Colorado and confirmed by the order of said court.

"Plan Funder" means Colco Corp., a Colorado corporation.

"Pledged Tap Revenues" means the revenues from a portion of the water and sewer tap fees to be imposed by the District on customers who or which purchase a water tap from the District and who or which receive both water and sewer service from the District, equal in amount to \$1,000 for each residential tap or its equivalent for non-residential development.

"Principal Office" of the Trustee means the principal corporate trust office or other office of the Trustee at the address of the Trustee set forth in the Indenture, or any other corporate trust office so designated in writing by the Trustee to the District, provided, however for transfer, registration, exchange, payment and surrender of Bonds means care of the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota, or such other office designated by the Trustee from time to time.

"Rebate Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"Refunding Act" means part 1 of article 56 of title 11, Colorado Revised Statutes, as amended.

"Register" means the books of the District kept and maintained by the Trustee for registration and transfer of Bonds pursuant to the Indenture.

"Regular Record Date" means the close of business on the fifteenth day of the calendar month next preceding an Interest Payment Date.

"Remarketed Bonds" means the 2004A Bond and the 2004C Bonds and \$1,000,000 of the 2004C Bonds.

"Resolution" means the resolution of the Board on the Date of Delivery, authorizing the issuance of the Bonds and the execution of the Indenture.

"Revenue Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"Revenues" means (a) the limited general ad valorem taxes levied by the District for the payment of Bond Service on the Bonds as provided in the Resolution, (b) the Pledged Tap Revenues, (c) all other moneys received or to be received by the District or the Trustee for repayment of the Bonds, including without limitation, all moneys and investments in the Funds, except the Rebate Fund, (d) any proceeds of Bonds originally deposited with the Trustee or otherwise paid to the Trustee by or on behalf of the District for deposit in the Funds, except the Rebate Fund, and (e) investment income with respect to any other moneys held by the Trustee under the Indenture; provided that Revenues does not include the District Retainage or Unpledged Tap Revenues.

"Semiannual Date" means each June 1 and each December 1 commencing June 1, 2004.

"Series Issue Date" means the date of original issuance and first authentication and delivery of the Bonds to the initial Holders thereof.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond.

"Subordinate 2004C Bonds" means the 2004C Bonds, the Holders of which, or their predecessors in interest, consented to the execution and delivery of the Supplemental Indenture subordinating their rights to payment of interest to the rights of Holders of 2004A Bonds and 2004B Bonds to payment of principal due upon mandatory sinking fund redemption.

"Subordinate 2004D Bonds" means the 2004D Bonds, the Holders of which, or their predecessors in interest, consented to the execution and delivery of the Supplemental Indenture subordinating their rights to payment of interest to the rights of Holders of 2004A Bonds and 2004B Bonds to payment of principal due upon mandatory sinking fund redemption.

"Superior 2004C Bonds" means the 2004C Bonds, the Holders of which, or their predecessors in interest, did not consent to the execution and delivery of the Supplemental Indenture subordinating their rights to payment of interest to the rights of Holders of 2004A Bonds and 2004B Bonds to payment of principal due upon mandatory sinking fund redemption.

"Superior 2004D Bonds" means the 2004D Bonds, the Holders of which, or their predecessors in interest, did not consent to the execution and delivery of the Supplemental Indenture subordinating their rights to payment of interest to the rights of Holders of 2004A Bonds and 2004B Bonds to payment of principal due upon mandatory sinking fund redemption.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the District and the Trustee in accordance with the Indenture including the Supplemental Indenture dated the Date of Delivery.

"Trustee" means U.S. Bank National Association, as trustee, until a successor trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean the successor trustee.

"Trust Estate" shall have the meaning assigned to such term in the recitals to the Indenture.

"2004A Bond Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"2004A Bonds" means the District's Limited Tax and Revenue Refunding Bonds, Series 2004A, dated the Date of Delivery, in the aggregate principal amount of \$2,000,000.

"2004B Bond Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"2004B Bonds" means the District's Limited Tax and Revenue Refunding Bonds, Series 2004B, dated the Date of Delivery, in the aggregate principal amount of \$2,000,000.

"2004C Bond Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"2004C Bonds" means the District's Limited Tax and Revenue Refunding Bonds, Series 2004C, dated the Date of Delivery, in the aggregate principal amount of \$9,000,000.

"2004D Bond Fund" means the fund of that name created in the Resolution and referred to in the Indenture.

"2004D Bonds" means the District's Limited Tax and Revenue Refunding Bonds, Series 2004D, dated the Date of Delivery, in the aggregate principal amount of \$3,000,000.

"Unpledged Tap Revenues" means any tap fees received by the District in excess of the Pledged Tap Revenues.

End of Capitalized Terms

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**MAPS
Of the
MOUNT CARBON METROPOLITAN DISTRICT**

COVER PAGE

SHEET 1 OF 4

DENVER OVERALL MAP

SHEET 2 OF 4

BOUNDARY MAP

SHEET 3 OF 4

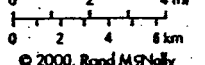
OWNERSHIP MAP

SHEET 4 OF 4

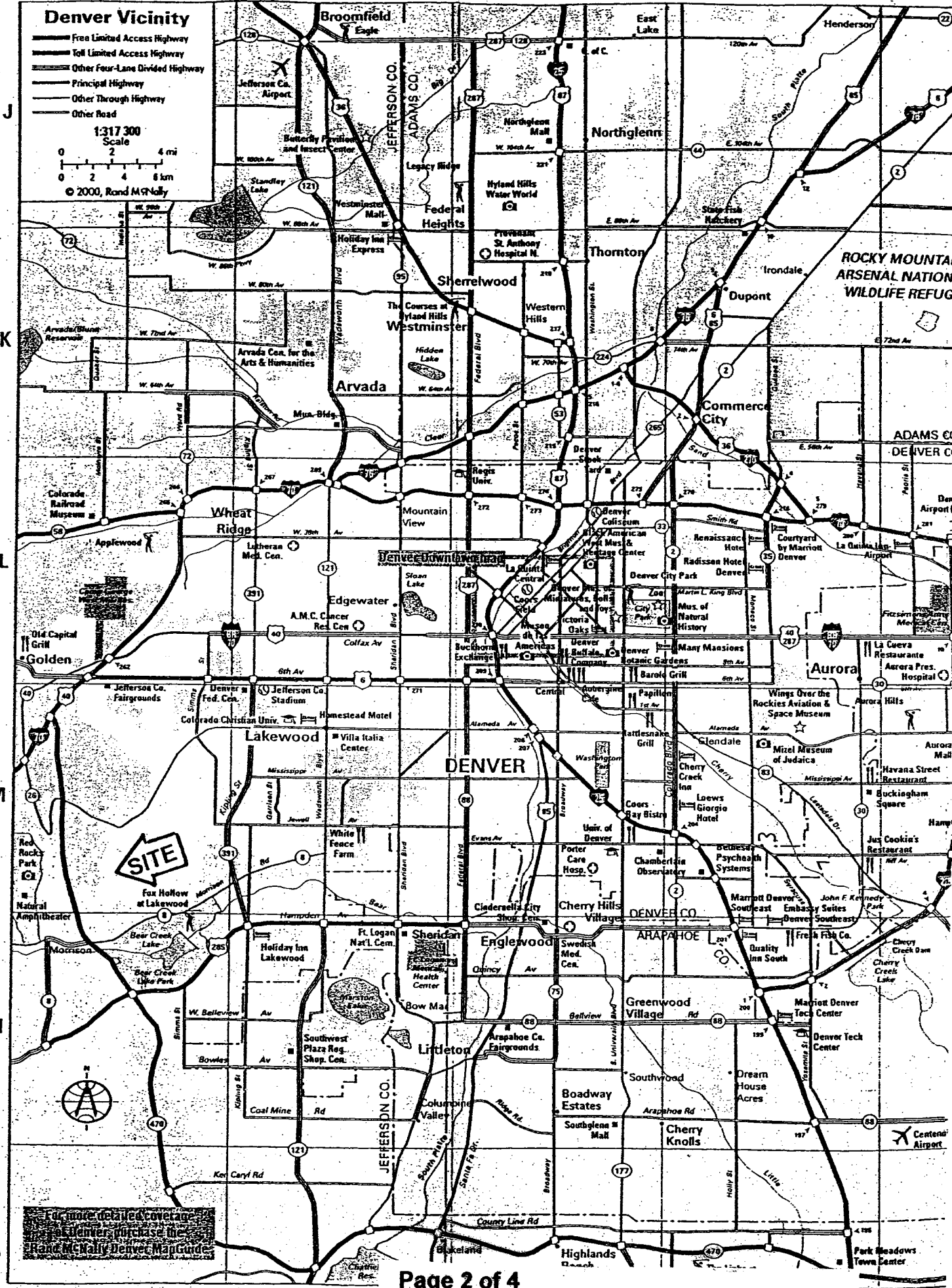
Denver Vicinity

- Free Limited Access Highway
- Toll Limited Access Highway
- Other Four-Lane Divided Highway
- Principal Highway
- Other Through Highway
- Other Road

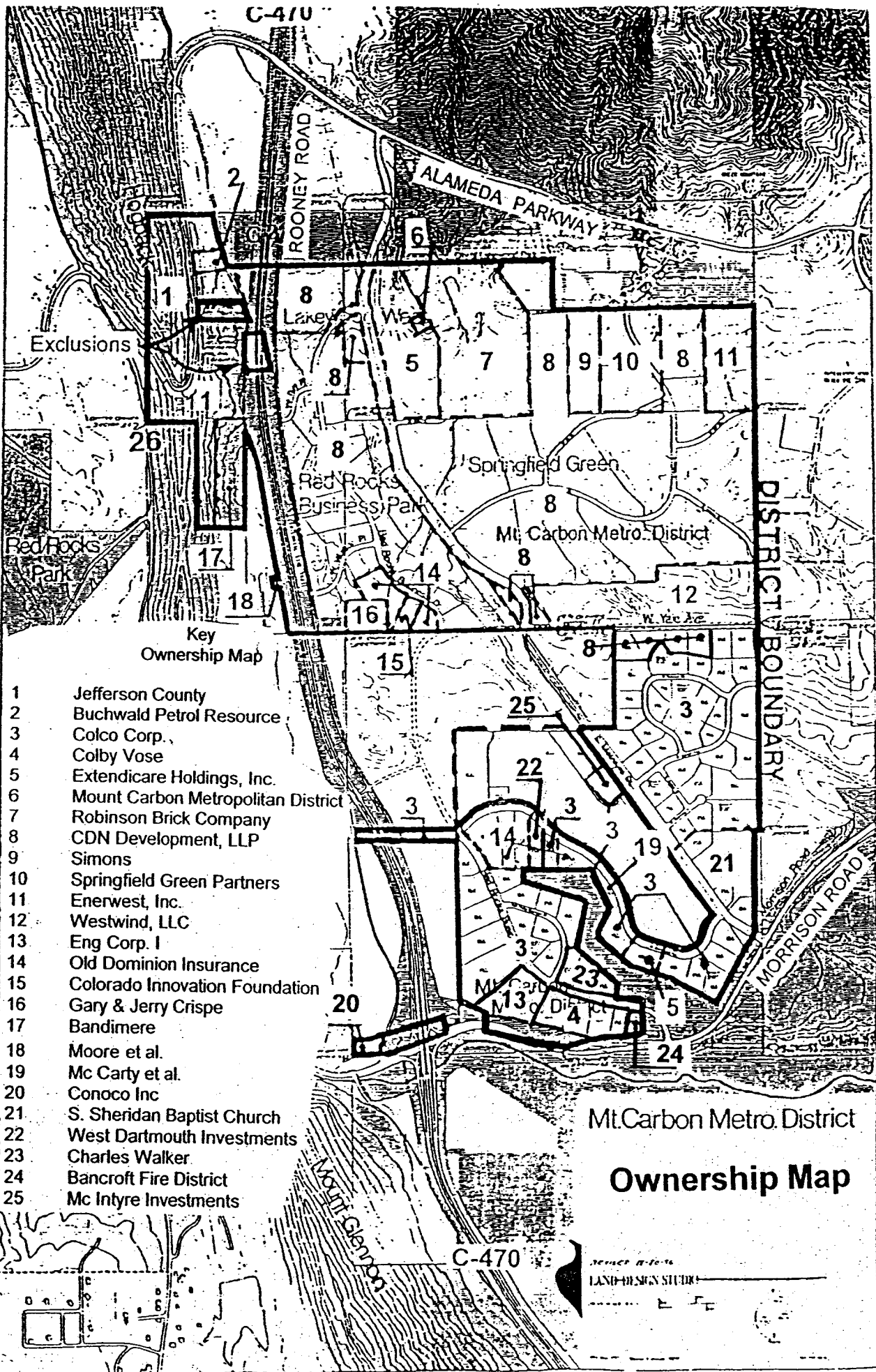
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Scale



© 2000, Rand McNally



For more detailed coverage
of Denver purchase the
Rand McNally Denver MapGuide



- Key Ownership Map**
- 1 Jefferson County
 - 2 Buchwald Petrol Resource
 - 3 Colco Corp.
 - 4 Colby Vose
 - 5 Extencicare Holdings, Inc.
 - 6 Mount Carbon Metropolitan District
 - 7 Robinson Brick Company
 - 8 CDN Development, LLP
 - 9 Simons
 - 10 Springfield Green Partners
 - 11 Enerwest, Inc.
 - 12 Westwind, LLC
 - 13 Eng Corp. I
 - 14 Old Dominion Insurance
 - 15 Colorado Innovation Foundation
 - 16 Gary & Jerry Crispe
 - 17 Bandimere
 - 18 Moore et al.
 - 19 Mc Carty et al.
 - 20 Conoco Inc
 - 21 S. Sheridan Baptist Church
 - 22 West Dartmouth Investments
 - 23 Charles Walker
 - 24 Bancroft Fire District
 - 25 Mc Intyre Investments

Mt. Carbon Metro. District
Ownership Map

REVISED 11-10-16
 LAND DESIGN STUDIO



ZONING

Roney Valley

Setting A Direction

- R-1** RESIDENTIAL (R-1)
- PD** PLANNED DEVELOPMENT
- PD-GH** PLANNED DEVELOPMENT (GEOLOGIC HAZARD)
- A-2** AGRICULTURE (A-2)
- CN** CONSERVATION
- PD** PLANNED DEVELOPMENT
- MIXED USE** MIXED USE - COMMERCIAL
- MIXED USE** MIXED USE - COMMERCIAL/OFFICE

Prepared for
 CITY OF LAKEWOOD
 TOWN OF MORRISON
 JEFFERSON COUNTY, COLORADO

Prepared by
 DSV
 DESIGN STUDIOS, WEST INC.



**MOUNT CARBON METROPOLITAN DISTRICT
LAND USE ZONING
COMMERCIAL/OFFICE**

Revised 12/4/2002

Name/Acres	Existing Zoning	Maximum Allowed by Zoning (Sq. Ft.)	Land Planner Design (Sq. Ft.)	THK Projected Total Within MCMD (Sq. Ft.)
Red Rocks Centre (RRC) / 82.3 Ac.	Commercial and Office	6,490,400	977,100	Included below
RRC / 163.3 Ac.	Commercial	4,020,000	2,880,300	Included below
RRC / 111.9 Ac.	Office	2,678,400	2,736,000	Included below
Sub Total RRC/357.5 Ac.		13,188,840	6,593,400	-----
Red Rocks Business Park/131	Office	1,554,500	1,554,500	Included below
Lakewood West/31	Office	561,000	561,000	Included below
West Wind / 9.9 Ac.	Commercial	179,000	179,000	Included below
TOTALS/ 529.4 Ac.		15,483,340	8,887,900	2,572,200 including hotel rooms

**MOUNT CARBON METROPOLITAN DISTRICT
LAND USE ZONING
RESIDENTIAL**

Revised 12/4/2002

Name/Acres	Existing Zoning	Maximum Dwelling Units Allowed by Zoning (Sq. Ft.)	Land Planner Design (Sq. Ft.)	THK Projected Total Within MCMD
Springfield Green/ 350 Ac.	Residential	2,261	1,562	Included below
Lakewood West/ 26.5 Ac.	Residential	240	240	Included below
West Wind/27.1 Ac.	Residential	196	196	Included below
TOTALS/ 403.6 Ac.		2,697	1,998	1,880

Taxable Land Areas of the Mount Carbon Metropolitan District:

Total Platted Areas =		933.0 Acres
Unplatted Areas	Zoning	
1. Buchwald Petrol Resource	R-1	1.0 Acre
2. Bandimere	A-2	11.5 Acres
3. Conoco Exclusion, but Responsible for debt	MUCO	1.1 Acres
4. Moore Et. Al.	Unknown	0.1 Acre
	TOTAL	946.7 Acres

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SUMMARY OF FINDINGS REVENUE ANALYSIS

MOUNT CARBON METRO DISTRICT MORRISON, COLORADO

**PREPARED FOR:
MOUNT CARBON METRO DISTRICT**

**PREPARED BY:
THK ASSOCIATES, INC.
2953 SOUTH PEORIA STREET, SUITE 101
AURORA, COLORADO 80014
(303) 770-7201 PHONE
(303) 770-7132 FAX
info@thkassoc.com**

FEBRUARY 6, 2002

**Revised
March 11, 2004**



Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

March 18, 2004

Mount Carbon Metropolitan District
12340 West Alameda Parkway, Suite 209
Lakewood, Colorado 80228

Dear Gentlemen:

At your request, I have reviewed the recent bond offering related to the Mount Carbon Metropolitan District. It is my understanding that there will be four different bond issues: Series A bonds in the amount of \$2,000,000; Series B bonds in the amount of \$2,000,000; Series C bonds (superior and junior) in the amount of \$9,000,000; and Series D bonds (superior and junior) in the amount of \$3,000,000. Interest rates on the bonds will range from 7% to 9%.

Revenues used to re-pay these bonds and interest will come from property tax revenues and tap/district fees realized over the next forty years. The potentials for absorption and revenues was estimated in THK's report, dated November 12, 2002, which was accepted by the United States Bankruptcy Court in late 2003. That report relied upon estimates of absorption and pricing made by Coley Forest, during the bankruptcy proceedings. While the report(s) anticipated development proceeding in 2002, delays in the approval of the re-organization plan have caused a two-year delay. Our review of current market conditions, and the absorption and pricing estimates, indicates that the projections are still valid, and in fact the pricing used for the residential portion of the property is very conservative.

In the report prepared for the Bankruptcy Court and Coley Forest (see Exhibit 1), a residential assessed ratio of 9.15% of value was used. Since that time, the assessed ratio has been lowered to 7.96%. The income stream shown on the debt repayment schedule reflects this lower ratio. This is the reason for the difference in the projected income stream used to repay the bonds versus the amounts shown in Exhibit 1A and Exhibit 1. Also, the assessor re-values properties every two years. In Exhibits 1A and 1, a straight line annual increase in value was used. The current assessor's method of re-valuation has been adjusted in the income stream estimate for debt repayment. In addition, the collection of taxes typically "lags" 18-months after construction, while the THK analysis assumes a two year lag.

We understand the payment or allocation of funds has a priority as follows:

- 1) Interest on Series A and B bonds at 7%
- 2) Re-payment of Line/Letter of Credit, if required, to make Series A and B interest and principal payments
- 3) Payment of interest on superior C bonds

Mount Carbon Metropolitan District
March 18, 2004
Page Two

- 4) Payment of interest on superior D bonds
- 5) Principal on Series A and B bonds
- 6) Payment of interest on junior Series C bonds
- 7) Payment of interest on junior Series D bonds
- 8) A and B Mandatory Redemption Fund Principal Payment
- 9) Principal payment on Series C and D bonds
- 10) Payment to bank trust, if required
- 11) Balance of funds, if available, to the District

Note: Interest will not be assessed until beginning April 2004.

Based on the revenues available, and the current bond structure, the attached spreadsheet illustrates how and when the various bonds and interest will be retired over the next forty years. As shown, all interest and principal will be retired by 2033.

If you have any questions or require any additional information please do not hesitate to contact me.

Sincerely,



E. Peter Elzi, Jr.
Principal

Mount Carbon Bond Repayment Schedule, March 1, 2004

YEAR	TOTAL BOND REVENUES	SERIES A & B BONDS INTEREST	PAYMENT LETTER OF CREDIT	INTEREST ON SUPERIOR C BOND	INTEREST ON SUPERIOR D BOND	PRINCIPAL A & B BONDS	INTEREST ON JUNIOR C BOND	INTEREST ON JUNIOR D BOND	A & B MANDATORY REDEMPTION FUND PRINCIPAL PAYMENTS	PAYMENT PRINCIPAL C & D BONDS	TRUST BANK	DISTRICT AFTER ALL PAYMENTS
2004	\$0	\$186,676	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2005	\$0	\$280,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006	\$379,400	\$280,000	\$99,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007	\$307,850	\$280,000	\$27,850	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008	\$249,570	\$280,000	(\$30,430)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2009	\$414,038	\$280,000	\$134,038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010	\$713,921	\$280,000	\$433,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$825,583	\$280,000	\$6,973	\$309,019	\$103,006	\$126,584	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$956,955	\$271,139	\$0	\$30,701	\$10,234	\$213,416	\$431,466	\$0	\$0	\$0	\$0	\$0
2013	\$1,086,457	\$256,200	\$0	\$30,701	\$10,234	\$80,000	\$709,323	\$0	\$0	\$0	\$0	\$0
2014	\$1,345,168	\$250,600	\$0	\$30,701	\$10,234	\$80,000	\$973,634	\$0	\$0	\$0	\$0	\$0
2015	\$1,366,178	\$245,000	\$0	\$30,701	\$10,234	\$100,000	\$980,243	\$0	\$0	\$0	\$0	\$0
2016	\$1,549,776	\$238,000	\$0	\$30,701	\$10,234	\$100,000	\$1,170,841	\$0	\$0	\$0	\$0	\$0
2017	\$1,901,778	\$231,000	\$0	\$30,701	\$10,234	\$100,000	\$1,529,843	\$0	\$0	\$0	\$0	\$0
2018	\$2,184,544	\$224,000	\$0	\$30,701	\$10,234	\$120,000	\$1,799,610	\$0	\$0	\$0	\$0	\$0
2019	\$2,240,984	\$215,600	\$0	\$30,701	\$10,234	\$120,000	\$1,864,449	\$0	\$0	\$0	\$0	\$0
2020	\$2,501,767	\$207,200	\$0	\$30,701	\$10,234	\$140,000	\$2,113,632	\$0	\$0	\$0	\$0	\$0
2021	\$2,793,035	\$197,400	\$0	\$30,701	\$10,234	\$140,000	\$2,414,700	\$0	\$0	\$0	\$0	\$0
2022	\$3,160,799	\$187,600	\$0	\$30,701	\$10,234	\$140,000	\$2,792,265	\$0	\$0	\$0	\$0	\$0
2023	\$3,129,579	\$177,800	\$0	\$30,701	\$10,234	\$160,000	\$2,750,845	\$0	\$0	\$0	\$0	\$0
2024	\$3,384,953	\$166,600	\$0	\$30,701	\$10,234	\$180,000	\$2,997,418	\$0	\$0	\$0	\$0	\$0
2025	\$3,578,824	\$154,000	\$0	\$30,701	\$10,234	\$180,000	\$2,154,688	\$1,049,201	\$0	\$0	\$0	\$0
2026	\$3,902,076	\$141,400	\$0	\$30,701	\$10,234	\$200,000	\$689,299	\$2,830,442	\$0	\$0	\$0	\$0
2027	\$3,870,856	\$127,400	\$0	\$30,701	\$10,234	\$200,000	\$689,299	\$2,813,222	\$0	\$0	\$0	\$0
2028	\$4,186,717	\$113,400	\$0	\$30,701	\$10,234	\$220,000	\$689,299	\$3,123,084	\$0	\$0	\$0	\$0
2029	\$4,413,519	\$98,000	\$0	\$30,701	\$10,234	\$240,000	\$689,299	\$3,345,285	\$0	\$0	\$0	\$0
2030	\$4,804,882	\$81,200	\$0	\$30,701	\$10,234	\$0	\$689,299	\$3,311,915	\$681,533	\$3,301,702	\$0	\$0
2031	\$4,773,662	\$33,493	\$0	\$30,701	\$10,234	\$0	\$499,644	\$229,766	\$478,467	\$4,467,329	\$0	\$0
2032	\$5,163,193	\$0	\$0	\$22,254	\$7,418	\$0	\$243,034	\$166,548	\$0	\$4,230,969	\$0	\$893,871
2033	\$5,463,318	\$0	\$0	\$10,825	\$3,608	\$0	\$0	\$81,011	\$0	\$0	\$0	\$5,871,485
2034	\$5,871,485	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,191,368
2035	\$6,191,368	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,696,583
2036	\$6,696,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,696,583
2037	\$6,696,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,243,024
2038	\$7,243,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,243,024
2039	\$7,243,024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,834,055
2040	\$7,834,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,834,055
2041	\$7,834,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,473,314
2042	\$8,473,314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,473,314
2043	\$8,473,314	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,473,314

\$143,206,188	\$5,763,708	\$671,751	\$956,120	\$318,706	\$2,840,000	\$29,561,426	\$16,950,475	\$1,160,000	\$12,000,000	\$0	\$73,450,677
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Note: Interest is assumed to begin April 1, 2004

Source: THK Associates, Inc.

SUMMARY OF ABSORPTION - MOUNT CARBON

CUMULATIVE ACTIVITY

YEAR	RESIDENTIAL UNITS												NON-RESIDENTIAL SQUARE FEET				TOTAL NON-RESIDENTIAL
	Single Family			Attached			Multi-Family			TOTAL RESIDENTIAL	Industrial	Office/Commercial	Retail/Hotel	TOTAL RESIDENTIAL			
	High Density	Medium Density	Low Density	High Density	Medium Density	Low Density	TOTAL	TOTAL	TOTAL								
1 2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 2007	100	75	25	20	20	20	20	60	200	200	200	0	0	0	0	0	0
5 2008	200	150	50	40	40	40	40	120	720	720	0	0	0	0	0	0	25,000
6 2009	300	225	75	60	60	60	60	180	980	980	0	0	0	0	0	0	300,000
7 2010	400	300	100	80	80	80	80	240	1,240	1,240	0	0	0	0	0	0	320,000
8 2011	490	375	150	100	100	100	100	300	1,515	1,515	0	0	0	0	0	0	320,000
9 2012	490	400	160	120	120	120	120	360	1,810	1,810	0	0	0	0	0	0	340,000
10 2013	490	400	160	130	140	140	140	410	1,860	1,860	0	0	0	0	0	0	340,000
11 2014	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
12 2015	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
13 2016	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
14 2017	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
15 2018	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
16 2019	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
17 2020	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
18 2021	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
19 2022	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
20 2023	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
21 2024	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
22 2025	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
23 2026	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
24 2027	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
25 2028	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
26 2029	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
27 2030	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
28 2031	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
29 2032	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
30 2033	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
31 2034	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
32 2035	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
33 2036	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
34 2037	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
35 2038	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
36 2039	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
37 2040	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
38 2041	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
39 2042	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000
40 2043	490	400	160	130	160	140	140	430	1,880	1,880	0	0	0	0	0	0	340,000

Source: Colley Forest and THK Associates, Inc.

BOND REVENUE ESTIMATES

SFD		Attached		Total Value		Total Value		Total Value		Residential		Hotel/ Commercial		Total		Assessed		Mill Levy		Annual Tax Revenues		Annual Tap Revenues		Total Bond Revenues		
high	med	high	med	low	high	low	high	low	high	low	high	low	Industrial	Commercial	Non-res Values	Assessed Value	Assessed Value	Levy	Levy	Levy	Levy	Levy	Levy	Levy	Levy	
\$150,000	\$200,000	\$150,000	\$200,000	\$250,000	\$85,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$110	\$0	\$0	\$0	0.02	0.02	\$0	\$0	\$0	\$0	\$0	\$0	
\$150,000	\$200,000	\$150,000	\$200,000	\$250,000	\$85,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$110	\$0	\$0	\$0	0.02	0.02	\$0	\$0	\$0	\$0	\$0	\$0	
\$162,240	\$216,320	\$162,240	\$216,320	\$270,400	\$91,936	\$270,400	\$18,387,200	\$18,387,200	\$18,387,200	\$132,778,947	\$51,617,222	\$10,569,204	\$108	\$119	\$2,704,000	\$784,160	\$6,401,884	0.02	0.02	\$0	\$0	\$0	\$0	\$0	\$0	\$379,400
\$175,479	\$233,972	\$175,479	\$233,972	\$292,465	\$99,438	\$292,465	\$19,887,596	\$19,887,596	\$19,887,596	\$132,778,947	\$51,617,222	\$10,569,204	\$108	\$119	\$4,454,625	\$1,289,941	\$23,481,045	0.02	0.02	\$0	\$0	\$0	\$0	\$0	\$0	\$249,570
\$189,798	\$253,064	\$189,798	\$253,064	\$316,330	\$99,438	\$292,465	\$42,114,906	\$42,114,906	\$42,114,906	\$189,224,622	\$72,486,280	\$15,062,280	\$117	\$129	\$9,952,961	\$14,486,559	\$29,548,638	0.02	0.02	\$128,038	\$128,038	\$128,038	\$128,038	\$128,038	\$128,038	\$266,000
\$205,385	\$278,174	\$205,385	\$278,174	\$342,142	\$107,552	\$316,330	\$60,735,313	\$60,735,313	\$60,735,313	\$265,716,994	\$103,821,902	\$21,151,073	\$127	\$139	\$81,866,140	\$23,741,181	\$44,892,253	0.02	0.02	\$469,231	\$469,231	\$469,231	\$469,231	\$469,231	\$469,231	\$244,700
\$222,037	\$296,948	\$222,037	\$296,948	\$374,142	\$116,328	\$316,330	\$75,919,141	\$75,919,141	\$75,919,141	\$332,778,902	\$129,886,431	\$26,489,201	\$137	\$151	\$90,974,960	\$26,383,167	\$52,872,367	0.02	0.02	\$897,845	\$897,845	\$897,845	\$897,845	\$897,845	\$897,845	\$234,610
\$240,155	\$320,206	\$240,155	\$320,206	\$400,258	\$116,328	\$316,330	\$98,536,972	\$98,536,972	\$98,536,972	\$409,886,431	\$156,256,406	\$32,626,960	\$148	\$163	\$105,242,960	\$33,497,096	\$67,267,908	0.02	0.02	\$1,057,447	\$1,057,447	\$1,057,447	\$1,057,447	\$1,057,447	\$1,057,447	\$29,010
\$259,751	\$346,335	\$259,751	\$346,335	\$432,919	\$125,871	\$342,142	\$128,041,131	\$128,041,131	\$128,041,131	\$464,796,705	\$176,997,818	\$36,997,818	\$160	\$176	\$124,759,808	\$36,997,818	\$76,447,808	0.02	0.02	\$1,282,448	\$1,282,448	\$1,282,448	\$1,282,448	\$1,282,448	\$1,282,448	\$82,220
\$280,947	\$374,596	\$280,947	\$374,596	\$468,245	\$136,088	\$374,596	\$156,330,306	\$156,330,306	\$156,330,306	\$502,724,117	\$190,016,840	\$40,016,840	\$160	\$176	\$136,034,450	\$39,449,990	\$84,047,913	0.02	0.02	\$1,345,358	\$1,345,358	\$1,345,358	\$1,345,358	\$1,345,358	\$1,345,358	\$20,820
\$303,872	\$405,163	\$303,872	\$405,163	\$506,454	\$147,192	\$405,163	\$188,780,913	\$188,780,913	\$188,780,913	\$553,746,405	\$208,242,144	\$43,242,144	\$173	\$190	\$136,034,450	\$66,346,376	\$106,365,216	0.02	0.02	\$1,528,958	\$1,528,958	\$1,528,958	\$1,528,958	\$1,528,958	\$1,528,958	\$20,820
\$328,668	\$438,225	\$328,668	\$438,225	\$547,781	\$159,203	\$432,919	\$208,947,878	\$208,947,878	\$208,947,878	\$636,106,386	\$236,814,042	\$46,814,042	\$187	\$206	\$128,787,504	\$66,346,376	\$111,008,209	0.02	0.02	\$1,680,958	\$1,680,958	\$1,680,958	\$1,680,958	\$1,680,958	\$1,680,958	\$20,820
\$353,488	\$473,984	\$353,488	\$473,984	\$592,480	\$171,194	\$468,245	\$233,129,129	\$233,129,129	\$233,129,129	\$744,488,187	\$274,658,008	\$54,765,008	\$219	\$241	\$105,242,960	\$33,497,096	\$70,991,370	0.02	0.02	\$1,838,234	\$1,838,234	\$1,838,234	\$1,838,234	\$1,838,234	\$1,838,234	\$20,820
\$378,284	\$506,454	\$378,284	\$506,454	\$636,245	\$186,245	\$506,454	\$259,233,129	\$259,233,129	\$259,233,129	\$868,012,667	\$310,534,668	\$60,534,668	\$203	\$223	\$128,787,504	\$66,346,376	\$111,008,209	0.02	0.02	\$2,001,664	\$2,001,664	\$2,001,664	\$2,001,664	\$2,001,664	\$2,001,664	\$20,820
\$403,086	\$547,781	\$403,086	\$547,781	\$692,480	\$201,443	\$547,781	\$299,975,975	\$299,975,975	\$299,975,975	\$1,008,877,508	\$359,234,698	\$70,234,698	\$256	\$282	\$136,034,450	\$66,346,376	\$106,365,216	0.02	0.02	\$2,127,304	\$2,127,304	\$2,127,304	\$2,127,304	\$2,127,304	\$2,127,304	\$20,820
\$427,884	\$592,480	\$427,884	\$592,480	\$744,480	\$217,881	\$592,480	\$339,975,975	\$339,975,975	\$339,975,975	\$1,138,776,975	\$404,814,042	\$78,814,042	\$277	\$305	\$105,242,960	\$33,497,096	\$70,991,370	0.02	0.02	\$2,260,164	\$2,260,164	\$2,260,164	\$2,260,164	\$2,260,164	\$2,260,164	\$20,820
\$452,686	\$636,245	\$452,686	\$636,245	\$800,258	\$235,660	\$636,245	\$388,776,975	\$388,776,975	\$388,776,975	\$1,274,658,008	\$448,242,144	\$88,242,144	\$300	\$330	\$124,759,808	\$36,997,818	\$81,866,140	0.02	0.02	\$2,401,664	\$2,401,664	\$2,401,664	\$2,401,664	\$2,401,664	\$2,401,664	\$20,820
\$477,488	\$682,245	\$477,488	\$682,245	\$850,258	\$259,203	\$682,245	\$448,776,975	\$448,776,975	\$448,776,975	\$1,418,776,975	\$498,242,144	\$98,242,144	\$324	\$357	\$136,034,450	\$39,449,990	\$84,047,913	0.02	0.02	\$2,544,358	\$2,544,358	\$2,544,358	\$2,544,358	\$2,544,358	\$2,544,358	\$20,820
\$502,284	\$734,596	\$502,284	\$734,596	\$900,258	\$286,668	\$734,596	\$519,233,129	\$519,233,129	\$519,233,129	\$1,568,012,667	\$548,242,144	\$108,242,144	\$337	\$377	\$156,330,306	\$43,242,144	\$91,866,140	0.02	0.02	\$2,692,958	\$2,692,958	\$2,692,958	\$2,692,958	\$2,692,958	\$2,692,958	\$20,820
\$527,086	\$782,245	\$527,086	\$782,245	\$950,258	\$317,881	\$782,245	\$599,975,975	\$599,975,975	\$599,975,975	\$1,668,012,667	\$598,242,144	\$118,242,144	\$357	\$397	\$176,997,818	\$46,346,376	\$95,866,140	0.02	0.02	\$2,846,358	\$2,846,358	\$2,846,358	\$2,846,358	\$2,846,358	\$2,846,358	\$20,820
\$551,886	\$830,258	\$551,886	\$830,258	\$1,000,258	\$350,668	\$830,258	\$679,233,129	\$679,233,129	\$679,233,129	\$1,768,012,667	\$648,242,144	\$128,242,144	\$377	\$417	\$196,330,306	\$49,242,144	\$100,866,140	0.02	0.02	\$3,001,664	\$3,001,664	\$3,001,664	\$3,001,664	\$3,001,664	\$3,001,664	\$20,820
\$576,686	\$878,245	\$576,686	\$878,245	\$1,050,258	\$383,668	\$878,245	\$769,233,129	\$769,233,129	\$769,233,129	\$1,868,012,667	\$698,242,144	\$138,242,144	\$397	\$437	\$216,330,306	\$52,242,144	\$105,866,140	0.02	0.02	\$3,156,358	\$3,156,358	\$3,156,358	\$3,156,358	\$3,156,358	\$3,156,358	\$20,820
\$601,488	\$924,596	\$601,488	\$924,596	\$1,100,258	\$417,192	\$924,596	\$859,233,129	\$859,233,129	\$859,233,129	\$1,968,012,667	\$748,242,144	\$148,242,144	\$417	\$457	\$236,330,306	\$55,242,144	\$110,866,140	0.02	0.02	\$3,311,664	\$3,311,664	\$3,311,664	\$3,311,664	\$3,311,664	\$3,311,664	\$20,820
\$626,284	\$970,258	\$626,284	\$970,258	\$1,150,258	\$450,668	\$970,258	\$959,233,129	\$959,233,129	\$959,233,129	\$2,068,012,667	\$798,242,144	\$158,242,144	\$437	\$477	\$256,330,306	\$58,242,144	\$115,866,140	0.02	0.02	\$3,466,358	\$3,466,358	\$3,466,358	\$3,466,358	\$3,466,358	\$3,466,358	\$20,820
\$651,086	\$1,016,358	\$651,086	\$1,016,358	\$1,200,258	\$483,668	\$1,016,358	\$1,059,233,129	\$1,059,233,129	\$1,059,233,129	\$2,168,012,667	\$848,242,144	\$168,242,144	\$457	\$497	\$276,330,306	\$61,242,144	\$120,866,140	0.02	0.02	\$3,621,664	\$3,621,664	\$3,621,664	\$3,621,664	\$3,621,664	\$3,621,664	\$20,820
\$675,886	\$1,062,245	\$675,886	\$1,062,245	\$1,250,258	\$516,668	\$1,062,245	\$1,159,233,129	\$1,159,233,129	\$1,159,233,129	\$2,268,012,667	\$898,242,144	\$178,242,144	\$477	\$517	\$296,330,306	\$64,242,144	\$125,866,140	0.02	0.02	\$3,776,358	\$3,776,358	\$3,776,358	\$3,776,358	\$3,776,358	\$3,776,358	\$20,820
\$700,686	\$1,108,245	\$700,686	\$1,108,245	\$1,300,258	\$549,668	\$1,108,245	\$1,259,233,129	\$1,259,233,129	\$1,259,233,129	\$2,368,012,667	\$948,242,144	\$188,242,144	\$497	\$537	\$316,330,306	\$67,242,144	\$130,866,140	0.02	0.02	\$3,931,664	\$3,931,664	\$3,931,664	\$3,931,664	\$3,931,664	\$3,931,664	\$20,820
\$725,488	\$1,154,596	\$725,488	\$1,154,596	\$1,350,258	\$582,668	\$1,154,596	\$1,359,233,129	\$1,359,233,129	\$1,359,233,129	\$2,468,012,667	\$998,242,144	\$198,242,144	\$517	\$557	\$336,330,306	\$70,242,144	\$135,866,140	0.02	0.02	\$4,086,358	\$4,086,358	\$4,086,358	\$4,086,358	\$4,086,358	\$4,086,358	\$20,820
\$750,284	\$1,200,258	\$750,284	\$1,200,258	\$1,400,258	\$615,668	\$1,200,258	\$1,459,233,129	\$1,459,233,129	\$1,459,233,129	\$2,568,012,667	\$1,048,242,144	\$208,242,144	\$537	\$577	\$356,330,306	\$73,242,144	\$140,866,140	0.02	0.02	\$4,241,664	\$4,241,664	\$4,241,664	\$4,241,664	\$4,241,664	\$4,241,664	\$20,820
\$775,086	\$1,246,358	\$775,086	\$1,246,358	\$1,450,258	\$648,668	\$1,246,358	\$1,559,233,129	\$1,559,233,129	\$1,559,233,129	\$2,668,012,667	\$1,098,242,144	\$218,242,144	\$557	\$597	\$376,330,306	\$76,242,144	\$145,866,140	0.02	0.02	\$4,396,358	\$4,396,358	\$4,396,358	\$4,396,358	\$4,396,358	\$4,396,358	\$20,820
\$800,086	\$1,292,245	\$800,086	\$1,292,245	\$1,500,258	\$681,668	\$1,292,245	\$1,659,233,129	\$1,659,233,129	\$1,659,233,129	\$2,768,012,667	\$1,148,242,144	\$228,242,144	\$577	\$617	\$396,330,306	\$79,242,144	\$150,866,140	0.02	0.02	\$4,551,664	\$4,551,664	\$4,551,664	\$4,551,664	\$4,551,664	\$4,551,664	\$20,820
\$824,886	\$1,338,245	\$824,886	\$1,338,245	\$1,550,258	\$714,668	\$1,338,245	\$1,759,233,129	\$1,759,233,129	\$1,759,233,129	\$2,868,012,667	\$1,198,242,14															



SUMMARY OF FINDINGS REVENUE ANALYSIS

MOUNT CARBON METRO DISTRICT MORRISON, COLORADO

PREPARED FOR:

MOUNT CARBON METRO DISTRICT



Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

INTRODUCTION

This summary provides an overview of revenue potentials for the Mount Carbon Metropolitan District prepared by THK Associates, Inc. based upon calculations that TH performed using the assumptions set forth in documents filed with the Bankruptcy County in July 1999, in connection with Lakewood's objection to the District's 3rd Amended Plan of Reorganization. The 860-acre property is located on the west side of the Denver metropolitan area in Jefferson County at Interstate C-470 and Morrison Road. The anticipated land uses for the subject site include a mixture of residential, hotel, office/ R&D space, and commercial retail uses.

REVENUE POTENTIALS FROM THE DEVELOPMENT WITHIN THE MOUNT CARBON DISTRICT

As the development within the Mount Carbon District progresses, there will be revenues that can be generated from items such as property taxes and water and sewer tap fees. These revenues can and will be used to retire outstanding bonds and other debt that has been issued to serve the property.

Using the recommended land uses and absorption schedules that were outlined for the property, THK has profiled in Exhibit A the findings using property taxes and tap fees that can be realized from the development over the next 40 years. A number of assumptions regarding these estimates were used, which are summarized as follows:

- Throughout the analysis, an 8% inflation rate has been applied to property values, bi-annually, in accordance with Colorado State Law,.
- Residential real estate will be assessed at a rate of 7.96% of market value and commercial properties will be assessed at 29% of market value.
- Property values for the various land use types are estimated as follows:
 - * Single Family & Attached
 - High Density- \$150,000/unit
 - Medium Density- \$200,000/unit
 - Low Density- \$250,000/unit
 - * Multi-Family - \$85,000/unit
 - * Office, High-Tech, Hotel- \$100/square foot
 - * Retail/Commercial- \$110/square foot
- As construction occurs, market and assessed values have been lagged two years to allow for recording on the county tax rolls and collection of taxes.
- A mill levy of 20 mills has been applied to the assessed value, residential and commercial, for debt reduction/bond returns.
- We have assumed that for every 4,804 square feet of commercial and hotel space developed, there will be a need for one single-family water and sewer tap equivalent.

The plan calls for \$1,000 from each tap to be used for debt retirement.

The following are the expected uses for the Mount Carbon Metropolitan District over 40 years with developing halting upon the utilization of 2,142 water taps in Year 31.

- Residential
 - * Single Family: 1,050 units
 - * Attached: 430 units
 - * Multi-Family: 400 units

- Commercial
 - * Office and Industrial: 975,000 square feet
 - * Retail: 1,257,2000 square feet
 - * Hotel: 340,000 square feet

Based on these assumptions the following results were realized (see Exhibit B):

- Total residential market values of \$1,393,787,423 will be generated over the next 40 years.
- Total commercial market values of \$1,197,556,358 will be realized over the next 40 years.
- Total assessed values will grow to \$458,236,823 by 2041.
- Real estate taxes generated by 20 mills on residential and commercial uses will total \$141,064,738 over 40 years.
- Water and sewer tap fee income will total \$2,141,520 over 40 years (2,142 taps at \$1,000 per tap);
- District Expenses amount to \$150,000 annually for overhead, a number defined in the Plan. These expenses will be covered from sources other than the 20 mills.
- Total net income will be \$141,206,188 over 40 years;

The debt payment schedule is based on \$4 million at 7%, \$9 million at 8%, and \$3 million at 9%. Based on these calculations of revenue potentials and retiring accrued interest in the initial stages of development and then retiring the principal, \$16,000,000 in debt can be retired over a 30-year time frame (note that interest payments no longer accrue after 30 years).

EXHIBIT 1A
PROFILED
ANALYSIS OF THE
REPORT

EXHIBIT 1A

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

Residential Units	Year 1 2004	Year 2 2005	Year 3 2006	Year 4 2007	Year 5 2008	Year 6 2009	Year 7 2010	Year 8 2011	Year 9 2012	Year 10 2013
Single Family Annual										
High Density	0	0	0	100	100	100	100	90	0	0
Medium Density	0	0	0	75	75	75	75	75	25	0
Low Density	0	0	0	25	25	25	25	25	25	10
Cumulative										
High Density	0	0	0	100	200	300	400	490	490	490
Medium Density	0	0	0	75	150	225	300	375	400	400
Low Density	0	0	0	25	50	75	100	125	150	160
Average Unit Value										
High Density	\$150,000	\$150,000	\$162,240	\$162,240	\$175,480	\$175,480	\$189,800	\$189,800	\$205,290	\$205,290
Medium Density	\$200,000	\$200,000	\$216,320	\$216,320	\$233,970	\$233,970	\$253,060	\$253,060	\$273,710	\$273,710
Low Density	\$250,000	\$250,000	\$270,400	\$270,400	\$292,460	\$292,460	\$316,320	\$316,320	\$342,130	\$342,130
Single Family Values										
High Density	\$0	\$0	\$0	\$16,224,000	\$35,096,000	\$52,644,000	\$75,920,000	\$93,002,000	\$100,592,100	\$100,592,100
Medium Density	\$0	\$0	\$0	\$16,224,000	\$35,095,500	\$52,643,250	\$75,918,000	\$94,987,500	\$109,484,000	\$109,484,000
Low Density	\$0	\$0	\$0	\$6,760,000	\$14,623,000	\$21,934,500	\$31,632,000	\$39,540,000	\$51,316,500	\$54,740,800
Total SFD Value	\$0	\$0	\$0	\$39,208,000	\$84,814,500	\$127,221,800	\$183,470,000	\$227,439,500	\$261,395,600	\$264,816,900

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

Residential Units	Year 11 2014	Year 12 2015	Year 13 2016	Year 14 2017	Year 15 2018	Year 16 2019	Year 17 2020	Year 18 2021	Year 19 2022	Year 20 2023
Single Family										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	490	490	490	490	490	490	490	490	490	490
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$222,040	\$222,040	\$240,160	\$240,160	\$259,760	\$259,760	\$280,960	\$280,960	\$303,880	\$303,880
Medium Density	\$296,040	\$296,040	\$320,200	\$320,200	\$346,330	\$346,330	\$374,590	\$374,590	\$405,160	\$405,160
Low Density	\$370,050	\$370,050	\$400,250	\$400,250	\$432,910	\$432,910	\$468,240	\$468,240	\$506,450	\$506,450
Single Family Values										
High Density	\$108,799,600	\$108,799,600	\$117,678,400	\$117,678,400	\$127,282,400	\$127,282,400	\$137,670,400	\$137,670,400	\$148,906,100	\$148,906,100
Medium Density	\$118,416,000	\$118,416,000	\$128,080,000	\$128,080,000	\$138,532,000	\$138,532,000	\$149,836,000	\$149,836,000	\$162,064,000	\$162,064,000
Low Density	\$59,209,000	\$59,209,000	\$64,040,000	\$64,040,000	\$69,265,600	\$69,265,600	\$74,918,400	\$74,918,400	\$81,032,000	\$81,032,000
Total SFD Value	\$286,423,600	\$286,423,600	\$309,798,400	\$309,798,400	\$335,080,000	\$335,080,000	\$362,424,800	\$362,424,800	\$392,002,100	\$392,002,100

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

Residential Units	Year 21 2024	Year 22 2025	Year 23 2026	Year 24 2027	Year 25 2028	Year 26 2029	Year 27 2030	Year 28 2031	Year 29 2032	Year 30 2033
Single Family Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	490	490	490	480	480	480	490	490	490	490
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$328,690	\$328,690	\$355,510	\$355,510	\$384,520	\$384,520	\$415,900	\$415,900	\$449,840	\$449,840
Medium Density	\$438,220	\$438,220	\$473,980	\$473,980	\$512,660	\$512,660	\$554,490	\$554,490	\$599,740	\$599,740
Low Density	\$547,780	\$547,780	\$592,480	\$592,480	\$640,830	\$640,830	\$693,120	\$693,120	\$749,680	\$749,680
Single Family Values										
High Density	\$161,058,100	\$161,058,100	\$174,199,900	\$174,199,900	\$188,414,800	\$188,414,800	\$203,791,000	\$203,791,000	\$220,421,600	\$220,421,600
Medium Density	\$175,288,000	\$175,288,000	\$189,592,000	\$189,592,000	\$205,064,000	\$205,064,000	\$221,796,000	\$221,796,000	\$239,896,000	\$239,896,000
Low Density	\$87,644,800	\$87,644,800	\$94,796,800	\$94,796,800	\$102,532,800	\$102,532,800	\$110,899,200	\$110,899,200	\$119,948,800	\$119,948,800
Total SFD Value	\$423,990,900	\$423,990,900	\$458,588,700	\$458,588,700	\$496,011,600	\$496,011,600	\$536,486,200	\$536,486,200	\$580,266,400	\$580,266,400

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 31 2034	Year 32 2035	Year 33 2036	Year 34 2037	Year 35 2038	Year 36 2039	Year 37 2040	Year 38 2041	Year 39 2042	Year 40 2043
Residential Units										
Single Family										
Annual	0	0	0	0	0	0	0	0	0	0
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	480	480	480	480	480	480	480	480	480	480
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$486,550	\$486,550	\$526,250	\$526,250	\$569,190	\$569,190	\$615,640	\$615,640	\$665,860	\$665,860
Medium Density	\$648,680	\$648,680	\$701,610	\$701,610	\$758,960	\$758,960	\$820,760	\$820,760	\$887,760	\$887,760
Low Density	\$810,860	\$810,860	\$877,020	\$877,020	\$948,560	\$948,560	\$1,025,960	\$1,025,960	\$1,109,700	\$1,109,700
Single Family Values										
High Density	\$238,409,500	\$238,409,500	\$257,862,500	\$257,862,500	\$278,903,100	\$278,903,100	\$301,663,600	\$301,663,600	\$326,281,200	\$326,281,200
Medium Density	\$259,472,000	\$259,472,000	\$280,644,000	\$280,644,000	\$303,544,000	\$303,544,000	\$328,312,000	\$328,312,000	\$355,104,000	\$355,104,000
Low Density	\$129,736,000	\$129,736,000	\$140,323,200	\$140,323,200	\$151,772,800	\$151,772,800	\$164,156,800	\$164,156,800	\$177,552,000	\$177,552,000
Total SFD Value	\$627,617,500	\$627,617,500	\$678,829,700	\$678,828,700	\$734,219,900	\$734,219,900	\$794,132,400	\$794,132,400	\$858,937,200	\$858,937,200

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 1 2004	Year 2 2005	Year 3 2006	Year 4 2007	Year 5 2008	Year 6 2009	Year 7 2010	Year 8 2011	Year 9 2012	Year 10 2013
Attached Annual	0	0	0	20	20	20	20	20	20	20
High Density	0	0	0	20	20	20	20	20	20	20
Medium Density	0	0	0	20	20	20	20	20	20	20
Low Density	0	0	0	20	20	20	20	20	20	20
Cumulative	0	0	0	20	40	60	80	100	120	130
High Density	0	0	0	20	40	60	80	100	120	140
Medium Density	0	0	0	20	40	60	80	100	120	140
Low Density	0	0	0	20	40	60	80	100	120	140
Average Unit Value										
High Density	\$150,000	\$150,000	\$162,240	\$162,240	\$175,480	\$175,480	\$188,800	\$189,800	\$205,290	\$205,290
Medium Density	\$200,000	\$200,000	\$216,320	\$216,320	\$233,970	\$233,970	\$253,060	\$253,060	\$273,710	\$273,710
Low Density	\$250,000	\$250,000	\$270,400	\$270,400	\$292,460	\$292,460	\$316,320	\$316,320	\$342,130	\$342,130
Attached Values										
High Density	\$0	\$0	\$0	\$3,244,800	\$7,018,200	\$10,528,800	\$15,184,000	\$18,680,000	\$24,634,800	\$26,687,700
Medium Density	\$0	\$0	\$0	\$4,325,400	\$9,358,800	\$14,038,200	\$20,244,800	\$25,306,000	\$32,845,200	\$38,319,400
Low Density	\$0	\$0	\$0	\$5,408,000	\$11,688,400	\$17,547,600	\$25,305,600	\$31,632,000	\$41,055,600	\$47,886,200
Total Attached Value	\$0	\$0	\$0	\$12,978,200	\$28,076,400	\$42,114,600	\$60,734,400	\$75,918,000	\$98,535,600	\$112,905,300
Multi-Family Annual	0	0	0	200	0	0	0	0	200	0
Cumulative	0	0	0	200	200	200	200	200	400	400
Average Unit Value	\$85,000	\$85,000	\$91,940	\$91,940	\$99,440	\$99,440	\$107,560	\$107,560	\$116,330	\$116,330
Total Multi-Family Value	\$0	\$0	\$0	\$18,388,000	\$19,888,000	\$19,888,000	\$21,512,000	\$21,512,000	\$46,532,000	\$46,532,000
Total Residential Value	\$0	\$0	\$0	\$70,575,200	\$132,778,900	\$189,224,400	\$266,716,400	\$324,869,500	\$406,463,200	\$421,254,200
Assessed Ratio	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Total Residential Assessed Value	\$0	\$0	\$0	\$5,617,790	\$10,569,200	\$15,062,260	\$21,151,030	\$25,850,610	\$32,354,470	\$33,770,630

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 11 2014	Year 12 2015	Year 13 2016	Year 14 2017	Year 15 2018	Year 16 2018	Year 17 2020	Year 18 2021	Year 19 2022	Year 20 2023
Attached										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	20	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$222,040	\$222,040	\$240,160	\$240,160	\$259,760	\$259,760	\$280,860	\$280,860	\$303,890	\$303,890
Medium Density	\$296,040	\$296,040	\$320,200	\$320,200	\$346,330	\$346,330	\$374,590	\$374,590	\$405,160	\$405,160
Low Density	\$370,050	\$370,050	\$400,250	\$400,250	\$432,910	\$432,910	\$468,240	\$468,240	\$506,450	\$506,450
Attached Values										
High Density	\$28,865,200	\$28,865,200	\$31,220,800	\$31,220,800	\$33,768,800	\$33,768,800	\$36,524,800	\$36,524,800	\$39,505,700	\$39,505,700
Medium Density	\$47,366,400	\$47,366,400	\$51,232,000	\$51,232,000	\$55,412,800	\$55,412,800	\$59,934,400	\$59,934,400	\$64,825,600	\$64,825,600
Low Density	\$51,807,000	\$51,807,000	\$56,035,000	\$56,035,000	\$60,607,400	\$60,607,400	\$65,553,600	\$65,553,600	\$70,903,000	\$70,903,000
Total Attached Value	\$128,038,600	\$128,038,600	\$138,487,800	\$138,487,800	\$149,789,000	\$149,789,000	\$162,012,800	\$162,012,800	\$175,234,300	\$175,234,300
Multi-Family										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative	400	400	400	400	400	400	400	400	400	400
Average Unit Value	\$125,820	\$125,820	\$136,080	\$136,080	\$147,180	\$147,180	\$159,180	\$159,180	\$172,180	\$172,180
Total Multi-Family Value	\$50,328,000	\$50,328,000	\$54,432,000	\$54,432,000	\$59,872,000	\$59,872,000	\$63,676,000	\$63,676,000	\$69,872,000	\$69,872,000
Total Residential Value	\$464,790,200	\$464,790,200	\$502,716,200	\$502,716,200	\$543,741,000	\$543,741,000	\$588,113,600	\$588,113,600	\$636,108,400	\$636,108,400
Assessed Ratio	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Total Residential Assessed Value	\$36,997,300	\$36,997,300	\$40,016,370	\$40,016,370	\$43,281,780	\$43,281,780	\$46,813,840	\$46,813,840	\$50,634,230	\$50,634,230

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 21 2024	Year 22 2025	Year 23 2026	Year 24 2027	Year 25 2028	Year 26 2029	Year 27 2030	Year 28 2031	Year 29 2032	Year 30 2033
Attached										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$328,690	\$328,690	\$355,510	\$355,510	\$384,520	\$384,520	\$415,900	\$415,900	\$449,840	\$449,840
Medium Density	\$438,220	\$438,220	\$473,980	\$473,980	\$512,660	\$512,660	\$554,490	\$554,490	\$599,740	\$599,740
Low Density	\$547,760	\$547,760	\$592,480	\$592,480	\$640,830	\$640,830	\$693,120	\$693,120	\$749,680	\$749,680
Attached Values										
High Density	\$42,729,700	\$42,729,700	\$46,216,300	\$46,216,300	\$49,987,600	\$49,987,600	\$54,067,000	\$54,067,000	\$58,479,200	\$58,479,200
Medium Density	\$70,115,200	\$70,115,200	\$75,836,800	\$75,836,800	\$82,025,600	\$82,025,600	\$88,718,400	\$88,718,400	\$95,959,400	\$95,959,400
Low Density	\$76,689,200	\$76,689,200	\$82,947,200	\$82,947,200	\$89,716,200	\$89,716,200	\$97,036,800	\$97,036,800	\$104,955,200	\$104,955,200
Total Attached Value	\$189,534,100	\$189,534,100	\$205,000,300	\$205,000,300	\$221,729,400	\$221,729,400	\$239,822,200	\$239,822,200	\$259,392,800	\$259,392,800
Multi-Family										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	400	400	400	400	400	400	400	400	400	400
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	400	400	400	400	400	400	400	400	400	400
Average Unit Value	\$186,230	\$186,230	\$201,430	\$201,430	\$217,870	\$217,870	\$235,640	\$235,640	\$254,870	\$254,870
Total Multi-Family Value	\$74,492,000	\$74,492,000	\$80,572,000	\$80,572,000	\$87,148,000	\$87,148,000	\$94,256,000	\$94,256,000	\$101,948,000	\$101,948,000
Total Residential Value	\$688,017,000	\$688,017,000	\$744,161,000	\$744,161,000	\$804,889,000	\$804,889,000	\$870,564,400	\$870,564,400	\$941,607,200	\$941,607,200
Assessed Ratio	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Total Residential Assessed Value	\$54,766,150	\$54,766,150	\$59,235,220	\$59,235,220	\$64,069,160	\$64,069,160	\$69,286,930	\$69,286,930	\$74,951,930	\$74,951,930

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 31 2034	Year 32 2035	Year 33 2036	Year 34 2037	Year 35 2038	Year 36 2039	Year 37 2040	Year 38 2041	Year 39 2042	Year 40 2043
Attached										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$486,550	\$486,550	\$528,260	\$528,260	\$569,190	\$569,190	\$615,640	\$615,640	\$665,880	\$665,880
Medium Density	\$648,680	\$648,680	\$701,610	\$701,610	\$758,860	\$758,860	\$820,780	\$820,780	\$887,760	\$887,760
Low Density	\$810,850	\$810,850	\$877,020	\$877,020	\$948,580	\$948,580	\$1,025,980	\$1,025,980	\$1,109,700	\$1,109,700
Attached Values										
High Density	\$63,251,500	\$63,251,500	\$68,412,500	\$68,412,500	\$73,984,700	\$73,984,700	\$80,033,200	\$80,033,200	\$86,564,400	\$86,564,400
Medium Density	\$103,788,800	\$103,788,800	\$112,257,600	\$112,257,600	\$121,417,600	\$121,417,600	\$131,324,800	\$131,324,800	\$142,041,600	\$142,041,600
Low Density	\$113,519,000	\$113,519,000	\$122,782,800	\$122,782,800	\$132,801,200	\$132,801,200	\$143,837,200	\$143,837,200	\$155,358,000	\$155,358,000
Total Attached Value	\$280,559,300	\$280,559,300	\$303,452,900	\$303,452,900	\$328,213,500	\$328,213,500	\$354,995,200	\$354,995,200	\$383,964,000	\$383,964,000
Multi-Family										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative	400	400	400	400	400	400	400	400	400	400
Average Unit Value	\$275,660	\$275,660	\$298,160	\$298,160	\$322,480	\$322,480	\$348,810	\$348,810	\$377,270	\$377,270
Total Multi-Family Value	\$110,264,000	\$110,264,000	\$119,264,000	\$119,264,000	\$128,996,000	\$128,996,000	\$139,524,000	\$139,524,000	\$150,908,000	\$150,908,000
Total Residential Value	\$1,018,440,800	\$1,018,440,800	\$1,101,546,600	\$1,101,546,600	\$1,191,429,400	\$1,191,429,400	\$1,288,651,600	\$1,288,651,600	\$1,383,809,200	\$1,383,809,200
Assessed Ratio	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Total Residential Assessed Value	\$81,067,890	\$81,067,890	\$87,683,110	\$87,683,110	\$94,837,780	\$94,837,780	\$102,576,670	\$102,576,670	\$110,947,210	\$110,947,210

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 1 2004	Year 2 2005	Year 3 2006	Year 4 2007	Year 5 2008	Year 6 2009	Year 7 2010	Year 8 2011	Year 9 2012	Year 10 2013
Commercial Space										
Annual	0	0	0	25,000	25,000	25,000	50,000	50,000	50,000	75,000
Office & Industrial	0	0	0	25,000	25,000	25,000	50,000	50,000	50,000	75,000
Total	0	0	0	25,000	50,000	75,000	125,000	175,000	225,000	300,000
Cumulative	0	0	0	0	300,000	320,000	320,000	340,000	340,000	340,000
Retail	0	0	0	0	0	0	0	0	0	0
Cumulative	0	0	0	0	0	0	0	0	0	0
Hotel	0	0	0	0	0	0	170,000	170,000	170,000	170,000
Cumulative	0	0	0	0	0	0	170,000	170,000	170,000	170,000
Total Commercial Space	0	0	0	25,000	325,000	45,000	220,000	70,000	50,000	75,000
Cumulative	0	0	0	25,000	350,000	395,000	615,000	685,000	735,000	810,000
Value per Sq. Ft.	\$100	\$100	\$108	\$108	\$117	\$117	\$127	\$127	\$137	\$137
Office-Hotel Value/Sq.Ft.	\$110	\$110	\$119	\$119	\$129	\$129	\$139	\$139	\$151	\$151
Retail Value per Sq.Ft.	\$0	\$0	\$0	\$2,704,000	\$44,454,630	\$49,852,960	\$81,868,140	\$90,876,440	\$105,242,960	\$115,507,230
Commercial Value	\$0	\$0	\$0	\$784,160	\$12,881,840	\$14,486,360	\$23,741,180	\$26,383,170	\$30,520,460	\$33,487,100
Total Commercial Assessed Value @ 29%	\$0	\$0	\$0	\$6,401,950	\$23,461,040	\$29,548,620	\$44,862,210	\$52,242,780	\$62,874,930	\$67,267,730
Total Assessed Value	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Milt Levy										
Annual Tax Revenues (allows for 2 year lag in revenues)	\$0	\$0	\$0	\$0	\$0	\$128,040	\$468,220	\$590,970	\$697,840	\$1,044,860

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

Commercial Space	Year 11 2014	Year 12 2015	Year 13 2016	Year 14 2017	Year 15 2018	Year 16 2019	Year 17 2020	Year 18 2021	Year 19 2022	Year 20 2023
Annual										
Office & Industrial	75,000	75,000	100,000	100,000	100,000	125,000	100,000	0	0	0
Total	75,000	75,000	100,000	100,000	100,000	125,000	100,000	0	0	0
Cumulative	375,000	450,000	550,000	650,000	750,000	875,000	975,000	975,000	975,000	975,000
Retail	0	150,000	0	0	0	150,000	0	0	0	150,000
Cumulative	340,000	480,000	480,000	480,000	480,000	640,000	640,000	640,000	640,000	790,000
Hotel	0	170,000	0	0	0	0	340,000	0	0	0
Cumulative	170,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Total Commercial Space	75,000	395,000	100,000	100,000	100,000	275,000	100,000	0	0	150,000
Cumulative	885,000	1,280,000	1,380,000	1,480,000	1,580,000	1,855,000	1,955,000	1,955,000	1,955,000	2,105,000
Value per Sq. Ft.	\$148	\$148	\$160	\$160	\$173	\$173	\$187	\$187	\$203	\$203
Value per Sq. Ft.	\$163	\$163	\$176	\$176	\$190	\$190	\$206	\$206	\$223	\$223
Commercial Value	\$136,034,450	\$196,724,470	\$228,787,500	\$244,797,850	\$282,090,090	\$332,308,710	\$378,154,910	\$378,154,910	\$409,012,350	\$442,438,330
Total Commercial Assessed Value @ 28%	\$39,449,990	\$57,050,100	\$66,348,380	\$70,991,370	\$81,806,130	\$96,369,530	\$109,564,920	\$109,564,920	\$118,613,560	\$128,307,120
Total Assessed Value	\$76,447,290	\$84,047,400	\$106,364,750	\$111,007,740	\$125,087,910	\$139,651,310	\$156,478,760	\$156,478,760	\$169,247,810	\$178,941,350
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$1,257,500	\$1,345,350	\$1,528,950	\$1,880,950	\$2,127,300	\$2,220,150	\$2,501,760	\$2,793,030	\$3,129,560	\$3,129,560

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 21 2024	Year 22 2025	Year 23 2026	Year 24 2027	Year 25 2028	Year 26 2029	Year 27 2030	Year 28 2031	Year 29 2032	Year 30 2033
Annual Office & Industrial Total	0	0	0	0	0	0	0	0	0	0
Cumulative	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Retail Cumulative	790,000	790,000	790,000	150,000	940,000	940,000	940,000	150,000	1,090,000	1,090,000
Hotel Cumulative	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Total Commercial Space Cumulative	2,105,000	2,105,000	2,105,000	2,255,000	2,255,000	2,255,000	2,255,000	2,405,000	2,405,000	2,405,000
Value per Sq Ft.	\$219	\$219	\$237	\$237	\$256	\$256	\$277	\$277	\$300	\$300
Value per Sq Ft.	\$241	\$241	\$261	\$261	\$282	\$282	\$305	\$305	\$330	\$330
Commercial Value	\$478,541,290	\$478,541,290	\$517,590,260	\$556,693,920	\$602,120,150	\$602,120,150	\$651,253,150	\$696,988,900	\$753,874,010	\$753,874,010
Total Commercial Assessed Value @ 29%	\$138,776,870	\$138,776,870	\$150,101,180	\$161,441,240	\$174,614,840	\$174,614,840	\$188,863,410	\$202,129,680	\$218,623,460	\$218,623,460
Total Assessed Value	\$193,543,120	\$193,543,120	\$209,336,400	\$220,676,480	\$238,684,000	\$238,684,000	\$258,160,340	\$271,426,610	\$293,575,390	\$293,575,390
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$3,384,960	\$3,578,830	\$3,870,860	\$3,870,860	\$4,186,730	\$4,413,530	\$4,773,680	\$4,773,680	\$5,163,210	\$5,428,530

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

Commercial Space	Year 31 2034	Year 32 2035	Year 33 2036	Year 34 2037	Year 35 2038	Year 36 2039	Year 37 2040	Year 38 2041	Year 39 2042	Year 40 2043
Annual Office & Industrial Total	0	0	0	0	0	0	0	0	0	0
Cumulative	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Retail Cumulative	167,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200
Hotel Cumulative	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Total Commercial Space Cumulative	167,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200
Value per Sq. Ft.	\$324	\$324	\$351	\$351	\$379	\$379	\$410	\$410	\$444	\$444
Value per Sq. Ft.	\$357	\$357	\$386	\$386	\$417	\$417	\$451	\$451	\$488	\$488
Commercial Value	\$875,042,700	\$875,042,700	\$946,446,190	\$946,446,190	\$1,023,676,190	\$1,023,676,190	\$1,107,206,170	\$1,107,206,170	\$1,187,556,360	\$1,187,556,360
Total Commercial Assessed Value @ 28%	\$253,762,360	\$253,762,360	\$274,469,400	\$274,469,400	\$296,866,100	\$296,866,100	\$321,060,370	\$321,060,370	\$347,281,340	\$347,281,340
Total Assessed Value	\$334,830,270	\$334,830,270	\$362,152,510	\$362,152,510	\$391,703,880	\$391,703,880	\$423,667,040	\$423,667,040	\$458,238,550	\$458,238,550
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$5,871,510	\$5,871,510	\$6,696,610	\$6,696,610	\$7,243,050	\$7,243,050	\$7,834,080	\$7,834,080	\$8,473,340	\$8,473,340

MOUNT CARSON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 1 2004	Year 2 2005	Year 3 2006	Year 4 2007	Year 5 2008	Year 6 2009	Year 7 2010	Year 8 2011	Year 9 2012	Year 10 2013
Water and Sewer Tap fees										
Total Commercial Sq Ft. Added Annually	0	0	0	25,000	325,000	45,000	220,000	70,000	50,000	75,000
Equivalent Number of SFD Taps, based on one tap/4,804 sq.ft.	0	0	0	5	68	9	46	15	10	16
Residential Water Taps	0	0	0	374	240	240	240	230	224	44
Cumulative Taps	0	0	0	379	687	937	1,223	1,468	1,702	1,761
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$0	\$0	\$0	\$379,400	\$307,850	\$249,570	\$286,000	\$244,770	\$234,610	\$59,110
Cummulative	\$0	\$0	\$0	\$379,400	\$687,250	\$936,820	\$1,222,820	\$1,467,590	\$1,702,200	\$1,761,310
Additional Income From Voluntary Mill Levy on Non-residential Uses	\$0	\$0	\$0	\$815,530	\$12,891,840	\$15,065,810	\$23,741,180	\$27,438,600	\$30,520,460	\$34,836,980
Assessed Value of Non-residential Uses	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Mill Levy	\$0	\$0	\$0	\$0	\$16,310	\$257,840	\$301,320	\$474,820	\$548,770	\$610,410
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$0	\$0	\$0	\$378,400	\$307,850	\$400,200	\$786,820	\$908,220	\$1,165,700	\$1,226,170
Net Income Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$0	\$0	\$0	\$357,924	\$290,424	\$377,547	\$742,283	\$854,924	\$1,128,019	\$1,156,764
Cummulative Present Value	\$0	\$0	\$0	\$357,924	\$648,349	\$1,025,896	\$1,768,179	\$2,623,103	\$3,751,122	\$2,284,782

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 11 2014	Year 12 2015	Year 13 2016	Year 14 2017	Year 15 2018	Year 16 2019	Year 17 2020	Year 18 2021	Year 19 2022	Year 20 2023
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	75,000	395,000	100,000	100,000	100,000	275,000	100,000	0	0	150,000
Equivalent Number of SFD Taps, based on one tap/4,804 sq.ft.	16	82	21	21	21	57	21	0	0	31
Residential Water Taps	13	0	0	0	0	0	0	0	0	0
Cumulative Taps	1,790	1,873	1,893	1,914	1,935	1,992	2,013	2,013	2,013	2,044
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$29,010	\$82,220	\$20,820	\$20,820	\$20,820	\$57,240	\$20,820	\$0	\$0	\$31,220
Cummulative	\$1,790,320	\$1,872,540	\$1,893,360	\$1,914,180	\$1,935,000	\$1,992,240	\$2,013,060	\$2,013,060	\$2,013,060	\$2,044,280
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$39,449,990	\$59,332,100	\$66,348,390	\$73,831,020	\$81,806,130	\$100,224,310	\$109,664,920	\$114,051,520	\$118,613,580	\$133,439,400
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$696,740	\$789,000	\$1,186,640	\$1,326,970	\$1,476,620	\$1,636,120	\$2,004,490	\$2,193,300	\$2,281,030	\$2,372,270
Net Income	\$1,383,260	\$1,586,410	\$1,660,410	\$2,092,070	\$2,267,780	\$2,490,650	\$2,652,000	\$3,039,350	\$3,269,560	\$3,431,560
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$728,685	\$835,702	\$874,684	\$1,102,077	\$1,194,639	\$1,312,045	\$1,397,042	\$1,601,093	\$1,722,365	\$1,807,705
Cumulative Present Value	\$3,013,467	\$3,849,169	\$4,723,863	\$5,825,930	\$7,020,570	\$8,332,614	\$9,729,656	\$11,330,749	\$13,053,114	\$14,860,819

MCOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 21 2024	Year 22 2025	Year 23 2026	Year 24 2027	Year 25 2028	Year 26 2029	Year 27 2030	Year 28 2031	Year 29 2032	Year 30 2033
Water and Sewer Tap fees										
Total Commercial Sq. Ft. Added Annually	0	0	0	150,000	0	0	0	150,000	0	0
Equipment Number of SFD Taps, based on one tap/4,804 sq.ft.	0	0	0	31	0	0	0	31	0	0
Residential Water Taps	0	0	0	0	0	0	0	0	0	0
Cumulative Taps	2,044	2,044	2,044	2,076	2,076	2,076	2,076	2,107	2,107	2,107
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income	\$0	\$0	\$0	\$31,220	\$0	\$0	\$0	\$31,220	\$0	\$0
Annual Cumulative	\$2,044,280	\$2,044,280	\$2,044,280	\$2,075,500	\$2,075,500	\$2,075,500	\$2,075,500	\$2,106,720	\$2,106,720	\$2,106,720
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$138,778,980	\$144,328,060	\$150,101,180	\$167,898,890	\$174,614,840	\$181,599,440	\$188,863,410	\$210,214,870	\$218,623,460	\$227,368,400
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$2,668,790	\$2,775,540	\$2,886,560	\$3,002,020	\$3,357,980	\$3,492,300	\$3,631,990	\$3,777,270	\$4,204,300	\$4,372,470
Net Income	\$3,536,360	\$3,879,450	\$4,034,620	\$4,227,220	\$4,363,940	\$4,774,270	\$4,965,250	\$5,195,080	\$5,370,420	\$5,861,180
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$1,040,238	\$1,141,160	\$1,186,804	\$1,243,458	\$1,283,045	\$1,404,375	\$1,460,553	\$1,528,159	\$1,579,736	\$1,724,065
Cumulative Present Value	\$15,901,057	\$17,042,216	\$18,229,020	\$19,472,478	\$20,766,123	\$22,160,499	\$23,621,052	\$25,149,210	\$26,728,946	\$28,453,042

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, MARCH 2004

	Year 31 2034	Year 32 2035	Year 33 2036	Year 34 2037	Year 35 2038	Year 36 2039	Year 37 2040	Year 38 2041	Year 39 2042	Year 40 2043
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	167,200	0	0	0	0	0	0	0	0	0
Equivalent Number of SFD Taps, based on one tap/4,804 sq.ft.	36	0	0	0	0	0	0	0	0	0
Residential Water Taps	0	0	0	0	0	0	0	0	0	0
Cumulative Taps	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$34,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cummulative	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$253,762,390	\$263,912,880	\$274,469,400	\$285,448,170	\$296,866,100	\$308,740,740	\$321,090,370	\$333,933,980	\$347,291,340	\$361,183,000
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$4,547,370	\$5,075,250	\$5,278,260	\$5,489,390	\$5,709,960	\$5,937,320	\$6,174,810	\$6,421,810	\$6,678,680	\$6,945,830
Net Income	\$6,130,430	\$6,339,450	\$6,939,000	\$7,216,570	\$7,505,230	\$7,805,450	\$8,117,660	\$8,442,380	\$8,780,080	\$9,131,280
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$1,006,954	\$1,041,286	\$1,139,765	\$1,185,358	\$1,232,772	\$1,282,084	\$1,333,366	\$1,386,703	\$1,442,172	\$1,499,858
Cumulative Present Value	\$29,459,986	\$30,501,282	\$31,641,047	\$32,826,405	\$34,069,177	\$35,341,261	\$36,674,627	\$38,061,330	\$39,503,502	\$41,003,381

**EXHIBIT A
PROFILED
ANALYSIS OF THE
REPORT**

November 2002

EXHIBIT A

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Residential Units	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006	Year 6 2007	Year 7 2008	Year 8 2008	Year 9 2010	Year 10 2011
Single Family										
Annual										
High Density	0	0	0	100	100	100	100	90	0	0
Medium Density	0	0	0	75	75	75	75	75	25	0
Low Density	0	0	0	25	25	25	25	25	25	10
Cumulative										
High Density	0	0	0	100	200	300	400	490	490	490
Medium Density	0	0	0	75	150	225	300	375	400	400
Low Density	0	0	0	25	50	75	100	125	150	160
Average Unit Value										
High Density	\$150,000	\$156,000	\$162,240	\$168,730	\$175,480	\$182,500	\$189,800	\$197,390	\$205,290	\$213,500
Medium Density	\$200,000	\$208,000	\$216,320	\$224,970	\$233,970	\$243,330	\$253,060	\$263,180	\$273,710	\$284,660
Low Density	\$250,000	\$260,000	\$270,400	\$281,220	\$292,470	\$304,170	\$316,340	\$328,990	\$342,150	\$355,840
Single Family Values										
High Density	\$0	\$0	\$0	\$16,873,000	\$35,096,000	\$54,750,000	\$75,620,000	\$96,721,100	\$100,592,100	\$104,615,000
Medium Density	\$0	\$0	\$0	\$16,872,750	\$35,096,500	\$54,749,250	\$75,918,000	\$98,692,500	\$109,484,000	\$113,864,000
Low Density	\$0	\$0	\$0	\$7,030,500	\$14,623,500	\$22,812,750	\$31,634,000	\$41,123,750	\$51,322,500	\$58,934,400
Total SFD Value	\$0	\$0	\$0	\$40,776,250	\$84,815,000	\$132,312,000	\$183,472,000	\$236,537,350	\$261,398,600	\$275,413,400

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Residential Units	Year 11 2012	Year 12 2013	Year 13 2014	Year 14 2015	Year 15 2016	Year 16 2017	Year 17 2018	Year 18 2019	Year 19 2020	Year 20 2021
Single Family Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	490	490	490	490	490	490	490	490	490	490
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$222,040	\$230,920	\$240,160	\$249,770	\$259,760	\$270,150	\$280,960	\$292,200	\$303,890	\$316,050
Medium Density	\$296,050	\$307,890	\$320,210	\$333,020	\$346,340	\$360,190	\$374,600	\$389,580	\$405,160	\$421,370
Low Density	\$370,070	\$384,870	\$400,260	\$416,270	\$432,920	\$450,240	\$468,250	\$486,980	\$506,460	\$526,720
Single Family Values										
High Density	\$108,798,600	\$113,150,800	\$117,678,400	\$122,387,500	\$127,282,400	\$132,373,500	\$137,670,400	\$143,178,000	\$148,906,100	\$154,864,500
Medium Density	\$118,420,000	\$123,156,000	\$128,094,000	\$133,208,000	\$138,536,000	\$144,076,000	\$149,840,000	\$155,832,000	\$162,064,000	\$168,548,000
Low Density	\$59,211,200	\$61,579,200	\$64,041,600	\$66,603,200	\$69,267,200	\$72,038,400	\$74,920,000	\$77,916,800	\$81,033,600	\$84,275,200
Total SFD Value	\$286,430,800	\$297,886,000	\$309,804,000	\$322,198,500	\$335,085,600	\$348,487,900	\$362,430,400	\$376,926,800	\$392,003,700	\$407,687,700

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Residential Units	Year 21 2022	Year 22 2023	Year 23 2024	Year 24 2025	Year 25 2026	Year 26 2027	Year 27 2028	Year 28 2029	Year 29 2030	Year 30 2031
Single Family Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	490	490	490	490	490	490	490	490	490	490
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$328,690	\$341,840	\$355,510	\$369,730	\$384,520	\$399,900	\$415,900	\$432,540	\$449,840	\$467,930
Medium Density	\$438,220	\$455,750	\$473,980	\$492,940	\$512,660	\$533,170	\$554,500	\$576,680	\$599,750	\$623,740
Low Density	\$547,790	\$568,700	\$592,490	\$616,180	\$640,640	\$666,470	\$693,130	\$720,860	\$749,690	\$779,680
Single Family Values										
High Density	\$161,058,100	\$167,501,600	\$174,199,800	\$181,167,700	\$188,414,800	\$196,951,000	\$203,791,000	\$211,944,600	\$220,421,800	\$229,236,700
Medium Density	\$175,288,000	\$182,300,000	\$189,692,000	\$197,176,000	\$205,064,000	\$213,268,000	\$221,800,000	\$230,672,000	\$239,900,000	\$249,496,000
Low Density	\$67,046,400	\$91,152,000	\$94,798,400	\$98,590,400	\$102,534,400	\$106,636,200	\$110,900,800	\$115,337,800	\$119,950,400	\$124,749,800
Total SFD Value	\$423,992,500	\$440,953,600	\$458,590,300	\$476,934,100	\$496,013,200	\$516,854,200	\$536,491,800	\$557,954,200	\$580,272,000	\$603,481,500

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Residential Units	Year 31 2032	Year 32 2033	Year 33 2034	Year 34 2035	Year 35 2036	Year 36 2037	Year 37 2038	Year 38 2039	Year 39 2040	Year 40 2041
Single Family Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	490	490	490	490	490	490	490	490	490	490
Medium Density	400	400	400	400	400	400	400	400	400	400
Low Density	160	160	160	160	160	160	160	160	160	160
Average Unit Value										
High Density	\$486,540	\$506,000	\$526,240	\$547,280	\$569,180	\$591,950	\$616,630	\$640,260	\$665,870	\$692,500
Medium Density	\$648,690	\$674,640	\$701,630	\$729,700	\$759,890	\$789,250	\$820,820	\$853,650	\$887,800	\$923,310
Low Density	\$810,870	\$843,300	\$877,030	\$912,110	\$948,590	\$986,530	\$1,025,990	\$1,067,030	\$1,109,710	\$1,154,100
Single Family Values										
High Density	\$238,404,600	\$247,840,000	\$257,857,600	\$268,172,100	\$278,898,200	\$290,065,500	\$301,658,700	\$313,727,400	\$326,276,300	\$339,325,000
Medium Density	\$259,476,000	\$269,856,000	\$280,652,000	\$291,880,000	\$303,556,000	\$315,700,000	\$328,328,000	\$341,460,000	\$355,120,000	\$369,324,000
Low Density	\$128,739,200	\$134,828,000	\$140,324,800	\$145,937,600	\$151,774,400	\$157,844,800	\$164,158,400	\$170,724,800	\$177,553,600	\$184,656,000
Total SFD Value	\$627,619,800	\$652,724,000	\$678,834,400	\$705,989,700	\$734,228,600	\$763,600,300	\$794,145,100	\$825,912,200	\$859,949,900	\$893,305,000

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006	Year 6 2007	Year 7 2008	Year 8 2009	Year 9 2010	Year 10 2011
Attached										
Annual	0	0	0	20	20	20	20	20	20	10
High Density	0	0	0	20	20	20	20	20	20	20
Medium Density	0	0	0	20	20	20	20	20	20	20
Low Density	0	0	0	20	20	20	20	20	20	20
Cumulative										
High Density	0	0	0	20	40	60	80	100	120	130
Medium Density	0	0	0	20	40	60	80	100	120	140
Low Density	0	0	0	20	40	60	80	100	120	140
Average Unit Value										
High Density	\$150,000	\$166,000	\$162,240	\$166,730	\$175,480	\$182,500	\$189,800	\$197,390	\$205,290	\$213,500
Medium Density	\$200,000	\$208,000	\$216,320	\$224,970	\$233,970	\$243,330	\$253,060	\$263,180	\$273,710	\$284,660
Low Density	\$250,000	\$260,000	\$270,400	\$281,220	\$292,470	\$304,170	\$316,340	\$328,990	\$342,150	\$356,840
Attached Values										
High Density	\$0	\$0	\$0	\$3,374,600	\$7,019,200	\$10,950,000	\$15,184,000	\$19,739,000	\$24,634,800	\$27,755,000
Medium Density	\$0	\$0	\$0	\$4,498,400	\$9,358,800	\$14,598,800	\$20,244,800	\$26,316,000	\$32,845,200	\$39,862,400
Low Density	\$0	\$0	\$0	\$5,624,400	\$11,699,600	\$18,250,200	\$25,307,200	\$32,899,000	\$41,066,000	\$49,817,600
Total Attached Value	\$0	\$0	\$0	\$13,498,400	\$28,076,800	\$43,800,000	\$60,736,000	\$78,966,000	\$98,538,000	\$117,425,000
Multi-Family										
Annual	0	0	0	200	0	0	0	0	200	0
Cumulative	0	0	0	200	200	200	200	200	400	400
Average Unit Value	\$85,000	\$88,400	\$81,940	\$85,620	\$89,440	\$103,420	\$107,560	\$111,860	\$116,330	\$120,980
Total Multi-Family Value	\$0	\$0	\$0	\$19,124,000	\$19,898,000	\$20,684,000	\$21,512,000	\$22,372,000	\$46,532,000	\$48,392,000
Total Residential Value	\$0	\$0	\$0	\$73,398,650	\$132,779,800	\$196,796,000	\$265,720,000	\$337,865,350	\$406,468,600	\$441,230,400
Assessed Ratio	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Total Residential Assessed Value	\$0	\$0	\$0	\$6,716,980	\$12,149,360	\$18,006,630	\$24,313,380	\$30,914,680	\$37,191,880	\$40,372,580

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 11 2012	Year 12 2013	Year 13 2014	Year 14 2015	Year 15 2016	Year 16 2017	Year 17 2018	Year 18 2019	Year 19 2020	Year 20 2021
Attached										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	23	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$222,040	\$230,920	\$240,160	\$249,770	\$259,760	\$270,160	\$280,960	\$292,200	\$303,890	\$316,050
Medium Density	\$266,050	\$307,860	\$320,210	\$333,020	\$346,340	\$360,190	\$374,600	\$389,580	\$405,160	\$421,370
Low Density	\$370,070	\$384,670	\$400,260	\$416,270	\$432,920	\$450,240	\$468,250	\$486,980	\$506,460	\$526,720
Attached Values										
High Density	\$28,865,200	\$30,019,600	\$31,220,800	\$32,470,100	\$33,768,800	\$35,119,500	\$36,524,800	\$37,986,000	\$39,505,700	\$41,088,500
Medium Density	\$47,368,000	\$49,262,400	\$51,233,600	\$53,283,200	\$55,414,400	\$57,630,400	\$59,936,000	\$62,332,800	\$64,825,600	\$67,419,200
Low Density	\$51,809,800	\$53,881,800	\$56,036,400	\$58,277,800	\$60,608,800	\$63,033,600	\$65,555,000	\$68,177,200	\$70,904,400	\$73,740,800
Total Attached Value	\$128,043,000	\$133,163,800	\$138,490,800	\$144,031,100	\$149,792,000	\$155,783,500	\$162,015,800	\$168,496,000	\$175,235,700	\$182,246,500
Multi-Family										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative	400	400	400	400	400	400	400	400	400	400
Average Unit Value	\$125,820	\$130,850	\$136,080	\$141,520	\$147,180	\$153,070	\$159,190	\$165,560	\$172,180	\$179,070
Total Multi-Family Value	\$50,328,000	\$52,340,000	\$54,432,000	\$56,609,000	\$58,872,000	\$61,228,000	\$63,676,000	\$66,224,000	\$68,872,000	\$71,628,000
Total Residential Value	\$464,801,800	\$483,389,800	\$502,726,800	\$522,837,600	\$543,749,600	\$565,499,400	\$588,122,200	\$611,646,800	\$636,111,400	\$661,562,200
Assessed Ratio	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Total Residential Assessed Value	\$42,529,360	\$44,230,170	\$45,999,500	\$47,839,640	\$49,753,090	\$51,743,200	\$53,813,180	\$55,966,680	\$58,204,190	\$60,532,940

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 21 2022	Year 22 2023	Year 23 2024	Year 24 2025	Year 25 2026	Year 26 2027	Year 27 2028	Year 28 2029	Year 29 2030	Year 30 2031
Attached										
Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$328,690	\$341,840	\$355,510	\$369,730	\$384,520	\$399,900	\$415,900	\$432,540	\$448,840	\$467,630
Medium Density	\$438,220	\$455,750	\$473,960	\$492,940	\$512,660	\$533,170	\$554,500	\$576,660	\$598,750	\$623,740
Low Density	\$547,790	\$568,700	\$592,480	\$616,160	\$640,840	\$666,470	\$693,130	\$720,660	\$748,690	\$778,660
Attached Values										
High Density	\$42,729,700	\$44,439,200	\$46,216,300	\$48,064,900	\$49,987,600	\$51,987,000	\$54,067,000	\$56,230,200	\$58,479,200	\$60,817,900
Medium Density	\$70,115,200	\$72,920,000	\$75,836,800	\$78,870,400	\$82,025,600	\$85,307,200	\$88,720,000	\$92,268,800	\$95,960,000	\$99,798,400
Low Density	\$76,690,600	\$79,758,000	\$82,948,600	\$86,266,600	\$89,717,600	\$93,305,800	\$97,038,200	\$100,920,400	\$104,956,600	\$109,155,200
Total Attached Value	\$189,535,500	\$197,117,200	\$205,001,700	\$213,201,900	\$221,730,800	\$230,600,000	\$239,825,200	\$249,419,400	\$259,395,800	\$269,771,500
Multi-Family										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative										
Average Unit Value	\$186,230	\$193,680	\$201,430	\$209,490	\$217,870	\$226,580	\$235,640	\$245,070	\$254,870	\$265,060
Total Multi-Family Value	\$74,492,000	\$77,472,000	\$80,572,000	\$83,786,000	\$87,148,000	\$90,632,000	\$94,256,000	\$98,028,000	\$101,948,000	\$106,024,000
Total Residential Value	\$688,020,000	\$715,542,800	\$744,164,000	\$773,932,000	\$804,882,000	\$837,086,200	\$870,573,000	\$905,401,600	\$941,815,800	\$979,277,000
Assessed Ratio	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Total Residential Assessed Value	\$62,853,630	\$65,472,170	\$68,091,010	\$70,814,780	\$73,647,620	\$76,593,360	\$79,657,430	\$82,844,250	\$86,157,850	\$89,603,650

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 31 2032	Year 32 2033	Year 33 2034	Year 34 2035	Year 35 2036	Year 36 2037	Year 37 2038	Year 38 2039	Year 39 2040	Year 40 2041
Attached Annual										
High Density	0	0	0	0	0	0	0	0	0	0
Medium Density	0	0	0	0	0	0	0	0	0	0
Low Density	0	0	0	0	0	0	0	0	0	0
Cumulative										
High Density	130	130	130	130	130	130	130	130	130	130
Medium Density	160	160	160	160	160	160	160	160	160	160
Low Density	140	140	140	140	140	140	140	140	140	140
Average Unit Value										
High Density	\$486,540	\$506,000	\$528,240	\$547,280	\$569,180	\$591,950	\$615,630	\$640,260	\$665,870	\$692,500
Medium Density	\$648,690	\$674,540	\$701,630	\$729,700	\$769,250	\$799,250	\$820,820	\$853,650	\$887,800	\$923,310
Low Density	\$810,870	\$843,300	\$877,030	\$912,110	\$948,590	\$986,530	\$1,025,980	\$1,067,030	\$1,108,710	\$1,154,100
Attached Values										
High Density	\$63,250,200	\$65,780,000	\$68,411,200	\$71,147,700	\$73,983,400	\$76,953,500	\$80,031,900	\$83,233,800	\$86,563,100	\$90,025,000
Medium Density	\$103,790,400	\$107,642,400	\$112,260,800	\$116,752,000	\$121,422,400	\$126,280,000	\$131,331,200	\$136,584,000	\$142,048,000	\$147,729,600
Low Density	\$113,521,800	\$118,062,000	\$122,784,200	\$127,685,400	\$132,802,600	\$138,114,200	\$143,639,800	\$149,384,200	\$155,358,400	\$161,574,000
Total Attached Value	\$280,562,400	\$291,784,400	\$303,456,200	\$315,585,100	\$328,218,400	\$341,347,700	\$355,001,700	\$369,202,000	\$383,970,500	\$399,328,600
Multi-Family Annual										
Annual	0	0	0	0	0	0	0	0	0	0
Cumulative										
Annual	400	400	400	400	400	400	400	400	400	400
Average Unit Value	\$275,660	\$286,680	\$298,160	\$310,090	\$322,490	\$335,390	\$348,810	\$362,760	\$377,270	\$392,360
Total Multi-Family Value	\$110,264,000	\$114,876,000	\$119,264,000	\$124,036,000	\$128,996,000	\$134,156,000	\$139,624,000	\$145,104,000	\$150,908,000	\$156,944,000
Total Residential Value	\$1,018,446,200	\$1,059,184,400	\$1,101,554,600	\$1,145,620,800	\$1,191,443,000	\$1,239,104,000	\$1,288,670,800	\$1,340,218,200	\$1,393,828,400	\$1,449,577,600
Assessed Ratio	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Total Residential Assessed Value	\$93,187,830	\$96,915,370	\$100,792,250	\$104,824,300	\$109,017,030	\$113,378,020	\$117,913,980	\$122,629,670	\$127,536,300	\$132,636,350

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006	Year 6 2007	Year 7 2008	Year 8 2009	Year 9 2010	Year 10 2011
Commercial Space										
Annual	0	0	0	25,000	25,000	25,000	50,000	50,000	50,000	75,000
Office & Industrial	0	0	0	25,000	25,000	25,000	50,000	50,000	50,000	75,000
Total	0	0	0	25,000	50,000	75,000	125,000	175,000	225,000	300,000
Cumulative	0	0	0	0	300,000	320,000	0	20,000	0	0
Retail	0	0	0	0	300,000	320,000	320,000	340,000	340,000	340,000
Cumulative	0	0	0	0	0	0	0	0	0	0
Hotel	0	0	0	0	0	0	170,000	0	0	0
Cumulative	0	0	0	0	0	0	170,000	170,000	170,000	170,000
Total Commercial Space	0	0	0	25,000	325,000	45,000	220,000	70,000	50,000	75,000
Cumulative	0	0	0	25,000	350,000	395,000	615,000	685,000	735,000	810,000
Value per Sq.Ft.										
Office-Hotel Value/Sq.Ft.	\$100	\$104	\$108	\$112	\$117	\$122	\$127	\$132	\$137	\$142
Retail Value per Sq.Ft.	\$110	\$114	\$119	\$124	\$129	\$134	\$139	\$145	\$151	\$157
Commercial Value	\$0	\$0	\$0	\$2,812,160	\$44,454,620	\$51,951,080	\$81,866,140	\$94,615,500	\$105,242,950	\$120,127,510
Total Commercial Assessed Value @ 29%	\$0	\$0	\$0	\$815,630	\$12,891,840	\$15,065,810	\$23,741,180	\$27,438,500	\$30,520,460	\$34,836,980
Total Assessed Value	\$0	\$0	\$0	\$7,531,510	\$25,041,190	\$33,072,640	\$48,054,560	\$58,353,180	\$67,712,340	\$75,209,580
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$0	\$0	\$0	\$0	\$0	\$150,630	\$500,820	\$661,450	\$861,090	\$1,167,060

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Commercial Space	Year 11 2012	Year 12 2013	Year 13 2014	Year 14 2015	Year 15 2016	Year 16 2017	Year 17 2018	Year 18 2019	Year 19 2020	Year 20 2021
Annual										
Office & Industrial	75,000	75,000	100,000	100,000	100,000	125,000	100,000	0	0	0
Total	75,000	75,000	100,000	100,000	100,000	125,000	100,000	0	0	0
Cumulative	375,000	450,000	550,000	650,000	750,000	875,000	975,000	975,000	975,000	975,000
Retail	0	150,000	0	0	0	150,000	0	0	0	150,000
Cumulative	340,000	490,000	490,000	490,000	490,000	640,000	640,000	640,000	640,000	790,000
Hotel	0	170,000	0	0	0	0	0	0	0	0
Cumulative	170,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Total Commercial Space	75,000	395,000	100,000	100,000	100,000	275,000	100,000	0	0	150,000
Cumulative	885,000	1,280,000	1,380,000	1,480,000	1,580,000	1,855,000	1,955,000	1,955,000	1,955,000	2,105,000
Value per Sq.Ft.	\$148	\$154	\$160	\$167	\$173	\$180	\$187	\$195	\$203	\$211
Value per Sq.Ft.	\$163	\$168	\$176	\$183	\$190	\$198	\$206	\$214	\$223	\$232
Commercial Value	\$136,034,450	\$204,593,440	\$228,787,510	\$254,588,740	\$282,090,090	\$345,601,060	\$378,154,910	\$383,281,110	\$409,012,350	\$460,135,860
Total Commercial Assessed Value @ 29%	\$39,449,990	\$59,332,100	\$66,348,380	\$73,831,020	\$81,806,130	\$100,224,310	\$109,664,920	\$114,051,520	\$118,613,580	\$133,436,400
Total Assessed Value	\$81,979,350	\$103,562,270	\$112,347,890	\$121,670,660	\$131,559,220	\$151,967,510	\$163,478,100	\$170,017,200	\$176,817,770	\$193,972,340
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$1,354,250	\$1,504,190	\$1,639,590	\$2,071,250	\$2,246,960	\$2,433,410	\$2,631,180	\$3,039,350	\$3,269,560	\$3,400,340

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Commercial Space	Year 21 2022	Year 22 2023	Year 23 2024	Year 24 2025	Year 25 2026	Year 26 2027	Year 27 2028	Year 28 2029	Year 29 2030	Year 30 2031
Annual	0	0	0	0	0	0	0	0	0	0
Office & Industrial	0	0	0	0	0	0	0	0	0	0
Total	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Cumulative	790,000	790,000	790,000	150,000	940,000	940,000	940,000	150,000	1,090,000	1,090,000
Retail	0	0	0	0	0	0	0	0	0	0
Cumulative	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Hotel	0	0	0	0	0	0	0	0	0	0
Cumulative	2,105,000	2,105,000	2,105,000	2,255,000	2,255,000	2,255,000	2,255,000	2,405,000	2,405,000	2,405,000
Total Commercial Space										
Cumulative										
Value per Sq.Ft.	\$219	\$228	\$237	\$248	\$256	\$267	\$277	\$288	\$300	\$312
Value per Sq.Ft.	\$241	\$251	\$261	\$271	\$282	\$293	\$305	\$317	\$330	\$343
Commercial Value	\$478,641,300	\$497,662,960	\$517,590,260	\$576,961,690	\$602,120,150	\$626,204,960	\$651,253,150	\$724,878,860	\$753,874,010	\$784,028,960
Total Commercial Assessed Value @ 20%	\$138,776,980	\$144,328,060	\$150,101,180	\$167,898,890	\$174,814,840	\$181,599,440	\$188,863,410	\$210,214,870	\$218,623,460	\$227,368,400
Total Assessed Value	\$201,730,810	\$209,800,230	\$218,192,180	\$238,713,670	\$248,262,460	\$258,192,830	\$268,520,840	\$283,058,120	\$304,781,310	\$316,872,250
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$3,636,360	\$3,879,450	\$4,034,620	\$4,196,000	\$4,363,840	\$4,774,270	\$4,966,260	\$5,163,860	\$5,370,420	\$5,861,180

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

Commercial Space	Year 31 2032	Year 32 2033	Year 33 2034	Year 34 2035	Year 35 2036	Year 36 2037	Year 37 2038	Year 38 2039	Year 39 2040	Year 40 2041
Annual										
Office & Industrial	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
Cumulative	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000	975,000
Retail	167,200	0	0	0	0	0	0	0	0	0
Cumulative	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200	1,257,200
Hotel	0	0	0	0	0	0	0	0	0	0
Cumulative	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Total Commercial Space	167,200	0	0	0	0	0	0	0	0	0
Cumulative	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200	2,572,200
Value per Sq.Ft.	\$324	\$337	\$351	\$365	\$379	\$395	\$410	\$427	\$444	\$462
Value per Sq.Ft.	\$357	\$371	\$386	\$401	\$417	\$434	\$451	\$469	\$488	\$508
Commercial Value	\$875,042,710	\$910,044,420	\$946,446,190	\$984,304,040	\$1,023,676,200	\$1,064,623,250	\$1,107,208,170	\$1,151,496,500	\$1,197,556,360	\$1,245,458,610
Total Commercial Assessed Value @ 28%	\$253,762,390	\$263,912,860	\$274,469,400	\$285,448,170	\$296,866,100	\$308,740,740	\$321,090,370	\$333,933,960	\$347,291,340	\$361,183,000
Total Assessed Value	\$346,950,220	\$360,828,250	\$375,261,650	\$390,272,470	\$405,883,130	\$422,118,760	\$439,003,750	\$456,563,660	\$474,826,640	\$493,819,350
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Annual Tax Revenues (allows for 2 year lag in revenues)	\$6,095,630	\$6,339,450	\$6,939,000	\$7,216,570	\$7,505,230	\$7,805,450	\$8,117,660	\$8,442,380	\$8,780,080	\$9,131,280

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 1 2002	Year 2 2003	Year 3 2004	Year 4 2005	Year 5 2006	Year 6 2007	Year 7 2008	Year 8 2009	Year 9 2010	Year 10 2011
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	0	0	0	25,000	325,000	45,000	220,000	70,000	50,000	75,000
Equivalent Number of SFD Taps, based on one tap/4,804 sq.ft.	0	0	0	5	68	9	46	15	10	16
Residential Water Taps	0	0	0	374	240	240	240	230	224	44
Cumulative Taps	0	0	0	379	687	937	1,223	1,468	1,702	1,761
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$0	\$0	\$0	\$379,400	\$307,850	\$249,570	\$286,000	\$244,770	\$234,610	\$59,110
Cumulative	\$0	\$0	\$0	\$379,400	\$687,250	\$936,820	\$1,222,820	\$1,467,590	\$1,702,200	\$1,761,310
Additional Income From Voluntary Mill Levy on Non-residential Uses	\$0	\$0	\$0	\$615,530	\$12,891,840	\$15,065,810	\$23,741,180	\$27,438,500	\$30,520,460	\$34,836,980
Assessed Value of Non-residential Uses	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Mill Levy	\$0	\$0	\$0	\$0	\$16,310	\$257,840	\$301,320	\$474,820	\$548,770	\$610,410
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$0	\$0	\$0	\$379,400	\$307,850	\$400,200	\$786,820	\$906,220	\$1,195,700	\$1,228,170
Net Income	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Present Value	\$0	\$0	\$0	\$357,924	\$290,424	\$377,547	\$742,283	\$854,924	\$1,128,019	\$1,156,764
Annual Present Value	\$0	\$0	\$0	\$357,924	\$648,349	\$1,025,866	\$1,768,179	\$2,623,103	\$3,751,122	\$2,284,782
Cumulative Present Value										

MCOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 11 2012	Year 12 2013	Year 13 2014	Year 14 2015	Year 15 2016	Year 16 2017	Year 17 2018	Year 18 2019	Year 19 2020	Year 20 2021
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	75,000	395,000	100,000	100,000	100,000	275,000	100,000	0	0	150,000
Equipment Number of SFD Taps, based on one tap/4,804 sq.ft.	16	92	21	21	21	57	21	0	0	31
Residential Water Taps	13	0	0	0	0	0	0	0	0	0
Cumulative Taps	1,790	1,873	1,893	1,914	1,935	1,992	2,013	2,013	2,013	2,044
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$29,010	\$82,220	\$20,820	\$20,820	\$20,820	\$57,240	\$20,820	\$0	\$0	\$31,220
Cummulative	\$1,790,320	\$1,872,540	\$1,893,360	\$1,914,180	\$1,935,000	\$1,992,240	\$2,013,060	\$2,013,060	\$2,013,060	\$2,044,280
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$39,449,990	\$59,332,100	\$66,348,380	\$73,831,020	\$81,806,130	\$100,224,310	\$109,694,920	\$114,051,520	\$118,813,560	\$133,439,400
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$696,740	\$789,000	\$1,166,640	\$1,326,970	\$1,476,620	\$1,636,120	\$2,004,490	\$2,193,300	\$2,281,030	\$2,372,270
Net Income	\$1,383,260	\$1,596,410	\$1,660,410	\$2,092,070	\$2,267,790	\$2,490,650	\$2,652,000	\$3,039,350	\$3,269,580	\$3,431,560
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$728,685	\$835,702	\$674,664	\$1,102,077	\$1,194,639	\$1,312,045	\$1,397,042	\$1,601,093	\$1,722,365	\$1,807,705
Cummulative Present Value	\$3,013,467	\$3,849,169	\$4,723,853	\$5,825,930	\$7,020,570	\$8,332,614	\$9,729,656	\$11,330,749	\$13,053,114	\$14,860,819

MOUNT CARBON METROPOLITAN DISTRICT ABSORPTION, TAX REVENUES AND TAP FEES, NOVEMBER 2002

	Year 21 2022	Year 22 2023	Year 23 2024	Year 24 2025	Year 25 2026	Year 26 2027	Year 27 2028	Year 28 2029	Year 29 2030	Year 30 2031
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	0	0	0	150,000	0	0	0	150,000	0	0
Equipment Number of SFD Taps, based on one tap/4,804 sq.ft.	0	0	0	31	0	0	0	31	0	0
Residential Water Taps	0	0	0	0	0	0	0	0	0	0
Cumulative Taps	2,044	2,044	2,044	2,076	2,076	2,076	2,076	2,107	2,107	2,107
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income Annual	\$0	\$0	\$0	\$31,220	\$0	\$0	\$0	\$31,220	\$0	\$0
Cumulative	\$2,044,280	\$2,044,280	\$2,044,280	\$2,075,500	\$2,075,500	\$2,075,500	\$2,075,500	\$2,106,720	\$2,106,720	\$2,106,720
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$138,776,980	\$144,328,060	\$150,101,180	\$167,898,890	\$174,614,840	\$181,599,440	\$188,863,410	\$210,214,870	\$218,623,460	\$227,368,400
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$2,668,790	\$2,775,540	\$2,886,560	\$3,002,020	\$3,357,980	\$3,462,300	\$3,631,990	\$3,777,270	\$4,204,300	\$4,372,470
Net Income	\$3,536,360	\$3,879,460	\$4,034,620	\$4,227,220	\$4,363,840	\$4,774,270	\$4,965,250	\$5,195,080	\$5,370,420	\$5,861,180
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$1,040,238	\$1,141,160	\$1,186,804	\$1,243,458	\$1,283,645	\$1,404,375	\$1,460,553	\$1,528,159	\$1,579,736	\$1,724,095
Cumulative Present Value	\$15,901,057	\$17,042,216	\$18,229,020	\$19,472,478	\$20,766,123	\$22,160,489	\$23,621,052	\$25,149,210	\$26,728,946	\$28,453,042

Mount Carbon Metropolitan District Absorption, Tax Revenues and Tap Fees, November 2002

	Year 31 2032	Year 32 2033	Year 33 2034	Year 34 2035	Year 35 2036	Year 36 2037	Year 37 2038	Year 38 2039	Year 39 2040	Year 40 2041
Water and Sewer Tap fees										
Total Commercial Sq.Ft. Added Annually	167,200	0	0	0	0	0	0	0	0	0
Equipment Number of SFD Taps, based on one tap/4,804 sq.ft.	35	0	0	0	0	0	0	0	0	0
Residential Water Taps	0	0	0	0	0	0	0	0	0	0
Cumulative Taps	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142
Water and Sewer Tap Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Water & Sewer Tap Fee Income	\$34,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Cumulative	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520	\$2,141,520
Additional Income From Voluntary Mill Levy on Non-residential Uses										
Assessed Value of Non-residential uses	\$263,762,360	\$263,912,860	\$274,469,400	\$285,448,170	\$296,866,100	\$308,740,740	\$321,090,370	\$333,833,960	\$347,291,340	\$361,183,000
Mill Levy	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Additional Annual Tax Revenues (allows for 1 year lag in revenues)	\$4,547,370	\$5,075,250	\$5,279,260	\$5,489,390	\$5,708,960	\$5,937,320	\$6,174,810	\$6,421,810	\$6,678,680	\$6,945,830
Net Income	\$6,130,430	\$6,339,460	\$6,939,000	\$7,216,570	\$7,505,230	\$7,805,450	\$8,117,660	\$8,442,380	\$8,780,080	\$9,131,280
Present Value	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Present Value	\$1,006,954	\$1,041,286	\$1,139,765	\$1,185,358	\$1,232,772	\$1,282,084	\$1,333,368	\$1,386,703	\$1,442,172	\$1,499,868
Cumulative Present Value	\$29,459,996	\$30,501,282	\$31,641,047	\$32,828,405	\$34,059,177	\$35,341,261	\$36,674,627	\$38,061,330	\$39,503,602	\$41,003,361

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MIL LEVY COMPARISON FOR VARIOUS DISTRICTS

Revised 12-9-2002

W & S District Levy	Total Mil Levy	Combined W & S Tap Fees	District	Location	Current Tax Valuation	Address
	85.974	\$8,952	Southwest Metro W & S	Southwest Metro Area	\$347,725,730 Combined With Platte Canyon W & S	8739 W. Coalmine Rd.
	84.396	\$ 13,792	Green Mountain W & S District	Bear Creek Village	\$360,753,830	13919 W. Utah Ave.
	106.433	\$ 9,587	Ken Caryl W & S District	Ken Caryl Valley Area	\$200,240,100	Southwest of C-470 in S.W. Metro Area
10.282	104.344	\$14,390	Highlands Ranch Metro District # 4	Highlands Ranch	\$154,971,689	South of C-470
3.473	93.433	\$ 17,900	College Park W & S District	6 th Avenue West Estates	\$52,084,110	North Side of Green Mt.
12.532	91.495	\$39,500 Water Only	Lookout Mt. Water Dist.	Paradise Hills	\$20,373,970	N. of I-70 at Lookout Mt. Exit
15.585	92.067	\$24,500	Genesee W & S District	Genesee Mt. Area	\$65,037,670	S. Of I-70 at Lookout Mt. Exit
21.455 *20	107.886 *106.431	\$ 8,084 \$13,500	Mt. Carbon Metro Dist.	Morrison	\$746,420** Morrison & Lakewood combined	12340 W. Alameda Prkwy
21.455 *20	105.851 *104.396	\$ 8,084 \$13,500	Mt. Carbon Metro Dist.	Lakewood		12340 W. Alameda Prkwy

Post Bankruptcy mil levy plus up to an additional amount, the lessor of 17 mills or \$150,000 for certain District expenses.

* Does not include additional tax valuation of \$417,100 for areas that were de-annexed from the District, but are still responsible for the Mount Carbon Metropolitan District debt.

Note: Town of Morrison combined Water and Sewer fees are \$ 11,500 as of December 9, 2002.

Mil Levy Comparison for various Districts with similarities to the Mount Carbon Metropolitan District.

- 1. Southwest Metro Water and Sanitation District** – this District is an older District approximately 30-40 years old, in the southwest section of the Metro area. It has been combined and is managed jointly with the Platte Canyon Water and Sewer District. This District was included as a comparison because of its geographical location.
- 2. Green Mountain Water and Sanitation District** – This District is located immediately east of and adjacent to the Mount Carbon Metropolitan District. The District is financially sound and has been in existence at least 30-40 years. This District was included because of its geographical location.
- 3. Ken Caryl Water and Sanitation District** - This is a maturing District that is located in the southwest section of the Metro area and it was included because of its geographical location. The District has no mil levy because all of their debt is paid off and the District is nearly built out..
- 4. The Highlands Ranch Metro District # 4** - This District was included because of its geographical location. It is nearly built out according to information supplied by the Metro District.
- 5. College Park Water and Sanitation District** – This District is located in Lakewood on West 6th Avenue Estates, on the north side of Green Mountain. It was included because of its geographical location.
- 6. Lookout Mountain Water District** - This District was included because of its geographical location on Lookout Mountain west of the Denver Metro area. In this District, the mil levy is 12.532 mils for water only.
- 7. Genesee Water and Sewer District** - This District is located in the Genesee Mountain area, on the south side of I-70, near the Lookout Mountain exit west of the Denver Metro area. This District is an upscale area west of the Denver Metro area, in Jefferson County. It is an operating District that has a 15.585 mil levy for both water and sewer. This District was included because of its geographical location west of the Denver Metro area.

The above Districts were included to give a comparison of various total tax levies and District valuations which are believed to be comparable to the Mount Carbon Metropolitan District.

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
MOUNT CARBON)	CHAPTER 9
METROPOLITAN DISTRICT, a)	CASE NO. 97-20215 DEC
quasi-municipal corporation,)	
)	
Debtor.)	

**SEVENTH REVISED DISCLOSURE STATEMENT TO THE SEVENTH AMENDED
PLAN OF ADJUSTMENT OF DEBTS**

THE DEBTOR BELIEVES THAT THE PLAN IS FEASIBLE, AND IN THE BEST INTEREST OF THE CREDITORS OF THE DISTRICT. THE DEBTOR RECOMMENDS THAT YOU VOTE FOR ACCEPTANCE OF THE PLAN.

This Seventh Revised Disclosure Statement to the Seventh Amended Plan of Adjustment of Debts ("Disclosure Statement") is being furnished by Mount Carbon Metropolitan District (the "District" or "Debtor") to its impaired creditors pursuant to Sections 901 and 1125 of Title 11 of the United States Code (the "Bankruptcy Code") in connection with a solicitation by the Debtor of Ballots for the acceptance or rejection of the Seventh Amended Plan of Adjustment of Debts, filed by the District (the "Plan"). In addition, the Disclosure Statement is being furnished to landowners within the District whose names and addresses appear in the Jefferson County Assessors records. Capitalized terms in this Disclosure Statement not otherwise defined herein shall have their respective meanings set forth in the Plan.

On July 14, 1997, the District whose principal address is c/o Hayes, Phillips Hoffman & Carberry, P.C., 1350 17th Street, #450, Denver, Colorado 80202, filed a voluntary petition for relief under Chapter 9 of the Bankruptcy Code.¹ On January 21, 2003 the Debtor filed the Plan and this Disclosure Statement with the Bankruptcy Court. On March 25, 2003, the Bankruptcy Court approved the Disclosure Statement and authorized the Debtor to solicit acceptances and rejections of the Plan.

CLAIMANTS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN, TOGETHER WITH THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT, IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. NO SOLICITATION OF VOTES FROM CREDITORS WITH RESPECT TO THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT, AND NO PERSON

¹ Chapter 9 of the Bankruptcy Code incorporates by reference various provisions of other Chapters of the Bankruptcy Code. To the extent Bankruptcy Code Sections normally applicable to other Chapters of the Bankruptcy Code are cited herein, such sections have been incorporated by reference specifically by Chapter 9 of the Bankruptcy Code.

HAS BEEN AUTHORIZED TO USE ANY INFORMATION CONCERNING THE DEBTOR OR ITS BUSINESS IN CONNECTION WITH THE SOLICITING OF VOTES FROM THE CLAIMANTS WITH RESPECT TO THE PLAN OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. CLAIMANTS SHOULD NOT RELY ON ANY INFORMATION RELATING TO THE DEBTOR AND ITS BUSINESS OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS AND SCHEDULES ATTACHED HERETO AND TO THE PLAN, AS WELL AS THE PLAN ITSELF.

After carefully reviewing the Plan, its Exhibits and this Disclosure Statement and all exhibits and schedules attached hereto, and after consultation with your legal and/or financial advisors, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. All Ballots must be returned to the District's office at 12340 West Alameda Parkway, Suite 209, Lakewood, Colorado 80228, in the enclosed postage-paid, return envelope in sufficient time to be received no later than June 6, 2003 (the "Expiration Date").

ANY BALLOTS RECEIVED AFTER June 6, 2003, WILL NOT BE COUNTED AND SHALL BE DEEMED INVALID AND INEFFECTIVE (UNLESS OTHERWISE ORDERED BY THE BANKRUPTCY COURT.)

Except to the extent allowed by the Bankruptcy Court, Ballots that are received after the Expiration Date may not be used by the Debtor in connection with the Debtor's request for Confirmation of the Plan or any modification thereof. See "Voting Procedures – Ballots and Voting Deadline."

THE PURPOSE OF THIS DISCLOSURE STATEMENT IS TO ENABLE THOSE PERSONS WHOSE CLAIMS AGAINST THE DEBTOR ARE IMPAIRED UNDER THE PLAN TO MAKE AN INFORMED DECISION WITH RESPECT TO THE PLAN BEFORE EXERCISING THEIR RIGHTS TO ACCEPT OR REJECT THE PLAN. ON MARCH 25, 2003, AFTER NOTICE AND A HEARING, THIS DISCLOSURE STATEMENT WAS APPROVED BY THE BANKRUPTCY COURT AS CONTAINING INFORMATION OF A KIND AND IN SUFFICIENT DETAIL ADEQUATE TO ENABLE PERSONS WHOSE VOTES ARE BEING SOLICITED TO MAKE AN INFORMED JUDGMENT WITH RESPECT TO ACCEPTANCE OR REJECTION OF THE PLAN. A COPY OF THE ORDER APPROVING THE DISCLOSURE STATEMENT IS ENCLOSED HEREWITH. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF ANY OF THE REPRESENTATIONS CONTAINED IN THE DISCLOSURE STATEMENT OR THE PLAN, NOR DOES IT CONSTITUTE AN ENDORSEMENT OF THE PLAN.

The Debtor will request Confirmation of the Plan at the Confirmation hearing to be scheduled by the Court, which shall be separately noticed.

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I. DEFINITIONS

The defined terms set forth below and used in this Disclosure Statement are identical to those used in the Plan and are repeated here for convenience. In the event any of the following definitions differ from the definitions contained in the Plan, the definitions contained in the Plan shall control.

1985 Bonds shall mean all of the Series 1985 A-1 Bonds and the Series 1985 A-2 Bonds issued under and pursuant to the Indenture.

Ad Valorem Tax Revenue shall mean all property tax revenue that is derived from property located now or hereafter in the jurisdictional boundaries of the District and paid to and received by the District, and expressly including, without limitation, the property subject to the Exclusion Agreements and to the 1985 Bonds.

Allowed Administrative Claim shall mean a Claim for administrative expenses allowed under Bankruptcy Code § 503.

Allowed Claim shall mean any prepetition Claim against the Debtor, proof of which was filed on or before the Bar Date as fixed by the Court in accordance with Fed. R. Bankr. P. 3003, or any Claim that appears in the list of creditors filed by the Debtor and which is not listed by the Debtor as disputed, contingent, or unliquidated and, in either case, a Claim as to which no objection as to the allowance thereof has been interposed by the Debtor on or before the Effective Date or, if such objection has been interposed, on the date which there has been entered a Final Order allowing such Claim; provided, however, that the claims represented by the 1985 Bonds are deemed Allowed Claims without the need to file a proof of Claim.

Amended and Restated Service Plan shall mean the amended service plan that the District will file with the Jefferson County Commissioners containing terms consistent with this Plan, a copy of the proposed Amended and Restated Service Plan is attached as Exhibit H to the Disclosure Statement.

Bankruptcy Code shall mean Title 11, United States Code, as amended.

Bankruptcy Court shall mean the United States Bankruptcy Court for the District of Colorado, in which the Case is pending.

Bar Date shall mean February 13, 1998, the last date set for the filing of certain Claims as provided in the Court's Order Granting Motion to Set Bar Date for Claims filed in the Case on December 5, 1997.

Bond Tap Revenue shall mean the water and sewer tap fees charged by the District to customers who purchase a water tap from the District and who receive both water and sewer service from the District, equal to a total of \$1,000 for each residential tap or its equivalent for non-residential development, as set forth in the Amended and Restated Service Plan, and payable solely to the holders of the Series A, B, C and D Exchange Bonds until such bonds are paid in full, as more fully set forth in the Plan.

Case shall mean the above-captioned Chapter 9 case.

Citywide Bank Debt shall mean the Allowed Secured Claim of Citywide Bank, f/k/a Aurora National Bank, to the District in the approximate principal amount of \$707,000 plus interest at the rate of 9.5% per annum, which is secured by a lien on certain water rights owned by the District.

Claim(s) shall mean Claim as defined in 11 U.S.C. §101(5).

Colco Corp. shall mean Colco Corp., a Colorado corporation, who is an owner of a significant portion of the land located within the District and is a creditor of the District. Colco Corp. has agreed to be the Plan Funder and will perform the duties of the Plan Funder under this Plan.

Committee shall mean the Official Creditors' Committee of Mount Carbon Metropolitan District appointed by the United States Trustee in accordance with the Bankruptcy Code in the Case.

Confirmation shall mean the entry by the Court of an order confirming the Plan in accordance with Section 943 of the Bankruptcy Code.

Conditions Precedent to Confirmation shall have the meaning contained in Section 9.1 of the Plan and as set forth herein:

1. The Bankruptcy Court shall have approved the Disclosure Statement.
2. The Plan Funder Agreement has been executed.
3. The District has filed an application with the Board of County Commissioners of Jefferson County for approval of the Amended and Restated Service Plan, in a form and with content substantially similar to that attached to the Disclosure Statement as Exhibit H.
4. The Board of Directors of the Red Rocks Centre Metropolitan District has filed a petition and plan of dissolution meeting all requirements of applicable state law with the District Court in and for Jefferson County for dissolution of the said district.

Conditions Precedent to the Effective Date shall have the meaning contained in Section 9.2 of the Plan and as set forth herein:

1. The Plan Funder shall have deposited all funds required under the Plan Funder Agreement with the Escrow Agent and has performed all obligations required to be performed under the Plan Funder Agreement.
2. The District has received opinion letters from its bond counsel and general counsel confirming that the Exchange Bonds will be valid, tax exempt obligations of the District.
3. The Amended and Restated Service Plan, in a form and with content substantially similar to that attached to the Disclosure Statement as Exhibit H, has been approved by the Board of County Commissioners of Jefferson County, unless this requirement is waived in writing by both the City of Lakewood and the Town of Morrison in their sole discretion.
4. Red Rocks Centre Metropolitan District has been dissolved by formal order, or will be dissolved concurrently with the Effective Date, unless this requirement is waived in writing by both the City of Lakewood and the Town of Morrison in their sole discretion.
5. The Confirmation Order, in form and substance acceptable to the Debtor, shall have been entered by the Bankruptcy Court.

Confirmation Order shall mean that order entered by the Court confirming the Plan in accordance with Section 943 of the Bankruptcy Code.

Court shall mean the United States Bankruptcy Court for the District of Colorado.

Debtor shall mean the Mount Carbon Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado.

Disclosure Statement shall mean the disclosure statement describing the Plan which was filed by the Debtor, approved by the Court, and distributed to the various Classes under the Plan as provided in 11 U.S.C. § 1125.

Disputed Claim shall mean any Claim which has been scheduled by the Debtor as disputed, contested, contingent, or unliquidated, or any Claim as to which an objection to the allowance thereof has been interposed and allowance or disallowance of such Claim has not been determined by a Final Order.

Effective Date shall mean the date upon which the conditions set forth in Conditions Precedent to the Effective Date have been satisfied.

Escrow shall mean the escrow to be established under Article VII of the Plan to facilitate the distributions as provided in the Plan.

Escrow Agent shall mean the escrow agent chosen by the District and approved by the Court to receive deposits and make distributions under this Plan, which escrow agent shall be a national bank with offices in Denver, Colorado.

Escrow Agreement shall mean the escrow agreement to be executed by the District and the Escrow Agent to facilitate the distributions required under the Plan, which agreement shall be consistent with the Plan.

Exchange Bonds shall mean collectively the Series A, B, C and D Exchange Bonds and any bonds issued to refund such bonds as set forth in the Plan.

Exclusion Agreements shall mean the following Agreements: (i) Colco Corp. – Red Rocks Centre Exclusion Reception # 86160198 Recorded 12-29-86. The order stated “That the land and property herein shall hereafter be subject to the levy of taxes for the payment of its proportionate share of any indebtedness of the District outstanding at the date such exclusion order is effective, including any refunding of such outstanding indebtedness.” Area of Exclusion = 93.4 Acres; (ii) Mickey & Fox, Inc. Exclusion (This parcel is the northern most exclusion shown on the Mount Carbon Boundary Map Exhibit B). Reception # 90092080 Recorded 10-29-90. The order stated “That the land and property herein shall hereafter be subject to the levy of taxes for the payment of its proportionate share of any indebtedness of the District outstanding at the date such exclusion order is effective, including any refunding of such outstanding indebtedness.” Area of Exclusion = 2.0 Acres; (iii) Bandimere Exclusion Reception # F0042953 Recorded 4-19-95. The order finds and orders that “There is currently no bonded indebtedness in existence immediately preceding the effective date of this Order for which the excluded property may otherwise be liable.” Area of Exclusion = 7.4 Acres. Note: This property was conveyed by the Colorado Department of Highways to Bandimere and consisted of 3 small parcels and one 6.8 Acre parcel remaining on the west side of C-470 after the taking of Right of Way for C-470; (iv) Conoco Exclusion Reception # F1048055 Recorded 4-27-2000. The order states that Conoco, Inc is subject to: “continued taxation for its proportional share of the debt service on the District’s bonded indebtedness existing on the date of this Court’s Order of Exclusion.” Note: This exclusion was granted so that Conoco, Inc could connect to the Town of Morrison’s water and sewer system; (v) Excluded Parcel in the C-470 Right of Way shown on

the Mount Carbon Boundary Map, Exhibit B. No record of this Exclusion was found, but this parcel is of no consequence since it is within the Right of Way of C-470.

Final Decree shall mean the order of the Court entered after the Effective Date and after the Case is fully administered, closing the Case, in accordance with Bankruptcy Code § 945.

Final Order shall mean an order of the Court as to which (a) the time for appeal has expired and no notice of appeal has been filed; (b) no stay, as provided by Rule 8005 of the Federal Rules of Bankruptcy Procedure, has been issued with respect to any timely filed appeal; or (c) any timely filed appeal in which a stay which has issued has been finally determined or dismissed. The time for appeal, for purposes of this definition, shall be the time permitted for an appeal to the United States District Court for the District of Colorado, including the Court's Local Rules.

Indenture shall mean the Indenture of Trust dated as of May 1, 1985 between the District and Denver National Bank, N. A., as trustee, and under which the Trustee is successor indenture trustee.

Limited Mill Levy for General Operation shall mean the mill rate established by the District during the term of any outstanding Exchange Bonds, including any bonds or other obligations issued to refund such Exchange Bonds, which mill rate shall not exceed the lesser of (i) \$150,000 or (ii) whatever amount would be payable with a levy of 17 mills of assessed value levied against any and all property now or hereafter located within the District's jurisdiction and/or currently encumbered by the lien of the 1985 Bonds, which amount shall be used, following the Effective Date, exclusively for the general administrative costs of the District such as salaries, benefits, legal, general planning and engineering, audits and other such reasonable administrative expenses. In addition, the District may use the Limited Mill Levy for General Operations to pay the District's direct operation and maintenance expenses of the water and sewer system to the extent that water and sewer service rates and charges on active taps are not sufficient to pay such direct costs; provided, however, that at such time as the water service rates and charges are adequate to pay operation and maintenance expenses of the water and sewer system of the District, the Limited Mill Levy for General Operations shall cease to be used for such direct water and sewer costs, and shall be reduced to an amount necessary to fund the District's general administration expenses only. Notwithstanding the foregoing, the Limited Mill Levy for General Operations shall be subject to adjustment as follows: In the event that under constitutional or statutory provisions enacted by the Colorado Legislature after the Effective Date the method of determining (1) assessed value, (2) actual value or (3) the percentage of actual value used to arrive at assessed value changes from that in effect on the Effective Date, the Limited Mill Levy for General Operations will be adjusted to a level which will produce the same amount of Ad Valorem Tax Revenue that would have been raised if such method or percentage had not otherwise been changed.

Limited Mill Levy for Repayment of Exchange Bonds shall mean the mill rate established by the District during the term of any outstanding Exchange Bonds, including any bonds or other obligations issued to refund such Exchange Bonds, which mill rate shall not exceed twenty (20) mills of assessed value levied against any and all property now or hereafter located within the District's jurisdiction and/or currently encumbered by the lien of the 1985 Bonds. The Limited Mill Levy for Repayment of Exchange Bonds shall be used exclusively for repayment of the Exchange Bonds. The Limited Mill Levy for Repayment of Exchange Bonds is a maximum mill levy. If assessed values are such that a lesser mill levy generates sufficient revenue, together with other available revenues, to pay any and all accrued and current interest

and principal on the Exchange Bonds, then the 20 mill rate shall be reduced to an amount sufficient to keep payments on the Exchange Bonds current. Notwithstanding the foregoing, the Limited Mill Levy for Repayment of Exchange Bonds shall be subject to adjustment as follows: In the event that under constitutional or statutory provisions enacted by the Colorado Legislature after the Effective Date the method of determining (1) assessed value, (2) actual value or (3) the percentage of actual value used to arrive at assessed value changes from that in effect on the Effective Date, the Limited Mill Levy for Repayment of Exchange Bonds will be adjusted to a level which will produce the same amount of Ad Valorem Tax Revenue that would have been raised if such method or percentage had not otherwise been changed.

List of Creditors shall mean the list of creditors that the District has filed with the Court pursuant to 11 U.S.C. § 924 as may be amended from time to time.

Net Series 1985 A-2 Bonds shall mean the unpaid balance of the Series 1985 A-2 Bonds remaining after application of the Net Treasury Strip Proceeds as provided in the Plan.

Net Treasury Strip Proceeds shall mean the net proceeds from the liquidation of the Treasury Strips after payment of (i) the costs incurred in connection with the liquidation of the Treasury Strips, whether incurred pre- or post-Effective Date, and (ii) the payment of any and all the Trustee's charges and reimbursable expenses as provided in the Indenture as modified by the Plan, which amounts the Trustee shall be deemed authorized and directed to pay upon the occurrence of the Effective Date without further Court order other than the Confirmation Order.

New Indenture shall mean a new written indenture of trust to be dated on or about the Effective Date by and between the District and the New Trustee to be the indenture of trust for the Exchange Bonds. The New Indenture shall provide for the issuance of the Exchange Bonds on the terms described in the Plan, shall be consistent with the terms of the Plan and shall otherwise be in form and on terms acceptable to the District, the Trustee, whose consent shall not be unreasonably withheld and the New Trustee. No further or additional order of the Court shall be necessary or required for the District to enter into the New Indenture other than the Confirmation Order.

New Trustee shall mean the trustee under the New Indenture to be selected by the District prior to the Effective Date, which trustee shall be a national bank with offices in Denver, Colorado.

Petition Date shall mean July 14, 1997, the date on which the District filed its petition under Chapter 9 of the Bankruptcy Code.

Plan shall mean this Seventh Amended Plan for Adjustment of Debts together with any modifications or amendments thereto pursuant to Bankruptcy Code § 942 but only if such modification or amendment is approved in writing by the Trustee, the City of Lakewood and the Town of Morrison.

Plan Documents shall mean the Plan, the Plan Funder Agreement, the Escrow Agreement, and the New Indenture.

Plan Funder shall mean Colco Corp., a Colorado corporation, a party to the Plan Funder Agreement.

Plan Funder Agreement shall mean that certain agreement by and between the District and the Plan Funder, which shall be consistent with the Plan.

Plan Participants shall mean the Debtor, its directors, officers, agents and employees, members of the Committee, the Committee, the Plan Funder, and the Trustee and professionals and consultants providing services to one or more of such persons in connection with this Chapter 9 Case.

Secured Claim shall mean a claim deemed secured under Bankruptcy Code § 506.

Series 1985 A-1 Bonds shall mean all of the issued and outstanding Series 1985 A-1 Bonds issued by the District pursuant to the Indenture.

Series 1985 A-2 Bonds shall mean all of the issued and outstanding Series 1985 A-2 Bonds issued by the District pursuant to the Indenture.

Series A Exchange Bonds shall mean those bonds issued pursuant to the Plan in the amount of \$2,000,000 and which shall bear interest at the rate of 7% per year payable semi-annually commencing upon the Effective Date. Interest, if not paid, shall accrue on unpaid interest at the rate of 7% per year. The term of said bonds, and any refunding bonds shall not exceed 40 years from the Effective Date; however, interest shall continue to accrue only until year 30 from the Effective Date. If for any reason any portion of the principal and interest has not been repaid within such 40-year term then the Series A Exchange Bonds shall be of no further force and effect and will be deemed to be cancelled by the District. Amortization of principal shall be established as the minimum required by the Internal Revenue Code or other applicable laws to qualify the bonds as tax exempt. The Series A Exchange Bonds shall be superior to and have priority over all other Series of Exchange Bonds.

Series B Exchange Bonds shall mean those bonds issued pursuant to the Plan in the amount of the cash provided to the District by the Plan Funder under the Plan Funder Agreement to pay all Allowed Administrative Claims and the Allowed Claims of Classes 1, 2, and 5 less the amount of Series A Bonds; provided however that notwithstanding anything contained in the Plan or the Plan Funder Agreement to the contrary, the Series B Exchange Bonds shall not exceed \$2,000,000. Such bonds shall bear interest at the rate of 7% per year payable semi-annually commencing on the Effective Date with interest on any amount not paid accruing at the rate of 7% per year. The term of such bonds and any refunding bonds shall not exceed 40 years from the Effective Date; however, interest shall continue to accrue only until year 30 from the Effective Date. If for any reason any portion of the principal and interest has not been repaid within the 40-year term then such obligations shall be of no further force or effect and will be deemed cancelled by the District. Amortization of principal shall be established as the minimum required by the Internal Revenue Code or other applicable laws to qualify the Series B Exchange Bonds as tax exempt. The Series B Exchange Bonds shall be subordinate to the Series A Exchange Bonds, but shall be superior to and have priority over all Series C and D Exchange Bonds.

Series C Exchange Bonds shall mean those bonds issued pursuant to the Plan in an amount equal to \$9,000,000. Such bonds will bear interest at a rate of 8% per year payable semi-annually commencing on the Effective Date with interest on any payment not paid accruing at the rate of 8% per year. The term of such bonds and any refunding bonds shall not exceed 40 years from the Effective Date; however, interest shall continue to accrue only until year 30 from the Effective Date. If for any reason any portion of the principal and interest has not been repaid within the 40-year term then such obligations shall be of no further force or effect and will be deemed cancelled by the District. Amortization of principal shall be established as the minimum required by the Internal Revenue Code or other applicable laws to qualify the Series C Exchange Bonds as tax exempt. The Series C Exchange Bonds shall be subordinate to the Series A and B Exchange Bonds, but shall be superior to and have priority over all Series D Exchange Bonds.

Series D Exchange Bonds shall mean those bonds issued pursuant to the Plan in an amount equal to the remaining principal and accrued but unpaid interest outstanding on the 1985 Bonds, provided however, that in no event shall the amount of Series D Exchange Bonds exceed

the sum of \$16,000,000 less the total of all Series A, B, and C Exchange Bonds. Series D Exchange Bonds shall accrue interest at the rate of 9% per year commencing on the Effective Date with interest on any payment not paid accruing at the rate of 9% per year. The term of such Bonds and any refunding bonds shall not exceed 40 years from the Effective Date; however, interest shall continue to accrue only until year 30 from the Effective Date. If for any reason any portion of the principal and interest has not been repaid within the 40-year term then such obligations shall be of no further force or effect and will be deemed cancelled by the District. Amortization of principal shall be established as the minimum required by the Internal Revenue Code or other applicable laws to qualify the Series D Exchange Bonds as tax exempt. The Series D Exchange Bonds shall be subordinate to all other Series of Exchange Bonds.

Tap Fee Revenue shall mean all revenue received by the District as a result of the sale of water and sewer taps by the District less the Bond Tap Revenue of \$1,000 per combined water and sewer tap, with such revenue to be used for water and sewer infrastructure as set forth in the Amended and Restated Service Plan.

Treasury Strips shall mean any and all of the United States Treasury securities or instruments bonds or strips held in trust pursuant to the Indenture as collateral for certain of the Series 1985 A-2 Bonds.

Trustee shall mean Bank One Trust Company, N. A., successor by merger to Denver National Bank, as indenture trustee under the Indenture.

Water and Sewer Plan shall mean the water and sewer plan attached to the Disclosure Statement as Exhibit G.

II. INTRODUCTION

On July 14, 1997 (the Petition Date), the District filed its voluntary petition under Chapter 9 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado (the Court), the Honorable Marcia Krieger presiding. Subsequently Judge Krieger was appointed to the United States District Court for the District of Colorado, and on April 9, 2002, the case was reassigned to the Honorable Donald E. Cordova. Pursuant to the Court's Order dated July 16, 1997, the District published notice of the filing of its petition and request for the entry of an order for relief in the Rocky Mountain News and the Bond Buyer and in addition mailed notice to all known creditors and parties in interest of the District. On September 23, 1997, the Court entered the Order for Relief pursuant to Bankruptcy Code Section 921(d).

The Debtor has proposed the Plan which the Debtor believes is in the best interest of the Debtor's creditors. A copy of the Plan is attached to this Disclosure Statement and is incorporated herein by reference.

A. Explanation of Chapter 9 of the Bankruptcy Code

Chapter 9 is a chapter of the Bankruptcy Code that permits municipalities to adjust debts owed to creditors. Since the filing of the Chapter 9 Case, the Debtor has been authorized to manage and operate its business and has continued to do so.

The commencement of a Chapter 9 case creates an "estate" comprised of the legal and equitable interests of the debtor in property. Section 904 of the Bankruptcy Code provides that a municipal debtor may continue to operate the debtor's business. The Debtor has continued to operate its business since the commencement of this Chapter 9 case.

The filing of a Chapter 9 petition triggers the automatic stay provisions of the Bankruptcy Code. Sections 922 and 362 of the Bankruptcy Code provide for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the Bankruptcy Court, the automatic stay remains in full force and effect in a Chapter 9 case until the confirmation of a plan.

The Debtor filed a List of Creditors as required by Section 924 of the Code. Formulation of a plan for adjustment of debts is the principal purpose of a Chapter 9 case. The plan is the vehicle for satisfying the holders of claims against the debtor.

B. Filing Proofs of Claim

The Debtor proposes in the Plan to restructure its obligations in order to pay creditors and continue operating as a going concern. A Proof of Claim is deemed filed for any Claim that appears in the List of Creditors that was filed in this case, except a Claim that is scheduled as disputed, contingent, or unliquidated. If a creditor agrees with the amount of the Claim as listed by the Debtor and such Claim was not listed as disputed, contingent, or unliquidated, the holder of that Claim need not have filed a Proof of Claim. Holders of the 1985 Bonds were not required to file Proofs of Claim because the Claims of such holders were deemed filed and allowed in accordance with the List of Creditors..

However, if the Debtor (i) did not list a holder's Claim, (ii) listed such holder's Claim as disputed, contingent, or unliquidated, or (iii) the amount the Debtor listed for the holder's Claim varies from the amount claimed by the holder of such Claim, the holder of such Claim must have filed a Proof of Claim in the amount of such Claim. The Court will recognize and allow a Proof of Claim only if such Proof of Claim is timely filed, or thereafter with Court authorization, and is not objected to by the Debtor or any party in interest. Except for Class 6, if an objection to a Proof of Claim is filed, after notice and hearing, the Court will determine to what extent, if any, such Claim will be allowed. The List of Creditors is on file with the Clerk of the Court and is available for inspection during regular court hours. The Court established February 13, 1998, as the last date for filing Proofs of Claim, and any Claim filed after that date is subject to disallowance for untimely filing, except with respect to Claims of 1985 Bondholders.

C. No Representations

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE OPERATIONS, VALUE OF ITS ASSETS, OR THE VALUE OF ANY OTHER ASSETS TO BE CONSIDERED UNDER THE PLAN) ARE AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE, WHICH ARE OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT,

SHOULD NOT BE RELIED UPON IN ARRIVING AT YOUR DECISION WHETHER TO VOTE FOR OR AGAINST THE PLAN. UNDER NO CIRCUMSTANCES IS THE DEBTOR MAKING ANY REPRESENTATION AS TO ANY TAX CONSEQUENCES TO CREDITORS OR HOLDERS OF THE DEBTOR'S DEBT RESULTING FROM THE PLAN.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY AUDITED FOR INCLUSION IN THIS DISCLOSURE STATEMENT. THE DEBTOR IS UNABLE TO WARRANT OR TO REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO BE ACCURATE. CREDITORS ARE URGED TO REVIEW THE PLAN IN FULL PRIOR TO VOTING ON THE PLAN TO ENSURE A COMPLETE UNDERSTANDING OF THE PLAN AND THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CREDITORS OF THE DEBTOR TO ENABLE SUCH CREDITORS TO MAKE AN INFORMED DECISION ABOUT THE PLAN.

IF CLASSES 1, 2, 3, 4, 5 OR 6 DO NOT VOTE TO ACCEPT THE PLAN, THE DEBTOR WILL, PURSUANT TO SECTIONS 901(a) AND 943 OF THE BANKRUPTCY CODE, SEEK CONFIRMATION UNDER THE PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AND HEREBY GIVES NOTICE OF SUCH INTENT.

D. Purpose of the Disclosure Statement

The Debtor is furnishing this Disclosure Statement to the Classes of impaired creditors pursuant to the requirements of Sections 901(a) and 1125 of the Bankruptcy Code and Bankruptcy Rule 3017 thereunder, for the purpose of soliciting Ballots for the acceptance or rejection of the Plan under Chapter 9 of the Bankruptcy Code. A successful reorganization under the Bankruptcy Code depends upon the receipt of sufficient numbers of votes in favor of the Plan or application of Sections 901(a), 943 and 1129(b). Your vote, therefore, is important.

The Disclosure Statement describes various transactions contemplated under the Plan as well as certain transactions or settlements embodied in the Plan. This Disclosure Statement serves as notice to creditors and parties in interest of all such transactions, contracts or settlements as allowed or required by the Bankruptcy Code or Rule 9019 of the Federal Rules of Bankruptcy Procedure and the time fixed by the Court for the filing of objections to Confirmation shall likewise be deemed to be the time fixed for the filing of any objections to the foregoing transactions, contracts or settlements.

If the Debtor receives Ballots accepting the Plan from at least two-thirds in amount, and more than one-half in number of at least one Class of impaired creditors voting on the Plan, the Debtor, subject to certain conditions described herein, intends to request confirmation of the Plan under Bankruptcy Code Section 1129(b) as made applicable to Chapter 9 cases under Bankruptcy Code Section 901(a). Under the Bankruptcy Code, in order for the Plan to be confirmed, the Plan must be accepted by at least one impaired Class of Claims exclusive of insider votes.

Under the Bankruptcy Code, after the commencement of a bankruptcy case, the solicitation of acceptances or rejections of a plan of adjustment must be accompanied by disclosure materials containing information of a kind and in sufficient detail to enable solicited creditors to make informed judgments about the plan and the acceptance or rejection thereof. On March 25, 2003, the Bankruptcy Court found this Disclosure Statement contains information that is in compliance with the "adequate information" requirement of Section 1125(a) of the Bankruptcy Code, as indicated by its Order Approving Disclosure Statement enclosed herewith.

E. Legally Binding Effect of Plan with Respect to Creditors

If confirmed, the provisions of the Plan will bind the Debtor and any creditor to the fullest extent permitted by Bankruptcy Code Section 944 and, without limiting the foregoing, will (1) bind all creditors, whether or not they accept the Plan, and (2) discharge the Debtor from all debts that arose before the Confirmation, except as otherwise provided in the Plan.

F. Voting Requirements

The Classes of Claims that are impaired under the Plan are entitled to vote to accept or reject the Plan. An impaired Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (1) hold at least two-thirds of the amount of the Allowed Claims of the holders of such class who actually vote, and (2) constitute more than one-half in number of holders of the Allowed Claims in such class actually voting on the Plan.

III. IDENTIFICATION AND HISTORY OF THE DEBTOR

A. Mount Carbon Water and Sanitation District

Mount Carbon Water and Sanitation District was formed on September 14, 1976, pursuant to court order in Jefferson County District Court. The original property included in the District consisted of approximately 860 acres of land on the west side of the Denver metropolitan area in Jefferson County near today's intersection of Interstate C-470 and Morrison Road. Subsequent parcels of land were added to the District by order entered January 1, 1979. The District totals approximately 1100 acres in size with a zoning mix of approximately 540 acres commercial, 350 acres residential and 210 acres devoted to open space, parks and recreation, roadways, municipal services and other development. Please see Exhibit A, which contains a detailed comparison of land use zoning within the District. The District petitioned for conversion to a metropolitan district and an order was entered October 4, 1982 converting the District to Mount Carbon Metropolitan District. The order and boundaries of the District at that time were recorded in the Jefferson County Records. Additional property was added to the District by an order dated December 18, 1984. The conversion to a metropolitan district was affirmed by another court order entered April 4, 1984. As of April 4, 1984, the District boundary was therefore defined by the order recorded in the Jefferson County Records at Reception Number 84030968 and included all of the property that subsequently became subject to the 1985 Bonds which are general obligation bonds issued by the District.

Certain property has subsequently been excluded from the District by the Exclusion Agreements. Pursuant to the statutes in Colorado governing special districts and revenue bonds, all of the land excluded from the District remains subject to the general obligation bonds issued prior to the Exclusion Agreements, which bonds include, without limitation, the 1985 Bonds. All of the District's general obligation bonds were issued prior to the exclusion orders and all of the District property as described in the conversion order is subject to the debt and will remain subject to any Exchange Bond debt created or issued under the Plan. To provide additional assurance of this result, the District and the owners of the property affected by the Exclusion Agreements have agreed to clarify the terms of the Exclusion Agreements as set forth in Article V Section 5.2 of the Plan and to assume the Exclusion Agreements as clarified or modified as the case may be. The District as described in an Exclusion Order entered December 29, 1988 is depicted on the maps attached hereto collectively as Exhibit B.

The exclusion of the property known as Red Rocks Centre from the District should have no negative impact on the District and its creditors because such property will continue to be subject to the Exchange Bonds following such exclusion and Confirmation. The District believes that the Red Rocks Centre Metropolitan District will be dissolved pursuant to state law, but as stated above, such property will remain subject to the Exchange Bond debt created or issued under the Plan.

B. Mount Carbon's 2001 Financial Performance

The District had actual 2001 revenues (for the twelve months ending December 31, 2001) of \$12,240 and expenditures of \$96,383. Of the revenue, only \$10,514 was attributable to funds received from taxes levied and collected on real property located within the District. The revenue was sufficient only to maintain the most minimal of District operations. No revenue was available for debt service on the District's debt obligations. Without a substantial increase in the assessed value of real property located within the District, the District does not foresee any significant increases in revenue. The District has not increased mill levies by the drastic amounts that would be needed to pay its outstanding debt, because to do so would be a self-defeating event. Such an increase would prevent future development and thus prevent an increase to the assessed valuation within the District. The District believes that the only reasonably foreseeable way to increase the District's revenues will be to create an environment that will allow for increased development and thus increased assessed valuation within the District.

The District believes that until its debts are restructured, there will not be any significant development or building on real property located within the District, but that as soon as the District's debts are restructured, significant development will occur, which will result in increased revenues from property taxes, thus enabling the District to meet its financial obligations under the Plan.

IV. CONDENSED FINANCIAL INFORMATION

The District is in dire straits financially. As of December 31, 2001, the District had only \$117,114 cash on hand with over \$437,473 in accounts payable, largely to professionals that

have provided services during the Case, but to other miscellaneous vendors (included in this amount are creditors classified in Class 1, see estimates of claims herein) as well, and \$40,316,130 in matured interest due and payable. Attached as Exhibit C to this Disclosure Statement are the District's Financial Statements, Balance Sheet and Income Statement for fiscal year 2001.

V. THE CHAPTER 9 CASE

A. Reason for Chapter 9 Filing

In order to preserve and protect its rights and interests and to facilitate the satisfaction of existing obligations of the District, the Debtor commenced its Chapter 9 Case on July 14, 1997. The filing of the Case also resulted in the imposition of an automatic stay, which operated to enjoin certain debt collection activities, as specified in Sections 922 and 362(a) of the Bankruptcy Code.

Pre-petition, the District issued approximately \$14,000,000 in 1985 Bonds, which were used to make improvements in two primary developments within the District, a business park known as Red Rocks Business Park and a residential area known as Springfield Green. The improvements consisted of the construction of roads and the installation of water and sewer facilities. Substantially all of the proceeds, less costs of issuance, from the 1985 Bonds were used to construct these improvements and to retire 1984 bonds which were also used to construct water and sewer improvements in the District.

It was envisioned that a portion of the property within the District would become a regionally oriented urban activity center with business, cultural and residential uses. None of this development occurred however. The Denver area real estate market virtually collapsed in the late 1980s, much of the land within the District was under the control of the Resolution Trust Corporation and its successors and private lending on commercial development became non-existent. The Resolution Trust Corporation refused to participate in any restructuring efforts or to facilitate development within the District. As a result, no development has ever occurred, and before any new development can occur the District must restructure its debts and make arrangements for the repair of existing infrastructure and the construction of certain new improvements. The existing roads have deteriorated and will have to be partially replaced before construction occurs. The District's existing water and sewer facilities have deteriorated, and merely to study the extent of the deterioration will cost thousands of dollars.

More generally, however, the reason for the filing was that the District has incurred debt obligations which far exceed its current ability to pay. The only significant source from which the District may generate revenue is through taxation of land subject to the taxing powers of the District. Although the District has invested significant funds in the construction of roads, sewers and other infrastructure, those items by their very nature could not be sold by the District for any significant revenue which might be used to pay the debts of the District. The current revenues from tax collections are very low due to the very low assessed valuation of land subject to the District's taxing powers. As stated above, the District has not increased mill levies by the drastic amounts (in excess of 100% of assessed value) that would be needed to pay its outstanding debt,

because to do so would be a self-defeating event. Such an increase would prevent future development and thus prevent an increase to the assessed valuation within the District. If mill levies were increased to such a level, then it is unlikely that property owners could or would pay such taxes, and, the District believes, it would also be unlikely that there would even be bidders for tax certificates put up for sale on the properties. The only reasonably foreseeable way to increase the District's revenues will be to create an environment that will allow for increased development and thus increased assessed valuation within the District.

No development will occur so long as the District remains in default on its debt obligations and cannot provide services to land within the District. The Plan will restructure the District's obligations so that it will no longer be in default and will lift the cloud that has prevented any development to date.

The Denver area is currently experiencing a slight downturn in the commercial and residential real estate market. However interest rates are low. These factors combine to contribute to a more uncertain condition for the implementation of this Plan and the development contemplated by it. Low interest rates also give rise to an increase in value to the Treasury Strips that back a portion of the 1985 Bonds. By liquidating the Treasury Strips now, the payout to a portion of the 1985 Bond holders from this source would be greater than when prevailing interest rates are higher. If interest rates increase in the future then the value of the Treasury Strips will decrease accordingly. It is uncertain when conditions may be better to accomplish the actions contemplated under the Plan. Denver historically has experienced boom and bust cycles in the real estate industry. The District believes that it would be virtually impossible to restructure the District's debts with comparable treatment to creditors in the next bust cycle, if that should occur.

If the District does not restructure its debt obligations through the Plan then it is likely that nothing will occur to facilitate debt repayment. It is likely that the situation would return to the status quo in effect before the filing of the Case; no development, low assessed value, negligible revenue, further deterioration of roads, sewer and water facilities and no payments in the foreseeable future to creditors of the District.

B. Notice of the Chapter 9 Case

The Debtor filed with the Court a "mailing matrix" listing the names and addresses of its creditors and other parties-in-interest on July 18, 1997. On July 23, 1997, the Debtor issued notices to those persons listed on this mailing matrix concerning the filing of the Case. Notice of Commencement of Case under Chapter 9 of the Bankruptcy Code was published three times in both the Rocky Mountain News and the Bond Buyer as required by the Court. An Order for Relief, approving this Chapter 9 filing, was entered by the Court on September 23, 1997.

C. Current Board of Directors for the District.

The current members of the Board of Directors of the District are:

Amie McCarty. Ms. McCarty has a Bachelor of Science degree in Education from the University of Northern Colorado, a Teaching Credential and a Master's degree in Education from the University of Phoenix. She currently works as a teacher in Douglas County, Colorado. Her term expires May 2005. Mrs. McCarty owns property in the District, is not a creditor of the District and does not serve on any corporation board of directors with a connection to the District, nor is an employee of any such corporation.

Michael Moore. Mr. Moore has a degree in accounting from The University of Colorado. In 1976, Mr. Moore served as assistant manager and controller of two hotels in Vail, Colorado, and has served twenty years in the construction of buildings, utility systems and land development. He owned a wholesale plumbing business in Vail and is an owner of rental properties in Denver and Vail. His term expires May 2005. Mr. Moore owns real estate in the District, is not a creditor of the District and does not serve on any corporation board of directors with a connection to the District, nor is an employee of such corporation.

Robert Thacker. Mr. Thacker has a Bachelor of Science degree from Ohio State University in Physical Medicine and Physical Therapy. He is project director for design and construction of various facilities and land development projects in Colorado, Nebraska, and Florida and has been a licensed real estate salesman for 18 years. His term expires May 2005. Mr. Thacker owns real estate in the District, is not a creditor of the District and does not serve on any related corporation board of directors.

Terry Bartholomew. Mr. Bartholomew attended Los Angeles City College to study in Engineering and Illustration. He has been a general and framing contractor for 25 years. He has been engaged in property management for the last 8 years. His term expires May 2005. Mr. Bartholomew owns real estate in the District, is not a creditor of the District and does not serve on any corporation board of directors with a connection to the District, nor is an employee of any such corporation. Mr. Bartholomew resides within the District.

Chad Gilland. Mr. Gilland attended Wyoming Tech and received an AA in applied science. He was employed by Mile Post Farms as a trainer and manager of show horses until recently and is currently employed as a veterinary tech at the Littleton Large Animal Clinic. He does not serve on any corporation with a connection to the District, nor is an employee of such corporation. Mr. Gilland owns real estate in the District. His term expires May 2005.

D. Post Confirmation Operation of the District

Following plan confirmation, the District will remain in operation. The Board will continue to hold public meetings to approve its budget and certify its annual mill levy on or before the December 15 statutory deadline. Members of the Board do not currently receive compensation for their service on the Board. The Board will continue to conduct the business of the District and exercise its legislatively-created authority set forth under C.R.S. §§32-1-1001 and 1004, which authority includes, without limitation, the power to enter into contracts and intergovernmental agreements, the power to exercise eminent domain authority, and the power to fix, increase or decrease, fees, rates, tolls and penalties for District services and facilities, and will be subject to the limitations in the Plan and the Amended and Restated Service Plan. The

District will pursue modification of the Amended and Restated Service Plan, and the District will continue to hold elections for Board members subject to Colorado's term limitations. The District shall have authority to finance, acquire land and water rights for, design, construct, own, operate and maintain water and sanitary sewer facilities within and outside its legal boundaries, but it shall have authority to serve only property or customers within its legal boundaries and not outside thereof.

The property in the District is currently undeveloped. It cannot develop without organized service for treated water and sanitary sewer. As of November 15, 2002, there are no entities other than the District that are willing and able to provide these services to property within the District.

The owners of property within the District which is also located in the City of Lakewood may in their sole discretion choose their provider of water and sewer service. However, if a property receives water from the Mount Carbon Metropolitan District, said property must also receive sewer from the District due to water court decree return flow requirements. Any property that receives neither water nor sewer service from the District shall be excluded from the District upon petition from the property owner, but such property will continue to be responsible for the 20-mill levy to pay the Exchange Bonds (which is referred to as the Limited Mill Levy for Repayment of Exchange Bonds). Any property which receives either water or sewer service from the District shall remain in the District.

Pursuant to an annexation agreement, water and sewer service in those portions of the District located in Morrison will be provided by the District if the District can provide both services, subject to Morrison's first right of refusal for water service on a portion of land within the District, as set forth in an Agreement of Right of First Refusal between the District and the Town of Morrison *et al.* dated September 17, 1996 if such Agreement is still in effect. In addition, the Town of Morrison will have the first right of refusal to provide water to any development within that portion of the District located in Morrison, up to a total maximum of 800 equivalent residential taps ("EQRs") in the future when and if an agreement to that effect is entered into between the District and the Town.

In Morrison, notwithstanding the absence of an agreement between the District and the Town of Morrison for the Town to provide water within the District, if, during the first five years after the effective date of this Amended and Restated Service Plan, the District is not able or reasonably will not be able to provide both water and sewer service to a property legally and practically ready for development within 24 months after a written request for such service by a property owner, the property owner can apply to obtain both water and sewer service from the Town of Morrison. If a property receives neither water nor sewer service from the District, such property will be excluded from the District upon petition of the property owner, but will continue to be responsible for the 20 mill levy to pay the Exchange Bonds. If a property in the District receives either water or sewer service from the District, the property will remain in the District.

Any and all former authorization and powers for the District to furnish park and recreation, street improvement, and traffic safety protection services and facilities are terminated, cancelled and revoked.

E. Retention of Professionals

Prior to the commencement of the Chapter 9 Case, the Debtor hired the law firm of Connolly, Halloran & Lofstedt, P.C., as bankruptcy counsel for the purpose of assisting in guiding the Debtor through this bankruptcy proceeding, and in the formulation and filing of the Plan. Mr. Brian Halloran, Esq., left that firm and is practicing law as a solo practitioner and the District has requested that he continue to represent the District. Regular pre-petition counsel for the District, Hayes, Phillips, Hoffman & Carberry P. C., continues to provide legal services to the Debtor post-petition. Hayes, Phillips, Hoffman and Carberry P.C., is paid for its services on a current basis. The Debtor's bond counsel for this Plan is Ballard, Spahr, Andrews & Ingersoll, LLP. The Committee has retained Joel Laufer, Esq. of Rubner, Padjen and Laufer L.L.C. as its counsel. Professionals who have performed services for the District, other than bond counsel, shall be paid for fees actually earned within 60 days of Confirmation and shall be paid for any fees earned subsequently on the Effective Date.

F. Automatic Stay Litigation

As of the date of this Disclosure Statement, no automatic stay litigation has been initiated against the Debtor.

G. Non-Bankruptcy Court Litigation

There is no material non-bankruptcy court litigation pending at this time.

VI. IMPOSITION AND COLLECTION OF TAX REVENUE BY THE DISTRICT

In order for the District to implement the Plan and satisfy its obligations thereunder, it must increase its tax revenues. The following is a brief description of how property taxes are imposed and collected in Colorado. This information has been provided at the request of the Committee and should serve to illustrate that considerable time will elapse between when the higher mill levy is imposed and the revenue generated is actually received by the District and demonstrate the ratios at which residential and other taxable property are assessed.

State statutes provide procedures for the valuation of property for assessment purposes. The assessed value of real property for tax purposes is computed using statutory actual values (which differ from market values) as determined from manuals and data supplied by the State Property Tax Administrator.

As of January 1, 1985, the State General Assembly was required by Art. X § 3 of the State Constitution to determine the percentage of the aggregate statewide valuation for assessment which is attributable to residential real property. For each subsequent year, the General Assembly was and is required to predetermine the percentage of the aggregate statewide

valuation for assessment which is attributable to each class of taxable property, after adding any increased valuation for assessment attributable to new construction and increased oil and gas production. For each year in which there is a change in the level of value, the General Assembly is required to adjust the assessed valuation ratio for residential real property as necessary to maintain the previous year's percentage of aggregate statewide valuation attributable to residential real property. For assessment years 2000 and 2001, residential real property value was valued at approximately 10% of its actual value. All other taxable property has had an assessed valuation ratio in each year of 29%.

The County's assessed valuation is established by the County Assessor. The County Assessor is required to complete the assessment roll of all taxable property no later than August 25 of each year. The abstract of assessment prepared therefrom is reviewed by the State Property Tax Administrator and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments.

Upon receipt of the County Assessor's certification, the Board of Equalization computes a rate of levy which is based upon the total of all mill levies for a particular parcel of property depending on which taxes may apply (i.e. school district, municipal, county, water and sanitation, etc.).

The rate of levy is then multiplied by the assessed value of property to arrive at the amount of taxes levied against particular property. Each mill is equivalent to one tenth of one percent.

Taxes levied in one year are collected in the next year. Thus, 2002 taxes will be collected during 2003. Taxes are due January 1 in the year of collection; however, they may be paid in either one installment (not later than April 30) or in two equal installments (not later than February 28 and June 15) without interest penalty.

Taxes which are not paid within the prescribed time limits bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16. All taxes levied on property, together with interest thereon and penalties for default, as well as other costs of collection, constitute a perpetual lien on and against the property. Such lien is on parity with the tax liens of other general taxes. Collection of delinquent real property taxes is enforceable by tax sale of such realty. Tax sales of realty are generally held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks public notice of the impending public sale. There can be no assurance, however, that the value of property sold, in the event of foreclosure and sale by the Treasurer, would be sufficient to produce the amount required with respect to taxes levied by the County and by overlapping taxing entities. Property not sold is stricken from the tax rolls.

The District believes that revenue may be increased primarily by an increase in the assessed value and by the sale of water and sewer taps. The District plans to change the mill levy for debt service on the Exchange Bonds to not more than 20 mills, plus such additional amount, in addition to the Limited Mill Levy for Repayment of Exchange Bonds, as additional property tax for general operations in an amount not to exceed the lesser of \$150,000 or

whatever amount would be payable with a levy of 17 mills, as follows: Following the Effective Date of the Plan, the general administrative costs of the District for salaries, benefits, legal, general planning and engineering, audits and other such reasonable administrative expenses may be paid from the Limited Mill Levy for General Operation. In addition, such levy may be used to pay direct operation and maintenance expenses of the water and sewer system to the extent that water and sewer service rates and charges on active taps are not sufficient to pay such direct costs. At such time as service rates and charges are adequate to pay operation and maintenance expenses, the levy shall cease to be used for such direct costs, and shall be reduced to an amount necessary to fund general administration expenses only.

The District has analyzed the mill levies in surrounding districts to determine the maximum mill levy that could be instituted and still allow for economic use of property within the District. In considering the mill levy imposed by the District, the total mill levy from all sources must be considered, as the prospective purchaser or developer of property must consider the total mill levy, not just the District's portion. The District has prepared a comparison of mill levies in surrounding areas, which is attached to this Disclosure Statement as Exhibit D. The districts chosen for comparison were picked because of their geographical proximity and because the services provided are similar to those that will be provided by the District. The District's portion of the mill levy as proposed in this Plan, and therefore the total mill levy, is comparable with other districts. For these reasons and others, the District has agreed to limit its mill levy to 20 mills plus such additional mill levy, up to 17 mills, as may produce additional revenue of \$150,000 for District expenses as set forth in the preceding paragraph. Pursuant to the Plan the Limited Mill Levy for General Operation (the 17 mills) may remain in effect so long as the Exchange Bonds issued pursuant to the Plan are outstanding, or so long as any debt evidenced by them is still outstanding, in the case of a refunding of this existing debt.

VII. ASSETS OF THE DEBTOR

A. District Infrastructure

The Debtor's ownership of roads, curbs, water, sewer and other infrastructure within the District constitutes its primary asset. Many of the items such as roads, water lines, sewer lines and other associated installations have deteriorated and will need to be repaired or replaced. Some of these costs shall be the responsibility of the landowners who benefit from such facilities and will be paid for through the use of other means yet to be determined. The Tap Fee Revenue shall be used by the District only for water and sewer infrastructure. The District's Amended Service Plan shall provide that the District shall no longer participate in the construction or maintenance of any infrastructure other than water and sewer infrastructure.

Under the terms of an Intergovernmental Agreement (IGA) dated May 5, 2000 between the Town of Morrison and the City of Lakewood, property owners are required to enter into public improvement agreements which provide for construction of public infrastructure excepting such water and sewer infrastructure as will be built by the District. Property owners typically pay for such costs through construction loans or internal financing. It is also possible for a property owner to use special improvement districts although such financing is rarely used due to the complex procedures defined in state law and home rule charters.

B. Executory Contracts

The Debtor is also a party to various contracts that enable the Debtor to conduct its business. A list of those contracts, which are the contracts that the District intends to assume under the Plan, is contained in Exhibit E to this Disclosure Statement. These contracts are primarily intergovernmental agreements concerning water, sewer plants and improvements. The District is party to a contract with the Town of Morrison regarding the use and expansion of the Town of Morrison's sewer plant. The District will assume this contract and will pay the Town of Morrison approximately \$200,000 to cure the sewer contract within 60 days after the Effective Date. The funds necessary to cure this contract will be provided to the District by the Plan Funder. See also Section VIII E, Treatment of Executory Contracts and Unexpired Leases for a more complete description of the treatment of executory contracts under this Plan. Copies of these contracts are available from the District or its counsel for review. The Public Improvement Agreements with Lakewood and Morrison will not be assumed under the Plan and therefore will be deemed rejected. **With respect to the Lakewood Public Improvement Agreements, the other signatories to those agreements or their successors and assigns, as provided in those agreements, shall retain whatever rights and obligations they may have under those agreements. As to the Morrison Public Improvement Agreement, it is contemplated that Morrison will enter into one or more new public improvement agreements with some or all of the owners of property in the Morrison portion of the District. The District believes that there will be no claims for damages as the result of these rejected executory contracts.**

VIII. DISCUSSION OF THE PLAN

A. Purpose and General Overview of the Plan; General Plan Requirements

The purpose of the Plan is to implement a fair and equitable repayment plan for all creditors' claims and to put the District on sound financial footing with adequate water and tap rights for future operations. The Plan separates creditors Claims into six classes, exclusive of the Administrative Claims arising in the Case. Classes of Claims that are not paid in cash or otherwise left intact will receive Exchange Bonds to be issued by the District in four "Series" (Series A, B, C and D), in an amount not to exceed \$16,000,000, that will be prioritized for payment in descending alphabetic order, with the exception of Class 5 Claims which will receive \$310,000 under the Plan, with the payment of the Allowed Class 5 Claim to be paid the remainder of its Allowed Claim out of the cash received from liquidation of the Treasury Strips and the cash paid to those 1985 Bondholders who elect the so-called Cash-out Option, and shall otherwise have the rights set forth in the Plan. The Exchange Bonds will be paid from future Ad Valorem Tax Revenues and Bond Tap Revenue over a forty (40) year term. **However, the District shall not be in default in any of its obligations under the Exchange Bonds or the New Indenture by reason of its failure to pay interest on the Exchange Bonds when due, if there is insufficient Bond Tap Revenue and Ad Valorem Tax Revenue to make such payments as they come due. The District may not be eligible to file a subsequent Chapter 9 case to restructure the Exchange Bonds after confirmation of this Plan because the District will never**

be in default for failure to pay interest or principal when due if there is insufficient revenue.

Certain classes of Claims will be paid in cash on the Effective Date (Administrative Claims, Class 1 administrative convenience Claims, and the Class 2 and 5 Allowed Claims) in a total amount estimated to be not more than \$4,000,000. The Plan Funder will provide this cash and will receive Series A and B Exchange Bonds on the Effective Date in return, but only in the amount of the actual payments to Administrative Claims, Class 1 administrative convenience Claims, and the Class 2 and 5 Allowed Claims. The District believes that such total amounts will not exceed \$3,500,000.00.

Class 3 Claim holders (the 1985 Bond holders) will receive the Net Treasury Strip Proceeds, if applicable, based on the CUSIP number of the 1985 Bond so held. In addition to their pro-rata share of the Net Treasury Strip Proceeds, Class 3 Claim holders will also receive on the Effective Date a single cash payment in an amount equal to 33.3% of the principal amount of the Series 1985 A-1 or Net Series 1985 A-2 Bonds then held by such Class 3 Claim holder (the so-called "Cash-out Option") or they may elect to receive a pro rata share of the Series C and D Exchange Bonds (the so-called "Replacement Bond Option"). The Plan Funder will provide these funds under the Plan Funder Agreement and in return will receive Series C and D Exchange Bonds from the Escrow Agent on account of those 1985 Bondholders who receive the single cash payment. Class 4 Claim holders (general notes and obligations of the District) will receive nothing under the Plan and their claims will be discharged under the Plan as of the Effective Date. The Trustee, as the holder of the Class 5 Allowed Claim, will receive a single cash payment of \$310,000, which funds shall be provided to the District by the Plan Funder, with the balance of the Allowed Class 5 Claim to be paid out of the proceeds from the liquidation of the Treasury Strips and the cash in connection with the Cash-out Option. For purposes of this Disclosure Statement, the District has estimated that the Allowed Class 5 Claim will total \$450,000, thus leaving approximately \$140,000 to be paid out of the proceeds from the liquidation of the Treasury Strips and/or the cash paid under the Cash-out Option; such payments to the holder of the Allowed Class 5 Claim will effectively reduce the funds available to the holders of Allowed Class 3 claims by an amount believed to not exceed \$140,000. Class 6 Claim holders will receive nothing of value under the Plan and their Claims will be discharged under the Plan.

The Plan will allow the District to manage its future operations without significant risk of default since the Exchange Bonds to be issued under the Plan will have no minimum required interest payments. As Ad Valorem Tax Revenue and Bond Tap Revenue are generated in and received by the District, such revenues must be used to pay accrued and unpaid interest on the Exchange Bonds. However, the District does believe that it will have sufficient revenues to fully pay and satisfy the Exchange Bonds over the forty (40) year term of the Exchange Bonds.

The District has retained THK Associates ("THK") of Denver, Colorado, as an expert for the purpose of analyzing, studying and projecting anticipated operations and revenues of the District after the Effective Date of the Plan. At the request of the District, THK has prepared a calculation of expected revenues (the "Revenue Analysis") which contains a projection of

revenues of the District after the Effective Date. The Revenue Analysis is attached hereto as Exhibit "F".

A description of the various Classes of Claims and the payment terms or treatment of each Class under the Plan is contained below in Section C. Generally, the Plan divides Claims into Classes and sets forth the treatment afforded to each Class, as provided in Section 1123 of the Bankruptcy Code. A Claim is impaired under the Plan unless the Plan (i) leaves unaltered the legal, equitable and contractual rights of the holder of such Claim, or (ii) notwithstanding any contractual provision or law that entitles the holder of the Claim to demand or receive accelerated payment after the occurrence of a default, cures any such default, reinstates the maturity of the Claim as it exists before the default, and compensates the holder of the Claim for any damages incurred as a result of any reasonable reliance by such holder upon any contract provision or law that entitles the holder of such Claim to demand accelerated payment. See Bankruptcy Code § 1124. Under the Plan, the District believes that only Classes 1, 3, 4, 5 and 6 are impaired and, thus, entitled to vote on the Plan.

Sections 901(a) and 1122 of the Bankruptcy Code require that, except for certain unsecured claims that may be classified for administrative convenience, a plan of adjustment may place a Claim or interest of a creditor in a particular class only if such Claim is substantially similar to the other claims or interests of such class. The Debtor believes that it has classified all Claims in compliance with the provisions of Section 1122.

In order for the holder of a Claim to participate in the Plan and receive the treatment afforded to the applicable Class, such holder's Claim must be "allowed." A Claim will be allowed if it is filed or deemed filed, unless an objection to the allowance of the Claim is made. Generally, in order for a Claim to be allowed, a proof of Claim must be filed prior to the Bar Date on behalf of the holder thereof with the Bankruptcy Court. However, a Claim will be deemed to be filed if it is listed on the List of Creditors filed with the Bankruptcy Court, unless it is listed as disputed, contingent or unliquidated. If an objection to a Claim is made, the Bankruptcy Court must make a determination with respect to the allowance of such Claim. Only holders of Allowed Claims are entitled to vote upon, participate in and receive distributions in accordance with the Plan.

B. Plan Funder

The District has reached an agreement with Colco Corp., a Colorado corporation (the Plan Funder), to provide the District with cash in the approximate amount of \$5,600,000 for the cash payments necessary under the Plan. This amount includes up to \$4,000,000 for Administrative, Class 1, Class 2, and Class 5 Claims, and up to approximately \$1,600,000 for the cash payments to Class 3 Claims. Should the Plan Funder be unable to be the Plan Funder for any reason, the District may enter into an agreement with another party to be the Plan Funder on substantially the same terms as those contained in the Plan Funder Agreement. Colco Corp. intends to fund this cash payment primarily from sales proceeds of a contracted sale of a large parcel of land, located within the District, to a national real estate investment trust. The District believes that this sale will close. The prospective buyer has spent significant time and money on

due diligence and in negotiating a sales tax sharing agreement with the City of Lakewood and the Town of Morrison. However, the prospective buyer may close, or not close, at its discretion, so until the sale closes nothing can be certain. This planned sale will occur on or before the Effective Date. If the sale does not close, it is much less likely that the Effective Date can occur. The Plan provides that if the Effective Date does not occur within one year of Confirmation, then the Confirmation Order will automatically be rescinded. Colco Corp. is a significant District landowner with its property located in the Morrison portion of the District and has loaned the District funds at various times over the last 15 years to continue District operations. Including post-petition. Colco Corp. also holds Claims in Classes 3 and 4. The District has filed a motion to borrow funds from Colco Corp. on a "super priority basis" in order to fund certain immediate costs of the bankruptcy. This motion has been objected to, but if granted the District intends to borrow up to \$500,000 on this basis. Such amounts thus borrowed would be included within the amounts estimated for administrative claims, and would not result in more than \$4,000,000 in Series A and B Exchange Bonds being issued to the Plan Funder. The amounts borrowed from Colco Corp. in connection with the super-priority basis loan will be repaid through the issuance and delivery of a portion of the Series A and/or B Exchange Bonds. The District will issue and distribute Series A, B, C, and D Exchange Bonds to the Plan Funder in a maximum amount totaling \$16,000,000 if no Class 3 Claim holders elect to receive Series C and D Exchange Bonds.

C. Summary of the Plan Classes and Treatment of Claims

The following is a summary of the Classes of creditors of the Debtor under the Plan, an estimation of the dollar amounts of such Classes and a summary of the provisions made in the Plan for the treatment of each Class.

1. Classification of Claims.

Class 1. Class 1 shall consist of all Allowed Claims not exceeding \$30,000.00 in dollar amount, but excluding the Allowed Claims of Classes 3 and 4. Class 1 is believed to consist solely of vendors of goods and services to or on behalf of the District pre-petition and is created pursuant to 11 U.S.C. § 1122(b)

Class 2. Class 2 shall consist of the Allowed Secured Claim of the holder of the Citywide Bank Debt.

Class 3. Class 3 shall consist of the Allowed Claims of the holders of the Series 1985 Bonds.

Class 4. Class 4 shall consist of all Allowed Claims not otherwise classified under this Plan. Class 4 is believed to consist of the holders of general obligation debt of the Debtor, other than that debt contained in Classes 1, 2, 3, 5 and 6, as follows: General Obligation Bond Series 1991; Colco Corp. Notes; 1/30/97 Yale Investments Note; Jeannine Langhoff Notes (1983 Note and 1991 Note); Springfield Green Partnership Note; Wood Brothers Homes Note; Deryl Gingery Note; and CDN Notes (successor to FDIC, RTC; Hill Financial—1984 Note; 1985 Note and 1985 Funding Fee obligation as set forth in the 1985 Note, 12/17/96 Note, 2/12/97 Note 3/18/97 Note, 5/12/97 Note, and 7/10/97 Note), as further described in Article VI of the Plan.

Class 5 Class 5 shall consist of the Allowed Claim of the Trustee under the Indenture, whose Claim shall be allowed in the full amount due and owing to the Trustee under the Indenture.

Class 6. Class 6 shall consist of all Claims arising from the rejection of executory contracts or unexpired leases, if any.

2. Treatment of Classes; Impairment

The Classes set forth under Article III of the Plan shall be treated as follows. All impaired Classes are entitled to vote on the Plan, in accordance with Bankruptcy Code § 1126 to the extent made applicable by Bankruptcy Code § 901.

Class 1. Class 1 Allowed Claims shall be paid in cash, on or within five (5) business days after the Effective Date, in an amount equal to 90 percent of their Allowed Claims. The unpaid balance of the Class 1 Claims shall be discharged as of the Effective Date. Class 1 is impaired under the Plan.

Class 2. The holder of the Class 2 Allowed Claim shall receive cash, on or within five (5) business days after the Effective Date, in an amount equal to the full amount of its Allowed Claim as determined in accordance with the underlying loan documents out of which the Class 2 Claim arises. Upon such payment, the holder of the Class 2 Claim shall release any and all liens, which secure the Citywide Bank Debt and such payment shall constitute the full and complete satisfaction and payment of the Citywide Bank Debt. As a condition of receiving payment of its Allowed Claim, the holder of the Citywide Bank Debt shall execute and deliver to the Escrow Agent, for the benefit of the District, lien release documents acceptable to the District releasing its liens, shall return to the Escrow Agent, for the benefit of the District, any note evidencing the Citywide Bank Debt and shall authorize the Escrow Agent to mark such note "Paid in Full" after payment in full of the Citywide Bank Debt. Class 2 is impaired under the Plan.

Class 3. Class 3 is impaired under the Plan and shall be afforded the following treatment under the Plan.

Liquidation and Distribution of the Treasury Strips. As soon as reasonably practical or no less than ten (10) days prior to the Effective Date, the District shall notify the Trustee of the proposed calendar date upon which the Effective Date will take place, and within five (5) days of such notice, the Trustee will provide the District with an accurate estimate of the anticipated Net Treasury Strip Proceeds as well as the Trustee's fees and expenses incurred under the Indenture. On or within five (5) days after the Effective Date, the Trustee shall liquidate the Treasury Strips and distribute the Net Treasury Strip Proceeds to the holders of the Series 1985 A-2 Bonds designated to receive such proceeds under the Indenture. The Trustee's distribution of the Net Treasury Strip Proceeds shall be governed by the Indenture and the Confirmation Order; provided, however that the payment of the Net Treasury Strip Proceeds shall be deemed a payment of principal of the underlying 1985 Bonds.

Options: Cash-out Option or Replacement Bonds Option. The holders of the 1985 Bonds may elect to receive either of two alternative treatments under the Plan: (i) the Cash-out Option or (ii) the Replacement Bond Option, which shall consist of the following:

Cash-out Option. The Cash-out Option shall consist of a one-time cash payment in the amount of 33.33% of the principal amount of the Allowed Claim amount of such holder's 1985 Bonds, calculated as of the Effective Date. Such payment shall be made as soon as reasonably practical on or within five (5) business days after the Effective Date. Such payment shall be calculated after application of the Net Treasury Strip Proceeds. The Plan Funder shall provide the cash necessary to fund the Cash-out Option under the Plan Funder Agreement. The holder of Allowed Class 3 Claims who elect the Cash-out Option shall be deemed to have sold their 1985 Bonds to the Plan Funder in exchange for the cash payment and after such cash payment; the Plan Funder shall be deemed the holder of the 1985 Bonds so sold. Prior to the distribution as provided in this subparagraph, the Escrow Agent shall pay to the Trustee any unpaid fees and expenses as provided in the Indenture as modified by this Plan.

Replacement Bond Option. The Replacement Bond Option shall consist of the right to receive a pro-rata share of the Series C and D Exchange Bonds. Such pro-rata share shall be determined on the basis of the Allowed Claims in Class 3 as of the Effective Date and the total amount of the Series C and D Exchange Bonds, which total amount is anticipated to be at least approximately \$12,000,000.00. The Plan Funder shall be deemed a holder of 1985 Bonds in the amount of the 1985 Bonds electing, or deemed to have elected, the Cash-out Option, provided however that the Plan Funder's only rights as a holder of 1985 Bonds shall be to receive its pro-rata share of the Series C and D Exchange Bonds. The pro-rata share of Series C and D Exchange Bonds to which those 1985 Bondholders entitled to receive the Net Treasury Strip Proceeds shall be determined after giving effect to the payment of the Net Treasury Strip Proceeds.

General Provisions. The election shall be made in connection with voting on the Plan and the ballot shall provide a place for making this election. If a 1985 Bondholder fails to elect an Option or it is reasonably indeterminate which Option was elected, such 1985 Bondholder shall be deemed to have elected the Cash-out Option. The 1985 Bonds shall be cancelled on the Effective Date and the 1985 Bond certificates need not be presented. All distributions to 1985 Bondholders (and to the Plan Funder to the extent of 1985 Bondholders electing, or deemed to have elected the Cash-out Option), whether under the Cash-out Option or the Replacement Bond Option, will be made pursuant to the most recent list of 1985 Bondholders maintained by the Indenture Trustee. **Any and all debt or obligations associated with the 1985 Bonds shall be permanently extinguished upon the Effective Date, except for the right to receive the distributions called for under the Plan.** The Indenture shall be deemed superseded and replaced by the Plan as of the Effective date, except to the extent provisions thereof are incorporated by reference herein.

Class 4. Class 4 Allowed Claims shall receive no distribution under the Plan and their Claims shall be discharged as of the Effective Date. Class 4 is impaired under the Plan.

Class 5. Class 5 is impaired. On the Effective Date, the Indenture shall be rejected under Bankruptcy Code § 365. On and after Confirmation, as well as on and after the Effective Date, the holder of the Class 5 Allowed Claim shall retain its liens and other rights under the Indenture. On or within five (5) business days after the Effective Date, and after

distribution of the Net Treasury Strip Proceeds, the District shall pay to the holder of the Allowed Secured Class 5 Claim cash in the amount of \$310,000.00 which shall be provided to the District by the Plan Funder. Any other amounts owing to the Trustee under the Indenture prior to or after the Effective Date, shall be paid to the Trustee from cash first from the proceeds of the Treasury Strips, and secondly if necessary, from the Cash Out Option proceeds, until the amounts owing to the Trustee under the Indenture are paid in full; such payments shall be made prior to the Trustee's or Escrow Agent's delivery of payments to the 1985 Bondholders as provided in the Plan. Confirmation of the Plan shall constitute a reaffirmation of the District's indemnity obligations under the Indenture, notwithstanding rejection of the Indenture.

Class 6. Class 6 Allowed Claims shall receive no distributions under the Plan and their Claims shall be discharged as of the Effective Date. Class 6 is impaired under the Plan.

D. Estimate of the Administrative Claims as of December 30, 2002 and Allowed Claims in Classes 1 through 6 under the Plan as of December 2, 2000.

Administrative Claims

Holder	Total
CDN	\$ 1,000,000.00
Ballard, Spahr, Andrews & Ingersoll LLP (Bond Counsel)	200,000.00
Brian Halloran Esq.	150,000.00
Hayes, Phillips, Hoffman & Carberry PC (General Counsel)	25,000.00
Holly Holder (Water Counsel)	10,000.00
Rubner, Padjen & Laufer LLC (Committee Counsel)	30,000.00
Mason, Russell West (Auditors)	5,000.00
Town of Morrison	200,000.00
THK Associates (Development Experts)	10,000.00
Kinsell, Newcomb & DeDios, Inc. (Financial Advisor)	50,000.00
Kirkland & Associates (Accountants)	2,500.00
Robert Brogden (Water Engineer)	5,000.00
Contingency	<u>100,000.00</u>
Administrative Claims Subtotal	\$1,787,500.00

Class 1

	Total
Lee Leavenworth	\$ 610.49
Gingery Engineering Co.	29,464.16
DPC Industries, Inc	12.00
Hill & Robbins, P.C.	15,985.07
Jefferson Sentinel	14.28
Longmont Realty & Insurance.	2,218.50
McGeady Weston Sisneros & Wollins	2,405.79
Public Service Co.	103.33
UNCC	42.10
Van Wijk, John	8,482.50
Water Quality Management	\$715.00
W.W. Wheeler & Assoc.	12,669.44
C&L Backhoe Excavating	4,016.15
Class 1 Subtotals	\$76,738.81

Class 2			
	Principal	Interest	Total
Citywide Bank Debt	\$ 707,937.77	\$404,620.60	\$1,112,558.39
Class 3			
	Principal	Interest	Total
General Obligation Bond Series 1985A-1	\$3,620,000	\$3,886,557.20	\$7,506,557.20
General Obligation Bond Series 1985A-2	<u>3,450,000</u>	<u>4,004,369.98</u>	<u>7,454,369.98</u>
Class 3 Subtotals	\$7,070,000	\$7,890,927.18	\$14,960,927.18
Class 4			
	Principal	Interest	Total
General Obligation Bond Series 1991	\$2,943,397.00	\$4,498,440.59	\$7,441,837.59
Colco Corp Notes	1,006,141.45	1,315,013.84	2,321,155.29
1/30/97 Note	7,000.00	2,703.36	9,703.36
Yale Investments Note	1,800.00	2,816.82	4,616.82
Jeannine Langhoff Notes			
1883 Note	80,317.00	54,654.57	134,971.57
1991 Note	12,895.00	8,776.18	21,671.12
Springfield Green PS Note	26,070.92	17,746.78	43,817.70
Wood Brothers Homes Note	5,768.28	13,419.98	19,188.26
Deryl Gingery Note	22,000.00	23,716.26	45,716.26
CDN Development L.P. Notes (Successor to RTC; Hill Financial)			
Hill Fin-'84 Note	9,500,000.00	17,713,943.51	27,213,943.51
Hill Fin-'85 Note	6,076,971.00	11,579,840.92	17,656,811.92
Hill Fin-'85 Funding Fee	243,079.00	440,716.30	683,795.30
12/17/96 Note	30,000.00	11,923.36	41,923.36
02/12/97 Note	8,000.00	3,057.24	11,057.24
03/18/97 Note	2,000.00	749.10	2,749.10
05/12/97 Note	38,000.00	13,595.46	51,595.46
07/10/97 Note	<u>15,000.00</u>	<u>5,166.27</u>	<u>20,166.27</u>
	\$20,018,439.65	35,706,280.54	55,724,720.19
			Total
Class 5	\$ 450,000.00		\$450,000.00
Class 6	\$0.00	\$0.00	\$0.00
Total			\$73,447,163.20

* All interest figures included above are calculated through December 2, 2000 consistent with the treatment provided under the Plan. No interest is being paid in the treatment of Class 1. The Allowed Claim of Class 5 is an estimate only; the District believes that the actual amount of the Allowed Class 5 Claim will be less than the \$450,000 estimate.

E. Treatment of Contracts and Unexpired Leases

All contracts and leases of the Debtor that constituted executory contracts or unexpired leases as of the Petition Date shall be rejected except for such contracts and leases that (a) have been assumed or rejected pursuant to Order of the Bankruptcy Court entered prior to the Effective Date, (b) have been renegotiated and either assumed or rejected on renegotiated terms pursuant to Order of the Bankruptcy Court entered prior to the Effective Date, (c) are the subject of a motion to assume that is pending before the Bankruptcy Court on the Effective Date, (d) are the subject of a motion to approve renegotiated terms that is pending before the Bankruptcy Court on the Effective Date, or (e) are specifically treated otherwise in the Plan or in the Confirmation Order. Contracts rejected or assumed pursuant to (a) - (e) above shall be rejected or assumed, as the case may be, as of the date set forth in the operative motion, agreement or order arising therewith. The District intends to assume all known executory contracts to which the District is a party with the exception of the Public Improvement Agreements with the City of Lakewood and the Town of Morrison. The District is party to a contract with the Town of Morrison regarding the use and expansion of the Town of Morrison's sewer plant. The District will assume, and will "cure", the contract with the Town of Morrison regarding the sewer treatment plant by paying the amount due, of approximately \$200,000, within 60 days of the Effective Date. The funds necessary to "cure" under the contract will be loaned to the District by the Plan Funder and be deemed an Administrative Expense. Exhibit E attached hereto contains a list of executory contracts to be assumed by the District under the Plan.

Any contract or lease that expired pursuant to its terms prior to the Effective Date, and that has not been assumed or rejected by Final Order prior to the Effective Date, shall be, to the extent required, specifically rejected. Nothing of value shall be distributed under the Plan to holders of rejected executory contracts, and their claims, if any, will be discharged.

In addition to the foregoing, the District is assuming the Exclusion Agreements subject to a clarification or modification to the extent not already provided by such agreement. As set forth in Section 4.2 of the Plan, the Exclusion Agreement and any amendments or modifications thereof are deemed assumed by Confirmation of the Plan, without further order of the Court, in the following manner:

a. The Exchange Bonds issued under the Plan shall be deemed to constitute "refunding" of indebtedness as contemplated by the Exclusion Agreements, including without limitation, Section 1.03 of the Red Rocks Centre Exclusion Agreement; and

b. All references in the Exclusion Agreements to general obligation indebtedness or debt for which the property affected by the Exclusion Agreements shall continue to be liable for, without limitation, each and all of the Exchange Bonds issued pursuant to the Plan.

F. The Exchange Bonds Issued Under the Plan

1. Issuance of the Exchange Bonds.

Pursuant to the Plan, the District intends to issue the Exchange Bonds to fulfill its obligations as contained in the Plan and the Plan Funder Agreement. Upon or after the Effective Date, the District intends to cause to be delivered to the Plan Funder and/or the holders of 1985 Bonds electing the Replacement Bond Option, as the case may be, the Exchange Bonds as follows:

- a. Series A Exchange Bonds in the amount of \$2,000,000;
- b. Series B Exchange Bonds in the amount of the total Allowed Administrative and Class 1, 2 and 5 Claims less Series A Exchange Bonds in the amount of \$2,000,000, but not to exceed \$2,000,000 provided, however, that the Trustee shall not object to Administrative Claims unless the Series A and B Exchange Bonds exceed \$3,500,000 and the Administrative Claims shall not exceed \$4,000,000 in any event.

And to either the Plan Funder or to 1985 Bondholders who select the Replacement Bond Option:

- c. Series C Exchange Bonds in an amount equal to \$9,000,000.
- d. Series D Exchange Bonds in an amount equal to the remaining principal and accrued but unpaid interest balance outstanding on the Series 1985 A-1 Bonds and the Net Series 1985 A-2 Bonds held by such Class 3 Claim holders less \$9,000,000, but in no event shall the amount of Series D Exchange Bonds issued exceed the sum of \$16,000,000 less the total of all Series A, B, and C Exchange Bonds issued.

2. Priority of Payment of Exchange Bonds.

Priority of payment on the Exchange Bonds to be issued under the Plan shall be in descending alphabetic order according to the Series. For example, payment on the Series A Exchange Bonds shall be superior to all other Series of Exchange Bonds to be issued under the Plan; payment on Series B Exchange Bonds shall be subordinate to payments on Series A Exchange Bonds, but superior to all other Series issued under the Plan, and so forth. In no event shall any payment be made on a subordinate Series of Exchange Bonds until and unless the payment of principal and interest is current on each and every superior Series of Exchange Bonds. The District will be required to make payments on the Exchange Bonds, in the order of priority indicated, from all available Bond Tap Revenue and all available Ad Valorem Tax Revenue, with the exception of the Limited Mill Levy for General Operations. **However, the District shall not be in default in any of its obligations under the Exchange Bonds or the New Indenture by reason of its failure to pay interest on the Exchange Bonds when due if there is insufficient Bond Tap Revenue and Ad Valorem Tax Revenue to make such payments as they come due. The District may not be eligible to file a subsequent Chapter 9 case to restructure the Exchange Bonds after confirmation of this Plan because the District will never be in default for failure to pay interest or principal when due if there is insufficient revenue.**

3. Other Matters Affecting the Exchange Bonds.

The Exchange Bonds, and any subsequent refunding bonds, shall mature on or before the date that does not exceed forty years after the Effective Date. Interest will be payable on the Exchange Bonds semiannually on the 15th day of May and the 15th day of November of each year; interest shall only continue to accrue for the first thirty years of the forty year term, and the District may not redeem the Exchange Bonds for a period of 15 years from the date of issue. It is presently anticipated that the first interest payment date for the Exchange Bonds will be November 15, 2003.

Principal and interest is to be paid annually on the fifteenth day of May. The principal and interest due in connection with the redemption of the Exchange Bonds shall be payable to the registered owners thereof by a paying agent to be selected by the District. The principal and the final installment of interest shall be payable to the registered owner of each Exchange Bond upon presentation and surrender thereof at maturity or upon prior redemption by check or draft mailed to such registered owner at the address appearing on the registration books of the District maintained by a registrar to be selected by the District, or by wire transfer to such account as the registered owner may designate in writing to the registrar. Except as hereinbefore and hereinafter provided, the interest shall be payable to the registered owner of each Exchange Bond determined as of the close of business on the last day of the calendar month next preceding the interest payment date (the "Regular Record Date"), irrespective of any transfer of ownership of the Exchange Bond subsequent to the Regular Record Date and prior to such interest payment date, by check or draft mailed or by wire transfer directed to such registered owner as aforesaid. Any principal or interest not paid when due shall be paid prior to any principal or interest subsequently due or accrued. Such principal or interest shall be payable to the registered owner of each Exchange Bond determined as of the close of business on the Regular Record Date, irrespective of ownership of the Exchange Bond on the date such principal or interest was not paid. If the date for making or giving any payment, determination or notice described herein is a Saturday, Sunday or bank holiday, such payment, determination or notice shall be made or given on the next succeeding day which is not a Saturday, Sunday or bank holiday.

The obligation and authority of the District to levy general ad valorem taxes for all purposes is limited to twenty (20) mills, however the District may levy such additional ad valorem taxes, not to exceed 17 mills (the Limited Mill Levy for General Obligations), so as to produce additional revenue, not to exceed \$150,000 annually (increased annually by an amount equal to the Denver area Consumer Price Index), to fund the District's expenses as set forth herein in the definition of Limited Mill Levy for General Operation, and as adjusted for any constitutional or statutory changes hereafter made in the method of valuation for assessment of real and personal property as set forth in the definition of the term Limited Mill Levy for Repayment of Exchange Bonds used in the Plan and Disclosure Statement.

The decision by the District to propose a plan that contemplates the issuance of new indebtedness was reached after extensive negotiations by the District's Board of Directors, the Trustee and other creditors of and landowners within the District. The negotiations were spirited and at arms length. A fundamental consideration for the District in the course of the negotiations

was that any issuance of new indebtedness would have to relieve the District of prior obligations and be structured in a way to offer strong assurances that the new debt could be serviced without default. **However, the District shall not be in default in any of its obligations under the Exchange Bonds or the New Indenture by reason of its failure to pay interest on the Exchange Bonds when due, if there is insufficient Bond Tap Revenue and Ad Valorem Tax Revenue to make such payments as they come due. The District may not be eligible to file a subsequent Chapter 9 case to restructure the Exchange Bonds after confirmation of this Plan because the District will never be in default for failure to pay interest or principal when due if there is insufficient revenue.**

The District was and is categorically opposed to issuing new debt or proposing a restructuring of old debt if it does nothing more than allow the District to emerge from Chapter 9 only to find itself in need of debt relief in the future. While no restructure is foolproof, the District believes that adequate safeguards have been incorporated into the proposed restructure, including the terms of the new indebtedness, to make the Plan feasible and in the best interests of creditors. The District's conclusion is best understood upon a review of the fundamental characteristics of the proposed Plan.

First, if the Plan is confirmed and is consummated, the treatment proposed in the Plan for all Classes of creditors is assured. The resulting Administrative Claims and Claims in Class 1, 2 and 5 are paid under the Plan.

Second, the consummation of the Plan by distribution of the cash required by the Cash-out Option and by issuance of the Exchange Bonds likewise assures feasibility as to Class 3. On the Effective Date, the Exchange Bonds will be distributed to the Plan Funder and/or Class 3 claimants electing the Replacement Bond Option as provided in the Plan and will accrue interest thereafter. Required payments on the Exchange Bonds will be limited to the Ad Valorem Tax Revenue from the 20 mill portion of the Limited Mill Levy for Repayment of Exchange Bonds and the Bond Tap Revenue.

Obviously, the fact that consummation of the Plan provides a high degree of assurance that all Class treatments will perform without subsequent default was only part of the concerns held by the District when developing the Plan. As important to the District was the desire to provide payment to holders of the 1985 Bonds. Perhaps more important to the District was the need to make as certain as possible that the Exchange Bonds would not be in default and could eventually be discharged. The terms of the Exchange Bonds as negotiated by the District, offer a degree of certainty that, although not absolute, is sufficiently adequate to receive the District's adoption of the proposed Plan.

Thirty (30) days prior to the issuance of the Exchange Bonds, the District's Bond counsel shall provide copies of the proposed Exchange Bonds and New Indenture to counsel for the Trustee, the City of Lakewood and the Town of Morrison for its review and comment on whether such Exchange Bonds are consistent with the terms of the Plan. Within thirty (30) days after the issuance of the Exchange Bonds to the Plan Funder and/or to the 1985 Bondholders

electing the Replacement Bond Option, copies of the Exchange Bonds and New Indenture actually issued shall be provided to counsel for the City of Lakewood and the Town of Morrison. The New Trustee shall be directed, in writing, to provide written confirmation to the Counsel for the City of Lakewood and the Town of Morrison of the issuance of the Exchange Bonds concurrently with the issuance of such bonds. Additionally, the Escrow Agent shall be directed, in the Escrow Agreement, to provide written confirmation of the funding of the escrow by the Plan Funder, concurrently with the funding of such escrow, to the respective counsels for the Trustee, the City of Lakewood and the Town of Morrison.

G. Conditions Precedent to Confirmation

Confirmation of this Plan shall not occur unless each of the following conditions precedent has occurred:

1. The Bankruptcy Court shall have approved this Disclosure Statement by a Final Order.
2. The Plan Funder Agreement has been executed.
3. The District has filed an application with the Board of County Commissioners of Jefferson County for approval of an Amended and Restated Service Plan, in a form and with content substantially similar to that attached hereto as Exhibit H.
4. The Board of Directors of the Red Rocks Centre Metropolitan District has filed a petition and plan of dissolution meeting all requirements of applicable state law with the District Court in and for Jefferson County for dissolution of the said district.

Please refer to Paragraph 9.1 of the Plan for further information.

H. Conditions precedent to the Effective Date

The Effective Date shall not occur unless each of the following conditions precedent has occurred.

1. The Plan Funder shall have deposited all funds required under the Plan Funder with the Escrow Agent and performed its obligations under the Plan Funder Agreement.
2. The District has received opinion letters from its bond counsel and general counsel confirming that the Exchange Bonds will be valid, tax exempt obligations of the District.
3. The Amended and Restated Service Plan, in a form and with content substantially similar to that attached hereto as Exhibit H, has been approved by the Board of County Commissioners of Jefferson County, unless this requirement is waived in writing by both the City of Lakewood and the Town of Morrison in their sole discretion.

4. Red Rocks Centre Metropolitan District has been dissolved by formal order, or will be dissolved concurrently with the Effective Date, unless this requirement is waived in writing by both the City of Lakewood and the Town of Morrison in their sole discretion.

5. The Confirmation Order, in form and substance acceptable to the Debtor, shall have been entered by the Bankruptcy Court.

Please refer to Paragraph 9.2 of the Plan for further information.

I. Risk Factors Attendant to the Implementation of the Plan.

1. Risk factors prior to the Effective Date.

a. The Plan Funder has not deposited all funds required under the Plan Funder Agreement with the Escrow Agent or has not otherwise performed its obligations under the Plan Funder Agreement or the Escrow Agreement.

b. The District has not received opinion letters from bond and general counsel confirming that the Exchange Bonds will be valid, tax exempt obligations of the District.

c. The Amended and Restated Service Plan has not been approved, the Red Rocks Centre Metropolitan District has not been dissolved.

2. Risk factors after the Effective Date.

a. The risk that the District is not able to supply adequate water and sewer services on a timely basis to support development, which could lead to a revenue shortfall.

b. The risk that even if development occurs, assessed valuation may not increase as projected in Exhibit F, or in fact may decrease, which would also result in a revenue shortfall.

c. The risk that development and the resulting increase in assessed valuation may not occur as projected in Exhibit F even with sufficient water and sewer resources due to a variety of factors including but not limited to the following: changing demographics, increased interest rates, over supply of commercial and residential property in the Denver market, local or national recession or economic slowdown, significant down zoning or changes in other laws or regulations preventing or slowing development, inability to achieve projected densities.

d. The risk that the District may not be able to fulfill its obligations under its Amended and Restated Service Plan due to insufficient revenue to build the infrastructure

necessary to sell water and sewer taps, inability to comply with all state federal and local laws necessary to build and service the water and sewer infrastructure on a timely basis.

e. The risk that the District may be unable to coordinate with landowners to complete and/or repair infrastructure needed for development resulting in decreased development compared to the projections in Exhibit F.

f. The risk that the proposed mill levies after Confirmation may prove to be uneconomic (too high) resulting in decreased or nonexistent development.

g. If any of the above should occur, then the District may not be able to pay the Exchange Bonds as timely as projected herein, if at all. However, since the Exchange Bonds will not be in default provided that the available Ad Valorem Tax Revenue and Bond Tap Revenue are paid, the District believes that the above risk factors will not affect the District's ability to implement its Plan in any significant way. **The District shall not be in default in any of its obligations under the Exchange Bonds or the New Indenture by reason of its failure to pay interest on the Exchange Bonds when due, if there is insufficient Bond Tap Revenue and Ad Valorem Tax Revenue to make such payments as they come due. The District may not be eligible to file a subsequent Chapter 9 case to restructure the Exchange Bonds after confirmation of this Plan because the District will never be in default for failure to pay interest or principal when due if there is insufficient revenue.**

The foregoing description of risks attendant with the Plan is a summary only of significant risks associated with the implementation of the Plan that the District has identified. There may exist other risks which the District has been unable to identify or which are not deemed significant by the District.

J. Method of Payment of Administrative Claims

As of the date of this Disclosure Statement, and after the Petition Date, the District has borrowed the principal sum of approximately \$500,000, plus accrued interest which together totals approximately \$1,000,000, from CDN Development L.P. on a super-priority or administrative basis. Of this amount, approximately \$250,000 was spent on attorney's fees in connection with the Case and the remainder was spent in connection with engineering, permitting and water law issues in connection with the District's water and sewer infrastructure. The District may borrow additional funds from Colco Corp. prior to the Effective Date as may be necessary and currently has an application before the Court to do so.

The distributions to holders of Administrative Claims will be made on or within ten (10) days of the Effective Date, by the District unless such Claim or Claims are not yet an Allowed Claim(s) by order of the Court where required. However, professionals who have performed work on behalf of the District or for the Committee shall be paid for fees actually earned within 60 days of Confirmation and shall be paid for any fees earned subsequently on the Effective

Date. The District does not anticipate objecting to any such Claims at this time. Based upon the projections of the District's Administrative Claims as shown in the tables above, the District will receive sufficient funds from the Plan Funder to satisfy all Administrative Claims in full.

IX. FEASIBILITY OF THE PLAN

A. Availability of Revenue to Satisfy the District's Obligations Pursuant to the Plan

The Plan and the Debtor's satisfaction of its new obligations as provided therein are conditioned on the restructuring of its prior obligations pursuant to the Plan. Upon the Confirmation of the Plan and the occurrence of the Effective Date, the Debtor will be able to satisfy its obligations required under the Plan because the funds necessary for initial implementation of the Plan will be made available by the Plan Funder on or before the Effective Date. Implementation of the Plan is feasible because consummation of the Plan will occur on or about the Effective Date. Post Effective Date debt repayment is also feasible. Exhibit F, referred to above, contains summaries of revenues expected to be received by the District. The Exchange Bonds are "tax limited"; i.e., limited to only those Ad Valorem Tax Revenues received as a result of the specified mill levy contained in this Plan and the Bond Tap Revenue. The debt under the Exchange Bonds and the payment of approximately \$200,000 to Morrison will be the District's only post Effective Date debt except for the possibility of new debt secured solely by Tap Fee Revenue, which debt would be used only to finance, acquire land and water rights, and for, designing, constructing, owning, operating and maintaining water and sanitary sewer facilities within and outside its legal boundaries, but it shall have authority to serve only property or customers within its legal boundaries and not outside thereof. The District's general obligation debt authorization will be limited to the \$16,000,000 in Exchange Bonds; no other general obligation debt shall be authorized.

Exhibit F demonstrates that sufficient revenue should be generated by the District in order to satisfy the District's obligations created under the Plan. Specifically, Exhibit F shows that the new mill levy will be imposed in the first year after confirmation and that the new mill levy will be imposed against all property that was previously subject to repayment of the 1985 Bonds, which includes all property located within the boundaries of the District and the Red Rocks Centre property and all other property excluded from the District subsequent to the issuance of the 1985 Bonds. Exhibit F also sets forth the anticipated assessed value of property subject to District debt. Exhibit F contains a detailed description of projected assessed valuations on a year by year basis by each property type (i.e. high, medium and low density residential, commercial, etc.) and the property taxes which would be collected based on those assessed valuations. In addition, based on those revenue projections, the District will generate sufficient revenue from the Limited Mill Levy for Repayment of Exchange Bonds and Bond Tap Fees to defease the Bonds within 32 years, subject to the District's agreement not to prepay the Exchange Bonds within 15 years of their issuance.

Exhibit F is conditioned on a number of assumptions which the District believes are reasonable for property contained within the District. The following is a description of the primary assumptions upon which Exhibit F is conditioned:

- A 4% inflation rate has been applied to property values throughout the analysis.
- Residential real estate will be assessed at a rate of 9.15% of market value and commercial properties will be assessed at 29% of market value.
- Property values for the various land use types are estimated as follows:
 - Single Family & Attached
 - High Density- \$150,000/unit
 - Medium Density- \$200,000/unit
 - Low Density- \$250,000/unit
 - Multi-Family - \$85,000/unit
 - Office, High-Tech, Hotel- \$100/square foot
 - Retail/Commercial- \$110/square foot
- As construction occurs, market and assessed values have been lagged two years to allow for recording on the county tax rolls and collection of taxes.
- A mill levy of 20 mills has been applied to the assessed value, residential and commercial, for debt reduction/bond returns.
- For every 4,804 square feet of commercial and hotel space developed, there will be a need for one single family water and sewer tap equivalent.
- The plan calls for \$1,000 from each tap to be used for debt retirement.
- The following are the expected uses for the Mount Carbon Metropolitan District over 40 years with development halting upon the utilization of 2,142 water taps in Year 31.
 - Residential :
 - Single Family: 1,050 units
 - Attached: 430 units
 - Multi-Family: 400 units
 - Commercial :
 - Office and Industrial: 975,000 square feet
 - Retail: 1,257,200 square feet
 - Hotel: 340,000 square feet

B. Means for Completion of Infrastructure

Among the assumptions upon which future development is premised, are the District plans for the provision of infrastructure that will support the development contemplated within Exhibit F. The District will only use the Tap Fee Revenue to complete the District's water and sewer infrastructure. The District believes that it can complete and maintain its water and sewer infrastructure through the use of the Tap Fee Revenue and from future water and sewer usage fees. All additional infrastructure required, as well as modifications required to existing non-water and sewer infrastructure, are proposed to be paid for by landowners within the District. Under the terms of an Intergovernmental Agreement (IGA) dated May 5, 2000 between the Town of Morrison and the City of Lakewood, property owners are required to enter in to public improvement agreements which provide for construction of public infrastructure excepting such water and sewer infrastructure as will be built by the District. Property owners typically pay for such costs through construction loans or internal financing. It is also possible for a property owner to use special improvement districts although such financing is rarely used due to the complex procedures defined in state law and home rule charter. Landowners will have great incentive to pay for such infrastructure through such methods, because for landowners to realize any value from their land, it will be necessary to pay for and install such infrastructure and the District believes that the cost of the infrastructure will be significantly less than the gains to be realized by landowners from the development and or sale of land, and that landowners will have the incentives to make the necessary investment in such infrastructure. However, at the present time there is no specific method or plan to raise funds from the disparate landowners, and such method, whether by way of assessment, joint development agreement, special improvement districts or some other means to allocate the costs has yet to be determined. The District has prepared a detailed description of its existing plan for providing water and sewer service to areas within the Mount Carbon Metropolitan District, which is attached as Exhibit G. In addition, the Amended and Restated Service Plan, attached as Exhibit H contains a detailed description of the water and sewer infrastructure that will need to be completed and the costs associated with doing so.

CDN Development, L.P., the previous plan funder, believed it had acquired certain water rights on the Robert Lewis Ditch and Spickerman Ditch in connection with its purchase of certain assets from the FDIC. The District has always maintained the right to use these rights as part of its augmentation plan. The Robert Lewis Ditch has been used and is still being used by the District. It is diverted out of Bear Creek and served to customers through the existing Mount Carbon System. In its Third Amended Plan for Adjustment of Debts filed with this Court, CDN, as plan funder, agreed to be paid \$1,636,000 in bonds in exchange for those rights. The District agreed under those circumstances. After the rejection of that plan, the District took another look at those rights; not as part of any bankruptcy procedures but as a service and water right issue. Mount Carbon has always assessed its water rights and service obligations independently of any bankruptcy issues. Based on District research, the following issues arose; there appeared to be District ownership of these rights prior to the default on its debt. The District is able to maintain its ownership right based on due diligence that has disclosed a possible failure by CDN to perfect its rights, for its failure to continuously use and divert water.

The District has maintained usage and diversion of these water rights since their original acquisition. It is the District's opinion that ownership of these rights belongs to the District. Furthermore, CDN does not have a right to serve water within the District and would

face difficulties in establishing ownership if CDN tried to sell or use those rights. CDN and the District have entered into a tap purchase option for the right for CDN to purchase 1200 taps.

C. The District's Service Plan and Water Tap Allocation Policy

The District operates under a Service Plan that was adopted in 1983 in connection with its formation. The Service Plan contains a description of the District's proposed services. The District is in the process of modifying its Service Plan in accordance with the terms of the Plan, which provides for changes in manner of service and service area for the District. The Amended and Restated Service Plan shall contain terms that are consistent with the Plan and that set forth the boundaries and service responsibilities of the District. The District shall have authority to finance, acquire land and water rights, design, construct, own, operate and maintain water and sanitary sewer facilities within and outside its legal boundaries, but it shall have authority to serve only property or customers within its legal boundaries and not outside thereof.

The property in the District is currently undeveloped. It cannot develop without organized service for treated water and sanitary sewer. As of November 15, 2002, there were no entities other than the District that are willing and able to provide these services to property within the District.

District property owners whose property is located in the City of Lakewood may in their sole discretion choose their provider of water and sewer service. However, if a property receives water from the Mount Carbon Metropolitan District, said property must also receive sewer from the District due to water court decree return flow requirements. Any property that receives neither water nor sewer service from the District shall be excluded from the District upon petition from the property owner, but such property will continue to be responsible for the 20-mill levy to pay the Exchange Bonds. Any property which receives either water or sewer service from the District shall remain in the District.

Pursuant to an annexation agreement, water and sewer service in those portions of the District located in Morrison will be provided by the District if the District can provide both services, subject to Morrison's first right of refusal for water service on a portion of land within the District, as set forth in an Agreement of Right of First Refusal between the District and the Town of Morrison *et al.* dated September 17, 1996 if such Agreement is still in effect. In addition, the Town of Morrison will have the first right of refusal to provide water to any development within that portion of the District located in Morrison, up to a total maximum of 800 equivalent residential taps ("EQRs") in the future when and if an agreement to that effect is entered into between the District and the Town of Morrison.

In Morrison, notwithstanding the absence of an agreement between the District and the Town for the Town to provide water within the District, if, during the first five years after the effective date of the Amended and Restated Service Plan, the District is not able or reasonably will not be able to provide both water and sewer service to a property legally and practically ready for development within 24 months after a written request for such service by a property owner, the property owner can apply to obtain both water and sewer service from the Town of Morrison. If a property receives neither water nor sewer service from the District, such property

will be excluded from the District upon petition of the property owner, but will continue to be responsible for the Mill Levy for Repayment of Exchange Bonds. If a property in the District receives either water or sewer service from the District, the property will remain in the District.

Any and all former authorization and powers for the District to furnish park and recreation, street improvement, and traffic safety protection services and facilities are terminated, cancelled and revoked. As stated above, the detailed water, water storage and sanitary sewer plan is summarized and described in Exhibit "G" hereto entitled "Mount Carbon Water and Sewer Plan". The power and authority of the District shall be further limited as provided in the Amended Service Plan, a copy of which is attached as Exhibit H.

The District believes that there may be more demand for water taps initially than the District will be able to immediately supply. As a result the District will adopt a water tap allocation policy in substantially the form attached as an exhibit to the Amended and Restated Service Plan which is attached hereto as Exhibit H.

D. Regulatory and Electoral Approvals

The District has agreed to amend its current Service Plan and has petitioned the Jefferson County Board of Commissioners to approve the Amended and Restated Service Plan in the form of the attached Exhibit H. The District is a special district under C.R.S. 32-1-102 and pursuant to C.R.S. Title 32 is authorized to perform under its service plan and operate as a Special District. The District obtained the electoral approval to authorize additional indebtedness and the authority to repay such indebtedness as provided in the Plan and the District needs no additional authorization to perform the Plan other than the occurrence of the Conditions Precedent to Confirmation, the Conditions Precedent to Effective Date and the satisfaction of any other requirements set forth in Article IX of the Plan.

Despite the taxing authority approved by the voters of the District herein described, the Amended and Restated Service Plan shall limit the District's taxing authority to amounts consistent with the Plan.

The terms of the Plan and the Amended and Restated Service Plan provide however, that the District may not issue any new general obligation debt that would cause the mill levy to exceed 20 mills, plus the lesser of an additional 17 mills or \$150,000 to pay for general administrative costs of the District for salaries, benefits, legal, general planning and engineering, audits and other such reasonable administrative expenses, until all debt evidenced by the Exchange Bonds has been paid in full. In addition, such general administrative levy may be used to pay direct operation and maintenance expenses of the water and sewer system to the extent that water and sewer service rates and charges on active taps are insufficient to pay such direct costs. At such time as service rates and charges are adequate to pay operation and maintenance expenses, the levy shall cease to be used for such direct costs, and shall be reduced to an amount necessary to fund general administration expenses only.

Prior to the Effective Date, the District will receive opinion letters from the District's Bond Counsel and General Counsel that the Exchange Bonds are valid obligations of the District and that all electoral and regulatory approval necessary to confirm and implement the Plan has been obtained or is unnecessary. Such counsel has already indicated to the District that such opinion letters will be provided.

X. ALTERNATIVES TO CONFIRMATION OF THE PLAN

The Debtor believes that the Plan affords all creditors the potential for the greatest realization from the Debtor's assets; therefore, the District believes that the Plan is in the best interest of creditors. The Debtor has considered alternatives to the Plan. In the opinion of the Debtor, such alternatives would not afford claimants as great a return as projected to be achieved under the Plan.

The District is unaware of any feasible alternative to this Plan. The District has been unable to find any other funding source on terms that would be as favorable to existing creditors. In addition, if this Plan is not confirmed it is almost certain that no development will occur, and that the streets and water and sewer facilities will continue to deteriorate to the point that they will cost more to repair than to remove them and install new improvements. The alternatives to this Plan are bleak for the creditors of the District.

A. Analysis of Dismissal of the Case

The Debtor could dismiss the Case. In the event of a dismissal of the Case, the Trustee is anticipated to bring an action to enforce the Indenture leaving no value for the general unsecured creditors and returning at best only an uncertain, and believed to be insignificant, payment to holders of the 1985 Bonds.

B. Alternative Plan under Chapter 9

In the event the Plan is not confirmed, the Debtor could attempt to formulate a different plan. The Debtor believes that the Plan represents the best alternative for claimants. The Debtor believes that confirmation and implementation of the Plan is preferable to any of the alternatives to the Plan described herein because it should provide greater and more certain recoveries of the Debtor's assets to the holders of Claims. In addition, other alternatives would involve delay, uncertainty and substantial administrative costs.

XI. CERTAIN FACTORS TO BE CONSIDERED

A. Factors Relating to Chapter 9 and the Plan

1. Preferences

Under federal bankruptcy law, a debtor may avoid transfers of assets of a debtor as a "preferential transfer." To constitute a preferential transfer, the transfer must be (1) of an interest of the debtor in property; (2) to or for an antecedent debt; (3) made while the debtor was

insolvent; (4) made within 90 days before the filing of a bankruptcy petition or made within one year if to an “insider” and (5) a transfer that enables the creditor to receive more that it would receive under Chapter 7 liquidation of the debtor’s assets. The Bankruptcy Code creates a rebuttable presumption that the debtor was insolvent during the 90 days immediately before the filing of the bankruptcy petition. The Debtor does not believe that there are any preference claims with respect to any pre-petition transfers made by the Debtor with the relevant preference period. The District does not anticipate bringing any preference actions.

2. Fraudulent Transfers

Generally speaking, fraudulent transfer law is designed to avoid two types of transactions: (i) conveyances that constitute “actual fraud” upon creditors, and (ii) conveyances that constitute “constructive fraud” upon creditors. In the bankruptcy context, fraudulent transfer liability arises under Sections 548 and 544 of the Bankruptcy Code. Section 548 permits the estate representative or debtor-in-possession to “reach back” for a period of one year and avoid fraudulent transfers made by the Debtor or fraudulent obligations incurred by the Debtor during the one year prior to the Petition Date. Section 544 permits the trustee or debtor-in-possession to apply applicable state fraudulent transfer law. Assuming that Colorado law was to apply, the estate representative could challenge conveyances, transfers or obligations made or incurred by the Debtor within four years prior to the Petition Date. However, under Section 544 of the Bankruptcy Code, it is necessary to establish that at the time of the challenged conveyance or obligation, there in fact existed a creditor whose Claim remains unpaid on the Petition Date. The Debtor does not believe there were any fraudulent transfers to recover in this case.

B. Factors Relating to the Repayment of Claims and Other Considerations

Prior to deciding whether to accept the Plan, each solicited entity should carefully consider all of the information contained in this Disclosure Statement, including the factors described or cross-referenced in the following paragraphs.

1. Lack of an Established Market

There is no appreciable existing market for Claims against the Debtor. Accordingly, no assurance can be given that a holder of a Claim will be able to sell such Claim in the future or as to the price at which any such sales may occur.

2. Effect of Bankruptcy on Debtor’s Business

In light of the factors precipitating the bankruptcy filings and the nature of the Debtor’s business, the Debtor does not believe that the bankruptcy filing will adversely impact its operations.

3. Nature of Debtor’s Business

The Debtor’s business is operating the Mount Carbon Metropolitan District.

C. Accredited Investors

1. **Accredited Investor.** The Plan Funder is acquiring the Exchange Bonds for its own account, for investment, and not with a view to any "distribution" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). The Plan Funder has no present obligation to make any transfer of the Exchange Bonds other than to an accredited investor. No broker-dealer acted on behalf of such person in connection with the offer or sale of the Exchange Bonds. Such person is an "accredited investor" as that term is defined in Regulation D under the Securities Act.

2. **Restriction on Transfer.** The Plan Funder acquiring Exchange Bonds understands that because the Exchange Bonds have not been registered under the Colorado Municipal Bond Supervision Act (the "Supervision Act"), it cannot dispose of any or all of the Exchange Bonds unless such Exchange Bonds are subsequently registered under the Supervision Act or exemptions from such registration are available. The Plan Funder acknowledges and understands that it has no independent right to require the Debtor to transfer the Exchange Bonds and understands that the Debtor may, as a condition to the transfer of any of the Exchange Bonds, require that the request for transfer be accompanied by opinion of counsel, in form and substance satisfactory to the Debtor, to the effect that the proposed transfer does not result in a violation of the Supervision Act, unless such transfer is covered by an effective registration statement under the Supervision Act. The Exchange Bonds will be nontransferable absent compliance with the Supervision Act and other applicable laws and/or regulations affecting the transfer of securities. This restriction on transferability will be reflected in a legend on the Exchange Bonds.

3. **Sophistication.** The Plan Funder acquiring the Exchange Bonds is knowledgeable and experienced in business and financial matters and capable of evaluating the merits and risks of the investment in the Exchange Bonds, is able to bear the economic risk of loss of its investment in the Exchange Bonds, has been granted the opportunity to make a thorough investigation of the affairs of the Debtor, and has availed itself of such opportunity either directly or through its authorized representative.

4. **Private Offering.** The Plan Funder acquiring Exchange Bonds has been advised that the Exchange Bonds have not been and are not being registered under the Securities Act, the Supervision Act or the "blue sky" laws of any jurisdiction and that the Debtor in issuing the Exchange Bonds is relying upon, among other things, the representations and warranties of such person contained in this section in concluding that each such issuance is a "private offering" and does not require compliance with the registration provisions of the Supervision Act.

5. **Acknowledgment** The Debtor may require an acknowledgment of 1-4 above in a letter from the Plan Funder to be delivered to the Debtor in form and substance acceptable to the Debtor.

XII. CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN

The federal, state and local and other tax consequences of the Plan to the holders of Claims may vary based upon the individual circumstances of each holder. In addition, this discussion does not cover all aspects of federal income taxation that may be relevant to the Debtor or holders of Allowed Claims, nor does the discussion deal with tax issues peculiar to certain types of taxpayers (such as life insurance companies, S corporations, financial institutions, tax exempt organizations and foreign taxpayers). No aspect of foreign, state, local or estate and gift taxation is addressed. The District urges careful tax planning and advice based upon the individual circumstances of each holder of a Claim. Accordingly, holders of Claims are urged to consult their own tax advisors for the federal, state, local and other tax consequences peculiar to them under the Plan.

A. State and Local Taxes

By the reason of diversity of state and local laws, no attempt is made herein to describe the effects of such laws with respect to the Plan, and each creditor is advised to consult with his own tax counsel relative to the state and local laws in his jurisdiction.

XIII. VOTING PROCEDURES

A. Ballots and Voting Deadline

A Ballot to be used to accept or reject the Plan accompanies this Disclosure Statement.

Pursuant to Rule 3018 of the Federal Rule of Bankruptcy Procedure, March 25, 2003 is the record date for the determination of the identity of the impaired Creditors from whom acceptances or rejections of the Plan will be solicited. The solicitation period for Ballots with respect to the Plan will expire at 5:00 p.m. Mountain Time on June 6, 2003, which is the Expiration Date. Except to the extent allowed by the Bankruptcy Court, Ballots received after the Expiration Date may not be accepted or used by the Debtor in connection with the Debtor's request for Confirmation of the Plan or any modification thereof; and further, any election made by a Class 3 Claim holder on such late received Ballot shall not be effective.

B. Classes Entitled to Vote

Only members of Classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Generally, Section 1124 of the Bankruptcy Code provides that a class of claims is considered to be impaired under a plan unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims. As discussed in "Discussion of The Plan - Summary of the Plan Treatment of the Classes of Claims and Interests," the Debtor has determined that Classes 1, 3, 4, 5 and 6 are impaired under the Plan. (Such Classes are referred to herein as the "Impaired Voting Classes").

The Debtor may submit to the Bankruptcy Court for determination the issue whether, in light of all circumstances, the Debtor may obtain confirmation of the Plan pursuant to the "cram down" provisions of Section 1129(b) of the Bankruptcy Code in lieu of or notwithstanding the nonacceptance of certain Classes. See "Confirmation of the Plan - Fair and Equitable Test."

C. Vote Required for Class Acceptance

During the Confirmation Hearing, the Bankruptcy Court will determine whether the Impaired Voting Classes have accepted the Plan by determining whether sufficient acceptances have been received from the holder of Allowed Claims in such Classes. An impaired Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (i) hold at least two-thirds of the allowed amount of the Allowed Claims of the holders in such Class who actually vote, and (ii) constitute more than one-half in number of holders of the Allowed Claims in such Class actually voting on the Plan. Ballots of holders of impaired Claims that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, may be counted as Ballots for the acceptance of the Plan if permitted by the Bankruptcy Court. Except as may be allowed by the Bankruptcy Court, a Ballot accepting the Plan may not be revoked.

D. Possible Reclassification of Creditors

The Debtor is required pursuant to Section 1122 of the Bankruptcy Code to place Claims in Classes that contain Claims substantially similar to each other. While the Debtor believes it has classified all Claims in compliance with Section 1122, it is possible a creditor may challenge the Debtor's classification of his Claim. If the Debtor is required to reclassify any Claims under the Plan, the Debtor, to the extent permitted by the Bankruptcy Court, intends to continue to use the acceptances received from any creditor pursuant to the solicitation of acceptance using this Disclosure Statement for the purpose of obtaining the approval of the Class or Classes of which such creditor is ultimately deemed a member, provided however that the economic treatment of such reclassified holder shall remain unchanged. Any reclassification of Claims could adversely affect the Class in which such Claims were initially a member or any other Class under the Plan, by changing the composition of such Class and the required vote thereof or approval of the Plan. Further, a reclassification of Claims could necessitate the re-solicitation of a completely new plan of reorganization.

XIV. CONFIRMATION OF THE PLAN

A. Confirmation Hearing

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a Confirmation hearing. The Confirmation hearing will be separately noticed. The Bankruptcy Court may adjourn the Confirmation hearing from time to time without further notice except for an announcement made at the Confirmation hearing.

B. Requirements for Confirmation of the Plan

At the Confirmation hearing, the Bankruptcy Court will determine whether the requirements of Section 943 of the Bankruptcy Code have been satisfied in which event the Bankruptcy Court will enter an order confirming the Plan. Some of the principal requirements include:

1. Best Interest Test and Feasibility

One of the determinations that the Bankruptcy Court must make before confirming the Plan is whether the Plan is in the best interest of creditors and is feasible. This Best Interest Test contemplates the Bankruptcy Court considering the liquidation test commonly used in Chapter 11 proceedings, and provides that the Court determine that creditors will receive under the Plan at the amount that such creditors would have received in a Chapter 7 liquidation. The feasibility test requires the Court to determine that the Debtor will be able to perform the Plan following the Effective Date.

2. Acceptance by Classes

Section 1129(a)(8) of the Bankruptcy Code requires that each impaired Class must accept the Plan by their requisite vote for Confirmation to occur without resort to the "cram down" provisions of Section 1129(b) as discussed below. As more fully described herein, a Class of Claims will have accepted the Plan if holders of at least two-thirds in amount and more than one-half in number of Allowed Claims in such Class actually voting to accept or reject the Plan has voted in favor of acceptance.

It is important to recognize that the majorities required by Section 1126(b) of the Bankruptcy Code apply to those creditors in a Class that actually vote on a plan. Thus, for example, if there were 100 creditors, and only five creditors voted to accept or reject the plan, such creditors could determine the acceptance or rejection of the plan for the entire class of creditors. Thus, it is important that each holder of Claims in Classes 1, 3, 4, 5 and 6 votes to accept or reject the Plan.

C. Conditions for Confirmation

At the Confirmation hearing, the Bankruptcy Court will determine whether the Plan meets all of the requirements of Section 943 of the Bankruptcy Code governing the confirmation of a plan of adjustment of debts. Among the conditions precedent to the Bankruptcy Court's Confirmation of the Plan are: (i) a finding that the Plan was solicited upon disclosure of adequate information as defined in Section 1125(a) of the Bankruptcy Code; and (ii) a finding that at least one of the impaired Classes of Claims that is voting in the Chapter 9 Case has accepted the Plan by the affirmative vote of Claimants that hold at least two-thirds in amount and not less than one-half in number of the Allowed Claims of such Classes that have voted on such Plan, but excluding any Claimants designated under Section 1126(e) of the Bankruptcy Code.

D. Effect of Confirmation; Discharge of Debtor

Pursuant to Section 944 of the Bankruptcy Code, except as otherwise provided in this Plan, the entry of the Confirmation Order, as of the Effective Date, will act as a full and complete discharge of all Claims against the Debtor, the Post Confirmation Debtor, Post Confirmation Debtor's assets of any nature whatsoever, including, without limitation, any liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, that

arose, or have been asserted against the Debtor at any time before the entry of the Confirmation Order or that arise from any pre-Confirmation conduct of the Debtor whether or not the Claim(s) are known to or knowable by the Claimant. The discharge of the Debtor will become effective as to each Claim, whether or not the Claim constituted an Allowed Claim and whether or not the holder of the Claim voted to accept this Plan. In addition, the Confirmation Order will operate as a general resolution with prejudice, as of the Effective Date, of all pending legal proceedings against the Debtor and its respective assets and properties as well as any proceedings not yet instituted against the Debtor or its respective assets and properties, except as otherwise provided in this Plan.

XV. SOURCES OF INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT

The information contained in this Disclosure Statement has been compiled from various sources including: (1) management of the Debtor; (2) the books and records of the Debtor; and (3) the Debtor's bankruptcy counsel Brian Halloran Esq., who has provided to management the discussion of the procedures applicable in a Chapter 9 bankruptcy case.

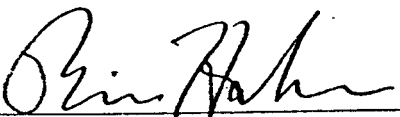
XVI. RECOMMENDATION FOR ACCEPTANCES

The Debtor believes that the Plan is feasible, and in the best interest of the Creditors of the District. Accordingly, the Debtor recommends that you vote for acceptance of the Plan.

A Ballot for acceptance or rejection of the Plan is enclosed. It is important that you vote.

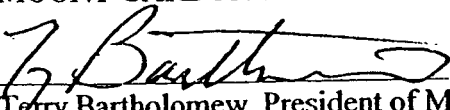
Respectfully submitted this 21 day of January, 2003.

Respectfully submitted this 21 day of ~~December~~ ^{JANUARY}, 2003

By: 

Brian P. Halloran, #19792
3656 Las Flores Canyon Road
Malibu, California
(310) 317-8632
ATTORNEY FOR MOUNT CARBON
METROPOLITAN DISTRICT

MOUNT CARBON METROPOLITAN DISTRICT

By: 
Terry Bartholomew, President of Mount
Carbon Metropolitan District

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Mount Carbon Metropolitan District

**Financial Statements and Report
of
Independent Certified Public Accountants**

December 31, 2002

**MASON RUSSELL WEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS**

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DICK MASON
RAY RUSSELL, JR

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTING SERVICES

Report of Independent Certified Public Accountants

To the Board of Directors
Mount Carbon Metropolitan District
Lakewood, Colorado

We have audited the combined financial statements, as shown in the table of contents, of Mount Carbon Metropolitan District as of December 31, 2002, and for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mount Carbon Metropolitan District as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As discussed in Notes 5 and 10 to the financial statements, the District has defaulted on the 1985 A-1 and A-2 bond issues; there is approximately \$44,000,000 matured and unpaid interest, and all other notes (Note 5) and payables are past due. These matters raise substantial doubt about the District's ability to continue as a going concern. The financial statements do not include any adjustment relating to the amounts and classification of liabilities that might be necessary under the provisions of Chapter 9 of the Federal Bankruptcy Code. (See Note 10.)

Mason Russell West, LLC

Littleton, Colorado
January 18, 2004



Member Firms in Principal Cities Around the World

Mount Carbon Metropolitan District

Combined Balance Sheet—All Fund Types and Account Groups

December 31, 2002

Mount Carbon Metropolitan District
Combined Balance Sheet—All Fund Types and Account Groups
December 31, 2002

Assets	Governmental Fund Types		
	General	Debt Service	Capital Projects
Current Assets:			
Cash and investments	\$ 15,182	106,409	\$ -
Restricted investment	-	2,912,820	-
Property taxes receivable	14,251	25,433	-
Due from other fund	3,133	602,660	-
Total Current Assets	<u>32,566</u>	<u>3,647,322</u>	<u>-</u>
Property	-	-	-
Other Debits:			
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of long-term obligations	-	-	-
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 32,566</u>	<u>\$ 3,647,322</u>	<u>\$ -</u>

<u>Account Groups</u>		<u>Totals</u>	
<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
<u>Fixed</u>	<u>Long-Term</u>	<u>December 31,</u>	
<u>Assets</u>	<u>Obligations</u>	<u>2002</u>	<u>2001</u>
\$ -	\$ -	\$ 121,591	\$ 222,680
-	-	2,912,820	2,685,000
-	-	39,684	16,014
-	-	605,793	605,793
-	-	3,679,888	3,529,487
<u>15,684,446</u>	-	<u>15,684,446</u>	<u>15,684,446</u>
-	3,647,322	3,647,322	2,685,000
-	24,723,622	24,723,622	25,635,944
-	28,370,944	28,370,944	28,320,944
<u>\$ 15,684,446</u>	<u>\$ 28,370,944</u>	<u>\$ 47,735,278</u>	<u>\$ 47,534,877</u>

The accompanying notes are an integral part of this statement.

Mount Carbon Metropolitan District

**Combined Balance Sheet—All Fund Types and Account Groups
(continued)**

December 31, 2002

Mount Carbon Metropolitan District
Combined Balance Sheet—All Fund Types and Account Groups
December 31, 2002

Liabilities and Fund Equity	<u>Governmental Fund Types</u>		
	General	Debt Service	Capital Projects
Liabilities:			
Accounts payable	\$ 735,728	\$ 17,130	\$ 79,876
Due to other fund	162,564	-	443,230
Matured interest payable	-	43,796,646	6,353
Deferred property taxes	14,251	25,433	-
Deferred tap fees	-	-	3,288,455
Notes payable	-	-	-
Bonds payable	-	-	-
Total Liabilities	<u>912,543</u>	<u>43,839,209</u>	<u>3,817,914</u>
Commitments and Contingencies			
	-	-	-
Fund Equity:			
Investment in general fixed assets	-	-	-
Fund balance (deficit)	-	-	-
Reserved for debt requirements	-	3,647,322	-
Reserved for TABOR requirements	11,843	98,180	-
Unreserved	<u>(891,820)</u>	<u>(43,937,389)</u>	<u>(3,817,914)</u>
Total Fund Equity (Deficit)	<u>(879,977)</u>	<u>(40,191,887)</u>	<u>(3,817,914)</u>
Total Liabilities and Fund Equity	<u>\$ 32,566</u>	<u>\$ 3,647,322</u>	<u>\$ -</u>

Account Groups		Totals (Memorandum Only) December 31,	
General Fixed Assets	General Long-Term Obligations	2002	2001
\$ -	\$ -	\$ 832,734	\$ 722,794
-	-	605,794	605,794
-	-	43,802,999	40,507,670
-	-	39,684	16,014
-	-	3,288,455	3,288,455
-	18,307,547	18,307,547	18,307,547
-	10,063,397	10,063,397	10,013,397
-	<u>28,370,944</u>	<u>76,940,610</u>	<u>73,461,671</u>
-	-	-	-
15,684,446	-	15,684,446	15,684,446
-	-	3,647,322	2,685,000
-	-	110,023	110,023
-	-	(48,647,123)	(44,406,263)
<u>15,684,446</u>	-	<u>(29,205,332)</u>	<u>(25,926,794)</u>
<u>\$ 15,684,446</u>	<u>\$ 28,370,944</u>	<u>\$ 47,735,278</u>	<u>\$ 47,534,877</u>

The accompanying notes are an integral part of this statement.

Mount Carbon Metropolitan District

Combined Statement of Revenue, Expenditures and Changes in Fund Balances (Deficits) All Governmental Fund Types

For the Year Ended December 31, 2002

Mount Carbon Metropolitan District
Combined Statement of Revenue, Expenditures and
Changes in Fund Balances (Deficits)
All Governmental Fund Types
For the Year Ended December 31, 2002

	Governmental Fund Types		
	General	Debt Service	Capital Projects
Revenue:			
Property taxes	\$ 23,359	\$ -	\$ -
Specific ownership	2,482	-	-
Investment income	279	228,965	-
Other income	51,677	-	-
Total Revenue	<u>77,797</u>	<u>228,965</u>	<u>-</u>
Expenditures:			
General government	289,970	-	-
Capital outlay	-	-	-
Debt services	-	-	-
Principal	-	-	-
Interest and fiscal charges	-	3,295,330	-
Paying agent and trustee fees	-	-	-
Chapter 9 costs	-	-	-
Excess Revenue Over (Under)	<u>289,970</u>	<u>3,295,330</u>	<u>-</u>
Expenditures	<u>(212,173)</u>	<u>(3,066,365)</u>	<u>-</u>
Other Financing Sources (Uses):			
Note proceeds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>(212,173)</u>	<u>(3,066,365)</u>	<u>-</u>
Fund Balance (Deficit)—beginning of year			
As previously reported	-	-	-
Prior period adjustment	-	-	-
Fund Balance (Deficit)—beginning of year	<u>(667,804)</u>	<u>(37,125,522)</u>	<u>(3,817,914)</u>
Fund Balance (Deficit)—end of year	<u>\$ (879,977)</u>	<u>\$ (40,191,887)</u>	<u>\$ (3,817,914)</u>

(Memorandum Only)
December 31,

<u>2002</u>	<u>2001</u>
\$ 23,359	\$ 150,200
2,482	1,103
229,244	229,119
<u>51,677</u>	<u>-</u>
<u>306,762</u>	<u>380,422</u>
289,970	92,209
-	-
-	-
3,295,330	3,295,469
-	-
-	<u>6,270</u>
<u>3,585,300</u>	<u>3,393,948</u>
<u>(3,278,538)</u>	<u>(3,013,526)</u>
-	-
-	-
<u>(3,278,538)</u>	<u>(3,013,526)</u>
-	-
-	-
<u>(41,542,323)</u>	<u>(38,528,797)</u>
<u>\$ (44,820,861)</u>	<u>\$ (41,542,323)</u>

The accompanying notes are an integral part of this statement.

Mount Carbon Metropolitan District

Combined Statement of Revenue, Expenditures and Changes in Fund Balances (Deficits) All Governmental Fund Types (Budgetary Basis)

For the Year Ended December 31, 2002

Mount Carbon Metropolitan District
Combined Statement of Revenue, Expenditures and
Changes in Fund Balances (Deficits)
All Governmental Fund Types (Budgetary Basis)
For the Year Ended December 31, 2002

	<u>General Fund</u>		
	Budget	Actual	(Unfavorable)
Revenue:			
Property taxes	\$ 1,273	\$ 23,359	\$ 22,086
Specific ownership	1,200	2,482	1,282
Interest	-	279	279
Restructuring of debt	<u>449,063</u>	<u>51,677</u>	<u>(397,386)</u>
Total Revenue	<u>451,536</u>	<u>77,797</u>	<u>(373,739)</u>
Expenditures:			
General government	58,719	289,970	(231,251)
Capital outlay	-	-	-
Debt services	-	-	-
Principal	-	-	-
Interest and fiscal charges	-	-	-
Paying agent and trustee fees	-	-	-
Chapter 9 costs	-	-	-
Total Expenditures	<u>58,719</u>	<u>289,970</u>	<u>(231,251)</u>
Other Financing Sources (Uses):			
Note proceeds	-	-	-
Debt restructuring	-	-	-
Operating transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>392,817</u>	<u>(212,173)</u>	<u>(604,990)</u>
Fund Balance (Deficit)—beginning of year, as restated	<u>(392,817)</u>	<u>(667,804)</u>	<u>(274,987)</u>
Fund Balance (Deficit)—end of year	<u>\$ -</u>	<u>\$ (879,977)</u>	<u>\$ (879,977)</u>

Debt Service Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 14,741	\$ -	\$ (14,741)	\$ -	\$ -	\$ -
500	228,965	228,465	-	-	-
<u>41,083,431</u>	<u>-</u>	<u>(41,083,431)</u>	<u>3,817,914</u>	<u>-</u>	<u>-</u>
<u>41,098,672</u>	<u>228,965</u>	<u>(40,869,707)</u>	<u>3,817,914</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,400,000	3,295,330	104,670	-	-	-
221	-	221	-	-	-
<u>3,400,221</u>	<u>3,295,330</u>	<u>104,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>37,698,451</u>	<u>(3,066,365)</u>	<u>(40,764,816)</u>	<u>3,817,914</u>	<u>-</u>	<u>(3,817,914)</u>
<u>(37,698,451)</u>	<u>(37,125,522)</u>	<u>572,929</u>	<u>-</u>	<u>(3,817,914)</u>	<u>(3,817,914)</u>
<u>\$ -</u>	<u>\$(40,191,887)</u>	<u>\$ (40,191,887)</u>	<u>\$ 3,817,914</u>	<u>\$ (3,817,914)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Mount Carbon Metropolitan District
Notes to Financial Statements
December 31, 2002

1. Organization

Mount Carbon Metropolitan District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide water treatment and supply, sanitary sewage disposal, streets, traffic safety controls and devices and park and recreation facilities.

The District is governed by an elected board of directors. As required by generally accepted accounting principles, these financial statements present the District (the primary government) and it has no component units.

The District does not exercise financial accountability over any other entity, nor is the District a component unit of any other governmental entity.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. Fund types and account groups used by the District are described below.

Governmental Fund Types

General Fund—The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

Capital Projects Fund—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Account Groups

General Fixed Assets Account Group—This group of accounts is established to account for recorded fixed assets of the District.

General Long-Term Obligation Account Group—This group of accounts is established to account for all long-term obligations of the District.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund types. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end.

The District incurred expenditures in excess of appropriations in the General Fund and Debt Service Fund for the year ended December 31, 2001, which may be in violation of the Local Government Budget Law.

Investments

Investments are stated at fair market value at the balance sheet date (see Note 3).

Property

General Fixed Asset Account Group

Property is stated at the District's cost. Depreciation on general fixed assets is not recognized. Interest is not capitalized on constructed assets.

Property Taxes

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

The District's Board of Directors determines the amount of the property tax levy. The levy is applied to assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set during October or November by certification to the County Commissioners to place a tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayers' election in February and June.

Delinquent taxpayers are notified in August, and tax sales are in November. The County Treasurer remits the taxes collected monthly to the District.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of these financial statements, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Totals (Memorandum Only)

Total columns on the statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Additionally, the 2001 totals presented in the "(Memorandum Only)" columns are included to provide a summarized comparison with comparable 2001 amounts and are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

3. Cash and Investments

Deposits

Colorado State Statutes govern the District's deposit of cash. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal insurance on deposits held.

Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District's cash balances at December 31, 2002, were \$121,591, all of which were insured.

In 1985, the District utilized bond proceeds to purchase a "zero coupon" U.S. Treasury Bond due November 15, 2004, with a face value of \$3,000,000. On May 1, 2005, the Series 1985A-2 bonds of the District for \$3,075,000 (see Note 5) will be payable. The U.S. Treasury Bond will be used for retirement of the District's 1985A-2 bonds. At December 31, 2002, the U.S. Treasury Bond's market value was \$2,912,820.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

4. Property

An analysis of the changes in property for the year ended December 31, 2002, follows:

	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Water	\$ 3,835,912	\$ -	\$ -	\$ 3,835,912
Sewer	2,680,023	-	-	2,680,023
Streets	5,814,367	-	-	5,814,367
Water rights (Note 8)	1,315,972	-	-	1,315,972
Morrison Agreement	1,622,917	-	-	1,622,917
Parks and recreation	408,761	-	-	408,761
Furniture and fixtures	6,494	-	-	6,494
Totals	<u>\$ 15,684,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,684,446</u>

5. Long-Term Debt

General Obligation Bond Series 1985A-1 and 1985A-2

In 1985 the District issued \$10,500,000 and \$3,500,000 in General Obligation Bonds, Series 1985A-1 and 1985A-2, respectively. The bonds bear interest from 8.25 percent to 11 percent, payable semi-annually on November 1 and May 1 and the 1985A-1 Bonds were secured by a \$7,000,000 irrevocable letter of credit issued by a savings and loan association, and the 1985A-2 Bonds are secured by the U.S. Treasury Bond referred to in Note 3 above. The 1985A-1 and 1985A-2 bonds are in technical default since 1989 when the District failed to make required debt service payments into reserve 95 days in advance of the May 1, 1989, and November 1, 1989, due dates. The irrevocable letter of credit was activated, paying a portion of the principal of the 1985A-1 Bonds. Required reserves have not been replenished to date, and no required interest or principal payments have been made since. Annual debt service requirements, including the required payments, to maturity for the 1985A-1 and 1985A-2 series were as follows:

Series 1985A-1		
Principal	Interest	Total
\$3,620,000	\$4,594,900	\$8,214,900

No payments of principal or interest on the 1985A-1 or 1985 A-2 bonds were paid during 2002 nor have any been paid as of February 15, 2002. The final payment date was May 1, 1995.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

5. Long-Term Debt (continued)

Series 1985A-2 (See Note 3)

Principal	Interest	Total
\$3,450,000	\$4,691,237	\$8,141,237

Other Bonds and Notes Payable

The other bonds and notes payable at December 31, 2002, are to District directors, former directors, corporations controlled by former directors and non-related parties for the purchase of land, engineering services and water rights and consist of the following:

Related parties:

	Series 1991 Bonds	Notes
Colco Corp.		
10 percent promissory notes, unsecured, principal and interest due in 1989–1997 (See Note 6) (In default)	\$ —	\$ 995,440
7 ½ percent bonds, unsecured, principal and interest due in 1992 (In default)	2,177,573	—
Springfield Development Company		
7 ½ percent bond, unsecured, principal and interest due November 1992 (In default)	609,204	—
10.25 percent bonds, unsecured, principal and interest due in 2003	50,000	—
Lakewood West Partnership		
7 ½ percent bond, unsecured, principal and interest due in November 1992 (In default)	102,353	—
Jeannine R. Langhoff		
7 ½ percent promissory notes, unsecured, interest and principal due in November 1992 (In default)	—	93,212
Southwestern Development Company		
7 ½ percent bond, unsecured, interest only payable in semi-annual installments, principal due November, 1992 (In default)	54,267	—
Springfield Green Partnership		
7 ½ percent promissory note, unsecured, interest and principal due in November, 1992 (In default)	—	26,071

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

5. Long-Term Debt (continued)

Related parties:	Series 1991	
	Bonds	Notes
Deryl Gingery		
8 percent promissory note, unsecured, payable from proceeds of the next District public bond offering (In default)	—	22,000
Total Related Party Bonds and Notes Payable	<u>2,993,397</u>	<u>1,136,723</u>
 Other:		
Wood Brothers Homes, Inc.		
7 ½ percent promissory notes, unsecured, interest only payable in semi-annual installments, principal due in 1994 (In default)	—	5,768
CDN Development Corp.		
Promissory notes with interest at 3 percent over prime rate unsecured, payable upon demand (In default)	—	15,820,050
Rielly Homes, Inc.		
10 – 10 ¼ percent promissory notes, unsecured, principal and interest due in 1997-1998 (In default)	—	637,068
Aurora National Bank		
\$707,938 note with bank, interest at 9½ percent payable monthly, collateralized by guarantee by a former director and water rights, payable on demand (see Note 6)	—	707,938
	—	<u>17,170,824</u>
Total Other Bonds and Notes Payable	<u>\$ 2,993,397</u>	<u>\$ 18,307,547</u>

The bonds and notes in default are subject to an interest rate of fifteen to twenty-one percent. (See Note 13)

Maturities on the other bonds and notes payable over the next five years are as follows:

	Bonds	Notes
2002	\$ 2,943,397	\$ 18,307,547

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

5. Long-Term Debt (continued)

The District held a special election in 1994 and approved an additional \$1,000,000 in debt. Repayment of this debt (principal and interest) cannot exceed \$2,000,000 per the terms approved in the ballot.

The District held a special election in 1997 and approved an additional \$420 million in debt. Repayment of this debt (principal and interest) cannot exceed approximately \$18 billion per the terms approved in the ballot.

An analysis of the changes in general long-term debt for the year ended December 31, 2002 follows:

	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Bonds payable				
Series 1985A-1	\$ 3,620,000	\$ -	\$ -	\$ 3,620,000
Series 1985A-2	3,450,000	-	-	3,450,000
	<u>7,070,000</u>	<u>-</u>	<u>-</u>	<u>7,070,000</u>
Other bonds and notes				
Colco Corp.				
Bonds (see below)	2,177,573	-	-	2,177,573
Notes (Note 6)	995,440	-	-	995,440
Springfield				
Development Co.	609,204	-	-	609,204
Lakewood West				
Partnership	102,353	-	-	102,353
Jeannine Langhoff	93,212	-	-	93,212
Southwestern				
Development Co.	54,267	-	-	54,267
Springfield Green				
Partnership	26,071	-	-	26,071
Wood Bros. Homes	5,768	-	-	5,768
Deryl Gingery	22,000	-	-	22,000
CDN Development Corp.	15,820,050	-	-	15,820,050
Aurora National Bank	707,938	-	-	707,938
Rielly Homes	637,068	-	-	637,068
	<u>21,250,944</u>	<u>-</u>	<u>-</u>	<u>21,250,944</u>
	<u>\$ 28,320,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,320,944</u>

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

6. Subsequent Event

On June 18, 2003 the bankruptcy court issued a confirmation order approving the District's Seventh Amended Plan for the Adjustment of Debts. The order is effective the date that the plan funder deposits the required funds in the trust account and the exchange bonds are issued.

This event has not occurred at the date of these financial statements.

If the funds are not deposited and the bonds are not issued within one year of the date the order was signed, then confirmation of the Plan shall be deemed to have been denied. In that case, the District shall remain in default and insolvent for purposes of eligibility and a subsequent plan and all creditors and parties in interest shall retain their respective rights against the District as such rights existed prior to the confirmation hearing.

7. Related Party Transactions

In January 1990 a \$600,000 note with Aurora National Bank, shown in Note 5, was used to repay an existing note \$(100,000) with the bank and repay certain other notes and accrued interest \$(489,973) to a former director. This debt was created through satisfaction of interest due on certain "road" notes payable in addition to other payables, of which the notes were subordinated to the general obligation bonds. This new note was collateralized with certain water rights and guaranteed by the same director. Should this individual be required to pay the bank, the District agreed to convey title to the water rights to the guarantor subject to the right of the District to repurchase the water rights for eighteen months. The note was renegotiated during 1996, resulting in an adjusted principal balance of \$707,938.

Each District board member is a property owner in the District.

Certain directors and corporations controlled by a former District director have sold land to the District, as evidenced by notes payable shown in Note 5.

During 1993 through 1995 Colco advanced \$346,702, which was classified as contributions in aid of construction because of the effect of the TABOR amendment. The District had this advance ratified as debt payable to Colco at the November 1994 TABOR election. At that election an additional \$1,000,000 in debt was authorized. All of the amounts advanced are now classified as notes payable.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

8. Deferred Revenues

The District has obtained advances of \$3,288,455 under an agreement for the sale of utility connections. Revenues under the agreement are deferred and will be recognized when water and sewer services are provided. Under the terms of a repurchase agreement, the District may be required to repurchase the utility connections up to \$1,750,000 if the District issues additional General Obligation bonds before May 1, 2005.

9. Commitments and Contingencies

Morrison Agreement

The District has an agreement with the Town of Morrison, Colorado, whereby the Town will provide certain sewage treatment facilities and services. The major elements of the agreement are summarized as follows:

Facilities

The District must finance all site acquisition, design, engineering, construction costs and equipment costs of the initial construction program, as defined in an approved engineering study, for a new or expanded facility.

Operating Costs and Fees

The District will be assessed an annual charge for administration, operation, treatment and maintenance in proportion to its share of the facility operating costs.

Other Provisions

In lieu of financing other facilities to insure continued availability of sewage treatment capacity and the right to additional capacity in the existing plant, the District agreed to pay the Town of Morrison, from the next proceeds received from any source for capital improvements within the District, \$240,000. Payment of this option is a condition precedent to the expansion of the sewage treatment plant from its current 200,000 gallons per day. As of December 31, 1995, this option was canceled, and the District was relieved of the responsibility to pay the \$240,000 by releasing to Morrison one-half of its reserved capacity (50,000 gallons per day).

City of Lakewood and Town of Morrison

The District has agreements with the City of Lakewood and the Town of Morrison whereby the District will contribute streets. The contributions of streets occur when building permits have been issued and construction has commenced. The District must maintain the streets for one year after the dedication.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

10. Financial Condition

As shown in the financial statements, current expenditures exceeded current revenue by \$3,278,538 during the year ended December 31, 2002. As noted in Note 5, certain debt service and reserve requirements have not been met causing default and certain notes are past due and interest payments are in default. The District must generate sufficient cash flow to remedy the preceding situation. However, the District's ability to generate sufficient cash flow to meet its future operating and debt service requirements is dependent on sufficient revenue generated by property taxes and/or other revenue sources, the actual results of which cannot be determined at this time.

On July 14, 1997, the District filed a voluntary petition for relief under Chapter 9 of the Federal Bankruptcy Code. An order for relief was entered on September 23, 1997. On November 1, 1999, the court denied the District's Third Amended Plan for Adjustment of Debts. The District remained in bankruptcy as of March 10, 2002. On June 18, 2003 the court issued a confirmation order for the District's Seventh Amended Plan for the Adjustment of Debts. See note 6 for the effective date.

11. TABOR Amendment

In November 1992, the voters of Colorado approved Amendment 1, referred to as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

During the November 1997 election, the District's electors voted to exempt all revenues from the revenue and spending limitations of TABOR.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

12. Risk Management: Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is one of 175 special districts that are members of the Colorado Special Districts Property and Liability Pool (pool) as of December 31, 2000. The pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, and boiler and machinery coverage to its members. The pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. The pool is reinsured for 80 percent of the first \$250,000 of all claims and 100 percent for claims in excess of \$250,000. Additionally, the pool has entered into reinsurance contracts that offer 100 percent reinsurance coverage for public officials' liability coverage for the full limit of \$1,000,000.

The District pays annual premiums to the pool for liability and public officials. In the event aggregated losses incurred by the pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the pool, the pool may require additional contributions from the pool members. Any excess funds that the pool determines are not needed for purposes of the pool may be returned to the members pursuant to a distribution formula.

A summary of audited financial information for the pool as of and for the year ended December 31, 2002, is as follows:

Assets	<u>\$6,644,712</u>
Liabilities	\$3,248,831
Capital and surplus	<u>3,395,881</u>
	<u>\$6,644,712</u>
Revenue	\$3,839,175
Underwriting expenses	<u>3,441,055</u>
Underwriting gain	398,120
Other income	<u>116,766</u>
Net income	<u>\$ 514,886</u>

There is no current or long-term debt outstanding. The above liabilities represent incurred claims and an estimated liability for incurred, but not reported, claims at December 31, 2002.

Mount Carbon Metropolitan District
Notes to Financial Statements (continued)
December 31, 2002

**12. Risk Management: Colorado Special Districts Property and Liability Pool
(continued)**

CSDPLP is reinsured for 80% of the first \$250,000 of claims under a quota share agreement and 100% for claims in excess of \$250,000 (not to exceed \$1,000,000) under an excess of loss agreement. Additionally, CSDPLP has entered into arrangements that provide 100% facultative reinsurance coverage for public officials' liability coverage, blanket excess policy coverage for property coverage that exceeds \$1,000,000 per location and 100% coverage for boiler and machinery coverage.

13. Significant Estimates—Interest on Long-Term Debt

The bonds and notes in default are subject to interest rates in excess of the current accrual levels stated in Note 5. The default rates range between fifteen and twenty-one percent. The accrued matured interest payable of \$43,796,646 included in these financial statements is computed at the face rates of the debt instruments. If the default rates were used to compute the accrued matured interest payable, the amount would increase by approximately \$23,000,000. This amount has not been recorded in these financial statements. Because of the severity of the District's financial problems, the District has not considered the default interest rates to be probable.

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INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into this 4th day of November 2003, by and between the City of Lakewood, Colorado, a Colorado home rule municipal corporation (the "City"), the Town of Morrison, Colorado, a Colorado home rule municipal corporation (the "Town"), and the Mount Carbon Metropolitan District, a special district organized and existing pursuant to the provisions of Title 32 of the Colorado Revised Statutes (the "District").

WITNESSETH:

WHEREAS, C.R.S. § 32-1-102 and C.R.S. § 32-1-107 declares the intent of the General Assembly of the State of Colorado to prevent or reduce the proliferation, fragmentation and overlapping of local governments; and

WHEREAS, C.R.S. § 29-1-203(1) authorizes governments, which includes political subdivisions such as cities, towns and special districts, to cooperate or contract with one another to provide any function, service or facility lawfully authorized to each of the contracting units; and

WHEREAS, C.R.S. § 29-1-203(2) provides that such contract shall set forth fully the purposes, powers, rights, obligations, and the responsibilities, financial and otherwise, of the contracting parties; and

WHEREAS, C.R.S. § 29-20-105 also authorizes and encourages local governments to contract with one another for the purpose of planning or regulating the development of land; and

WHEREAS, the Town and the City have previously entered into an Intergovernmental Agreement regarding the Rooney Valley dated May 5, 2000; and

WHEREAS, nearly all of the property within the boundaries of the District is within either the City or the Town (as a result of annexations following the approval of the current service plan of the District dated December 1983 (the "1983 Service Plan") by the Jefferson County Board of County Commissioners,) and

WHEREAS, on July 14, 1997, the District sought protection under Chapter 9 of Title 11 of the United States Bankruptcy Code and on June 19, 2003, the Court confirmed the District's Seventh Amended Plan for Adjustment of Debts (the "Bankruptcy Plan"); and

WHEREAS, the Bankruptcy Plan requires the District to significantly reduce its powers and the services it provides and required that the Amended and Restated Service Plan dated as of January 13, 2003 ("Amended Service Plan") be approved by the Board of County Commissioners of Jefferson County (the "Commissioners") as a condition precedent to the Effective Date unless waived by both the Town and the City in their sole discretion; and

WHEREAS, the Amended Service Plan was Exhibit H to the disclosure statement relating to the Bankruptcy Plan and many of the interested parties in the bankruptcy proceedings, including the Town and the City, relied upon the implementation of the Amended Service Plan in order for the Bankruptcy Plan to be feasible.

WHEREAS, pursuant to Resolution CC03-316, adopted on August 19, 2003, the Commissioners declined to approve the Amended Service Plan, but the District hereby agrees to implement the limitations contained in the Amended Service Plan and, in consideration therefore and the terms and conditions of this Agreement, the City and the Town will waive approval of the Amended Service Plan as a condition precedent for the Effective Date of the Bankruptcy Plan upon the full execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth below, the receipt and sufficiency of which are mutually acknowledged, the City, the Town and the District hereby agree as follows:

ARTICLE I - AMENDED AND RESTATED SERVICE PLAN

1.1 Compliance with Amended Service Plan. The District shall continue to use all reasonable efforts to obtain approval of the Amended Service Plan, substantially in the form attached hereto as Exhibit A, including pursuing the appeal in Case No. 03CV2916-11 pending in the Jefferson County District Court of the Commissioner's decision not to approve such Amended Service Plan. Until such Amended Service Plan is approved, the District shall comply with all terms and conditions of the Amended Service Plan, as if such Amended Service Plan had been approved. Because nearly all of the property within the District is also within the Town or the City, the District agrees in accordance with the statutory provisions cited above, including in particular C.R.S. § 29-1-203(2) and § 29-20-105, to limit the powers and discretion it exercises and the services it provides as set forth in this Agreement in order to regulate and serve development within the boundaries of the District.

1.2 No Modification without Town and City Approval. The District agrees that it shall not seek to amend or modify the 1983 Service Plan or, if subsequently approved in accordance with state law, the Amended Service Plan, unless such amendments or modifications are approved by the Town and the City. Upon approval of the Amended Service Plan by the Commissioners or the Jefferson County District Court, or if the Effective Date of the Bankruptcy Plan has not been achieved in accordance with the order of confirmation dated June 19, 2003 relating to the Bankruptcy Plan, as the same may be amended or extended, then this Agreement will be terminated upon notice from any party to the other parties hereto.

ARTICLE II - WATER AND SANITARY SEWER SERVICES

2.1 Water and Sanitary Sewer Services Only. The District agrees that the only services it shall provide will be water and sanitary sewer services within its legal boundaries. The District may finance, acquire land and water rights, design, construct, own, operate and maintain water and sanitary sewer facilities within and outside its legal boundaries, but it shall have authority to serve only property or customers within its legal boundaries and not outside thereof.

2.2 Alternative Service in City. District property owners within the boundaries of the City may, in their sole discretion, choose their provider of water and sanitary sewer service. However, if a property receives water from the District, said property must also receive sanitary sewer from the District due to water court decree return flow requirements. Any property that receives neither water nor sanitary sewer service from the District shall be excluded from the District upon petition from the property owner, but such property shall continue to be responsible for the 20-mill levy to pay the Exchange Bonds (as described below). Any property in the District which receives either water or sanitary sewer service from the District shall remain in the District.

2.3 Alternative Service in Town. District property owners within the boundaries of the Town will be provided water and sanitary sewer service by the District if the District can provide both services. During the first five years after the date of this Agreement, if the District is not able or reasonably will not be able, within 24 months after a written request for water and sanitary sewer service by a property owner that has property within the Town which is zoned and ready to commence development, to provide both water and sanitary sewer service to such property, the property owner may apply to obtain both water and sanitary sewer service from the Town rather than the District. Any property that receives neither water nor sanitary sewer service from the District shall be excluded from the District upon petition of the property owner, but such property shall continue to be responsible for the 20 mill levy to pay the Exchange Bonds (as described below). Any property in the District which receives either water or sanitary sewer service from the District shall remain in the District.

2.4 No Provision of Other Services. The District agrees not to exercise any and all former authorization and powers of the District to furnish park and recreation, street improvement, traffic safety protection services and facilities or any other services except water and sanitary sewer services.

ARTICLE III – WATER AND SANITARY SEWER TREATMENT FACILITIES

3.1 Water Treatment Plant. The District shall construct a water treatment plant in accordance with the following criteria to serve the water needs of the District.

(a) The water supply and water facilities of the District shall be developed, designed and constructed in accordance with Colorado Department of Public Health and Environment requirements. Except as provided below to the contrary, water supply and water facilities shall also be developed, designed and constructed in accordance with City standards for property in the City and in accordance with Town standards for property in the Town. If the Town provides water, the Town regulations for design and construction of water facilities shall apply. For areas not receiving water services from the Town, City regulations for design and construction of water facilities shall apply; provided, however, that the regulations of the District may apply to such areas rather than City regulations if the City's City Engineer determines that District regulations for the design and construction of water facilities equal or exceed those of the City.

(b) Potable water quantity supply requirements must be designed based on the criteria listed in Water Court cases 83-CW-280 and 84-CW-221.

(c) Water facilities may be designed for phased construction, thus permitting responsible gradual investment, approximately paralleling actual needs, resulting in an economically feasible program.

(d) Fire protection flows and storage shall be available in all areas, in accordance with National Board of Fire Underwriter's standards and requirements of the West Metro Fire Protection District. No separate or additional tap fee will be charged for fire protection.

3.2 Water Facility Construction and Maintenance. The District shall be responsible for financing, designing, constructing, operating and maintaining the facilities shown in Exhibit C of the Amended Service Plan, and for operating and maintaining all water facilities in public rights-of-way and easements, excluding any line from the water meter to the building.

3.3 Water Taps. There are currently no water taps available within the District until a water treatment plant and other infrastructure is constructed and other requirements of the Colorado Department of Public Health and Environment are met. Once such requirements are met, the District will be able to provide up to 400 taps. Additional water taps will only be available after additional storage is provided. Taps available at any given time shall be allocated based on a Tap Allocation Policy adopted by the District, a copy of which is attached as Exhibit D of the Amended Service Plan. Such Tap Allocation Policy may be amended or replaced without an amendment of this Agreement, but only with the written approval of the City and the Town.

3.4 Sewage Treatment Plant. The District shall expand the Morrison Sewage Treatment Plant to meet expected demand.

3.5 Sanitary Sewer Design and Construction. The District's sanitary sewer system shall be designed and constructed in accordance with Colorado Department of Public Health and Environment requirements. The District's sanitary sewer facilities located in the City shall also be designed and constructed in accordance with City standards. The District's sanitary sewer facilities located in the Town shall also be designed and constructed in accordance with Town standards; provided, however, that the regulations of the District may apply in the Town rather than Town regulations if the Town determines that District regulations for the design and construction of sanitary sewer facilities equal or exceed those of the Town.

3.6 Sanitary Sewer Construction and Maintenance. The District shall be responsible for financing, designing, constructing, operating and maintaining the sanitary sewer facilities shown in Exhibit F of the Amended Service Plan, and for operating and maintaining all sanitary sewer facilities in public rights-of-way and easements, excluding any line from the main sewer to the building.

ARTICLE IV – FINANCING

4.1 Exchange Bonds. In accordance with the Bankruptcy Plan, the District may issue up to sixteen million dollars (\$16,000,000) of bonds payable from a limited mill levy (the "Exchange Bonds") to replace and defease all of the District's pre-bankruptcy debt. The Exchange Bonds will be issued pursuant to and in accordance with the provisions of the Bankruptcy Plan in four series, Series A, B, C and D, and will bear interest at seven, seven, eight and nine percent (7%, 7%, 8% and 9%), respectively, per annum, for thirty (30) years after issuance and no interest for the next following ten (10) years. The Exchange Bonds will be paid by an ad valorem tax levy each year which the District agrees to impose in an amount sufficient to pay in full the annual debt service on the Exchange Bonds, up to a maximum of twenty (20) mills, until the earlier of forty (40) years after issuance or until the Exchange Bonds are paid in full. Any Exchange Bonds not paid within forth (40) years shall be extinguished. The Bonds will be payable in order of priority, with the Series A Bonds having the highest priority and the Series D Bonds the lowest. The 20 mill limit on the levy for the Exchange Bonds will not be increased for any reason other than a future change in the constitution or law which changes the methodology for establishing the assessed value of property, in which case an adjustment may be made in order to assure that the same dollar value of taxes is derived under the new methodology as would have been derived with a 20 mill limit under the existing methodology.

4.2 Revenue Bonds. Upon approval of the electors of the District following the date of this Agreement, the District may issue up to eighteen million dollars (\$18,000,000) of revenue bonds payable solely from tap fees and service rates and charges for the purpose of constructing water and

sanitary sewer facilities. The maximum interest rate on any new debt is expected to be nine percent (9%). The proposed maximum underwriting discount on any new debt shall be zero percent (0%).

4.3 Limitations on Debt. Except for the \$16 million of Exchange Bonds, no general obligation indebtedness shall be submitted to District electors for approval, or incurred or issued by the District. Except for the Exchange Bonds, the District shall not issue or incur any non-general obligation indebtedness without first obtaining the approval of District electors at an election held after the date of this Agreement. No ad valorem taxes shall be used to pay or to secure any District debt except the Exchange Bonds. The maximum District indebtedness is \$16,000,000 for the Exchange Bonds and \$18,000,000 for the revenue bonds. No other debt shall be incurred by the District.

4.4 Revocation of Debt Authorization. All previous voter authorization for District debt of any kind, except for the Exchange Bonds, is revoked, released, terminated and cancelled. The District shall have no authority to issue or incur any indebtedness whatsoever except as provided in this Agreement.

4.5 Operation and Maintenance Mill Levy. In addition to the limited mill levy to pay the Exchange Bonds, the District may levy a mill levy to produce an amount not to exceed the lesser of (i) \$150,000 (adjusted annually according to the Consumer Price Index for the Denver Metropolitan Area) or (ii) whatever amount would be produced by 17 mills, to be used exclusively for general administrative costs of the District such as salaries, benefits, legal, general planning and engineering, audits and other reasonable administrative expenses.

4.6 Tap Fees. The District will maintain a schedule of water and sewer tap fees that will be comparable to the rates and fees from other water and sewer providers in the western portion of the Denver Metropolitan area. The amount of tap fees (combined water and sewer) that may be imposed by the District shall not exceed the higher of those of the Town, or the average of Southwest Metropolitan Water and Sanitation District, Ken Caryl Water and Sanitation District, College Park Water and Sanitation District and Highlands Ranch Metropolitan District #4, as they are adjusted from time to time. The average of such fees shall include any system development or similar fees or charges for new service imposed in said jurisdictions by the Denver Water Board and district system development fees, as applicable. The limitations set forth in this paragraph may be modified or eliminated with the written approval of the Town and the City.

4.7 Use of Tap Fees. One thousand dollars (\$1,000) of every combined water and sewer tap fee paid, allocated between the water and sewer tap fee as determined by the District, shall be applied to debt service on the Exchange Bonds. If a water or sewer tap is sold separately, the amount applied to payment of the Exchange Bonds shall be the amount allocated for that type of tap. As used herein the term "tap fees" means and includes any and all front-end charges, however called or denominated, imposed by the District to pay or defray the costs of capital facilities (or District obligations incurred to pay such costs) and assessed as a condition of receiving service from the District.

ARTICLE V - WAIVER OF CONDITION

5.1 Condition Precedent to Effective Date. Pursuant to Section 9.2 of the Bankruptcy Plan, one of the Conditions Precedent to the Effective Date of the Bankruptcy Plan was that the Amended Service Plan be approved by the Board of County Commissioners of Jefferson County, unless such requirement is waived in writing by both the City and the Town in their sole discretion.

5.2 Waiver of Condition Precedent. In consideration of the terms and conditions of this Agreement, the City and Town hereby waive the Condition Precedent to the Effective Date of the Bankruptcy Plan that the Board of County Commissioners of Jefferson County approve the Amended Service Plan.

ARTICLE VI – EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default of District. (a) Any of the following shall constitute an Event of Default of the District upon its occurrence and no cure period shall be applicable:

(1) The exercise or attempted exercise by the District to provide any services other than (i) water and sanitary sewer services to the property within the boundaries of the District, or (ii) any administrative services or administrative functions reasonably related to the operation of a metropolitan district.

(2) The issuance or proposed issuance (including any debt authorization election) of any general obligation debt or any other debt payable by a property tax other than the sixteen million dollars (\$16,000,000) of Exchange Bonds.

(3) The levy or proposed levy of a mill levy (i) in excess of 20 mills to pay the Exchange Bonds for a term of forty (40) years or until the Exchange Bonds are paid in full, which ever occurs first, or (ii) in excess of the lesser of 17 mills or a mill levy that will generate \$150,000 (as adjusted annually according to the Consumer Price Index for the Denver Metropolitan Area) to pay operation and maintenance costs of the District.

(4) The issuance or proposed issuance (including any debt authorization election) of more than eighteen million dollars (\$18,000,000) of revenue bonds to construct water and sanitary sewer facilities payable solely from tap fees and service rates and charges.

(5) Any amendment or proposed amendment to the 1983 Service Plan (other than the Amended Service Plan), the Amended Service Plan, or the District's Tap Allocation Policy, without the prior written consent of the Town and the City.

(b) Any of the following shall constitute an Event of Default of the District unless cured within thirty (30) days following written notice from either the City or the Town of the occurrence thereof:

(1) Construction or operation of any water or sanitary sewer improvements contrary to the provisions of this Agreement.

(2) A material failure of the District to comply with any other covenant, condition or provision of this Agreement not set forth in Section 6.1(a).

6.2 Remedies. Pursuant to the provisions of C.R.S. § 24-20-105(2)(g), the City and the Town shall each have standing to enforce the terms of this Agreement. Such enforcement may be through an action for specific performance or injunctive relief or for any other remedy available at law or in equity.

(a) So long as any Event of Default shall exist and be continuing, the District shall not sell any water or sewer taps.

(b) So long as any Event of Default shall exist and be continuing, the Town and the City, in their discretion:

(1) Shall not accept water and sewer tap ability to serve certifications from the District; and

(2) Shall not issue permits to do work in the public rights-of-way to construct water and sewer facilities.

6.3 Jurisdiction. Any legal action relating to this Agreement, including actions relating to Events of Default under this Article VI, shall be brought in the District Court for Jefferson County, Colorado.

ARTICLE VII – MISCELLANEOUS

7.1 Notice to Property Owners. On the Effective Date of the Bankruptcy Plan, the District shall send copies of this Agreement to all persons owning property within the District, as shown by the records of the Jefferson County Assessor.

7.2 Term. The term of this Agreement shall be perpetual, unless terminated in accordance with Section 1.2 upon the request of any party hereto following approval of the Amended Service Plan.

7.3 Nonassignability. No party to this Agreement may assign any interest therein to any person without the consent of the other parties hereto at that time, and the terms of this Agreement shall inure to the benefit of and be binding upon the respective representatives and successors of each party hereto.

7.4 Amendments. This Agreement may be amended from time to time by written amendment, duly authorized and signed by representatives of the parties hereto.

7.5 Execution of Documents. This Agreement may be executed in counterparts, which shall be regarded for all purposes as one original. Each party agrees that it will execute any and all instruments, documents, and resolutions or ordinances necessary to give effect to the terms of this Agreement.

7.6 Waiver. No waiver by any party of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.

7.7 Recordation of Agreement. This Agreement and any amendments thereto shall be recorded by the Clerk of the City with the Clerk and Recorder of Jefferson County, Colorado.

7.8 Legal Challenge and Defense of Agreement. In the event of any legal challenge by a third party to the validity or enforceability of any provision of this Agreement, the parties agree to cooperate in the defense of such challenge and to bear their own costs and attorneys' fees. During the

pendency of any such legal challenge, the parties agree to abide by and carry out all of the terms of this Agreement.

7.9 Notices. Any notice, request, payment, consent, approval, demand or other communication required or permitted hereby shall be in writing and shall be deemed to have been given when personally delivered or when deposited in the United States Postal Service, certified, return receipt requested, postage prepaid, properly addressed to the persons to whom such notice is intended to be given at their respective addresses as follows:

If to the City: City of Lakewood
480 South Allison Parkway
Lakewood, Colorado 80226-3105
Attention: City Manager

With a copy to:

Roger W. Noonan
Gorsuch Kirgis LLP
1515 Arapahoe Street
Tower 1, Suite 1000
Denver, Colorado 80202

If to the Town: Town of Morrison
321 Highway 8
Morrison, Colorado 80465
Attn: Town Administrator

With a copy to:

Richard L. Miller
Law Office of Richard L. Miller
One Union Square
143 Union Blvd., Suite 270
Lakewood, Colorado 80228

If to the District: Mount Carbon Metropolitan District
12340 West Alameda Parkway, #209
Lakewood, Colorado 80228
Attn: President

With a copy to:

Herbert C. Phillips
Hayes Phillips Hoffman & Carberry PC
1350 17th Street, Suite 450
Denver, Colorado 80202

7.10 Governing Law. This Agreement shall be governed by the laws of the State of Colorado.

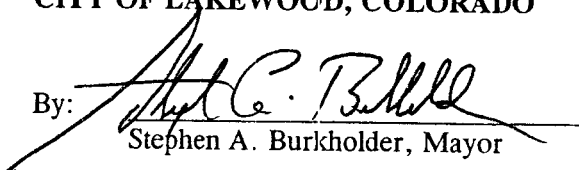
7.11 No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall create a contractual relationship with, cause of action in favor of, or claim for relief for, any third party, including any property owner.

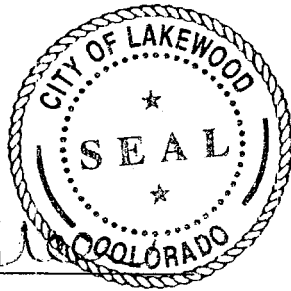
7.12 Severability. Except as expressly provided for elsewhere in this Agreement, should any provision of this Agreement be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, it shall not affect or impair the validity, legality or enforceability of any other provision of this Agreement. Furthermore, if a material provision of this Agreement is held invalid, illegal or unenforceable, the parties hereto agree to renegotiate that provision to be a valid, legal and enforceable provision which reflects as closely as possible the original intent of the parties hereto as expressed herein with respect to the subject matter of that provision.

7.13 Entirety. This Agreement merges and supersedes all prior negotiations, representations, and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire Agreement between the parties concerning the subject matter hereof.

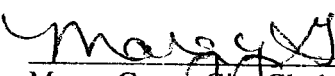
IN WITNESS WHEREOF, this Agreement is executed by the City, the Town and the District as of the date first above written.

CITY OF LAKEWOOD, COLORADO


By: 
Stephen A. Burkholder, Mayor



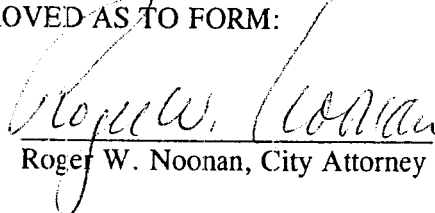
ATTEST:


Margy Greer, City Clerk

APPROVED AS TO CONTENT:

By: 
Richard Plastino, Public Works
Director

APPROVED AS TO FORM:

By: 
Roger W. Noonan, City Attorney

TOWN OF MORRISON, COLORADO

By: Kathy Dichter
Kathy Dichter, Mayor

ATTEST:

Brenda D. Cairn
Town Clerk

APPROVED AS TO FORM:

By: Richard L. Miller
Richard L. Miller, Town Attorney

MOUNT CARBON METROPOLITAN DISTRICT

By: Terry Bartholomew
Terry Bartholomew, Chairman

ATTEST:

Amie Amcarty
Secretary

APPROVED AS TO FORM:

By: Herbert C. Phillips
Herbert C. Phillips, Attorney for
Mount Carbon Metropolitan District

ACKNOWLEDGED:

COLCO CORP.

By: [Signature]
Gary Vose, President

CDN DEVELOPMENT, LP

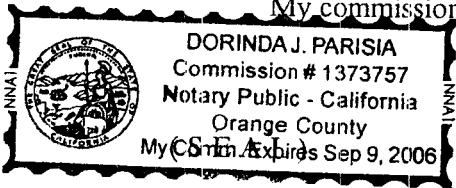
By: [Signature]
David Mindell, Director

STATE OF Calif)
COUNTY OF Orange) ss.

The foregoing instrument was acknowledged before me this 22 day of Oct, 2003, by Gary Vose, as President of Colco Corp.

Witness my hand and official seal.

My commission expires: Sept 9, 2006



[Signature]
Notary Public

Province
~~STATE OF~~ British Columbia)
Canada) ss.
~~COUNTY OF~~ _____)

The foregoing instrument was acknowledged before me this 23rd day of October, 2003, by David Mindell, as Director of CDN Development, LP.

Witness my hand and official seal.

My commission expires: ^{does not} _____

[Signature]
Notary Public

(SEAL)

A Notary Public in and for
the Province of British Columbia

PAMELA E. JOE
Barrister & Solicitor
1710 - 1177 W. HASTINGS ST.
VANCOUVER, B.C.
V6E 2L3 TEL: 683-9262

EXHIBIT A

AMENDED AND RESTATED SERVICE PLAN
FOR

**MOUNT CARBON
METROPOLITAN DISTRICT**

JEFFERSON COUNTY, COLORADO

As Filed with the Board of County Commissioners
May 27, 2003

AMENDED AND RESTATED SERVICE PLAN
MOUNT CARBON METROPOLITAN SERVICE DISTRICT

SECTION I
INTRODUCTION

On September 14, 1976, an Order and Decree of the District Court of Jefferson County created the Mount Carbon Water and Sanitation District.

On July 23, 1982, the Board of Directors of the District determined that it was in the District's best interest to convert the District to a metropolitan district under the provisions of § 32-1-1006 (2), C.R.S., and thus expand the District's powers and ability to serve its residents. The resolution of the Board of Directors was approved by court order entered on October 4, 1982, and the District was thereby converted to a metropolitan district to be known as Mount Carbon Metropolitan District. Pursuant to its Service Plan dated December 1983, the District was authorized to furnish water, sanitation, park and recreation, street improvement, and traffic safety protection services and facilities.

In July 1997, the District filed a petition for relief pursuant to 11 U.S.C. §301 under Chapter 9 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the District of Colorado, in Case No. 97-20215 DEC. As a condition of implementing the Seventh Amended Plan for Adjustment of Debts (the "Bankruptcy Plan") confirmed by the said bankruptcy court, the District proposes this Amended and Restated Service Plan (the "Service Plan") for the following purposes: (i) To terminate and revoke its powers to furnish park and recreation, street improvement, and traffic safety protection services and facilities, and to limit its powers to the furnishing only of water and sanitation services and facilities, and (ii) to redefine the area in which the District will provide such services and revise the District boundaries in accordance with the enclosed exhibits.

This Service Plan constitutes a fully integrated amended and restated service plan authorizing the District to furnish water and sanitation facilities and services, and no others, as provided by Section 32-1-1004(2)(e) and (j), C.R.S., and as more fully described below.

The District is located primarily within the boundaries of the City of Lakewood and the Town of Morrison, and within the West Metro Fire Protection District. It is anticipated that the Red Rocks Centre Metropolitan District will dissolve and that the area currently located in that district will be included into the Mount Carbon Metropolitan District. Following these boundary changes, the District will consist of approximately 942 acres of developable property in Jefferson County. Exclusive of land in Jefferson County defined as open space and land under C-470, the property within the District is for the most part platted and zoned for residential and commercial purposes. Exhibit A shows the current boundaries of the District, and the boundaries of the District following the Red Rocks Centre boundary adjustment described above.

SECTION II
FINANCIAL PLAN

A. The District will have three main sources of income:

1. Service rates and charges: Periodic billing to water and sewer customers, to pay for operation and maintenance of these utilities.
2. Tap Fees: Payment for the privilege of receiving service from the District to pay costs of construction of the water and sanitary sewer systems and a portion of the debt service. These tap fees will fund the water and sewer infrastructure.
3. Ad valorem taxes: A mill levy placed on taxable property within the District, to repay general obligation debt and certain general operations expenses as more fully provided below.

B. Ad Valorem Taxes

The District is currently in Chapter 9 Bankruptcy. The Bankruptcy Plan calls for a new sixteen (16) million dollar bond issue (the "Exchange Bonds") to replace and defease all of the District's current bonded general obligation debt, on which approximately \$80,000,000 remains due and unpaid. The Exchange Bonds will be issued in series early in 2003, and will draw interest at seven, eight and nine percent (7%, 8% and 9%) per annum for thirty (30) years after issue and no additional interest for the next following ten (10) years. The Exchange Bonds will be funded by an ad valorem tax levy each year in an amount sufficient to pay in full the annual debt service on the Exchange Bonds, up to a maximum of twenty (20) mills, until the earlier of forty (40) years after issue or until the Exchange Bonds are paid in full. The 20 mill limit on the levy for the Exchange Bonds will not be increased for any reason other than a future change in the constitution or law which changes the methodology for establishing the assessed value of property, in which case an adjustment could be made in order to assure that the same dollar value of taxes is derived under the new methodology as would have been derived with a 20 mill limit under the existing methodology.

In addition to the limited tax levy for the Exchange Bonds, an additional property tax for general operations in an amount not to exceed the lesser of \$150,000 or whatever amount would be payable with a levy of 17 mills, as follows: Following the Effective Date of the Bankruptcy Plan, the general administrative costs of the District for salaries, benefits, legal, general planning and engineering, audits and other such reasonable administrative expenses may be paid from the general operations mill levy. In addition, such levy may be used to pay direct operation and maintenance expenses of the water and sewer system to the extent that water and sewer service rates and charges on active taps are not sufficient to pay such direct costs. At such time as service rates and charges are adequate to pay operation and maintenance expenses, the general operations levy shall cease to be used for such direct costs, and shall be reduced to an amount necessary to fund general administration expenses only.

C. New Debt

Apart from the \$16 million Exchange Bonds, no general obligation indebtedness shall be submitted to District electors for approval, or incurred or issued by the District. Except for the Exchange Bonds the District shall not issue or incur any non-general obligation indebtedness without first obtaining the approval of District electors at an election held after the approval of this Service Plan. No ad valorem taxes shall be used to pay or to secure any District debt except the Exchange Bonds.

All previous voter authorization for District debt of any kind, except the Exchange Bonds, is, to the extent permitted by law, revoked, released, terminated and cancelled. The District shall have no authority to issue or incur any indebtedness whatever except as expressly authorized by this Service Plan and any future amendments approved by the Board of County Commissioners of Jefferson County.

D. Limitations on Tap Fees

The District will establish a schedule of water and sewer tap fees that will be comparable to the rates and fees from other water and sewer providers in the area. The amount of tap fees (combined water and sewer) that may be imposed by the District shall not exceed the higher of those of the Town of Morrison, or the average of Southwest Metropolitan Water and Sanitation District, Ken Caryl Water and Sanitation District, College Park Water and Sanitation District and Highlands Ranch Metropolitan District #4, as they are adjusted from time to time. The average of such fees shall include any system development or similar fees or charges for new service imposed in said jurisdictions by Denver Water and district system development fees, as applicable. The limitations set forth in this paragraph may be modified or eliminated with the written approval of the Town of Morrison and the City of Lakewood, and no such change shall be deemed to constitute a material departure from or modification of this Service Plan that would require approval by the Board of County Commissioners of Jefferson County.

One thousand dollars (\$1,000) of every combined water and sewer tap fee paid, allocated between the water and sewer tap fee as determined by the District, shall be applied to debt service on the Exchange Bonds. If a water or sewer tap is sold separately, the amount applied to payment of the Exchange Bonds shall be the amount allocated for that type of tap.

As used in this Service Plan the term "tap fees" means and includes any and all front-end charges, however called or denominated, imposed by the District to pay or defray the costs of capital facilities (or District obligations incurred to pay such costs) and assessed as a condition of receiving service from the District.

E. Financial Plan

Section VII below contains general descriptions of the key proposed capital improvements and their estimated costs. The estimated costs also include contingencies, and expenses for engineering, legal and administrative services for supervision and administrative oversight, necessary approvals and construction management calculated at 25% of estimated

construction costs. The estimated costs do include the costs of acquisition of any property interests and the District shall have the ability to finance such acquisitions if necessary. These cost estimates are included in the Financing Plan, Exhibit B, and are shown for each category of improvement at the times at which they are anticipated to be constructed by the District.

Initial proposed District indebtedness is \$16,000,000 for the Exchange Bonds and \$18,000,000 for the additional new debt. The maximum interest rate on the new debt is expected to be nine percent (9%). The proposed maximum underwriting discount on the new debt will be zero percent (0%).

The Financing Plan demonstrates that the District will have the financial ability to discharge both the Exchange Bonds and the new debt on a reasonable basis, with reasonable mill levies and reasonable rates, fees and charges for District services.

In addition to showing the anticipated District debt issues for capital improvements, the Financing Plan includes the proposed operating revenues derived from ad valorem property taxes and other available revenues for the first budget year and thereafter.

The financial information set forth in this Section II is based upon the estimated assessed valuation of the District after the boundary adjustments described in Section I above.

SECTION III SERVICES

The District shall have authority to finance, acquire land and water rights, design, construct, own, operate and maintain water and sanitary sewer facilities within and outside its legal boundaries, but it shall have authority to serve only property or customers within its legal boundaries and not outside thereof.

The property in the District is currently undeveloped. It cannot develop without organized service for treated water and sanitary sewer. As of November 15, 2002, there are no entities other than the District that are willing and able to provide these services to property within the District.

District property owners in the City of Lakewood may in their sole discretion choose their provider of water and sewer service. However, if a property receives water from the Mount Carbon Metropolitan District, said property must also receive sewer from the District due to water court decree return flow requirements. Any property that receives neither water nor sewer service from the District shall be excluded from the District upon petition from the property owner, but such property will continue to be responsible for the 20-mill levy to pay the Exchange Bonds. Any property which receives either water or sewer service from the District shall remain in the District.

Pursuant to an annexation agreement, water and sewer service in those portions of the District located in Morrison will be provided by the District if the District can provide both

services. A letter from the Morrison Town Attorney is attached hereto as Exhibit G stating the Town's position regarding the provision of water services to the portion of the District located in Morrison.

In Morrison, notwithstanding the absence of an agreement between the District and the Town for the Town to provide water within the District, if, during the first five years after the effective date of this Amended and Restated Service Plan, the District is not able or reasonably will not be able to provide both water and sewer service to a property legally and practically ready for development within 24 months after a written request for such service by a property owner, the property owner can apply to obtain both water and sewer service from the Town of Morrison. If a property receives neither water nor sewer service from the District, such property will be excluded from the District upon petition of the property owner, but will continue to be responsible for the 20 mill levy to pay the Exchange Bonds. If a property in the District receives either water or sewer service from the District, the property will remain in the District.

The Financial Plan described in Section II.E above is based upon the assumption that the District will provide both water and sewer service to 2142 EQRs within its legal boundaries after the adjustments described in Section I of this Service Plan.

Any and all former authorization and powers for the District to furnish park and recreation, street improvement, and traffic safety protection services and facilities are terminated, cancelled and revoked.

On the effective date of the Bankruptcy Plan, all persons owning property within the District, as shown by the records of the Jefferson County Assessor, shall be sent copies of the Bankruptcy Plan, the disclosure statement relating thereto, and this Service Plan.

SECTION IV POPULATION

Presently, the District has one residence. Previous reports indicate that between 2142 and 5500 taps will be required in the District. After construction of necessary infrastructure, the District will have the ability to provide a maximum of 2142 taps without obtaining additional water rights.

SECTION V VALUATION FOR ASSESSMENT

According to the Jefferson County Assessor, the land in the District has a current assessed value of \$1,182,570 and an estimated actual value of \$4,077,828. The Exhibit B Financing Plan provides projections of future assessed valuation. Development is expected to proceed according to projections for moderate growth. The figures contained in Exhibit B have been derived in conjunction with the Jefferson County Assessor and current estimates for development.

SECTION VI
CONSTRUCTION OF FACILITIES

Exhibits C and F represent preliminary engineering surveys showing how the proposed services will be provided.

A. Water System

1. Introduction: The District plans to expand its existing diversion and pumping facility located on Bear Creek below Fox Hollow Golf Course and use its existing water transmission line from that location to the intersection of Morrison Road and McIntyre Street. At that point, a new raw water transmission line will be constructed to a new storage pond and a new water treatment plant. From this treatment plant, treated water will be pumped to an existing 1.5 million gallon treated water storage tank ready for distribution. Distribution for portions of the District located in Lakewood will require pump stations or additional water storage tanks at higher elevations than the existing tank. Water rights and water storage will be utilized for the raw water supply. Modifications to the herein described system may be necessary to provide for transmission, treatment and delivery.

2. Water Rights: The District owns or is in the process of acquiring the following water rights:

a. Hock-Hocking Mine: The District owns a total of .46 cfs of nontributary water from the Hock-Hocking Mine in Park County, Colorado out of a total of 8.5 cfs conditionally decreed to the mine for all beneficial uses in Case No. W-1318. An application for a change of water rights and a plan for augmentation were decreed on June 18, 1986 in Case No. 83CW280 for .37 cfs. Full utilization of this water right will require obtaining or constructing 50 acre feet of storage on the South Platte River and/or Bear Creek. This water court decree contains many conditions for water supply including limitations on the use of lawn grass and a requirement that all sewer flows be treated at the Town of Morrison sewer treatment plant. The District acquired ownership of additional flow rates of .03 cfs and another .06 cfs conditional for municipal use pending a diligence finding in Case No. 97CW222.

b. Soda Lakes and Harriman Ditch: The District owns 5.15 shares of Harriman Ditch Company and about 23 acre feet of storage in Soda Lakes, which are tributary to Bear Creek Drainage Basin. By decree in Case No. 83CW280, the District can use 6.5 acre feet of average consumptive use credit from its Harriman shares for storage in Soda Lakes or for other uses.

c. Robert Lewis Ditch: 179.525 inches (4.675 cfs) out of a total 652.8 inches (17.0 cfs) originally decreed to the Robert Lewis Ditch structure. A water change and approval for a plan for augmentation was decreed to the District on December 12, 1988 in Case No. 84CW221. With storage, this decree allows the District to use up to 168 acre feet of average consumptive use credit, provided the District releases 18 acre feet during the winter to replicate historic return flows. Full utilization of this water right will require

obtaining or constructing 400 acre feet of storage in the Bear Creek watershed at or above Bear Creek Lake. This water court decree contains many conditions for water supply including limitations on the use of lawn grass and a requirement that all sewer flows be treated at the Town of Morrison sewer treatment plant

d. Spickerman Ditch: The District has acquired ownership of several priorities awarded to the Spickerman Ditch. These water rights have not been transferred to municipal use.

(1) Priority No. 12: 3.14 cfs from the Upper Spickerman Ditch, with an appropriation date of November 1, 1862, and an estimated net average annual consumptive use credit of 24.71 acre-feet.

(2) Priority No. 18: 5.13 cfs from the Lower Spickerman Ditch, with an appropriation date of June 1, 1865, and an estimated net average annual consumptive use credit of 1.92 acre-feet.

(3) Priority No. 22: 3.55 cfs from the Middle Spickerman Ditch, with an appropriation date of June 1, 1868, and an estimated net average annual consumptive use credit of 11.55 acre-feet.

e. Chatfield Reservoir: The District filed for and obtained a conditional water right to store up to 800 acre-feet of water in the Chatfield Reservoir but this right can be used only if and when Mount Carbon obtains a storage contract with the Corps. In June 1994, Mount Carbon filed an application for reasonable diligence, which was granted by the Court. The water right was continued until July 2003 when Mount Carbon must again file an application for a finding of reasonable diligence. (Case No. 94CW107)

f. Robinson Clay Pit: The District is currently negotiating with Robinson Brick and Tile Company for the purchase of approximately 25 acres of land currently being operated as a clay mine for a water storage facility of approximately 450 acre feet consisting of 400 acre feet for the Robert Lewis Ditch right and possibly 50 acre feet for the Hock-Hocking water right. It is located immediately southeast of the existing 1.5 million gallon water storage tank owned by the District.

3. Design Criteria: The designs for the water system are responsive to good engineering practice and based on the following design criteria:

a. The water supply and water facilities of the District shall be developed, designed and constructed in accordance with Colorado Department of Public Health and Environment requirements. Except as provided below to the contrary, water supply and facilities shall also be developed, designed and constructed in accordance with City of Lakewood standards for property in Lakewood and in accordance with Town of Morrison standards for property in Morrison. If the Town of Morrison provides water, the Town regulations for design and construction of water facilities shall apply. For areas not receiving water services from the Town, City of Lakewood regulations for design and construction of water facilities shall apply; provided, however, that the regulations of the

District may apply to such areas rather than Lakewood regulations if the Lakewood City Engineer determines that District regulations for the design and construction of water facilities equal or exceed those of Lakewood.

b. Potable water requirements must be designed based on the criteria listed in Water Court cases 83-CW-280 and 84-CW-221.

c. Water facilities are to be designed for phased construction, thus permitting responsible gradual investment, approximately paralleling actual needs, resulting in an economically feasible program.

d. Fire protection flows and storage is to be available in all areas, in accordance with National Board of Fire Underwriter's standards and requirements of the West Metro Fire Protection District. No separate or additional tap fee will be charged for fire protection.

4. Water Demands: Water demand has been estimated at 2142 EQR by THK Associates, Inc., 5000 EQR by Johnston Engineering Associates and 5500 EQR by the water decree parameters in the cases listed above. Actual demand will depend on a number of variables including market demand, site constraints such as gulches, slopes, soils, and design constraints including open space and storm water detention, utility easements, parking and traffic.

5. Raw Water Source: Subject to obtaining the necessary permits, the District plans to obtain water from Bear Creek in an expanded diversion structure to be located below the Fox Hollow Golf Course. To effectively utilize the water rights acquired, some raw water storage will be required. The District owns 23.1 acre-feet of raw water storage in Soda Lakes, which is downstream of Morrison and will be utilized for release of replacement water. In addition, the District will construct a 400 acre-foot or larger raw water source to the treatment plant. In order to provide more than 2142 taps, additional water rights which the District owns will need to be changed through water court and in the future additional water rights will have to be purchased and developed. In addition, additional infrastructure, including a possible pipeline to the South Platte River, or other pipelines or points of diversion will need to be constructed.

6. Water Treatment Plant: The District will construct a water treatment plant to serve the water needs of the District.

7. Treated Water Transmission/Storage: A finished water transmission line will be constructed from the proposed water treatment plant to the existing 1.5 million gallon water storage tank located nearby and any other necessary treated water storage facilities.

8. Water Facility Construction and Maintenance: The District will be responsible for financing, designing, constructing, operating and maintaining the facilities shown in Exhibit C, and for operating and maintaining all water facilities in public rights of way and easements, excluding any line from the water meter to the building.

9. Water Taps: There are currently no water taps available until a water treatment plant and other infrastructure is constructed and other requirements of the Colorado Department of Public

Health and Environment are met. Once their requirements are met, the District will be able to provide 400 taps until additional storage is provided. Taps available at any given time will be allocated based on a Tap Allocation Policy adopted by the District and attached as Exhibit D. This Policy may be amended or replaced without an amendment of this Service Plan but only with the written approval of the City of Lakewood and the Town of Morrison.

10. Compatibility: The facility and service standards of the District for water service will be compatible with facility and service standards for water service promulgated by the Town of Morrison and the City of Lakewood pursuant to the provisions of subsection VI.A.3. above.

B. Sewer System

1. Introduction: The District will expand the Morrison Sewage Treatment Plant as required to meet expected demand. The District has in place a partial collection system and outfall sewer main that serves the areas of Red Rocks Business Park, Lakewood West, and Springfield Green. This system presently connects to the Morrison Sewage Treatment Plant through a lift station and force main. This lift station and force main will eventually be replaced with an outfall line along the west side of Red Rocks Centre Subdivision. The outfall line along the west side of Red Rocks Centre Subdivision and another new outfall line will serve the remainder of the District.

The method of service provided in this Section VI.B. may be subject to a requirement that wastewater flows from District property in Lakewood be treated by the Metro Wastewater Reclamation District ("Metro") unless such area is excluded from Metro upon request of the Lakewood City Council to the Metro board of directors. At this time, a request for exclusion is planned but exclusion is not guaranteed.

2. Design Criteria: The sanitary sewer system shall be designed and constructed in accordance with Colorado Department of Public Health and Environment requirements. Sewer facilities located in the City of Lakewood shall also be designed and constructed in accordance with City of Lakewood standards. Sewer facilities located in the Town of Morrison shall also be designed and constructed in accordance with Town of Morrison standards; provided, however, that the regulations of the District may apply in Morrison rather than Morrison regulations if the Town determines that District regulations for the design and construction of sewer facilities equal or exceed those of Morrison.

3. Town of Morrison Sewage Treatment Plant: The Morrison/Mount Carbon Agreement (Exhibit E) is the basis for intergovernmental cooperation in developing a joint use sewage treatment plant pursuant to the Morrison/Mount Carbon Agreement. The facilities are located immediately east of the Morrison Road C-470 Interchange on the north side of Morrison Road.

Sewage flows from a single property in the District are presently treated in the Morrison Sewage Treatment Plant (STP), which discharges to Bear Creek above Bear Creek Lake. The present capacity of the STP is 200,000 gallons per day, which is the equivalent to 667 EQRs. The District owns one-fourth of that capacity, which equals 167 EQRs. The existing STP

present daily operating volume of sewage is approximately 85,000 gallons per day (283 EQRs), leaving 115,000 gallons per day (384 EQRs) of unused capacity.

The STP has been planned by McLaughlin Water Engineers for phased development and can be expanded to treat the ultimate flows from the District. However, as the plant expands and sewage treatment criteria becomes more restrictive, it is anticipated that the plant will include tertiary treatment. It is also anticipated that the plant expansion approval process, design and construction will require approximately 1-2 years. The Town of Morrison and the District authorized McLaughlin Water Engineers to start on the permitting process for the next phase of the plant on October 8, 1998. This work will recommence in 2003. The Morrison/Mount Carbon Agreement defined the initial plant size as 200,000 gallons per day. That size plant was constructed and is presently in operation.

Treatment processes and facilities are master planned for the next phase expansion to .75MGD.

4. Rooney Road Trunk Sewer: The District presently owns and operates a collection system and major sewer outfall line which furnishes sewer collection facilities in the main streets of Springfield Green and Red Rocks Business Park, Filing 1. The outfall line for these two projects is an 18" line, which flows along Rooney Road to a sewage lift station east of the overpass of C-470 adjacent to Bandimere Speedway and then by force main to the STP. The lift station is a temporary station and has the design capacity of 450 EQRs. The Sewer Master Plan calls for a gravity outfall sewer line, not yet constructed, along the west boundary of Red Rocks Centre Subdivision to connect directly to the Morrison Sewage Treatment Plant.

5. Wastewater Collection System: Sanitary sewer mains follow road alignments wherever possible. In rare instances when mains along the road will be inaccessible to lower lying lots, it would be necessary to route sewer mains through a development block. Mains following road alignments are located according to requirements of the Town of Morrison and the City of Lakewood. Provisions are made to maintain the minimum separation between sewer and potable water lines as required by the Colorado Department of Public Health and Environment. Numerous stubs are provided, extending from manholes or sewer lines to the right-of-way. By providing stubs at the time of construction of the lines, the District will assure sewer service to individual lots and minimize the need to disturb road pavement in the future.

Collector sewer grades and manhole spacing conform to the appropriate reviewing agency's requirements. All sewers will be sized to accommodate peak flows from ultimate densities. Sewer mains will be located in public rights-of-way or in deeded easements.

6. Sewer Facility Construction and Maintenance: The District will be responsible for financing, designing, constructing, operating and maintaining the facilities shown in Exhibit F, and for operating and maintaining all sewer facilities in public rights of way and easements, excluding any line from the main sewer to the building.

7. Sewer Taps: There are currently a limited number of sewer taps available. Sewer taps will be allocated based on the District Tap Allocation Policy attached as Exhibit D.

8. Compatibility: The facility and service standards of the District for sewer service will be compatible with facility and service standards for sewer service promulgated by the Town of Morrison and the City of Lakewood pursuant to the provisions of subsection VI.B.2. above.

SECTION VII
ESTIMATED COSTS

A. Water System

Preliminary designs and capital cost estimates have been made for Mount Carbon water improvements proposed. These capital costs are given as one phase but as the design and review process proceeds the construction may be divided into more than one phase. The ultimate costs are estimated to be as follows:

1.	Bear Creek diversion structure	\$	240,000
2.	Bear Creek pump station	\$	196,000
3.	20 inch raw water pipe line from McIntyre and Morrison Rd to Lot 3, Block 6 of Springfield Green Subdivision	\$	886,000
4.	500 Acre Foot raw water storage reservoir	\$	2,570,330
5.	Land for reservoir and treatment plant	\$	200,000
6.	Raw water pump station	\$	431,000
7.	Water treatment plant and treated water transmission line to 1.5 million gallon storage tank	\$	1,630,000
8.	Upper zone water pump station	\$	250,000
9.	Upper zone water storage tank (500,000 gallons)	\$	500,000
	Subtotal	\$	6,903,350
	25% contingency and engineering	\$	1,725,850
	Total:	\$	8,629,200

B. Sewer System

1.	Construct the sewer outfall line from the existing Mount Carbon sewage lift station east of C-470 to the Morrison sewage treatment plant	\$	450,000
2.	Construct expansion of the Morrison sewage treatment from 200,000 gpd to 1,800,000 gpd capacity	\$	5,320,000
3.	Construct sewer outfall lines within District boundaries	\$	1,240,000
	Subtotal	\$	7,010,000
	25 % contingency and engineering	\$	1,752,500
	Total:	\$	8,762,500

SECTION VIII
AGREEMENTS WITH POLITICAL SUBDIVISIONS

On November 16, 1982, the Board of Directors of the District approved an agreement with the Town of Morrison for the joint use of water and sewer facilities. A copy of the agreement is attached as Exhibit E. The agreement was amended on October 26, 1986 and on October 13, 1995 and Resolution 99.1 was adopted on January 19, 1999. Pursuant to the agreement, the District will construct the facilities necessary to provide sanitary sewer service to the District and to the Town. The jointly used facilities will be owned and operated by the Town of Morrison. The District pays its pro rata share of the costs of operation and maintenance including a pro rata share of the sewer-related administrative expenses of the Town as provided in the Agreement.

SECTION IX
MISCELLANEOUS

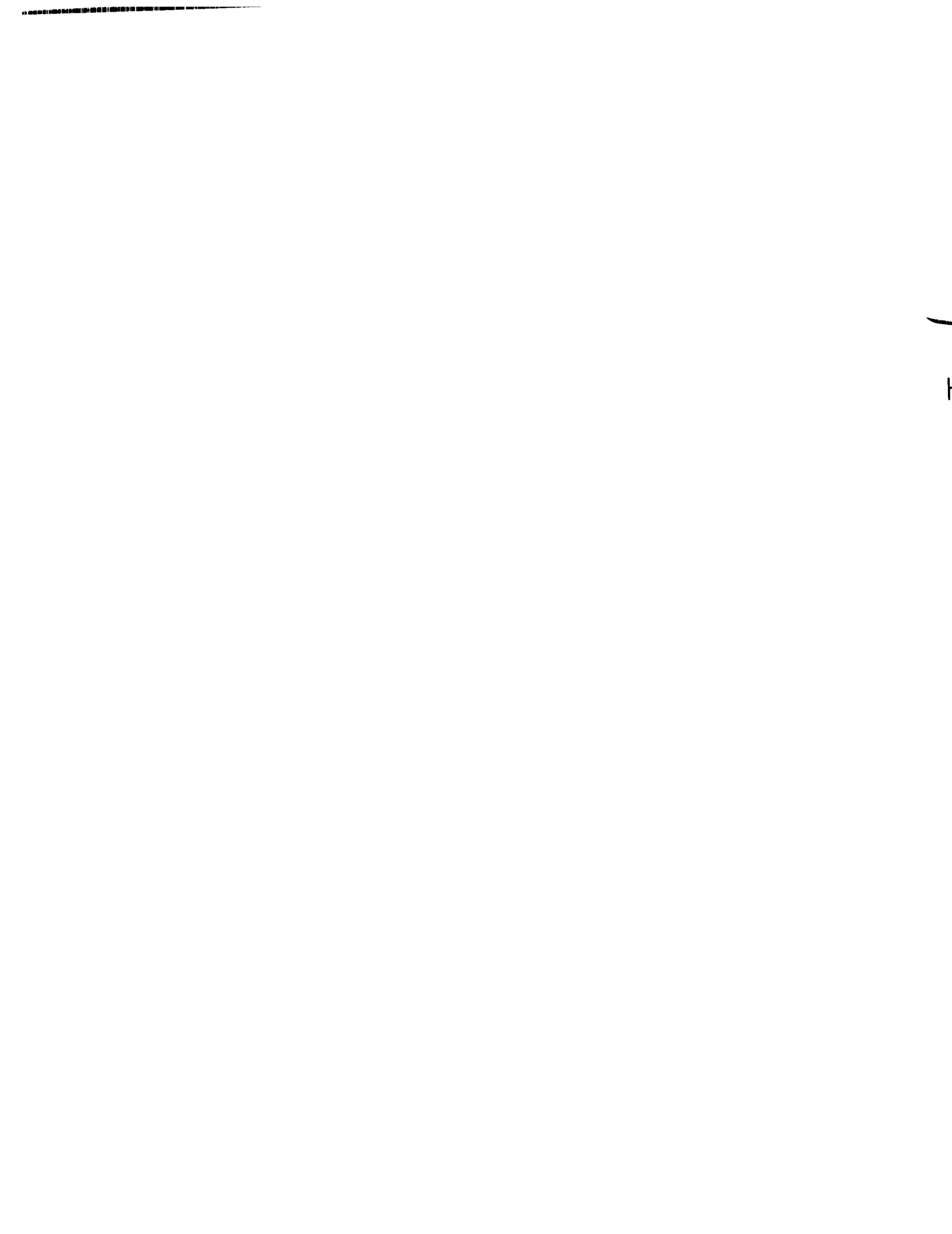
This Service Plan may be amended in the future pursuant to the Special District Control Act, § 31-1-201, et seq., C.R.S., provided, however, that any amendment to Section II, Finance Plan, of this Service Plan shall be made solely pursuant to the provisions of subsection (2) of §32-1-207 following due notice and public hearing and shall not be made pursuant to paragraph (3)(b) thereof by published notice. Further, the City of Lakewood and Town of Morrison must approve any future amendments to this Service Plan.

The District has rejected existing Public Improvement Agreements with the City of Lakewood for Springfield Green and Red Rocks Business Park Filing No. 1 and with the Town of Morrison for Red Rocks Centre Subdivision. Responsibility for Public Improvements within Springfield Green, Red Rocks Business Park Filing No. 1 and Red Rocks Centre Subdivision is now assumed by the property owners within these subdivisions.

TABLE OF EXHIBITS

Exhibit A..... Current Boundaries of the District
Exhibit B..... Financing Plan
Exhibit C..... Preliminary Engineering Survey (Water)
Exhibit D..... Tap Allocation Policy
Exhibit E..... Morrison/Mt Carbon Sewer Agreement
Exhibit F..... Preliminary Engineering Survey (Sewer)
Exhibit G..... Letter from Morrison Town Attorney

TO BE PROVIDED UPON REQUEST



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ESTIMATED WATER AND SEWER DEVELOPMENT COST TO CONSTRUCTION FOR 2142 EQRs

2003-2005

	PHASE 1	TOTAL	PHASE 2	TOTAL	Contract Renewal	TOTAL
Diversion	Engineering 100,000 Legal 10,000 Consulting 5,000 Permitting 4,000 miscellaneous 1,000 <u>120,000</u>	120,000				
Robinson Contract	30,000 <u>30,000</u>	30,000			25,000 <u>25,000</u>	25,000
Robinson Water Reservoir	Engineering 180,000 Legal 15,000 Consulting 5,000 Permitting 3,000 miscellaneous 2,000 <u>205,000</u>	205,000	320,000 10,000 10,000 10,000 5,000 <u>355,000</u>	355,000		
Sewer Treatment Plant	Engineering 15,000 <u>15,000</u>	15,000				
Water Treatment Plant	Engineering 160,000 <u>160,000</u>	160,000	300,000 <u>300,000</u>	300,000		
Raw Water Transmission Line	Engineering		25,000 <u>25,000</u>	25,000		
Total		530,000		680,000		25,000

NOTES:

Construction for the Diversion can only be done in January & February.

* renewal fee (not necessary if construction begins)

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APPENDIX I

FORM OF IRREVOCABLE AND UNCONDITIONAL STANDBY LETTER OF CREDIT

STATED AMOUNT: \$1,400,000.00

DATE OF ISSUANCE: April __, 2004

DATE OF EXPIRATION: June 30, 2009

NO: 200043208

TO: U.S. Bank National Association, as Trustee (the "Trustee", "you", "your")
Corporate Trust Services
950 Seventeenth Street, Suite 300
Denver, CO 80202

Dear Trustee:

At the request and for the account of Colco Corp. ("Colco"), Citywide Banks, a Colorado state banking corporation (the "Bank", "we", "us") hereby establish an Irrevocable and Unconditional Standby Letter of Credit in your favor as Trustee for the registered owners of the Mount Carbon Metropolitan District, Jefferson County, Colorado (the "Issuer") Limited Tax and Revenue Refunding Bonds, Series 2004A in the principal amount of \$2,000,000 (the "2004A Bonds") and Limited Tax and Revenue Refunding Bonds, Series 2004B in the principal amount of \$2,000,000 (the "2004B Bonds") (collectively, the "Bonds") in the amount of One Million Four Hundred Thousand and no/100 U.S. Dollars (\$1,400,000.00) (the "Stated Amount"), as follows:

1. Capitalized Terms. Capitalized terms used herein shall have the same meaning as set forth in a Trust Indenture dated _____, 2004 between the District and the Trustee, as supplemented by a Supplemental Trust Indenture dated _____, 2004 (collectively, the "Trust Indenture").

2. Irrevocable and Unconditional Standby Letter of Credit. We hereby irrevocably authorize you from time to time to draw on us, on the terms and conditions contained herein, in the aggregate the Stated Amount to cover interest on the Bonds during the term of this letter of credit in the event you, as Trustee, are unable to fully and completely pay the interest when due on an Interest Payment Date, as defined in the Trust Indenture, for any reason. Such draws in the aggregate shall not exceed the Stated Amount.

3. Interest Payment Dates. Interest on the Bonds will be paid semi-annually on each June 1 and December 1 following issuance of the Bonds. Interest Payment Dates during the term of this letter of credit are as follows unless otherwise modified as set forth in the Trust Indenture:

June 1, 2004	December 1, 2004
June 1, 2005	December 1, 2005
June 1, 2006	December 1, 2006
June 1, 2007	December 1, 2007
June 1, 2008	December 1, 2008
June 1, 2009	

4. Timing of Payment Demand. For interest due on such Interest Payment Date, there is a "Demand Period" during which time you may make a demand for payment at any time on any Business Day (as defined below) beginning five (5) business days prior to, and ending thirty (30) calendar days subsequent to, each Interest Payment Date.

5. Demand Amount. Each demand amount shall not exceed the interest payable on the Bonds on the applicable Interest Payment Date as certified by you. The demand amounts that are available to be drawn during the Demand Period for each Interest Payment Date, and the remaining balance available on the Letter of Credit after the Demand Period for each Interest Payment Date, can be summarized as follows:

<u>Interest Payment Date</u>	<u>Available To Draw</u>	<u>Balance Remaining</u>
June 1, 2004	\$ 30,685	\$ 1,369,315
December 1, 2004	140,000	1,229,315
June 1, 2005	140,000	1,089,315
December 1, 2005	140,000	949,315
June 1, 2006	140,000	809,315
December 1, 2006	140,000	669,315
June 1, 2007	140,000	529,315
December 1, 2007	140,000	389,315
June 1, 2008	140,000	249,315
December 1, 2008	140,000	109,315
June 1, 2009	109,315	-0-

The Available To Draw figures noted above require draws to be noticed to the Bank during the Demand Period. Draw requests submitted outside of the Demand Period will not be honored. Draw requests for each Interest Payment Date may not exceed the corresponding Available To Draw figures noted above. If a draw request is not made for a particular Interest Payment Date during the Demand Period, the Balance Remaining under the Letter of Credit is nevertheless reduced by the Available To Draw figure for that Interest Payment Date as set forth in the Balance Remaining figures noted above.

6. Demand Documents. You shall make a demand by presenting to us at our office located at 10660 E. Colfax Avenue, Aurora Colorado, 80010, the following documents:

a. A sight draft drawn by and payable to you in the form attached as Exhibit "A" for payment of an amount not exceeding the interest payable on the Bonds on the applicable Interest Payment Date;

b. A statement certified by one of your officers stating: "This draw in the amount of _____ U.S. Dollars (\$ _____) under your Irrevocable and Unconditional Standby Letter of Credit No. _____ represents all or a portion of the interest due and payable on the Bonds as of [insert applicable Interest Payment Date]."

7. Payment. We hereby agree that the draft(s) drawn under and in compliance with this Letter of Credit, if presented at such office on or before the Expiration Date, will be duly honored by us on or before our close of business on the next Business Day after the date a draft is presented. As used herein, the term "Business Day" shall mean any day other than a Saturday, Sunday or day on which banking institutions in the State of Colorado are authorized or required by law to close.

8. Expiration Date. This Letter of Credit shall expire at 5:00 p.m., Mountain Time, on June 30, 2009 (the "Expiration Date"). Notwithstanding the foregoing, if Colco furnishes a replacement letter of credit pursuant to Section 10 that has been accepted by the Trustee in writing, this Letter of Credit shall automatically expire on such date and shall be the Expiration Date.

9. UNCONDITIONAL LETTER OF CREDIT; NO CROSS DEFAULT. WE HEREBY ACKNOWLEDGE AND AGREE THAT THIS IS AN IRREVOCABLE AND UNCONDITIONAL STANDBY LETTER OF CREDIT AND THAT AN EVENT OF DEFAULT BY COLCO, OR ANY OTHER CLAIM, CONTROVERSY OR DISPUTE BETWEEN US AND COLCO, SHALL IN NO WAY WHATSOEVER AFFECT YOUR (OR ANY SUCCESSOR TRUSTEE'S) RIGHT HEREUNDER TO DRAW UPON THIS LETTER OR CREDIT OR OTHERWISE AFFECT THE VALIDITY AND ENFORCEABILITY OF THIS LETTER OF CREDIT. FURTHER, IN THE EVENT OF AN EVENT OF DEFAULT OR OTHER CLAIM BETWEEN COLCO AND US, WE WILL HONOR DEMANDS BY YOU.

10. Additional Agreements. We further acknowledge and agree that: (a) upon receipt of the documentation required herein, we will honor your draws against this Irrevocable and Unconditional Standby Letter of Credit without inquiry into the accuracy of your signed statement and regardless of whether the Issuer, Colco or any other party disputes the content of such statement, b) you shall be entitled to assign your interest in this Irrevocable and Unconditional Standby Letter of Credit from time to time without our approval and without charge, and in the event of an assignment, we reserve the right to require reasonable evidence of such assignment as a condition to any draw hereunder by a successor trustee, and (c) Colco has the right at anytime to obtain a replacement letter of credit provided that such replacement letter of credit is accepted by you in writing and a copy of such acceptance has been delivered to us.

11. Miscellaneous. This Irrevocable and Unconditional Standby Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 revision) ICC Publication No. 500.

Very truly yours,

CITYWIDE BANKS

By: _____

Name: Jerry B. Joy

Its: Senior Vice President

EXHIBIT "A"

[TO BE TYPED ON U.S. BANK LETTERHEAD]

SIGHT DRAFT

_____, 200__

Re: Citywide Banks Irrevocable and Unconditional Standby Letter of Credit No. 200043208

Upon presentation of this Sight Draft, pay to the order of U.S. Bank National Association, as Trustee of the Mount Carbon Metropolitan District 2004A and 2004B Bonds, the sum of _____ Dollars (\$ _____). This Sight Draft is drawn under Irrevocable and Unconditional Standby Letter of Credit No. 200043208.

U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE

By: _____
Name: _____
Its: _____

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**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**CITYWIDE BANKS OF COLORADO, INC.
AND SUBSIDIARIES**

December 31, 2002 and 2001

FORTNER, BAYENS, LEVKULICH
AND CO., P.C.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Citywide Banks of Colorado, Inc.
Aurora, Colorado

We have audited the accompanying consolidated balance sheets of Citywide Banks of Colorado, Inc. (a Colorado Corporation) and subsidiaries as of December 31, 2002 and 2001 and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Citywide Banks of Colorado, Inc. and subsidiaries at December 31, 2002 and 2001 and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Fortner, Bayens, Levkulich & Co., P.C.

Denver, Colorado
February 6, 2003

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

CONSOLIDATED BALANCE SHEETS

December 31,

	2002	2001
ASSETS		
Cash and due from banks	\$ 34,196,173	\$ 30,413,952
Securities available for sale	23,253,154	21,804,514
Securities held to maturity	57,944,370	49,909,402
Federal Home Loan Bank stock, at cost	1,730,000	944,100
Loans, net	391,634,796	353,783,949
Premises and equipment, net	5,440,394	4,406,923
Foreclosed assets, net	850,579	565,000
Accrued interest receivable	2,386,009	2,384,230
Cash surrender value of life insurance	14,161,076	13,184,637
Goodwill	33,875	33,875
Other assets	6,117,345	4,085,585
	\$ 537,747,771	\$ 481,516,167
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	\$ 128,442,242	\$ 117,985,880
Interest-bearing	310,574,603	284,355,528
Total deposits	439,016,845	402,341,408
Accrued interest payable	992,184	993,127
Repurchase Agreements	13,689,131	17,003,433
Short-term debt	12,209,826	9,923,577
Long-term debt	20,000,000	5,000,000
Other liabilities	3,477,026	2,874,833
Total liabilities	489,385,012	438,136,378
Company obligated manditorily redeemable preferred securities of subsidiary trust holding solely Junior Subordinated Debentures	10,000,000	10,000,000
Commitments and contingencies (notes K, L and M)		
Minority Interest	13,774	15,719
Stockholders' equity		
Common stock - \$1 stated value; 5,250,000 shares authorized, 812,364 and 810,204 shares issued and outstanding in 2002 and 2001, respectively	812,364	810,204
Additional paid-in capital	591,503	488,166
Retained earnings	37,015,534	31,723,028
Accumulated other comprehensive income (loss)	(70,516)	342,672
Total stockholders' equity	38,348,985	33,364,070
	\$ 537,747,771	\$ 481,516,167

The accompanying notes are an integral part of these consolidated financial statements.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31,

	2002	2001
Interest income		
Loans, including fees	\$ 29,976,884	\$ 30,075,670
Investment securities		
Taxable	2,605,899	3,165,670
Tax-exempt	1,199,502	1,209,271
Federal funds sold and other	582,260	164,778
Total interest income	34,364,545	34,615,389
Interest expense		
Deposits	6,243,812	9,535,155
Federal funds purchased	-	2,754
Short-term funds borrowed	838,579	1,066,607
Long-term funds borrowed	577,285	194,600
Trust preferred securities	764,295	399,877
Total interest expense	8,423,971	11,198,993
Net interest income	25,940,574	23,416,396
Provision for loan losses	1,162,000	5,324,000
Net interest income, after provision for loan losses	24,778,574	18,092,396
Noninterest income		
Customer service fees	3,603,436	3,802,306
Other	4,525,847	4,234,636
Total noninterest income	8,129,283	8,036,942
Noninterest expenses		
Salaries and employee benefits	13,699,936	11,639,036
Occupancy and equipment	2,740,825	2,450,296
Other general and administrative	6,259,974	5,183,369
Total noninterest expenses	22,700,735	19,272,701
Income before income taxes and minority interest	10,207,122	6,856,637
Income tax expense	1,420	20,079
Minority interest	2,609	1,554
Net Income	\$ 10,203,093	\$ 6,835,004

The accompanying notes are an integral part of these consolidated financial statements.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2002 and 2001

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2001	\$ 990,508	\$ -	\$ 30,041,391	\$ 57,421	\$ 31,089,320
Comprehensive income					
Net income	-	-	6,835,004	-	6,835,004
Change in net unrealized gain (loss) on securities available for sale	-	-	-	285,251	285,251
Total comprehensive income					7,120,255
Reclassification	(183,334)	183,334	-	-	-
Repurchase 6,636 shares of stock	(6,636)	(183,334)	(155,102)	-	(345,072)
Sale of 9,666 shares of stock	9,666	488,166	-	-	497,832
Cash dividends declared	-	-	(4,998,265)	-	(4,998,265)
Balance at December 31, 2001	810,204	488,166	31,723,028	342,672	33,364,070
Comprehensive income					
Net income	-	-	10,203,093	-	10,203,093
Change in net unrealized gain (loss) on securities available for sale	-	-	-	(413,188)	(413,188)
Total comprehensive income					9,789,905
Repurchase 8,700 shares of stock	(8,700)	(509,789)	-	-	(518,489)
Sale of 10,860 shares of stock	10,860	613,126	-	-	623,986
Cash dividends declared	-	-	(4,910,487)	-	(4,910,487)
Balance at December 31, 2002	<u>\$ 812,364</u>	<u>\$ 591,503</u>	<u>\$ 37,015,634</u>	<u>\$ (70,516)</u>	<u>\$ 38,348,985</u>

The accompanying notes are an integral part of these consolidated financial statements.

Citywide Banks of Colorado, Inc.
and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2002	2001
Cash flows from operating activities		
Net income	\$ 10,203,093	\$ 6,835,004
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	893,629	852,774
Loss (gain) on sale of foreclosed assets	67,473	-
Loss (gain) on sale of premises and equipment	1,081	-
Net amortization on securities	175,154	13,549
Provision for loan losses	1,162,000	5,324,000
Net change in:		
Accrued interest receivable	(1,557)	605,105
Other assets	(2,109,320)	(948,236)
Accrued interest payable	(1,165)	(127,033)
Increase in cash surrender value of life insurance	(641,229)	(547,717)
Other liabilities	602,193	(3,332,870)
Net cash provided by operating activities	10,351,352	8,674,576
Cash flows from investing activities		
Activity in available-for-sale securities:		
Sales	-	500,000
Maturities, prepayments, and calls	5,370,025	30,535,000
Purchases	(7,030,469)	(13,012,034)
Activity in held-to-maturity securities:		
Maturities, prepayments, and calls	32,244,986	38,180,393
Purchases	(40,721,931)	(43,253,217)
Purchase of Federal Home Loan Bank stock	(785,900)	-
Loan originations and principal collections, net	(41,999,643)	(55,241,653)
Proceeds from sales of foreclosed assets	3,776,744	-
Purchase of life insurance & premiums paid net of dividends received	(335,211)	179,521
Additions to premises and equipment	(1,928,181)	(1,733,837)
Net cash used in investing activities	(51,409,580)	(43,845,827)
Cash flows from financing activities		
Net increase in deposits	36,875,437	15,440,762
Net change in repurchase agreements	(3,314,302)	17,003,433
Net change in short-term advances	2,900,000	(20,030,000)
Repayment of short-term debt	(1,613,751)	(2,200,000)
Proceeds from issuance of long-term debt	15,000,000	14,923,577
Proceeds from the issuance of Junior Subordinated Debentures	-	10,000,000
Minority Interest	(1,945)	15,719
Proceeds from sale of common stock	623,986	497,832
Repurchase of common stock	(518,489)	(345,072)
Cash dividends paid on common stock	(4,910,487)	(4,998,265)
Net cash provided by financing activities	44,840,449	30,307,986
Net change in cash and cash equivalents	3,782,221	(4,863,265)
Cash and cash equivalents at beginning of year	30,413,952	35,277,217
Cash and cash equivalents at end of year	\$ 34,196,173	\$ 30,413,952
Supplementary cash flow information		
Interest paid on deposits and borrowed funds	\$ 8,424,914	\$ 11,326,026
Income taxes paid	1,600	20,079

The accompanying notes are an integral part of these consolidated financial statements.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Citywide Banks of Colorado, Inc. (the Company), its wholly owned subsidiaries, Citywide Banks (the Bank), Citywide Services Group, Citywide Financial and Citywide Data Corp., as well as the Company's 99% owned subsidiary, Citywide Steward, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, and the valuation of foreclosed real estate and mortgage servicing rights.

Business

The Company provides a full range of banking and mortgage services to individual and corporate customers principally in the metropolitan Denver area. Its primary deposit products are transaction and term certificate accounts and its primary lending products are commercial, real estate and consumer loans.

Significant Group Concentrations of Credit Risk

Most of the Company's activities are with customers located in the metropolitan Denver area. Note B discusses the types of securities that the Company invests in. Note D discusses the types of lending that the Company engages in. The Company does not have any significant concentrations to any one industry or customer.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold and securities purchased under agreements to resell, all of which mature within ninety days.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

The Company grants real estate, commercial, construction and consumer loans to customers. A substantial portion of the loan portfolio is represented by commercial and construction loans throughout the Denver, Colorado metropolitan area. The ability of the Company's borrowers to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Foreclosed assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at the lower of cost basis or fair value at the date of foreclosure. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Redeemable Preferred Securities Issuance Costs

Direct costs incurred in connection with the issuance of Trust Preferred Securities have been capitalized. These costs totaling \$259,667 at December 31, 2002 are amortized on a straight-line basis over a ten-year period.

Premises and Equipment

Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangibles

On July 20, 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition. Effective January 1, 2002, the Company has adopted SFAS 142, therefore goodwill will no longer be amortized and will be tested for impairment at least annually at the reporting unit level.

Income Taxes

The Company is taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company does not pay income taxes on its taxable income. Instead the stockholders are liable for individual taxes on their respective share of the Company.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income. The components of other comprehensive income and related tax effects at December 31 are as follows:

	<u>2002</u>	<u>2001</u>
Unrealized holding gains on available for sale securities	\$(413,163)	\$323,989
Reclassification adjustment for gains realized in income	<u>(25)</u>	<u>(38,738)</u>
Net unrealized gains	<u>\$(413,188)</u>	<u>\$285,251</u>

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE B – SECURITIES

The amortized cost and fair values of securities, with gross unrealized gains and losses, follows:

	December 31, 2002			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Securities available-for-sale				
U.S Treasury	\$ 5,028,469	\$ 11,209	\$ -	\$5,039,678
U.S. Government agency State and Municipal	13,003,908	118,768	-	13,122,676
Corporate	230,000	-	-	230,000
Corporate	<u>5,061,293</u>	<u>60,510</u>	<u>(261,003)</u>	<u>4,860,800</u>
Total securities available- for-sale	<u>\$23,323,670</u>	<u>\$ 190,487</u>	<u>\$ (261,003)</u>	<u>\$23,253,154</u>
Securities held-to-maturity				
U.S. Treasury	\$ 4,993,837	\$ 1,695	\$ -	4,995,532
U.S. Government Agency State and Municipal	29,981,975	822,801	-	30,804,776
State and Municipal	<u>22,968,558</u>	<u>1,183,071</u>	<u>(3,431)</u>	<u>24,948,198</u>
Total securities held-to- maturity	<u>\$ 57,944,370</u>	<u>\$ 2,007,567</u>	<u>\$ (3,432)</u>	<u>\$ 59,948,506</u>
	December 31, 2001			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale				
U.S. Government agency State and Municipal	\$16,002,185	\$383,647	\$ -	\$16,385,832
State and Municipal	375,000	4,782	-	379,782
Corporate	<u>5,084,658</u>	<u>3,054</u>	<u>(48,812)</u>	<u>5,038,900</u>
Total securities available- for-sale	<u>\$21,461,843</u>	<u>\$391,483</u>	<u>\$ (48,812)</u>	<u>\$21,804,514</u>

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE B – SECURITIES (CONTINUED)

	December 31, 2002			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Securities held-to-maturity				
U.S. Treasury	\$ 4,974,595	\$ 9,796	\$ -	\$ 4,984,391
U.S. Government Agency	17,966,131	363,951		18,330,082
State and Municipal	26,669,587	679,349	(55,817)	27,293,119
Corporate	<u>299,089</u>	<u>-</u>	<u>(160)</u>	<u>298,929</u>
Total securities held-to-maturity	<u>\$49,909,402</u>	<u>\$1,053,096</u>	<u>\$(55,977)</u>	<u>\$50,906,521</u>

At December 31, 2002 and 2001, the Company had realized gains of \$25 and \$38,738, respectively. There were no realized losses in 2002 or 2001. At December 31, 2002 and 2001, investment securities with a carrying value of approximately \$66,205,417 and \$49,187,327, respectively, were pledged to secure public deposits and for other purposes as required or permitted by law.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2002, follows:

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within 1 year	\$1,228,908	\$1,262,812	\$7,775,949	\$7,821,762
Over 1 year through 5 years	15,083,759	15,193,957	41,446,378	43,107,103
After 5 years through 10 years	7,011,003	6,796,385	7,086,559	7,479,747
Over 10 years	<u>-</u>	<u>-</u>	<u>1,525,484</u>	<u>1,539,894</u>
	<u>\$23,323,670</u>	<u>\$23,253,154</u>	<u>\$57,944,370</u>	<u>\$59,948,506</u>

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE C – FEDERAL HOME LOAN BANK STOCK

The Bank as a member of the Federal Home Loan Bank, is required to maintain an investment in capital stock of the bank. No ready market exists for such stock, and it has no quoted market values.

NOTE D – LOANS

A summary of the balances of loans follows:

	<u>2002</u>	<u>2001</u>
Commercial loans	\$289,363,907	\$254,259,822
Construction loans	76,172,948	69,982,633
Real estate loans	2,142,203	3,464,669
Installment loans	26,352,320	28,055,760
Ready reserve loans	1,797,763	2,209,449
Overdrafts	<u>574,889</u>	<u>898,253</u>
Subtotal	396,404,030	358,870,586
Less: Allowance for loan losses	<u>(4,769,234)</u>	<u>(5,086,637)</u>
Loans, net	<u>\$391,634,796</u>	<u>\$353,783,949</u>

An analysis of the allowance for loan losses for the years ended December 31 are as follows:

	<u>2002</u>	<u>2001</u>
Balance at beginning of year	\$5,086,637	\$3,793,090
Provision for loan losses	1,162,000	5,324,000
Loans charged off	(2,540,890)	(4,415,696)
Recoveries on loans previously charged off	<u>1,061,487</u>	<u>385,243</u>
Balance at end of year	<u>\$4,769,234</u>	<u>\$5,086,637</u>

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE D – LOANS (CONTINUED)

The following is a summary of information pertaining to impaired loans at December 31:

	<u>2002</u>	<u>2001</u>
Impaired loans without a valuation allowance	\$ 8,530,874	\$ 341,808
Impaired loans with a valuation allowance	<u>1,823,948</u>	<u>9,677,561</u>
Total impaired loans	<u>\$10,354,822</u>	<u>\$10,019,369</u>
Valuation allowance related to impaired loans	<u>\$ 237,580</u>	<u>\$ 1,317,076</u>
 Average investment in impaired loans	 <u>\$ 9,765,609</u>	 <u>\$ 9,447,380</u>

At December 31, 2002 and 2001 the total recorded investment in loans on non-accrual loans amounted \$10,525,000 and \$10,020,000, respectively, and the total recorded investment in loans past due ninety days or more and still accruing interest amounted to approximately \$1,361,000 and \$682,000.

Interest income received on impaired loans during 2002 and 2001 was not material to the financial statements. No additional funds are committed to be advanced in connection with impaired loans.

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates amounting to \$553,075 and \$34,138 at December 31, 2002 and 2001, respectively.

NOTE E – SERVICING

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others were \$239,579,201 and \$205,292,771 at December 31, 2002 and 2001, respectively.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE E – SERVICING (CONTINUED)

The balance of capitalized servicing rights included in other assets at December 31, 2002 and 2001, was \$2,766,330 and \$2,890,165, respectively, which approximated fair values. The fair value of servicing rights was determined using a weighted average discount rate of 9.71 percent and weighted average constant prepayment rate of 24.30 percent.

The following summarizes mortgage servicing rights capitalized, amortized and impaired for the years ended December 31:

	2002	2001
Mortgage servicing rights capitalized	\$565,000	\$576,362
Mortgage servicing rights amortized	740,000	420,000
Impairment recognized	500,000	-

NOTE F – FORECLOSED ASSETS

Foreclosed assets are presented net of allowance for losses. An analysis of the allowance for losses on foreclosed assets is as follows:

	2002	2001
Balance at beginning of year	\$ 565,000	\$ 565,000
Provisions for losses	-	-
Charge-offs	(3,803,496)	-
Recoveries	<u>4,064,075</u>	<u>-</u>
Balance at end of year	<u>\$ 825,579</u>	<u>\$ 565,000</u>

Expenses applicable to foreclosed asset for 2002 include a net loss (gain) on sales of real estate in the amount of \$64,900 and operating expenses, net of rental income of \$9,017.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE G – PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment at December 31, follows.

	2002	2001
Land	\$1,651,727	\$1,031,728
Buildings and leasehold improvements	6,328,842	5,716,551
Furniture and equipment	<u>7,449,066</u>	<u>6,885,124</u>
	15,429,635	13,633,403
Accumulated depreciation	<u>(9,989,241)</u>	<u>(9,226,480)</u>
	<u>\$5,440,394</u>	<u>\$4,406,923</u>

Depreciation expense for the years ended December 31, 2002 and 2001 amounted to \$893,629 and \$852,774, respectively.

Pursuant to the terms of noncancelable lease agreements in effect at December 31, 2002, pertaining to banking premises and equipment, future minimum rent commitments under various operating leases are as follows:

2003	\$682,187
2004	590,239
2005	439,057
2006	270,022
2007	147,381
Thereafter	<u>682,739</u>
	<u>\$2,811,625</u>

Total rent expense for the years ended December 31, 2002 and 2001 amounted to \$581,261 and \$517,788, respectively.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE H – DEPOSITS

The aggregate amount of time deposits in denomination of \$100,000 or more at December 31, 2002 and 2001 was \$43,449,106 and \$29,564,288, respectively.

At December 31, 2002, the scheduled maturities of time deposits are as follows:

2003	\$63,306,015
2004	17,071,055
2005	12,260,356
2006	1,399,547
2007	5,575,901
Thereafter	<u> -</u>
	<u>\$99,612,874</u>

The Company had related party deposits of \$2,280,877 at December 31, 2002.

NOTE I – SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature within one to four days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying security. Total securities sold under agreements to repurchase outstanding at December 31, 2002 and 2001 were \$13,689,131 and \$17,003,433, respectively.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE J – BORROWINGS

Long-term Borrowings

The Bank's fixed-rate, long-term debt of \$20,000,000 at December 31, 2002 matures 2005 through 2007. At December 31, 2002 and 2001, the interest rates on fixed-rate, long-term debt ranged from 3.740 percent to 5.19 percent each year. At December 31, 2002 and 2001, the weighted average interest rates on fixed-rate, long-term debts were 4.433 percent and 5.190 percent, respectively. The debt is secured by certain assets pledged by the subsidiary Bank.

The contractual maturities of long-term debt are as follows:

2005	\$ 3,000,00
2006	5,000,00
2007	<u>12,000,000</u>
	<u>\$20,000,000</u>

At December 31, 2002, the Company also had \$43,000,000 available under a long-term line of credit.

Short-term Borrowings

Short-term borrowings include instruments with original maturities of one year or less from inception. Short-term borrowings of \$12,209,826 at December 31, 2002, include \$2,900,000, which bears interest at prime rate and matures on April 18, 2003, \$1,000,000, which bears interest at prime rate minus .25 percent and matures on March 31, 2003, and the remaining amount, \$8,309,826, which bears interest at prime rate and matures on June 30, 2003.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

**NOTE K – COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED
SECURITIES**

In July 2001, the Company formed Citywide Capital Trust I, and completed an offering of \$4,124,000 10.25% Cumulative Trust Preferred Securities (Preferred Securities), which are guaranteed by the Company. The Trust invested the total proceeds it received in 10.25% Junior Subordinated Debentures (Debentures) issued by the Company. Interest paid on the Debentures will be distributed to the holders of the Preferred Securities. As a result, under current tax law, distributions to the holders of the Preferred Securities will be tax deductible by the Company. Distributions payable on the Preferred Securities are recorded as interest expense in the consolidated statements of income. The Debentures mature on July 25, 2031, which may be shortened to not earlier than July 25, 2006, if certain conditions are met, or at anytime upon the occurrence and continuation of certain changes in either the tax treatment or the capital treatment of the Trust, the Debentures or the Preferred Securities.

In July 2001, the Company formed Citywide Capital Trust II, and completed an offering of \$6,186,000 floating rate Cumulative Trust Preferred Securities (Preferred Securities), which are guaranteed by the Company. The Trust invested the total proceeds it received in floating rate Junior Subordinated Debentures (Debentures) issued by the Company. Interest paid on the Debentures will be distributed to the holders of the Preferred Securities. As a result, under current tax law, distributions to the holders of the Preferred Securities will be tax deductible by the Company. Distributions payable on the Preferred Securities are recorded as interest expense in the consolidated statements of income.

The Debentures mature on July 25, 2031, which may be shortened to not earlier than July 25, 2006, if certain conditions are met, or at anytime upon the occurrence and continuation of certain changes in either the tax treatment or the capital treatment of the Trust, the Debentures or the Preferred Securities.

The distribution rate payable on the Preferred Securities is cumulative and payable quarterly in arrears. The Company has the right, subject to events of default, to defer payments of interest on the Debentures at any time by extending the interest payment period for a period not exceeding 20 consecutive quarters with respect to each deferral period, provided that no extension period may extend beyond the redemption or maturity date of the Debentures. The Company has the right subject to the prior approval of the Federal Reserve, if required, to terminate the Trust and cause the Debentures to be distributed to the holders of the Preferred Securities in liquidation of such trust.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE L – OFF-BALANCE SHEET ACTIVITIES

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and stand-by letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At December 31, 2002 and 2001, the following financial instruments were outstanding whose contract amounts represent credit risk:

	<u>2002</u>	<u>2001</u>
Unfunded commitments under lines of credit	\$117,629,528	\$93,823,962
Commercial and standby letters of credit	3,321,006	4,714,598

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Several of the commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements.

The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE L -- OFF-BALANCE SHEET ACTIVITIES (CONTINUED)

Commercial and stand-by letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

NOTE M -- LEGAL CONTINGENCIES

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

NOTE N -- EMPLOYEE BENEFIT PLANS

401(k) Plan

The Company has a 401(k) Plan whereby substantially all employees participate in the Plan. Employees may contribute up to 15 percent of their compensation subject to certain limits based on federal tax laws. The Company makes matching contributions equal to 100 percent of the first 5 percent of an employee's compensation contributed to the Plan. Matching contributions vest to the employee over a seven-year period. For the year ended December 31, 2002 and 2001, expense attributable to the Plan amounted to \$297,024 and \$262,446, respectively.

The Company can make discretionary contributions to the profit sharing portion of the plan as determined by the Company's Board of Directors. Total plan contributions by the Company were approximately \$363,000 and \$308,000 for the years ended December 31, 2002 and 2001, respectively

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE N – EMPLOYEE BENEFIT PLANS (CONTINUED)

Compensation Plans and Agreements

The Company has an unfunded deferred compensation agreement with its officers which provides, upon retirement or death, 60% of their salary at the time of termination annually for ten years. The present value of total estimated deferred compensation is being accrued using the straight-line method over the remaining years to the full eligibility date.

The Company also has stock appreciation rights agreements with several key executives. This plan is intended to provide benefits to such executives upon termination based on the appreciation of the Company's stock through the executive's years of service. No stock of the Company will be issued for these agreements, the executives will be entitled to receive cash only.

As of December 31, 2002 and 2001, the Company had accrued liabilities of \$1,993,046 and \$1,721,573, respectively for both the deferred compensation agreements and the stock appreciation rights agreements. Life insurance contracts have been purchased which may be used to fund these agreements. The cash surrender value of the life insurance contracts totaled \$14,161,076 and \$13,184,636 at December 31, 2002 and 2001, respectively.

NOTE O – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Statement of Financial Accounting Standard No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

**Citywide Banks of Colorado, Inc.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE O -- FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values.

Securities

Fair values for securities, excluding Federal Home Loan Bank stock, are based on quoted market prices. The carrying amount of Federal Home Loan Bank stock approximates fair value based on the redemption provisions of the Federal Home Loan Bank.

Loans receivable

For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (e.g., one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for other loans (e.g., commercial real estate and investment property mortgage loans, commercial and industrial loans) are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for non-performing loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Cash Surrender Value of Life Insurance

For these investments, the carrying amount approximates fair value.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE O – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Mortgage Servicing Rights

Mortgage servicing rights represent the right to service loans for others and are valued based on average loan balances, interest rates, pass-through rates and estimated servicing cost per loan adjusted for assumptions on prepayments, delinquencies and foreclosures.

Deposit liabilities

The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e. their carrying amount). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term Borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Long-term Borrowings

The fair value of long-term borrowings is estimated by discounting the future cash flows using the current rate at which a similar loan could be financed.

Accrued interest

The carrying amounts of accrued interest approximate fair value.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE O – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Commitments to Extend Credit, Standby Letters of Credit and Lines of Credit

Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. Fair values for off-balance sheet derivative financial instruments, for other than trading purposes, are based upon quoted market prices, except in the case of certain options and swaps where pricing models are used.

The following table presents estimated fair values of the Bank's financial instruments.

	<u>2002</u>		<u>2001</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	<i>(Amounts in thousands of dollars)</i>			
Financial assets				
Cash and cash equivalents	\$ 34,196	\$34,196	\$ 30,414	\$ 30,414
Securities available-for-sale	23,253	23,253	21,805	21,805
Securities held-to-maturity	57,944	59,949	49,909	50,907
Federal Home Loan Bank	1,730	1,730	944	944
Loans, net	390,635	394,191	353,784	354,582
Accrued interest receivable	2,386	2,386	2,384	2,384
Cash value of life insurance	14,161	14,161	13,185	13,185
Mortgage servicing rights	2,766	2,766	2,890	2,890
Financial liabilities				
Deposits	439,017	\$436,859	\$402,341	401,459
Federal funds purchased and repurchase agreements	13,689	13,689	17,003	17,003
Accrued interest payable	992	992	993	993
Short-term borrowings	12,210	12,210	9,924	9,924
Long-term borrowings	20,000	21,924	5,000	5,035
Trust preferred securities	10,000	10,000	10,000	10,000

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE O – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

There is no material difference between the notional amount and the estimated fair value of loan commitments and letters of credit. In addition, fees collected from these arrangements are considered to be immaterial.

NOTE P – REGULATORY MATTERS

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2002, that the Company and the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 2002, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action.

**Citywide Banks of Colorado, Inc.
and Subsidiaries**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE P -- REGULATORY MATTERS (CONTINUED)

To be categorized as well capitalized an institution must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category. The Company's and the Bank's actual and required capital amounts and ratios are as follows:

	<u>Actual</u>		<u>For capital adequacy purposes</u>		<u>To be well capitalized under prompt corrective action provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
<i>(Dollars in thousands)</i>						
As of December 31, 2002						
Total capital to risk weighted asset						
Consolidated	\$52,256	11.97%	\$34,934	8.0%	\$ N/A	N/A%
Bank	48,451	11.21	34,583	8.0	43,229	10.0
Tier 1 capital to risk weighted assets						
Consolidated	37,900	8.68	17,467	4.0	N/A	N/A
Bank	43,682	10.10	17,292	4.0	25,937	6.0
Tier 1 capital to average assets						
Consolidated	37,900	6.97	21,751	4.0	N/A	N/A
Bank	43,682	8.16	21,423	4.0	26,778	5.0
As of December 31, 2001						
Total capital to risk weighted asset						
Consolidated	\$45,789	11.60%	\$31,570	8.0%	\$ N/A	N/A%
Bank	43,338	11.09	31,261	8.0	39,077	10.0
Tier 1 capital to risk weighted assets						
Consolidated	40,854	10.35	15,785	4.0	N/A	N/A
Bank	38,451	9.84	15,631	4.0	23,446	6.0
Tier 1 capital to average assets						
Consolidated	40,854	8.53	19,159	4.0	N/A	N/A
Bank	38,451	8.09	19,003	4.0	23,754	5.0

NOTE Q - SUBSEQUENT EVENT

On January 2, 2003, the Company declared a dividend in the amount of \$1,998,414 payable on January 3, 2003 to shareholders of record as of January 2, 2003.

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APPENDIX K

FORM OF OPINION OF BALLARD SPAHR ANDREWS & INGERSOLL, LLP

April __, 2004

U.S. Bank National Association, as trustee
950 17th Street
Denver, Colorado 80202

Northland Securities, Inc.
45 South 7th Street, Suite 2500
Minneapolis, Minnesota 55402

Kinsell Newcomb & De Dios, Inc.
462 Stevens Avenue, Suite 308
Solana Beach, California 92075

Re: Mount Carbon Metropolitan District
Jefferson County, Colorado
Limited Tax and Revenue Refunding Bonds
Series 2004A
Dated April __, 2004 - \$2,000,000

Mount Carbon Metropolitan District
Jefferson County, Colorado
Limited Tax and Revenue Refunding Bonds
Series 2004B
Dated April __, 2004 - \$2,000,000

Mount Carbon Metropolitan District
Jefferson County, Colorado
Limited Tax and Revenue Refunding Bonds
Series 2004C
Dated April __, 2004 - \$1,000,000

Ladies and Gentlemen:

We have acted as bond counsel to Mount Carbon Metropolitan District, Jefferson County, Colorado (the "District"), in connection with the issuance of its Limited Tax and Revenue Refunding Bonds, Series 2004A, dated April __, 2004, in the aggregate principal amount of \$2,000,000 (the "2004A Bonds"), its Limited Tax and Revenue Refunding Bonds, Series 2004E, dated April __, 2004, in the aggregate principal amount of \$2,000,000 (the "2004B Bonds") and its Limited Tax and Revenue Refunding Bonds, Series 2004C, dated April __, 2004, in the aggregate principal amount of \$1,000,000 (the "2004C Bonds") (collectively, the "Bonds") for the purpose of refinancing the payment of certain obligations of the District under the Seventh Amended Plan for Adjustment of Debts filed by the District in connection with a proceeding under Chapter 9 of the United States Bankruptcy Code.

The Bonds are issued under and secured by a Trust Indenture, dated April __, 2004, and a Supplemental Trust Indenture, dated April __, 2004 (collectively the "Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee"). The form, date, maturity date,

interest rates, redemption provisions and sources and manner of payment of the Bonds are set forth in the Indenture.

The resolution of the board of directors of the District authorizing the issuance of the Bonds (the "Resolution") provides that the Bonds shall be special and limited obligations of the District and shall be payable from limited general ad valorem taxes and certain tap fee revenues, subject to the limitations stated therein. The Resolution contains a covenant by the District to levy ad valorem taxes at a limited rate described therein on all the taxable property within the District to pay the principal of and interest on the Bonds. The Resolution further contains a covenant by the District to impose certain tap fees and apply the revenues therefrom to the payment of the Bonds.

The Resolution also contains a covenant by the District that it will not make, or permit the Trustee to make, any investment or other use of the proceeds of the Bonds at any time during the term thereof that would cause the Bonds to be arbitrage bonds or private activity bonds within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder and that it will comply with the requirements of the Code and said regulations throughout the term of the Bonds. An officer of the District responsible for issuing the Bonds has executed a certificate (the "Certificate") stating the reasonable expectations of the District on the date of issue as to future events that are material for purposes of the Code.

In our capacity as bond counsel we have examined the Constitution and the laws of the State of Colorado, the Resolution, the Indenture, the certificates delivered by the District on the date of the delivery of the Bonds and such other documents as we deemed necessary in order to render this opinion. In so doing we have assumed the accuracy of all recitals, representations, warranties and statements of fact contained in such documents and certificates. We have also examined a representative executed Bond of each series and assumed that all other Bonds of each series have been similarly executed.

Based upon the foregoing examination, it is our opinion that:

1. The Resolution has been duly adopted, and the Bonds have been duly authorized, executed and delivered under the laws of the State of Colorado now in force.

2. The Indenture has been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the Trustee, the Indenture constitutes a legal, valid and binding obligation of the District, enforceable in accordance with its terms, except to the extent such enforcement is limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights.

3. The Bonds have been duly authorized, executed and delivered by the District and constitute legal, valid and binding special and limited obligations of the District, payable solely from the sources specified in the Resolution and the Indenture, enforceable in accordance with their terms except to the extent such enforcement is limited by the bankruptcy laws of the United States of America, by the reasonable exercise of the sovereign police power of the State of Colorado and by the exercise of the powers delegated to the United States of America by the federal Constitution.

Based upon the foregoing examination and our review of the Code and the regulations and rulings thereunder and of the Certificate and assuming compliance by the District with covenants contained in the Resolution and the Certificate, it is also our opinion that:

1. The interest on the Bonds is excludable from gross income for federal income tax purposes under the laws and regulations of the United States of America.

2. The interest on the Bonds is not an item of tax preference for purposes of determining either the individual or corporate alternative minimum tax under the laws and regulations of the United States of America as presently enacted and construed. However, interest on Bonds held by corporations (other than regulated investment companies, real estate investment trusts, real estate mortgage investment conduits, financial asset securitization investment trusts and S corporations) may be indirectly subject to the alternative minimum tax because of its inclusion in the adjusted current earnings of corporations, and interest on Bonds held by foreign corporations may be subject to the branch profits tax.

3. The interest on the Bonds is exempt from Colorado income taxes under the laws of the State of Colorado as presently enacted and construed.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations with "excess passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued debt to purchase or carry such obligations. We express no opinion herein with respect to such consequences.

The opinions set forth herein are based solely on applicable law as enacted and construed on the date hereof and on facts as represented and known to us on the date hereof. We express no opinion herein as to the legal consequences of any future law or judicial decision, any future agreements between or among the parties, any amendments to existing agreements or any changes in facts, and we have no obligation to update this opinion in response to any such circumstances.

We also express no opinion herein with respect to the accuracy or completeness of any documents prepared or used or statements made in connection with the offering or sale of the Bonds.

Very truly yours,

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APPENDIX L

FORM OF INVESTMENT LETTER

_____, 2004

U.S. Bank National Association, as trustee
Corporate Trust Services
180 East Fifth Street, 2nd Floor
St. Paul, MN 55101

Mount Carbon Metropolitan District
12340 West Alameda Avenue #209
Lakewood, Colorado 80228

Re: Mount Carbon Metropolitan District
Jefferson County, Colorado
Limited Tax and Revenue Refunding Bonds
Series 2004A, Series 2004B and Series 2004C

Ladies and Gentlemen:

_____ (the "Purchaser") has agreed to purchase on the date hereof \$_____ the above-referenced bonds (the "Bonds"). In connection with that purchase, the Purchaser acknowledges and represents to U.S. Bank National Association, as trustee, and to Mount Carbon Metropolitan District, Jefferson County, Colorado (the "District"), each of which it understands will rely upon its representations, as follows:

The Purchaser is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended.

The Purchaser understands that the Bonds have been legended to impose restrictions on transfer and sale of the Bonds.

The Purchaser is able to bear the economic risks of its investment in the Bonds.

The Purchaser understands that the Bonds are being issued for the purposes and subject to the covenants specified in the Trust Indenture, dated the Date of Delivery (the "Indenture"), between the District and U.S. Bank National Association, as trustee, securing the Bonds.

The Purchaser acknowledges that it has either been supplied with or has had access to information, including financial statements and other financial information, to which a reasonable investor would attach a significance in making an investment decision relating to the Bonds, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the District, the Bonds and the security therefor.

The Purchaser understands that the Bonds carry no rating from any rating service and, pursuant to exemptions therefrom, are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state.

The Purchaser is purchasing the Bonds for its own account for investment and not with an intent to divide, resell or otherwise dispose of all or any part of the Bonds except as permitted by law and the terms of the Bonds and subject to applicable securities laws and regulations thereunder.

Sincerely,

By: _____

Name: _____

Title: _____

