

**SERVICE PLAN**  
**FOR**  
**RIVERBEND CROSSING METROPOLITAN DISTRICT**  
**EL PASO COUNTY, COLORADO**

Prepared by

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December 29, 2005

**RECEIVED**  
DEC 30 2005  
EPC DEVELOPMENT SERVICES

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## I. EXECUTIVE SUMMARY

The Riverbend Crossing Metropolitan District (the "District") is organized for the purpose of acquiring, constructing, financing and providing public infrastructure to support the needs of a new development (hereafter the "Project") planned primarily for residential uses. The Project is located in unincorporated El Paso County and is generally located east of I-25, west of Southmoor Drive, and the southern side is bordered by Fountain Creek. The Project's developer is Melody Homes, Inc., a Delaware corporation, d/b/a D.R. Horton – Melody Series (the "Developer").

The District is organized to provide public infrastructure and services permitted under the Special District Act, Section 32-1-101, *et seq.*, C.R.S., as it may be amended from time to time, including but not limited to water, wastewater, streets, bridges, traffic controls and signage, drainage and storm water improvements, mosquito control, covenant enforcement and park and recreation facilities. This Service Plan establishes a plan for the delivery of necessary public infrastructure for development of the Project. Approval of this Service Plan shall not be construed as the County's approval of any particular development within the Project, or substitute for any required County approval of future development in this area.

The District will manage the construction, acquisition, installation, financing and operation of public infrastructure needed for the Project. The District will provide funding and the tax base needed to support the Financing Plan for the provision of the capital improvements and for its operation, maintenance and administrative costs. The initial estimated costs of eligible infrastructure necessary to provide access to and appropriate services within the District are shown in **Exhibit E** attached hereto. The District may obtain financing for the improvements contemplated herein through any means available under applicable law, including loans and reimbursement agreements from private entities, through the issuance of general obligation bonds and/or revenue bonds, contractual indebtedness, and through any other legal sources available to the District, such as from the receipt of fees.

As described in later sections, the District is authorized to issue general obligation debt (as hereafter defined) in an amount not to exceed \$5,000,000. The District shall be subject to a combined debt service and operations mill levy cap of 45 mills, subject to certain adjustments as further described in the Financial Plan section of this Service Plan.

The District's financial forecast ("Financing Plan") is contained in **Exhibit B** attached hereto. The Financing Plan is based on buildout assumptions furnished by the Developer. The Financing Plan demonstrates the District's capability to meet the financial requirements associated with the provision of public infrastructure. The Financing Plan has been prepared with the advice of a qualified underwriter, which has furnished a letter (**Exhibit C**) stating that the issuance of bonds as set forth in the Financing Plan is attainable within the assumptions presented.

## II. INTRODUCTION

### A. Statutory and Regulatory Matters

This Service Plan is in accordance with the requirements of the Special District Act, Section 32-1-101, *et seq.*, Colorado Revised Statutes (the "Act"), and in accordance with the El Paso County Special District Guidelines and Requirements, as supplemented by the El Paso County Special District Policies approved on September 2, 2004, and as amended on September 22, 2005. The District shall have the power and authority to engage in all activities permissible under the Act, and otherwise in accordance with this Service Plan. This Service Plan consists of a financial analysis and engineering plan showing how the District's facilities and services will be provided and financed. The following information is included in the Service Plan in accordance with Part II of the Act, and applicable El Paso County Regulations:

1. A description of the proposed services;
2. A financial plan showing how the proposed services are to be financed;
3. A market study supporting the projected demand and need for the proposed services;
4. A preliminary engineering survey showing how the proposed services are to be provided;
5. A map and description of the District's boundaries and an estimate of the District's population and valuation for assessment;
6. A general description of the facilities to be constructed and the standards of such construction;
7. A general description of the estimated cost of the land, engineering, legal and administrative services and other major expenses related to the organization and initial operation of the District; and
8. A general description of any arrangements and agreements with other political subdivisions for the performance of services between the District and such political subdivisions.

### B. Boundaries

A map of the District's boundaries is set forth on **Exhibit A**. The District shall not be permitted to expand its boundaries beyond a five (5) mile radius from its boundaries depicted in **Exhibit A**, without County approval. The vicinity map illustrating Riverbend Crossing Metropolitan District is attached hereto as **Exhibit A-1**.

C. District Powers

The District anticipates providing certain essential public infrastructure for the use and benefit of future property owners and residents within its boundaries. The District is empowered to provide all public infrastructure and services authorized to be provided by special districts under the Special District Control Act, Section 32-1-101 *et seq.*, C.R.S., and otherwise exercise all of the powers, express or implied, as set forth therein, except to the extent limited by this Service Plan. The infrastructure to be provided by the District shall benefit both individual phases of the Project as well as the Project as a whole, including but not limited to street improvements that provide ingress and egress paths for residents, property owners and members of the general public into and out of the Project, together with associated water, sewer and drainage facilities, and other similar improvements.

The property within the District is subject to Inclusion Agreements presently being negotiated with the Security Water District and Security Sanitation District (the "Security Districts"), which will permit monthly water and sewer service to be provided to the Project after the proposed District completes construction of water and sewer infrastructure for dedication to the Security Districts. The Inclusion Agreements provide for the consent of the Security Districts to the creation of the proposed District with its water and sanitation powers limited to the construction of water and sewer facilities necessary to serve the Project. To the extent such Inclusion Agreements are executed, and the inclusion of the property within the Project completed, the District shall undertake the construction of water and sanitation facilities for dedication to and acceptance by the Security Districts, but shall not have the power to provide monthly water and sanitation services otherwise provided by the Security Districts following the inclusion.

D. Needs Analysis

In order to establish compliance with the standards for Service Plan approval set forth in Section 32-1-203(1), C.R.S., the Needs Analysis required by the El Paso County Regulations pertaining to special districts is expressed in terms of those standards:

1. There is Sufficient Existing and Projected Need for Organized Service. As stated in this Service Plan, the sketch plan for the Project projects 216 single family units. Accordingly, the demand for the services and facilities to be provided by the District is demonstrable.

2. The Existing Service in the Area to be Served is Inadequate for Present and Projected Needs/Adequate Service Through Other Governmental Entities Will Not Be Available Within a Reasonable Time and on a Comparable Basis. The facilities and services to be provided by the District will not be provided by the County or any municipal or quasi-municipal corporations, including existing special districts. Other than with respect to the pending inclusion of the property within the Project into the boundaries of the Security Districts (described in II.C. above), the District's boundaries do not overlap the legal boundaries of any existing special district with the power to provide the same services that the District proposes to

provide. Neither the City of Colorado Springs, the County, nor any existing special district plans to provide the facilities required for the development of the Project. Therefore, provision of facilities will not be available through other institutions.

3. District is Capable of Providing Economical and Sufficient Service/The District Will Have the Financial Ability to Discharge Proposed Indebtedness on a Reasonable Basis. The District is necessary in order to provide an economical and efficient means of providing for essential public improvements. The Financing Plan demonstrates the feasibility of providing the improvements and services proposed herein on an economical basis. The District can facilitate the financing of the proposed public improvements with tax-exempt financing that is not available to private entities.

4. The Creation of the District is in the Best Interests of the Area to be Served. The creation of the District is in the best interest of the area to be served to meet a demand for public improvements that will otherwise be unmet by other governmental entities and offer the advantage of obtaining public financing to fund these improvements.

#### E. Alternatives Analysis

As required by El Paso County Special District Guidelines, the Developer has conducted an analysis of alternatives to the formation of the proposed District. It concluded that the District provides a viable means of meeting the present and future demands for the Project on a cost effective basis. In considering District formation, alternatives were considered, and the Developer determined use of a special district to be best course of action. Service through a homeowners association is not a viable means of delivering the services proposed to be provided by the District. The nature, extent and variety of public improvements required is not within the capability of homeowners associations to deliver. Significantly, a homeowners association would not have access to tax-exempt financing, and thus would fail to provide the essential economic benefit offered by a special district structure.

Provision of improvements through another public entity (such as other special districts, El Paso County or nearby municipalities) is also not a viable option. First, none has plans to assume the financing and construction obligations of the proposed District. Additionally, such an approach during the development phase of the project would not be appropriate inasmuch as the specific needs of this area are driven by a development plan that is separate and distinct from any development or infrastructure program in place within any other special district or municipal entity that might be empowered to provide the types of improvements being furnished by the District.

#### F. Assumptions in Service Plan

The Service Plan contains various assumptions regarding costs of providing the public improvements; projected costs and cash-flows related to the issuance of bonds and other obligations by the District; and general administration and overhead. Costs of financing and construction of the public improvements were based upon a combination of construction cost

estimates provided by the developer; projected future property tax and non-tax revenues based upon anticipated future growth; and anticipated financing costs furnished by the underwriter.

G. Compliance with Master Plan

The PUD for the Project is in accordance with the El Paso County Master Plan.

### III. DEVELOPMENT ANALYSIS

A. Preliminary Engineering Survey

The facilities expected to be acquired, constructed and/or operated by the District are described in the Section of this Service Plan entitled "Infrastructure Analysis."

B. Population Estimate and Assessed Value

Currently, the territory within the District is undeveloped, and therefore there are presently no residents. The total projected population at buildout is estimated to be approximately 540 persons (based on 2.5 persons per household).

The 2005 assessed value of the property located within the initial District boundaries is estimated at \$67,680.00.

C. Market Study

Attached to this Service Plan as **Exhibit D**, is a Market Feasibility Analysis, Riverbend Crossing, Fountain, El Paso County, Colorado, prepared by The Genesis Group, dated December 20, 2005. A "worst case" analysis is also included.

### IV. FINANCIAL PLAN ANALYSIS

A. Financing of Proposed Facilities and Services

District capital facilities and operations costs will be funded from a combination of property taxes and non-tax revenues as described further below. The District may authorize, issue, sell, and deliver such bonds, notes, contracts, reimbursement agreements, or other obligations evidencing or securing a borrowing (collectively, "Obligations") as permitted by law. Obligations may be payable from any and all legally available revenues of the District in any form or combination of forms that may be permitted by applicable law, and nothing in this Service Plan shall be construed to limit the type, structure, timing or other elements of specific Obligations issued by the District. All or any portion of the proceeds of the Obligations issued may be used to fund such previously incurred expenses for public improvements via reimbursement to and/or acquisition from the entity advancing the costs for such improvements. Further, it is expected that the costs advanced for the organization and initial operations of the District will be similarly reimbursable to the entity advancing such costs.

The District may also issue the Obligations directly to the Developer or other private party advancing funds or furnishing facilities on behalf of the District from time to time, to reimburse funds advanced and/or acquire facilities so constructed. Other than with respect to the mill levy cap and Debt Limits (defined below), the District shall be permitted to modify the nature, amount, timing, structure, security enhancements, or type of financing used from that shown in the Financing Plan to respond to current needs and circumstances, such modifications not being considered a material modification of the Service Plan.

The District shall be subject to a combined debt service and operations mill levy cap of 45 mills, with not more than 10 mills imposed for operations purposes (the "Mill Levy Cap")

The Financing Plan sets forth certain assumptions, and estimated revenues, expenses and debt service requirements. The Financing Plan contains one illustration of a financing structure by which the improvements would be financed, including the estimated costs of engineering services, legal services, administrative services, proposed bond issuances, estimated maximum proposed interest rates and discounts, land or facilities to be acquired, and other major expenses relating to the organization and operation of the District. A commitment letter from a qualified underwriter is included as **Exhibit C**. The funds and assets of El Paso County shall not be pledged as security for the repayment of any Obligations issued by the District.

1. General Obligation Debt. As used in this Service Plan, the term "General Obligation Debt", means the principal amount of any Obligation (other than those represented by Revenue Obligations as herein defined) payable in whole or in part from a pledge of ad valorem property taxes to be imposed by the District. General Obligation Debt may be issued in an amount approved by the Board of Directors for improvements or services eligible for funding in accordance with applicable law, subject to the limitations set forth herein.

In order to respond to future contingencies and increases in costs, the District's new money General Obligation Debt issuance limit will be \$5,000,000.00 (the "Debt Limit"). The term of the General Obligation Debt shall be limited to thirty (30) years. The District may seek voter authorization to issue amounts in excess of the Debt Limit, but may not issue amounts in excess of the Debt Limit without obtaining a Service Plan Amendment.

The issuance of the General Obligation Debt can not exceed the Debt Limit without obtaining approval of an amendment to this Service Plan. In this fashion, the District will have reasonable flexibility to adjust the actual amount of General Obligation Debt to be issued, to respond to changing development dynamics, economic conditions within the District, and changing capital costs. General Obligation Debt that has been paid or defeased, and increases necessary to accomplish a refunding, reissuance or restructuring of General Obligation Debt also shall not count against the Debt Limit.

The District may authorize, issue, sell, and deliver such Obligations as are permitted by law; provided that the property tax mill levy imposed by to pay General Obligation Debt shall not initially exceed the maximum specified in the Mill Levy Cap, subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any



change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of 7.96% as the base year for calculating any such adjustments in such ratio. This debt service mill levy cap may be removed upon approval of the Board of County Commissioners at a public hearing held for such purpose.

2. Operating Mill Levy Cap. The District shall not impose an operating mill levy in excess of 10 mills; provided, however, subject to approval of an election question or questions authorizing the collection of operating revenues as a voter-approved revenue change under TABOR, the operations mill levy maximum shall be subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of 7.96% as the base year for calculating any such adjustments in such ratio.

3. Revenue Obligations. The District shall also be permitted to issue revenue bonds or other obligations (collectively, the "Revenue Obligations") in such amount and payable from such sources as the District may determine. Amounts issued in the form of Revenue Obligations shall not be subject to the Debt Limit.

4. Enterprises. The District may exercise any of its powers through enterprises established in accordance with Article X, Section 20 of the Colorado Constitution (TABOR).

5. Rates and Charges. The District shall have the power to derive revenue from and pledge any other legally-available revenue source, including but not limited to those derived from fees, rates, tolls, penalties or charges as provided by Section 32-1-1001(1), C.R.S., as it may be amended from time to time.

The Financing Plan demonstrates that the District will have the financial capability to discharge the proposed indebtedness with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financing Plan.

## V. INFRASTRUCTURE ANALYSIS

### A. General

This section describes the key public improvements expected to be provided by the District, the estimated costs which are set forth in **Exhibit E**. The improvements will consist of public infrastructure required to serve the Project as a whole, rather than individual lots, and is expected to include: sanitary sewer system; water systems; storm drain system; streets; parks and landscaping; professional services. The public infrastructure provided by the District will benefit the whole development, as well as the general public wishing to enter into the area.

The general descriptions of improvements, as well as the cost estimates provided are preliminary and will be subject to modification and revision by the District without the need for an

amendment to this Service Plan, as necessary or appropriate based on development plans or approvals, engineering, financial factors, County requirements and construction scheduling.

Improvements not specifically described herein shall be permitted as long as they are generally identified in this Service Plan and/or expressly or impliedly granted by Colorado law.

The District is being organized with the authority to provide all public improvements and services permitted under the Special District Act, Section 32-1-101, *et seq.*, C.R.S.

The total estimated cost of the improvements for the District assumes approximately \$2,684,189.00, inclusive of engineering and construction contingencies, but exclusive of inflation, other soft costs and all costs of debt issuance, including but not limited to bond issuance expenses, debt service reserves, capitalized interest, underwriter's discount, legal fees, as well as organizational costs. The Financing Plan conservatively projects issuance of bonds in the amount of \$1,565,000.000. Project costs not funded through the issuance of bonds will be funded by the Developer. Notwithstanding the cost estimate allocations among particular categories of improvements, the District shall be permitted to reallocate costs among such categories of improvements as necessary to best serve the Project.

B. Improvement Dedication – Ownership, Operation and/or Maintenance

The District expects to dedicate or cause to be dedicated to the County, Security Water District, Security Sanitation District, or other appropriate governmental entity, all public improvements that are eligible and acceptable to such entities for dedication and ongoing ownership, operations and/or maintenance. All such improvements not accepted by appropriate governmental entities for ongoing ownership, operations and/or maintenance, may be owned, operated and/or maintained by the District. All improvements that are dedicated to the County or other governmental entities will be designed and constructed in accordance with the applicable standards and specifications established by El Paso County and/or other governmental entity to which such improvements are dedicated.

C. Water and Sanitation Services

Water and sanitation services (other than the construction of physical infrastructure) are expected to be furnished by the Security Water District and the Security Sanitation District, pursuant to pending Inclusion Agreements by which the property within the Project would be included within the boundaries of those districts.

## VI. MISCELLANEOUS

Attached as **Exhibit F** to this Service Plan is a letter from counsel for the District stating that the services contemplated herein will be provided under the jurisdiction of the Special District Control Act. Also attached as **Exhibit G** to this Service Plan is the Notice of Special District Disclosure that will be provided to every purchaser of real property within the boundaries of the District.

The District shall not include additional territory not otherwise included within the boundaries of the District within its legal boundaries that is located more than five miles from the closest points of the property proposed to be included and the existing legal boundary of the District seeking the inclusion, without obtaining approval from the Board of County Commissioners.

The District shall submit an annual report as described in Section 32-1-207(3)(d), C.R.S.

The District shall comply with any existing or future policy or regulation adopted by the Board of County Commissioners, by which Title 32 special districts that may be organized in the future within the County become obligated to the payment of fees in lieu of use taxes otherwise payable to the County and/or other governmental entities, with respect to the construction of "Local Improvements" (as that term is defined in the Special District policies of the County).

## **VII. COMPLIANCE**

The District shall be subject to administrative dissolution by the Division of Local Government, as set forth in Section 32-1-710, C.R.S., in the event the requirements of said statute are met.

The District shall be empowered to undertake all activities authorized by this Service Plan, including all powers necessary or implied therefrom, in accordance with the Special District Act. The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the District enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

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

A. To amend this Service Plan as needed, subject to the appropriate statutory procedures, including, by written notice to El Paso County pursuant to Section 32-1-207, C.R.S., of actions which the District believe are permitted by this Service Plan but which may be unclear. In the event the County elects not to seek to enjoin any such activities under said statute, such election shall constitute agreement by the County that such activities are within the scope of this Service Plan.

B. To forego, reschedule, or restructure the financing, including the security therefore, and/or the operation and maintenance of improvements and facilities in order to better accommodate the pace of growth, resource availability, and financial interests of property of the District; and

C. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law and which the District is required to provide or exercise or, in their discretion, choose to provide or exercise;

D. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the Board of Directors of the District; and

E. Subject to the limitation set forth in Section VI, to amend their respective legal boundaries from time to time to add property whose owners request service from the District in accordance with then applicable terms and conditions, or to delete territory which is not being served by the District.

## VIII. CONCLUSION

It is submitted that this Service Plan for the proposed District required by Section 32-1-203(2), C.R.S. has established that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

B. The existing service in the area to be served by the proposed District is inadequate for present and projected needs;

C. The proposed District is capable of providing economical and sufficient service to the area within its proposed boundaries;

D. The area to be included in the proposed District does have, and will have the financial ability to discharge the proposed indebtedness on a reasonable basis;

E. Adequate service is not, and will not be, available to the area through El Paso County, or other existing municipal or quasi-municipal corporations, including existing special District, within a reasonable time and on a comparable basis;

F. The facility and service standards of the proposed District are compatible with the applicable facility and service standards of the State of Colorado, El Paso County or other existing municipal or quasi-municipal corporations, to the extent applicable, within which the proposed District is to provide service;

G. The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, C.R.S.;

H. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area; and

I. The creation of the proposed District is in the best interests of the area proposed to be served.

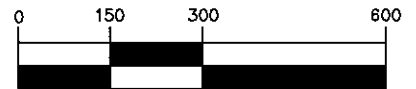
Therefore, it is requested that the Board of County Commissioners of El Paso County, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-202, C.R.S., adopt a resolution which approves this Service Plan for the District, as submitted.

**EXHIBIT A**  
**Riverbend Crossing Metropolitan District**  
**Boundary Map and Legal Description**



 Riverbend Crossing  
Metropolitan District

Southmoor Drive



1 inch = 300 ft.

**NOLTE**

BEYOND ENGINEERING

8000 SOUTH CHESTER ST., SUITE 200, CENTENNIAL, CO. 80112  
303.220.0400 TEL. 303.220.9001 FAX WWW.NOLTE.COM

**RIVERBEND CROSSING  
METROPOLITAN DISTRICT  
BOUNDARY MAP**

PREPARED FOR: D.R. Horton Melody Series DATE SUBMITTED: 12/2005

SHEET NUMBER

**A**

OF SHEETS

JOB NUMBER  
**CSB011202**

**EXHIBIT A**  
**RIVERBEND CROSSING METROPOLITAN DISTRICT**

**LEGAL DESCRIPTION**

A TRACT OF LAND BEING A PORTION OF THE NORTHEAST ONE-QUARTER OF SECTION 14, TOWNSHIP 15 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF EL PASO, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**BASIS OF BEARINGS:** THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 14, BEING MONUMENTED AT THE SOUTH END BY A 3.25 INCH ALUMINUM CAP STAMPED "PE-LS 9853" AND MONUMENTED AT THE NORTH END BY A 3.25 INCH ALUMINUM CAP STAMPED "PE-LS 9853", WITH THE LINE CONSIDERED TO BEAR N00°14'13"W.

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST ONE-QUARTER OF SECTION 14, SAID POINT BEING THE POINT OF BEGINNING;

THENCE EASTERLY AND ALONG THE NORTH LINE OF THE NORTHEAST ONE-QUARTER OF SECTION 14 THE FOLLOWING TWO COURSES:

S89°58'10"E A DISTANCE OF 607.65 FEET;  
S89°58'10"E A DISTANCE OF 193.49 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF U.S. HIGHWAY 85-87;

THENCE S35°53'17"E AND ALONG THE WEST RIGHT-OF-WAY LINE OF U.S. HIGHWAY 85-87 A DISTANCE OF 74.09 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF A PARCEL RECORDED IN THE EL PASO COUNTY RECORDS IN BOOK 1763, AT PAGE 57;

THENCE WESTERLY AND SOUTHERLY AND ALONG THE BOUNDARY OF A PARCEL RECORDED IN THE EL PASO COUNTY RECORDS IN BOOK 1763, AT PAGE 57 THE FOLLOWING SIX COURSES:

N89°58'10"W A DISTANCE OF 236.96 FEET;  
S26°47'34"W A DISTANCE OF 129.27 FEET;  
S15°33'55"E A DISTANCE OF 166.37 FEET;  
S15°44'38"E A DISTANCE OF 164.08 FEET;  
S35°53'21"E A DISTANCE OF 841.05 FEET;  
N54°02'01"E A DISTANCE OF 198.80 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF SOUTHMOOR DRIVE;



THENCE SOUTHERLY AND ALONG THE WESTERLY RIGHT-OF-WAY OF SOUTHMOOR DRIVE THE FOLLOWING TWO COURSES:

S00°01'43"W A DISTANCE OF 645.39 FEET;

S34°14'17"E A DISTANCE OF 53.41 FEET TO A POINT ON THE EAST LINE OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 14;

THENCE S00°01'28"E AND ALONG THE EAST LINE OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 14 A DISTANCE OF 707.87 FEET TO A POINT ON THE CENTERLINE OF FOUNTAIN CREEK PER A SURVEY PREPARED BY KARCICH AND WEBER INC. DATED APRIL 20, 1970;

THENCE NORTHERLY AND ALONG THE CENTERLINE OF FOUNTAIN CREEK PER A SURVEY PREPARED BY KARCICH AND WEBER INC. DATED APRIL 20, 1970 THE FOLLOWING FIVE COURSES:

S77°14'44"W A DISTANCE OF 188.06 FEET TO A POINT OF CURVE;

ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 41°16'33", A RADIUS OF 132.76 FEET, AND A LENGTH OF 95.64 FEET TO THE POINT OF TANGENT;

N61°28'43"W A DISTANCE OF 430.87 FEET TO A POINT OF CURVE;

ALONG THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 23°18'53", A RADIUS OF 727.05 FEET, AND A LENGTH OF 295.85 FEET TO THE POINT OF TANGENT;

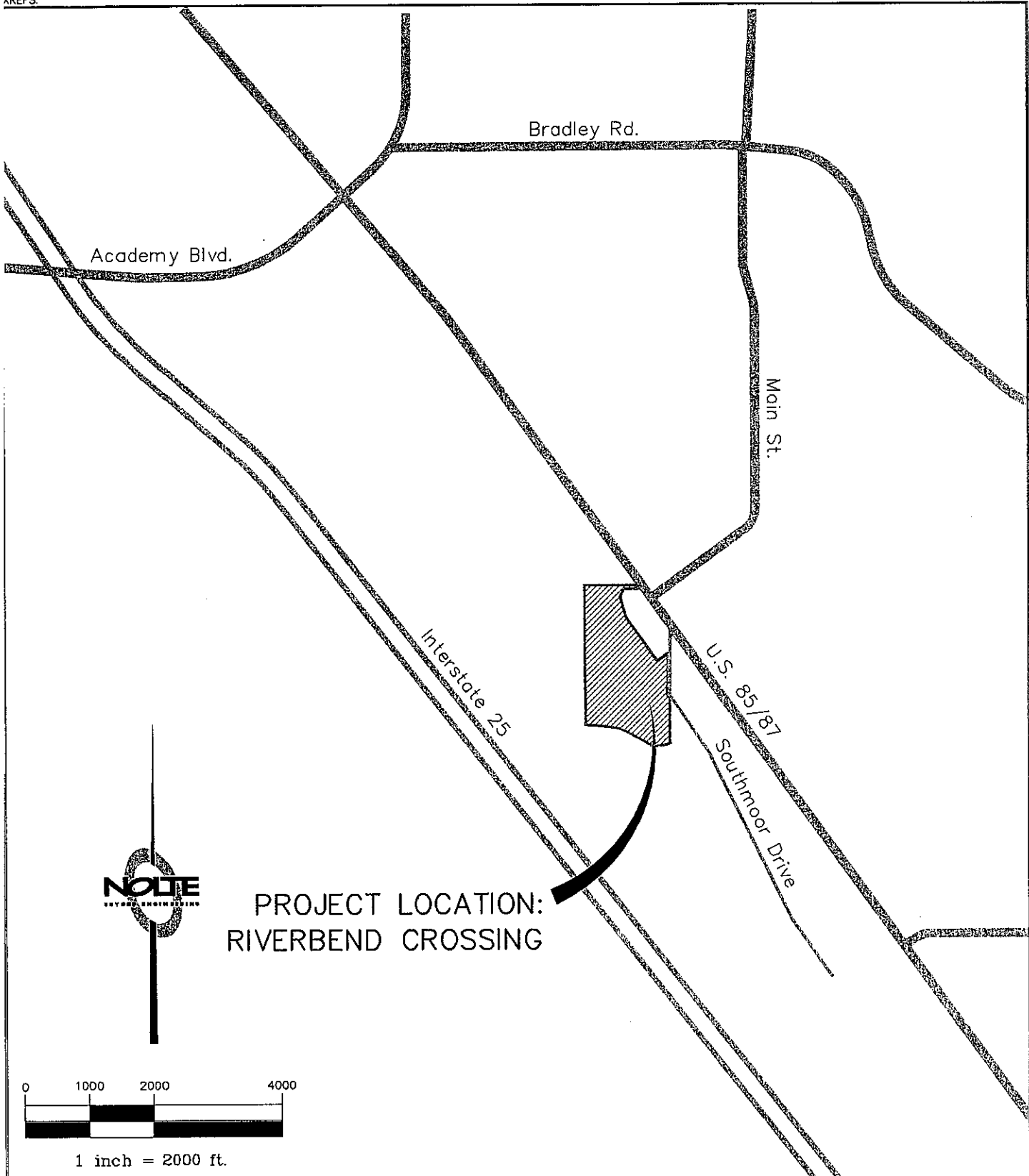
N84°48'57"W A DISTANCE OF 379.38 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SECTION 14;

THENCE N00°14'13"W AND ALONG THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SECTION 14 A DISTANCE OF 2159.38 FEET TO THE POINT OF BEGINNING,

CONTAINING 2,391,804 SQUARE FEET OR 54.908 ACRES, MORE OR LESS.

**EXHIBIT A-1**

**Riverbend Crossing Metropolitan District Vicinity Map**



**NOLTE**

BEYOND ENGINEERING

8000 SOUTH CHESTER ST., SUITE 200,  
303.220.6400 TEL. 303.220.8001 FAX

CENTENNIAL, CO. 80112  
WWW.NOLTE.COM

**RIVERBEND CROSSING  
METROPOLITAN DISTRICT  
VICINITY MAP**

PREPARED FOR: D.R. Horton Melody Series

DATE SUBMITTED: 12/2005

SHEET NUMBER

**A-1**

OF SHEETS

JOB NUMBER  
**CSB011202**

**EXHIBIT B**  
**Financing Plan**

Riverbend Crossing Metropolitan District  
El Paso County, Colorado  
Limited Tax General Obligation Bonds

Bond Cashflow - District Debt Capacity Schedule

	Property Tax Revenue			Specific Ownership Tax @ 8.0% of Property Tax	Net Revenue Available for Debt Service	Principal	Interest	Capitalized Interest	Net Debt Service <sup>(2)</sup>	Coverage	Annual Surplus/Deficit	Developer Contribution	Cumulative Surplus/Deficit
	Total Cumulative Assessed Value <sup>(1)</sup>	Mill Levy	Total Property Tax Revenue @ 98.0%										
2005	-	-	-	\$	\$	\$	\$	\$	\$	-	\$	\$	\$
2006	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	30	38,790	3,103	41,893	-	100,421	(100,421)	-	-	41,893	-	41,893
2009	1,319,374	30	77,579	6,206	83,786	-	109,550	(109,550)	-	-	29,011	-	70,903
2010	2,638,748	30	102,848	8,228	111,076	-	109,550	(54,775)	54,775	1.53	1,526	-	72,429
2011	3,498,226	30	102,848	8,228	111,076	-	109,550	-	109,550	1.01	1,526	-	73,955
2012	3,498,226	30	102,848	8,228	111,076	-	109,550	-	109,550	1.01	969	-	74,923
2013	3,638,155	30	106,962	8,557	115,519	5,000	109,200	-	114,200	1.01	1,319	-	76,242
2014	3,638,155	30	106,962	8,557	115,519	5,000	109,200	-	114,200	1.01	1,289	-	77,531
2015	3,783,681	30	111,240	8,899	120,139	10,000	108,850	-	118,850	1.01	1,989	-	79,521
2016	3,783,681	30	111,240	8,899	120,139	10,000	108,850	-	118,850	1.02	2,495	-	82,016
2017	3,935,028	30	115,690	9,255	124,945	15,000	107,450	-	122,450	1.02	3,945	-	85,961
2018	3,935,028	30	115,690	9,255	124,945	15,000	107,450	-	122,450	1.03	3,945	-	89,906
2019	4,092,429	30	120,317	9,625	129,943	20,000	105,350	-	125,350	1.04	4,593	-	90,154
2020	4,092,429	30	120,317	9,625	129,943	25,000	103,950	-	128,950	1.01	993	-	91,147
2021	4,256,127	30	125,130	10,010	135,141	30,000	102,200	-	132,200	1.02	2,941	-	94,087
2022	4,256,127	30	125,130	10,010	135,141	30,000	100,100	-	130,100	1.04	5,041	-	99,128
2023	4,426,372	30	130,135	10,411	140,546	40,000	98,000	-	138,000	1.02	2,946	-	101,674
2024	4,426,372	30	130,135	10,411	140,546	40,000	95,200	-	135,200	1.04	5,346	-	107,020
2025	4,603,427	30	135,341	10,827	146,168	50,000	92,400	-	142,400	1.03	3,768	-	110,788
2026	4,603,427	30	135,341	10,827	146,168	55,000	88,900	-	143,900	1.02	2,268	-	113,056
2027	4,787,564	30	140,754	11,260	152,015	65,000	85,050	-	150,050	1.01	1,965	-	115,021
2028	4,787,564	30	140,754	11,260	152,015	70,000	80,500	-	150,500	1.01	1,515	-	116,535
2029	4,979,066	30	146,385	11,711	158,095	80,000	75,600	-	155,600	1.02	2,495	-	119,031
2030	4,979,066	30	146,385	11,711	158,095	85,000	70,000	-	155,000	1.02	3,095	-	122,126
2031	5,178,229	30	152,240	12,179	164,419	100,000	64,050	-	164,050	1.00	369	-	122,495
2032	5,178,229	30	152,240	12,179	164,419	105,000	57,050	-	162,050	1.01	2,369	-	124,864
2033	5,385,358	30	158,330	12,666	170,996	120,000	49,700	-	169,700	1.01	1,296	-	126,160
2034	5,385,358	30	158,330	12,666	170,996	125,000	41,300	-	166,300	1.03	4,696	-	130,856
2035	5,600,772	30	164,663	13,173	177,836	140,000	32,550	-	172,550	1.03	5,286	-	136,142
2036	5,600,772	30	164,663	13,173	177,836	155,000	22,750	-	177,750	1.00	86	-	136,227
2037	5,824,803	30	171,249	13,700	184,949	170,000	11,900	-	181,900	1.02	3,049	-	139,277
			\$3,707,687	\$296,615	\$4,004,302	\$1,565,000	\$2,564,771	(\$2,647,746)	\$3,865,025		\$ 139,276.64	\$	

(1) Assumes average home price of \$224,383 and inflation of 4.00% Biennially  
 (2) Bonds are non-rated with a 7.00% interest rate, have a par amount of \$1,565,000 and net proceeds of \$1,181,881  
 (3) Capitalized interest thru 6/01/2010 @ 3.30%

Riverbend Crossing Metropolitan District  
 El Paso County, Colorado  
 Limited Tax General Obligation Bonds

General Administration Costs Cashflow - District Debt Capacity Schedule

Year	Property Tax Revenue		Specific Ownership Tax @ 8.0% of Property Tax	Net Revenue Available for General Administration Costs	Annual General Admin Costs	Coverage	Annual Surplus/Deficit	Developer Advances	Developer Repayment	Cumulative Surplus/Deficit
	Total Property Tax Revenue @ 98.0%	Mill Levy								
2005				\$0	\$0		\$0			\$0
2006	\$0		0	0	0		0			0
2007	0		0	0	0		0			0
2008	0	5	0	0	0		0			0
2009	1,319,374	5	517	6,982	6,982	1.00	0			0
2010	2,638,748	5	1,034	13,964	13,964	1.00	0			0
2011	3,498,226	5	1,371	18,513	18,513	1.00	0			0
2012	3,498,226	5	1,371	18,513	18,513	1.00	0			0
2013	3,638,155	5	1,426	19,253	19,253	1.00	0			0
2014	3,638,155	5	1,426	19,253	19,253	1.00	0			0
2015	3,783,681	5	1,483	20,023	20,023	1.00	0			0
2016	3,783,681	5	1,483	20,023	20,023	1.00	0			0
2017	3,935,028	5	1,543	20,824	20,824	1.00	0			0
2018	3,935,028	5	1,543	20,824	20,824	1.00	0			0
2019	4,092,429	5	1,604	21,657	21,657	1.00	0			0
2020	4,092,429	5	1,604	21,657	21,657	1.00	0			0
2021	4,256,127	5	1,668	22,523	22,523	1.00	0			0
2022	4,256,127	5	1,668	22,523	22,523	1.00	0			0
2023	4,426,372	5	1,735	23,424	23,424	1.00	0			0
2024	4,426,372	5	1,735	23,424	23,424	1.00	0			0
2025	4,603,427	5	1,805	24,361	24,361	1.00	0			0
2026	4,603,427	5	1,805	24,361	24,361	1.00	0			0
2027	4,787,564	5	1,877	25,336	25,336	1.00	0			0
2028	4,787,564	5	1,877	25,336	25,336	1.00	0			0
2029	4,979,066	5	1,952	26,349	26,349	1.00	0			0
2030	4,979,066	5	1,952	26,349	26,349	1.00	0			0
2031	5,178,229	5	2,030	27,403	27,403	1.00	0			0
2032	5,178,229	5	2,030	27,403	27,403	1.00	0			0
2033	5,385,358	5	2,111	28,499	28,499	1.00	0			0
2034	5,385,358	5	2,111	28,499	28,499	1.00	0			0
2035	5,600,772	5	2,196	29,639	29,639	1.00	0			0
2036	5,600,772	5	2,196	29,639	29,639	1.00	0			0
2037	5,824,803	5	2,283	30,825	30,825	1.00	0			0
			\$47,152	\$636,559	\$636,559		\$0	\$0	\$0	\$0

(1) Assumes average home price of \$224,383

Rivetbend Crossing Metropolitan District  
El Paso County, Colorado  
Limited Tax General Obligation Bonds

Valuation - District Debt Capacity Schedule

Year	Annual Homes		Binomial Mkt. Value Reassessment @4.00%	Cumulative Market Value <sup>(1)</sup>		Cumulative Assessed Value 2yr Lag from Completion <sup>(2)</sup>	Annual Lots Absorbed/Plotted		Total Lots Absorbed but not Completed	Cumulative Market Value	Cumulative Assessed Value 2 yr Lag from Absorption @29.0%	Property Tax Revenue		Net Revenue Available for Debt Service
	Complete	Completed		Total Homes Completed	Cumulative Market Value <sup>(1)</sup>		Cumulative Assessed Value 2yr Lag from Completion <sup>(2)</sup>	Mill Levy				Total Property Tax Revenue @98.0%	Specific Ownership Tax @ 8.0% of Property Tax	
2005	0	0	\$0	\$0	\$0	\$0	56	56	0	\$0	\$0	0	\$0	
2006	84	84	\$0	18,948,200	0	0	84	56	0	\$0	\$0	0	\$0	
2007	84	168	\$0	37,696,399	0	0	76	48	0	0	0	0	0	
2008	84	252	1,507,856	49,974,655	0	0	0	0	0	1,319,374	38,790	3,103	41,893	
2009	84	336	1,507,856	49,974,655	1,319,374	2,638,748	0	0	0	2,638,748	77,579	6,206	83,786	
2010	84	420	1,507,856	49,974,655	2,638,748	3,958,226	0	0	0	3,958,226	102,848	8,228	111,076	
2011	84	504	1,998,986	51,973,641	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2012	84	588	2,078,946	51,973,641	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2013	84	672	2,078,946	54,052,587	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2014	84	756	2,162,103	54,052,587	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2015	84	840	2,162,103	56,214,691	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2016	84	924	2,248,388	56,214,691	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2017	84	1008	2,248,388	58,463,278	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2018	84	1092	2,338,531	58,463,278	3,498,226	3,498,226	0	0	0	3,498,226	102,848	8,228	111,076	
2019	84	1176	2,338,531	60,801,809	4,092,429	4,092,429	0	0	0	4,092,429	120,317	9,625	129,943	
2020	84	1260	2,432,072	60,801,809	4,092,429	4,092,429	0	0	0	4,092,429	120,317	9,625	129,943	
2021	84	1344	2,432,072	63,233,882	4,256,127	4,256,127	0	0	0	4,256,127	125,130	10,010	135,141	
2022	84	1428	2,529,355	63,233,882	4,256,127	4,256,127	0	0	0	4,256,127	125,130	10,010	135,141	
2023	84	1512	2,529,355	65,763,237	4,436,372	4,436,372	0	0	0	4,436,372	130,135	10,411	140,546	
2024	84	1596	2,630,529	65,763,237	4,436,372	4,436,372	0	0	0	4,436,372	130,135	10,411	140,546	
2025	84	1680	2,630,529	68,393,766	4,603,427	4,603,427	0	0	0	4,603,427	135,341	10,827	146,168	
2026	84	1764	2,735,751	68,393,766	4,603,427	4,603,427	0	0	0	4,603,427	135,341	10,827	146,168	
2027	84	1848	2,735,751	71,129,517	4,787,564	4,787,564	0	0	0	4,787,564	140,754	11,260	152,015	
2028	84	1932	2,845,181	71,129,517	4,787,564	4,787,564	0	0	0	4,787,564	140,754	11,260	152,015	
2029	84	2016	2,845,181	73,974,698	4,979,066	4,979,066	0	0	0	4,979,066	146,385	11,711	158,095	
2030	84	2100	2,958,988	73,974,698	4,979,066	4,979,066	0	0	0	4,979,066	146,385	11,711	158,095	
2031	84	2184	2,958,988	76,933,686	5,178,229	5,178,229	0	0	0	5,178,229	152,240	12,179	164,419	
2032	84	2268	3,077,347	76,933,686	5,178,229	5,178,229	0	0	0	5,178,229	152,240	12,179	164,419	
2033	84	2352	3,077,347	80,011,033	5,385,358	5,385,358	0	0	0	5,385,358	158,330	12,666	170,996	
2034	84	2436	3,200,441	80,011,033	5,385,358	5,385,358	0	0	0	5,385,358	158,330	12,666	170,996	
2035	84	2520	3,200,441	83,211,475	5,600,772	5,600,772	0	0	0	5,600,772	164,663	13,173	177,836	
2036	84	2604	3,200,441	83,211,475	5,600,772	5,600,772	0	0	0	5,600,772	164,663	13,173	177,836	
2037	84	2688	3,200,441	83,211,475	5,600,772	5,600,772	1	1	0	5,824,803	171,249	13,700	184,949	
							216	216	0	\$3,707,687	\$3,707,687	\$296,615	\$4,004,302	

(1) Assumes average home price of \$224,383  
(2) Assumes 7.00% residential assessment rate

**\$1,565,000**

Riverbend Crossing Metropolitan District, El Paso County Colorado  
Limited Tax General Obligation Bonds  
Series 2008  
District Debt Capacity Schedule

**Sources & Uses**

**Sources Of Funds**

Par Amount of Bonds \$1,565,000.00

**Total Sources** **\$1,565,000.00**

**Uses Of Funds**

Total Underwriter's Discount (2.000%) 31,300.00

Costs of Issuance 100,000.00

Deposit to Capitalized Interest (CIF) Fund 251,818.66

Proceeds Available for Construction 1,181,881.34

**Total Uses** **\$1,565,000.00**



**\$1,565,000**

Riverbend Crossing Metropolitan District, El Paso County Colorado

Limited Tax General Obligation Bonds

Series 2008

District Debt Capacity Schedule

**Net Debt Service Schedule**

DATE	PRINCIPAL	COUPON	INTEREST	TOTAL P+I	CIF	NET NEW D/S
12/01/2006						
12/01/2007						
12/01/2008	-	0.00%	100,420.83	100,420.83	(100,420.83)	-
12/01/2009	-	0.00%	109,550.00	109,550.00	(109,550.00)	-
12/01/2010	-	0.00%	109,550.00	109,550.00	(54,775.00)	54,775.00
12/01/2011	-	0.00%	109,550.00	109,550.00	-	109,550.00
12/01/2012	-	0.00%	109,550.00	109,550.00	-	109,550.00
12/01/2013	5,000.00	7.00%	109,550.00	114,550.00	-	114,550.00
12/01/2014	5,000.00	7.00%	109,200.00	114,200.00	-	114,200.00
12/01/2015	10,000.00	7.00%	108,850.00	118,850.00	-	118,850.00
12/01/2016	10,000.00	7.00%	108,150.00	118,150.00	-	118,150.00
12/01/2017	15,000.00	7.00%	107,450.00	122,450.00	-	122,450.00
12/01/2018	15,000.00	7.00%	106,400.00	121,400.00	-	121,400.00
12/01/2019	20,000.00	7.00%	105,350.00	125,350.00	-	125,350.00
12/01/2020	25,000.00	7.00%	103,950.00	128,950.00	-	128,950.00
12/01/2021	30,000.00	7.00%	102,200.00	132,200.00	-	132,200.00
12/01/2022	30,000.00	7.00%	100,100.00	130,100.00	-	130,100.00
12/01/2023	40,000.00	7.00%	98,000.00	138,000.00	-	138,000.00
12/01/2024	40,000.00	7.00%	95,200.00	135,200.00	-	135,200.00
12/01/2025	50,000.00	7.00%	92,400.00	142,400.00	-	142,400.00
12/01/2026	55,000.00	7.00%	88,900.00	143,900.00	-	143,900.00
12/01/2027	65,000.00	7.00%	85,050.00	150,050.00	-	150,050.00
12/01/2028	70,000.00	7.00%	80,500.00	150,500.00	-	150,500.00
12/01/2029	80,000.00	7.00%	75,600.00	155,600.00	-	155,600.00
12/01/2030	85,000.00	7.00%	70,000.00	155,000.00	-	155,000.00
12/01/2031	100,000.00	7.00%	64,050.00	164,050.00	-	164,050.00
12/01/2032	105,000.00	7.00%	57,050.00	162,050.00	-	162,050.00
12/01/2033	120,000.00	7.00%	49,700.00	169,700.00	-	169,700.00
12/01/2034	125,000.00	7.00%	41,300.00	166,300.00	-	166,300.00
12/01/2035	140,000.00	7.00%	32,550.00	172,550.00	-	172,550.00
12/01/2036	155,000.00	7.00%	22,750.00	177,750.00	-	177,750.00
12/01/2037	170,000.00	7.00%	11,900.00	181,900.00	-	181,900.00
<b>Total</b>	<b>\$1,565,000.00</b>		<b>\$2,564,770.83</b>	<b>\$4,129,770.83</b>	<b>(264,745.83)</b>	<b>\$3,865,025.00</b>

Riverbend Crossing Metropolitan District  
El Paso County, Colorado  
Limited Tax General Obligation Bonds

Assumptions - District Debt Capacity Schedule

Absorption/Valuation

Finished Homes		
Average Home Price	\$	224,383.33
Assessment Rate		7.00%
Inflation (Every 2 yrs)		4.00%
Unfinished Lots		
Lot Value	\$	-
Lot Assessment Rate		29.00%
Mill Levy		30
O&M Mill Levy		5

Financial

Dated Date		1/1/2008
Interest Rate	Non-Rated @	7.0%
Capitalized Interest Thru		6/1/2010
Assumed CAPI Rate		3.50%

Riverbend Crossing Metropolitan District  
El Paso County, Colorado

	2006	1/1/2006	2/1/2006	3/1/2006	4/1/2006	5/1/2006	6/1/2006	7/1/2006	8/1/2006	9/1/2006	10/1/2006	11/1/2006	12/1/2006	Annual Total
Lot Absorption	0	0	0	0	7	7	7	7	7	7	7	7	7	56
Homes Complete										0	0	0	0	0

	2007	1/1/2007	2/1/2007	3/1/2007	4/1/2007	5/1/2007	6/1/2007	7/1/2007	8/1/2007	9/1/2007	10/1/2007	11/1/2007	12/1/2007	Annual Total
Lot Absorption	7	7	7	7	7	7	7	7	7	7	7	7	7	84
Homes Complete	7	7	7	7	7	7	7	7	7	7	7	7	7	84

	2008	1/1/2008	2/1/2008	3/1/2008	4/1/2008	5/1/2008	6/1/2008	7/1/2008	8/1/2008	9/1/2008	10/1/2008	11/1/2008	12/1/2008	Annual Total
Lot Absorption	7	7	7	7	7	7	7	7	7	7	7	6	0	76
Homes Complete	7	7	7	7	7	7	7	7	7	7	7	7	7	84

	2009	1/1/2009	2/1/2009	3/1/2009	4/1/2009	5/1/2009	6/1/2009	7/1/2009	8/1/2009	9/1/2009	10/1/2009	11/1/2009	12/1/2009	Annual Total
Lot Absorption	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homes Complete	7	7	7	7	7	7	7	6	0	0	0	0	0	48

	2010	1/1/2010	2/1/2010	3/1/2010	4/1/2010	5/1/2010	6/1/2010	7/1/2010	8/1/2010	9/1/2010	10/1/2010	11/1/2010	12/1/2010	Annual Total
Lot Absorption	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homes Complete	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	2011	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	Annual Total
Lot Absorption	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homes Complete	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	2012	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	Annual Total
Lot Absorption	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homes Complete	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	2013	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	7/1/2013	8/1/2013	9/1/2013	10/1/2013	11/1/2013	12/1/2013	Annual Total
Lot Absorption	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homes Complete	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Total Lots 216  
Total Homes 216

**EXHIBIT C**  
**Underwriter Letter**

# PiperJaffray.

1050 Seventeenth Street, Suite 2100, Denver, CO 80265

Tel: (303) 820-5860

Fax: (303) 820-5891

Piper Jaffray & Co. Since 1895. Member SIPC and NYSE.

December 21, 2005

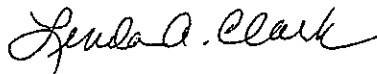
*Riverbend Crossing Metropolitan District*  
1745 Shea Center Drive, Suite 310  
Highlands Ranch, CO 80129

Re: Riverbend Crossing Metropolitan District Financial Plan

To Whom It May Concern:

Piper Jaffray & Co. has been engaged by Riverbend Crossing Metropolitan District (the "District") to serve as underwriter for the District's voter-authorized debt issuance. Piper Jaffray has worked with the District and its consultants to prepare the Financing Plan presented in the Service Plan. We have structured this Financing Plan based on our knowledge and experience in working on similar bond issues that have credit qualities comparable to the District. Based on this past experience, we believe the presented Financing Plan is consistent with the market requirements for this type of financing.

Sincerely,  
PIPER JAFFRAY & CO.



Linda A. Clark  
Managing Director



Michael P. Lund  
Assistant Vice President

**EXHIBIT D**  
**Market Study**



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Market Feasibility  
Analysis  
  
Riverbend Crossing  
  
Fountain  
El Paso County, Colorado

Prepared For:

D.R. Horton,  
Melody Series

December 2005

*The information contained in this report is for the exclusive use of D.R. Horton, Melody Series. Any reproduction of this document is prohibited without the express written consent of The Genesis Group. All information, summaries, and reports generated by The Genesis Group are the sole property of The Genesis Group and may not be distributed to third parties without the express written consent of The Genesis Group. All information provided to a client of The Genesis Group is intended for the client's exclusive use, and is not intended to be used and should not be used by any third party for any purpose.*

*The Genesis Group was commissioned to provide a Market Feasibility Analysis for Riverbend Crossing. All information contained in this report is believed to be accurate, reliable and timely. The Genesis Group has no reason to doubt the accuracy of the data compiled in this analysis; however, The Genesis Group is unable to guarantee its contents.*



December 20, 2005

**Jennifer Augustine, Joe Sewell**  
D.R. Horton, Melody Series  
11031 Sheridan Blvd.  
Westminster, CO 80020

Re: Market Feasibility Analysis  
Riverbend Crossing

Dear Jennifer and Joe:

Pursuant to your request, The Genesis Group has completed a market feasibility analysis of Riverbend Crossing, a proposed 220-lot single family residential subdivision to be developed on a 52.9-acre site located to the west of the intersection of Southmoor Drive and U.S. Highway 85 in Fountain, Colorado.

The **purpose of the report** is to analyze the new housing market in the Fountain area and to provide price positioning recommendations and absorption forecast for D.R. Horton, Melody Series at Riverbend Crossing. The **intended use of this report** is to assist D.R. Horton, Melody Series in understanding the potential of the Riverbend Crossing property as well as to provide absorption forecasts which are required for the approval of the Metropolitan District.

The **scope of work** completed for this assignment included the following:

- **Neighborhood and Property Descriptions** – contains a brief description of the subject site and the proposed product.
- **Economic Conditions** – an overview of key economic indicators, including employment and job growth, for US, State of Colorado and Colorado Springs market areas.
- **Demographic Analysis** – includes estimates of current population and household demographics and forecasts of future characteristics of the population and households within the Competitive Market Area (CMA) to assist in analyzing potential demand.
- **Housing Market Review and Analysis** – includes relevant indications from an analysis of resale housing conditions and trends as well as currently active and proposed new home communities in the CMA.
- **Conclusions and Recommendations** – Utilizing the above data and analysis, price positioning and absorption forecasts are provided for your consideration.

It has been a pleasure working with you on this assignment. If you have questions about this report, please feel free to contact us.

Respectfully submitted,  
THE GENESIS GROUP

Sue Selle  
Senior Market Analyst

Joel Lucius  
Research Analysis

Kirk Nicholls  
Research Assistant





## Summary

The Riverbend Crossing property is located between Interstate 25 and Highway 85, west of the intersection of Southmoor Drive and U.S. Highway 85 in Fountain, Colorado. The 52.9-acre site is planned for 220 single family detached residences on 50' wide lots, with housing plan sizes ranging from 1,365 to 2,125 finished square feet. In order to analyze the property for pricing recommendations and absorption forecast, The Genesis Group established a competitive market area, the "Riverbend Crossing CMA", comprised of the South Colorado Springs and Fountain submarkets, to analyze new and resale housing market trends compared to the larger El Paso County area as well as demographic and economic conditions and projections. The location and inherent characteristics of the Riverbend Crossing property were also taken into consideration when arriving at our conclusions. A summary of our findings are as follows.

### Location:

The location of Riverbend Crossing, between two major highways and adjacent to a dated shopping center and the BNSF/UP Railroad (which runs parallel to Highway 85), is considered inferior to locations at competing projects such as Cross Creek (which is currently the best selling subdivision in the Fountain area). Although the major roadways will create good visibility for Riverbend Crossing, access to the site will be a challenge and will require specific directions in signage, advertising and marketing collaterals.

Riverbend Crossing children will attend schools in the Widefield District 3 school district. Competitive subdivisions (like Cross Creek) attend the same school district with comparable elementary school proficiencies.

### Unique to Riverbend Crossing:

The Riverbend Crossing property is located central to Fort Carson and the Colorado Springs Airport. Fort Carson can be accessed approximately 3 miles either north or south via Highway 85 to either Highway 83 on the north or Highway 16 to the south, while the Colorado Springs Airport is located 6 miles northeast of the subject site. Riverbend Crossing has great proximity to Fort Carson, which will be a good marketing advantage with the anticipation of the large increase in the number of troops to the facility over the next several years.

Also, the property enjoys proximity to Fountain Creek. Fountain Creek meanders east at the southern boundary of the Riverbend Crossing property. About a dozen of the subject lots will back to 10 acres of open space, wetlands & bluffs and Fountain Creek. Additionally, 20 other lots wrap around a 1.4-acre detention basin at the southwest corner of the property.

### Economic Conditions:

**Average 12 month non-farm payrolls increased 2.3 percent through Third Quarter 2005 in the Colorado Springs MSA, adding 5,700 net new jobs.** The rate of growth in the MSA in the past 12 months surpassed that of the nation, state and metropolitan Denver area.

**The unemployment rate in the Colorado Springs area inched up to 5.2 percent in September**, up from 5.1 percent in August which was a four-year low. Comparatively, the unemployment rate in both the nation and the State of Colorado was 5.1 percent, and 5.0 percent in the metropolitan Denver area.

According to the UCCS Southern Colorado Economic Forum, it is estimated that El Paso County's population will increase by 20,500 and experience over \$500 million in annual direct and induced new payroll, based on planned military changes.

In May, 2005, Donald Rumsfeld, the Secretary of Defense, forwarded a list of bases in the United States that he recommended for closure or realignment to the Base Realignment and Closure Commission. The commission made final recommendations to the President on September 8, 2005. Colorado Springs, home to five major military installations, had no bases recommended for closure.



According to the Colorado Springs Chamber of Commerce, and the Greater Colorado Springs Economic Development Corporation, the Colorado Springs area expects growth and gains in military due to the current National realignment plans. The Greater Colorado Springs Economic Development Corporation forecasted in May, 2005, that if Colorado Springs receives the maximum military growth realignment that Donald Rumsfeld has indicated, the annual economic gains to the area could exceed \$250 million in direct and indirect payroll. In addition to payroll increases, impacts of new construction required to accommodate additional personnel were noted.

December 20, 2005, Jeff Markovich, Military Affairs Director at the Colorado Springs Chamber of Commerce, stated that, "to-date, the only formal announcement has been made about Ft. Carson, which will increase in size from 18,000 troops, to 24,000 troops by mid-2006." The increase is due to the transfer and increase in troops to the 4th Army Infantry Division, and the 2<sup>nd</sup> Army Brigade.

Colorado as a whole could receive the third highest defense personnel gain among the states, at 4917, exceeded only by Maryland, with a recommended gain of 9,293, and Texas, which would gain 6,150 total personnel.

The recommendations, if completely implemented, would result in an addition of 4,674 military personnel, 233 civilian personnel and 35 mission contractors in Colorado Springs.

**Demographics:**

ESRI Business Solutions (The Genesis Group's demographic data source) forecasts a 10.3 percent average annual growth rate in population for El Paso County from 2004 to 2009, with population growing from 566,017 in 2004 to 624,442 in 2009. These projections are consistent with Pikes Peak Area Council of Government who projects El Paso County's population to increase by 10.4 percent annually from 2005 to 2010 (from 573,882 in 2005 to 633,620 in 2010). Refer to the table below.

**HOUSEHOLD & POPULATION PROJECTIONS  
 EL PASO COUNTY**

	EL PASO COUNTY (ESRI Figures)			EL PASO COUNTY (PPACG figures)		
	2000 Census	2004 Estimate	2009 Projection	2000 Census	2005 Projection	2010 Projection
Total Population	516,929	566,017	624,442	527,225	573,882	633,620
Average Compound Annual Growth Rate		9.50%	10.32%		8.85%	10.41%
Total Households	192,409	213,623	238,458	205,146	221,576	249,457
Average Compound Annual Growth Rate		11.03%	11.63%		8.01%	12.58%
Average Household Size	2.61	2.58	2.55	2.57	2.59	2.54
Percent Increase		-0.02%	-1.16%		0.01%	-1.93%

Sources: ESRI & PPACG

The Riverbend Crossing CMA is less affluent than El Paso County as a whole. According to ESRI Business Solutions, the median household income in the CMA was \$45,645 in 2004 and projected to be \$52,685 in 2009. This compares to \$52,859 in El Paso County in 2004, projected to be \$60,931 by 2009. Similarly, the average household income in 2004 and 2009 in the CMA is estimated at \$52,984 and \$62,370, respectively, compared to \$67,996 and \$82,059, respectively for 2004 and 2009 in El Paso County.

The estimated household size is larger in the CMA than in El Paso County. In 2004, it was estimated that the average household size in the CMA was 2.81 persons compared to 2.58 in El Paso County. By 2009, the projected household size in the CMA is 2.77 persons compared to 2.55 in the county.

The bulk of the projected growth in households in the CMA is forecast to be in household income ranges greater than \$50,000, which bodes well for residential development at Riverbend Crossing. The number of households in income ranges greater than \$50,000 is projected to increase by nearly 8,000 households, or increase by 45 percent from 2004 to 2009.



A total of 2,539 new households are expected in the \$50,000 to \$75,000 income range from 2004 to 2009 in the Riverbend Crossing CMA. This price range is expected to account for nearly 26 percent of all households in the CMA by 2009.

The median age of the total population is lower in the CMA, at 30.3 years compared to 33.5 years in the county in 2004. Additionally, the CMA has a larger base of family-households, with 75.2 percent of total households compared to 69.6 percent in El Paso County according to 2000 Census data.

The CMA has a lower percentage of owner-occupied housing units than the county. It was estimated that 59.5 percent of housing units in the CMA were owner-occupied in 2004 compared to 64.1 percent in El Paso County.

There are also occupational differences between the Riverbend Crossing CMA and El Paso County. Administrative Support, Services and Blue Collar occupations accounted for nearly 64 percent of total occupations in the CMA, while these occupations accounted for less than 50 percent of jobs in the county.

### **Resale Housing:**

In El Paso County, resale detached home closings increased 15 percent in the 12 month period through Third Quarter 2005 compared to same time period last year. Closing volume increased by 41 percent in the price range over \$300,000, capturing more closings than any other price range for the first time in recorded history. Additionally, strong closing volume was recorded in the \$175,000 to \$250,000 price ranges, up 24 percent from the prior period.

In the Riverbend Crossing CMA, existing detached home closings increased 18 percent, up from 1,675 to 1,982 closings. Closing volume increased substantially in the \$150,000 to \$250,000 price ranges, up 54 percent. However, contrary to trends in the larger El Paso County, very little activity was recorded in price ranges over \$250,000, accounting for less than 2 percent of total existing detached home closing activity.

Existing detached listing volume in El Paso County increased by 8 percent from Third Quarter 2004 to Third Quarter 2005. While listing volume declined in the \$100,000 to \$175,000 price ranges, the number of listings increased 25 percent in the \$200,000 to \$250,000 price range and by 42 percent in the price range over \$300,000. As of Third Quarter 2005, the price range over \$300,000 accounted for 31 percent of total detached listings in the county.

In the CMA, detached listing volume fell 19 percent from Third Quarter 2004 to Third Quarter 2005, from 556 to 450 listings. Similar to closing trends, the price ranges over \$250,000 represented only 4 percent of total available detached homes in the Riverbend Crossing CMA. The bulk of the reduction occurred in the \$100,000 to \$175,000 price ranges, down 32 percent from the end of Third Quarter 2004. Additionally, the month's supply of available detached homes in active price ranges from \$100,000 to \$250,000 was at 3.5 months or less at the end of Third Quarter 2005, down in all price ranges from Third Quarter 2004.

### **New Housing:**

New detached home sales in El Paso County increased 3 percent in the period through Third Quarter 2005, with the greatest increase occurring in the average project price range over \$300,000, up 94 percent from 331 to 642 sales. A considerable decline occurred in the \$150,000 to \$175,000 price range, down 65 percent from 617 to 216 sales. In the 12 month period through Third Quarter 2005, there were zero new detached home sales recorded at average project price ranges under \$150,000.

In the Riverbend Crossing CMA, new detached home sales increased by 5 percent from 761 to 798 sales. The greatest increase occurred in the \$200,000 to \$250,000 price range, up from 66 sales in the period through Third Quarter 2004 to 210 sales in the period through Third Quarter 2005. Only 12 sales occurred in average project price ranges over \$250,000, all of which occurred in the \$250,000 to \$300,000 price range.



Total detached remaining buildout in El Paso County fell 16 percent from Third Quarter 2004 to Third Quarter 2005. The bulk of the decline occurred in the \$150,000 to \$200,000 price ranges, down 52 percent from Third Quarter 2004. The greatest increase occurred in the price range over \$300,000, up 94 percent from 506 to 981 unsold lots and homes in actively selling detached housing projects.

Remaining buildout in the CMA plummeted 74 percent in the \$175,000 to \$200,000 price range from Third Quarter 2004 to Third Quarter 2005, from 872 to 231 unsold lots and homes in active detached projects. Conversely, remaining buildout jumped 266 percent in the \$200,000 to \$250,000 price range, up from 131 to 479 remaining units. However, strong sales growth in this price range nearly offset the increase in remaining buildout and the resulting month's supply increased only marginally from 2.0 months at the end of Third Quarter 2004 to 2.3 months at the end of Third Quarter 2005.

### **Future Housing:**

According to American Metro Study, there are over 5,000 future, vacant-unplatted lots planned in the Fountain sub-market. The Mesa Ridge development has an additional 1,800 lots planned and the Lorson Ranch development, which is located at the far east side of Fountain near Jimmy Creek, is planning 1,500 lots. Another notable future project is located just west of Mesa Ridge. The project is called Crescent Canyon and will be developed by Classic Homes. The builder plans to feature 400 to 700 single family detached residences, likely alley-load.

### **Lot Supply:**

The Fountain submarket, where Riverbend Crossing is located, has the greatest number of lots either finished or undeveloped in El Paso County, with 1,927 lots. However, in the 12 month period through Third Quarter 2005, there have been only 691 new home starts according to American MetroStudy, putting the month's supply of unsold lots in the submarket at 33.5 months.

Combined, the Fountain and South Colorado Springs submarkets, which make up the Riverbend Crossing CMA, had a total of 2,077 lots either finished or under development. Based on the prior 12 month's rate of new home starts, the month's supply in the CMA was 29 months at the end of Third Quarter 2005.

In the Riverbend Crossing CMA, of the known lot sizes in detached housing projects, the greatest number of lots finished or under development occurred in the 60' to 69' minimum lot frontage range (274 lots), followed by the 50' to 59' range (242 lots). However, based on the prior 12 month's rate of new home starts, the 50' to 59' minimum lot frontage range had only a 7.8 month's supply of unsold lots compared to 11.4 months in the 60' to 69' lot frontage range.

### **Buyer Profile:**

The bulk (approximately 60 to 70 percent) of the home buyers at Riverbend Crossing will be active or retired military. The majority of these buyers will be price sensitive, first time home buyers. A smaller share of military buyers will be officers or retired and will be able to afford a more expensive home, typically in the \$200,000 to \$275,000 price range. Military buyers will be comprised of young families, couples, growing families and retirees. These military buyers will use VA financing, applying a minimum down payment.

The Fountain market also has a strong base of loyal residents who are committed to staying in the area due to the small town atmosphere. These buyers have earned equity in their homes and will likely move-up into a larger home. The potential move-up buyers will desire large kitchens, 3-car garages, larger lots, 3 to 4 bedrooms. The Riverbend Crossing community could be a good alternative for these buyers, if the homes are priced competitive against the alternatives in the area.

The Riverbend Crossing community will also attract buyers from the northern area of Colorado Springs, especially from the Powers Corridor. These buyers will choose Riverbend Crossing due to affordability and less restrictive covenants.



Ranch style homes will be popular at Riverbend Crossing, appealing to both the family and empty nester/retiree buyer segments. The empty nester/retiree home buyer will be attracted to ranch style homes due to the main floor living, while family home buyers are migrating toward ranch style homes as an affordable alternative to add additional finished square footage in the lower level. For the family market segment, the secondary bedrooms for the kids are located on the lower level, rather than on the upper level. Home theaters and recreation rooms with pool tables are popular in the lower levels. Although full-unfinished basements are standard, D.R. Horton, Melody Series must consider finishing basements at Riverbend Crossing to compete effectively against primary competitors in the marketplace such as Classic Homes. Nonetheless, other large Denver builders such as US Home and Pulte, do not finish basements in the Colorado Springs market and are achieving good sales rates in the Fountain market. We also foresee that your two ranch plans will be top sellers at Riverbend Crossing, especially the smallest plan since it is the lowest priced home in the product mix.

### **Recommendations:**

The Genesis Group recommends base pricing homes at Riverbend Crossing less than competing projects at Cross Creek, but higher than The Glen at Widefield and Today's Homes product offering at Heritage/Sage Meadow. However, many of the lots at Riverbend Crossing will command premiums of up to 15 percent of the base home price.

While all units come standard with a full unfinished basement, D.R. Horton, Melody Series should offer finished basements as an option. The option will allow buyers at Riverbend Crossing to significantly increase finished square footage at a reasonable cost. Most of the competing projects in the marketplace are offering to finish basements at a cost less than \$30,000.

Military Discounts should be offered. Almost all of the Colorado Springs projects offer military discounts between 1.5 and 2.0 percent. It is also important to offer other VA financing for these military buyers. However, as mentioned previously many of the military buyers, especially the enlistees can only typically afford a new home priced under \$200,000 and these buyers quite often have credit issues that make it difficult to obtain financing.

Extremely visible signage will be necessary along the main arterials, with specific directions to access the property (i.e. "Turn left on Southmoor Drive"). If possible, signage should be visible from both Highway 85 and Interstate 25.

Based on current and anticipated demand in the Riverbend Crossing CMA, The Genesis Group has come up with recommended base home pricing at the community to maximize the potential of the property (second table on the following page) as it compares to estimated base pricing provided by D.R. Horton, Melody Series (first table on the following page).

It should be noted that no single project in the CMA is achieving more than 10 home sales per month, and we do not expect Riverbend Crossing to achieve more than 10 home sales per month over the life of the project. Our recommended pricing is expected to yield at worst 4.0 to 5.0 home sales per month and at best 7.0 to 8.0 sales per month. This compares to 2.0 to 3.0 sales per month (worst case) or 4.0 to 5.0 sales per month (best case) if D.R. Horton, Melody Series uses their previously estimated base pricing. Again, The Genesis Group cannot emphasize enough the affordability which has driven the Riverbend Crossing CMA marketplace. Sales above \$250,000 will be difficult, especially at the subject site.



**Single Family Detached Product at Riverbend Crossing – Estimated Pricing**

Plan Name	1362-Reconfig	1567	Seneca	Primrose	Pinehurst	Yarrow
Sq.Ft.	1,365	1,567	1,665	2,015	2,073	2,125
Estimated Base Price	<b>\$209,950</b>	<b>\$219,950</b>	<b>\$224,950</b>	<b>\$234,450</b>	<b>\$239,950</b>	<b>\$249,950</b>
Estimated Price/Sq.Ft.	<b>\$153.81</b>	<b>\$140.36</b>	<b>\$135.11</b>	<b>\$116.35</b>	<b>\$115.75</b>	<b>\$117.62</b>
Plan Style	Ranch	2-Story	Ranch	2-Story	2-Story	2-Story
Bedrooms/Den	2 + Den	3	2 + Study	3	3 + Study	3
Loft	None	None	None	None	None	Yes
Bathrooms	2	2.5	2	2.5	2.5	2.5
Basement	Full	Full	Full	Full	Full	Full
Garage	2-Car	2-Car	2-Car	2-Car	2-Car (Oversized)	3-Car Tandem
	Front	Front	Front	Front	Front	Front

**Worst Case: Stabilized Absorption Forecast: 2.0 to 3.0 Sales per Month**  
**Best Case: Stabilized Absorption Forecast: 4.0 to 5.0 Sales per Month**

**Single Family Detached Product at Riverbend Crossing – Recommended Pricing**

Plan Name	1362-Reconfig	1567	Seneca	Primrose	Pinehurst	Yarrow
Sq.Ft.	1,365	1,567	1,665	2,015	2,073	2,125
Recommended Base Price	<b>\$203,950</b>	<b>\$210,000</b>	<b>\$224,950</b>	<b>\$227,500</b>	<b>\$234,950</b>	<b>\$244,950</b>
Recommended Price/Sq.Ft.	<b>\$149.41</b>	<b>\$134.01</b>	<b>\$135.11</b>	<b>\$112.90</b>	<b>\$113.34</b>	<b>\$115.27</b>
Plan Style	Ranch	2-Story	Ranch	2-Story	2-Story	2-Story
Bedrooms/Den	2 + Den	3	2 + Study	3	3 + Study	3
Loft	None	None	None	None	None	Yes
Bathrooms	2	2.5	2	2.5	2.5	2.5
Basement	Full	Full	Full	Full	Full	Full
Garage	2-Car	2-Car	2-Car	2-Car	2-Car (Oversized)	3-Car Tandem
	Front	Front	Front	Front	Front	Front

**Worst Case: Stabilized Absorption Forecast: 4.0 to 5.0 Sales per Month**  
**Best Case: Stabilized Absorption Forecast: 7.0 to 8.0 Sales per Month**

# Riverbend Crossing CMA

Monument/Northgate  
Market Area

Black Forest/Woodmen Hills/  
Falcon Market Area

Briargate  
Submarket

Briargate/Central  
Colorado Springs  
Market Area

Westside  
Submarket

Powers/  
East Colorado Springs  
Market Area

Manitou  
Submarket

Central Colorado  
Springs Submarket

Broadmoor/Manitou/  
Westside Market Area

Southeast El Paso  
Submarket

Broadmoor  
Submarket

South Colorado Springs  
Submarket

Southeastern Colorado  
Springs Market Area

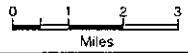
Fountain  
Submarket

Riverbend Crossing Property

Pierson Graphics Corp.  
800 Lincoln • Denver, CO 80203 • (303) 823-4299

COLORADO SPRINGS  
AND SURROUNDING AREA

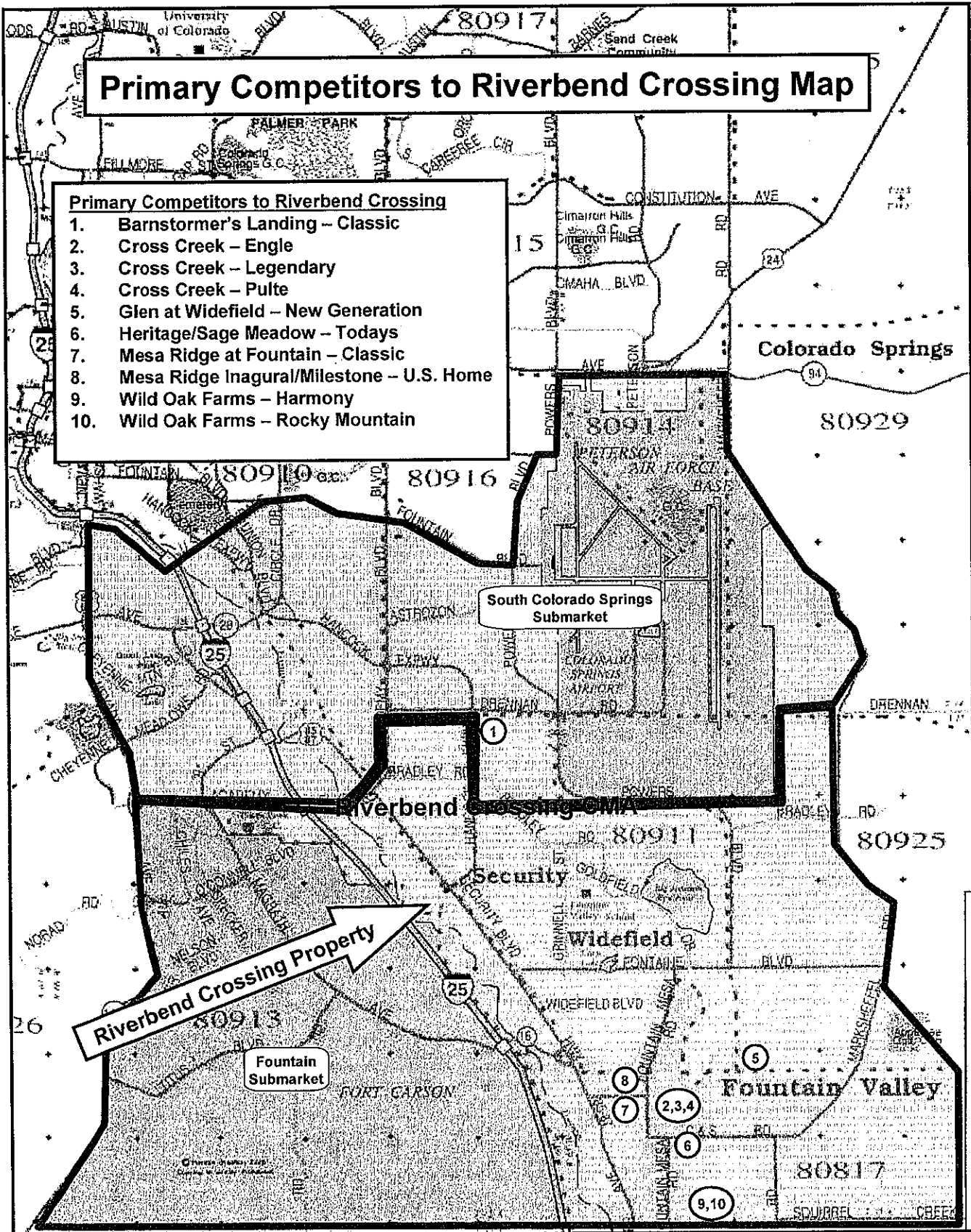
MATERIAL & ZIP CODE MAP



# Primary Competitors to Riverbend Crossing Map

## Primary Competitors to Riverbend Crossing

1. Barnstormer's Landing – Classic
2. Cross Creek – Engle
3. Cross Creek – Legendary
4. Cross Creek – Pulte
5. Glen at Widefield – New Generation
6. Heritage/Sage Meadow – Todays
7. Mesa Ridge at Fountain – Classic
8. Mesa Ridge Inagural/Milestone – U.S. Home
9. Wild Oak Farms – Harmony
10. Wild Oak Farms – Rocky Mountain





# BENDER RANCH

EL PASO COUNTY, COLORADO

## DEVELOPMENT SUMMARY

<b>LOT SIZES</b> Single Family Lot 52' x 100' (5,000 sq ft min.)	<b>TOTAL UNITS</b> 220	<b>TOTAL AREA</b> 38.8 acres	<b>PERCENT</b> 71.8%
<b>AVERAGE DENSITY</b> Residential development and ROW	4.01 DU/AC	13.5 acres Fountain Creek Loop/ham Detention basin (ret.)	25.6%
		1.4 acres	2.6%
		22.3 acres	100%

PROPOSED SETBACKS		FRONT		REAR		SIDE	
LOT SIZE	Single Family Lot (meets R-2 code)	25'	25'	25'	25'	5'	5'
DEVELOPMENT REQUIREMENTS		Minimum building height (99.99 RCI)		Maximum building height (99.99 RCI)		Minimum lot width (99.99 RCI)	
		10'	10'	10'	10'	30'	50'

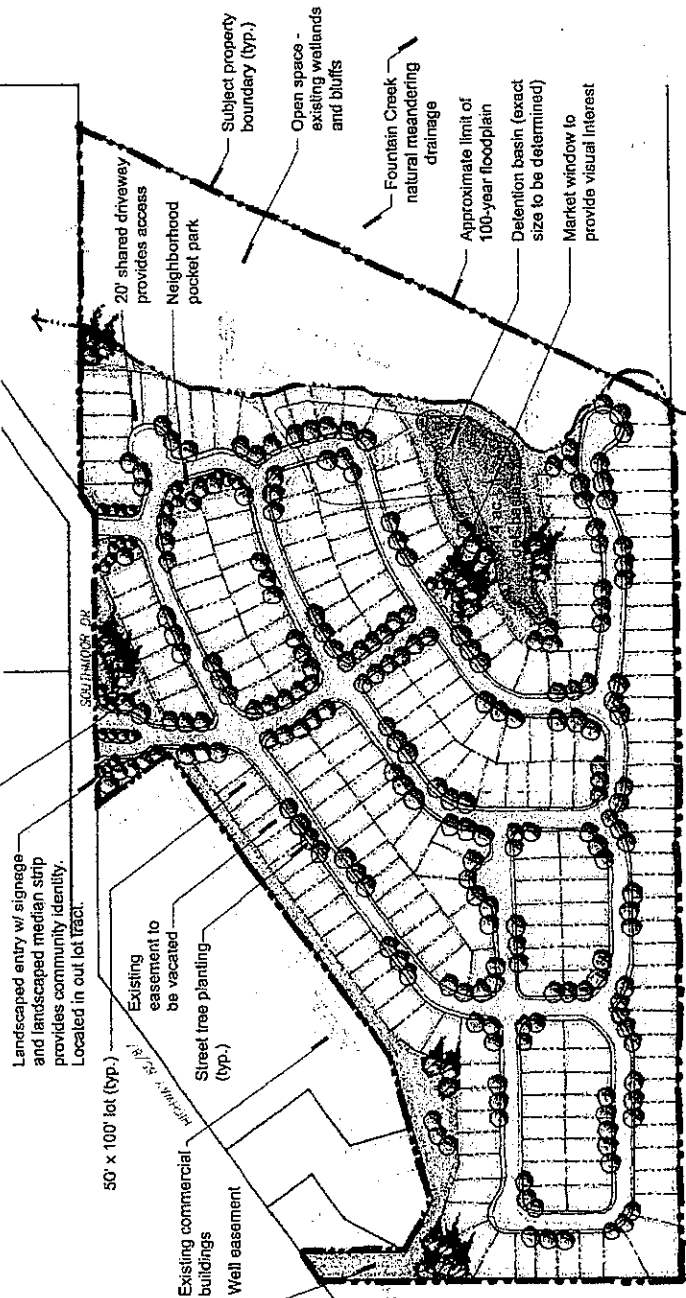
STREET INFORMATION		R.O.W. WIDTH		ADD'L. EASEMENTS	
STREET CLASSIFICATION	Local Residential Street	50'	50'	5' (on utility - both sides of road)	5' (both sides of road)
Case-no.		100'	100'		

## PREPARED FOR:

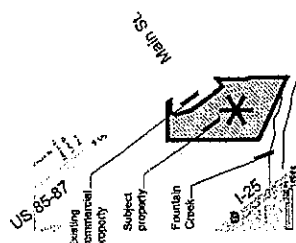
**BARHARTT & ASSOCIATES, INC.**  
10321 Sheridan Blvd., Suite A  
Westminster, CO 80020  
Ph: (303) 466-8931  
Fax: (303) 466-8930  
Contact: Joe Swaff

**TerraMotions LLC**  
1745 Shea Center Drive, Suite 310  
Highlands Ranch, CO 80129  
Ph: (303) 466-6700  
Fax: (303) 475-0362  
Contact: Tom Clark

Landscape screening and easement on Southmoor Dr. provides a buffer to the proposed development



**Note:**  
All street classification to be "Local Residential" (60' ROW, with attached sidewalks, both sides, typ.



VICINITY MAP  
SCALE: N.T.S.

# PRELIMINARY MASTER PLAN - CONCEPT 'B'

LAND ARCHITECTS  
1001 Colorado Parkway, Suite 200 • Denver, Colorado 80202 • Tel: 303.733.8477

Job No: 06987  
Date: August 17, 2005  
Revised:

AUGUST 17, 2005



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## II. ECONOMIC OVERVIEW

### Summary of Current Economic Conditions

#### National

- Twelve month average employment through Third Quarter 2005 increased by 2.2 million, representing a continued pace of 1.7 percent job growth in the nation.
- While Gross Domestic Product (GDP) grew at a strong annualized rate of 3.8 percent during Third Quarter 2005, consumer spending will likely abate to some extent this holiday season for multiple reasons. Rapidly escalating energy costs are taking a toll on consumers' discretionary income, as will new credit card payment rules that will require larger payments, effective January 2006. Additionally, interest rates are rising while real wages are falling.
- The Consumer Price Index (CPI), the primary measure for inflation, increased to an annualized rate of 3.3 percent through Third Quarter 2005. Energy costs are largely attributed to the increase. Excluding energy, the CPI for the nation increased by only 2.2 percent.
- The trade deficit hit a record \$66.1 billion in September, due to a 2.4 percent increase in imports, to a record \$171.3 billion. Oil imports were largely responsible for the increase in addition to increased imports of consumer goods. The trade deficit for 2005 will likely top \$700 billion, far exceeding last year's record \$617.6 billion.
- Oil prices eased to below \$60 per barrel on November 7, 2005. Despite the decline in crude oil prices and petroleum prices at the pump, electricity prices are expected to increase substantially this winter, dampening consumers' discretionary income.
- The Federal Reserve increased the Fed Funds rate for a twelfth consecutive time on November 1, 2005 to 4.00 percent, and banks raised the prime rate to 7.00 percent. Additionally, the average 30-year fixed mortgage rate in the nation jumped to an 18 month high in early November and stood at 6.57 percent on November 8, 2005 according to HSH Associates.
- The Conference Board's Consumer Confidence Index (1985 = 100) plummeted in the third quarter of 2005, from a 3-year high of 106.2 in June to 85.0 in October. While the present situation declined modestly to 108.2 in October 2005, expectations fell to 69.5, to the lowest level since March 2003. The sharp decline is largely due to high oil prices following the Gulf Coast hurricanes, expectations for high energy costs this winter and a weakening labor market.

#### State of Colorado

- Employment growth in the state surpassed that of the nation and metropolitan Denver area through Third Quarter 2005. In the State of Colorado, 12 month average employment increased at a 2.2 percent growth rate; this compares to growth of 2.0 percent in the metropolitan Denver area and 1.7 percent in the nation.
- Colorado ranked second in the nation after the District of Columbia for interest-only mortgages (or related products), accounting for 40 percent of all Colorado mortgages through July, compared with 24 percent in the nation according to the Federal Deposit Insurance Corp (FDIC).
- Colorado bankruptcies continued to surge at a record pace through Third Quarter 2005 to an estimated 42,800 filings prior to the October 17<sup>th</sup> when the new federal bankruptcy law went into effect. This compares to 27,993 bankruptcies in all of 2004. However, the rate of bankruptcy filings is expected to slow following the October 17 deadline, where if debtors who meet certain income and repayment ability standards will be unable to use Chapter 7 liquidation.



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## Colorado Springs Area

- **Average 12 month non-farm payrolls increased 2.3 percent through Third Quarter 2005 in the Colorado Springs MSA, adding 5,700 net new jobs.** The rate of growth in the MSA in the past 12 months surpassed that of the nation, state and metropolitan Denver area.
- **The unemployment rate in the Colorado Springs area inched up to 5.2 percent in September,** up from 5.1 percent in August which was a four-year low. Comparatively, the unemployment rate in both the nation and the State of Colorado was 5.1 percent, and 5.0 percent in the metropolitan Denver area.
- According to the UCCS Southern Colorado Economic Forum, it is estimated that El Paso County's population will increase by 20,500 and experience over \$500 million in annual direct and induced new payroll, based on planned military changes.
- In May, 2005, Donald Rumsfeld, the Secretary of Defense, forwarded a list of bases in the United States that he recommended for closure or realignment to the Base Realignment and Closure Commission. The commission made final recommendations to the President on September 8, 2005. Colorado Springs, home to five major military installations, had no bases recommended for closure.
- According to the Colorado Springs Chamber of Commerce, and the Greater Colorado Springs Economic Development Corporation, the Colorado Springs area expects growth and gains in military due to the current National realignment plans. The Greater Colorado Springs Economic Development Corporation forecasted in May, 2005, that if Colorado Springs receives the maximum military growth realignment that Donald Rumsfeld has indicated, the annual economic gains to the area could exceed \$250 million in direct and indirect payroll. In addition to payroll increases, impacts of new construction required to accommodate additional personnel were noted.
- December 20, 2005, Jeff Markovich, Military Affairs Director at the Colorado Springs Chamber of Commerce, stated that, "to-date, the only formal announcement has been made about Ft. Carson, which will increase in size from 18,000 troops, to 24,000 troops by mid-2006." The increase is due to the transfer and increase in troops to the 4th Army Infantry Division, and the 2<sup>nd</sup> Army Brigade.
- Colorado as a whole could receive the third highest defense personnel gain among the states, at 4917, exceeded only by Maryland, with a recommended gain of 9,293, and Texas, which would gain 6,150 total personnel.
- The recommendations, if completely implemented, would result in an addition of 4,674 military personnel, 233 civilian personnel and 35 mission contractors in Colorado Springs.



## Employment Situation

*It is important to note that employment figures for the metropolitan Denver area now reflect an eleven county area based on new geographical boundaries assigned by the Office of Management and Budget (OMB), which added Clear Creek, Elbert, Gilpin and Park counties to the Denver-Aurora MSA. Together, the Denver-Aurora MSA and Boulder MSA make up the new eleven county metropolitan Denver area (Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park counties).*

### **12 Month Average Wage & Salary Employment**

	# Employed	(#) Change in Employment	% Change in Employment	Unemployment Rate Sept. 2005
Nation	133,139,500	2,196,500	1.7%	5.1%
State of Colorado	2,214,600	47,000	2.2%	5.1%
Metropolitan Denver	1,345,300	27,000	2.0%	5.0%
Colorado Springs MSA	252,300	5,700	2.3%	5.2%

*SOURCES: The Genesis Group; Bureau of Labor Statistics*

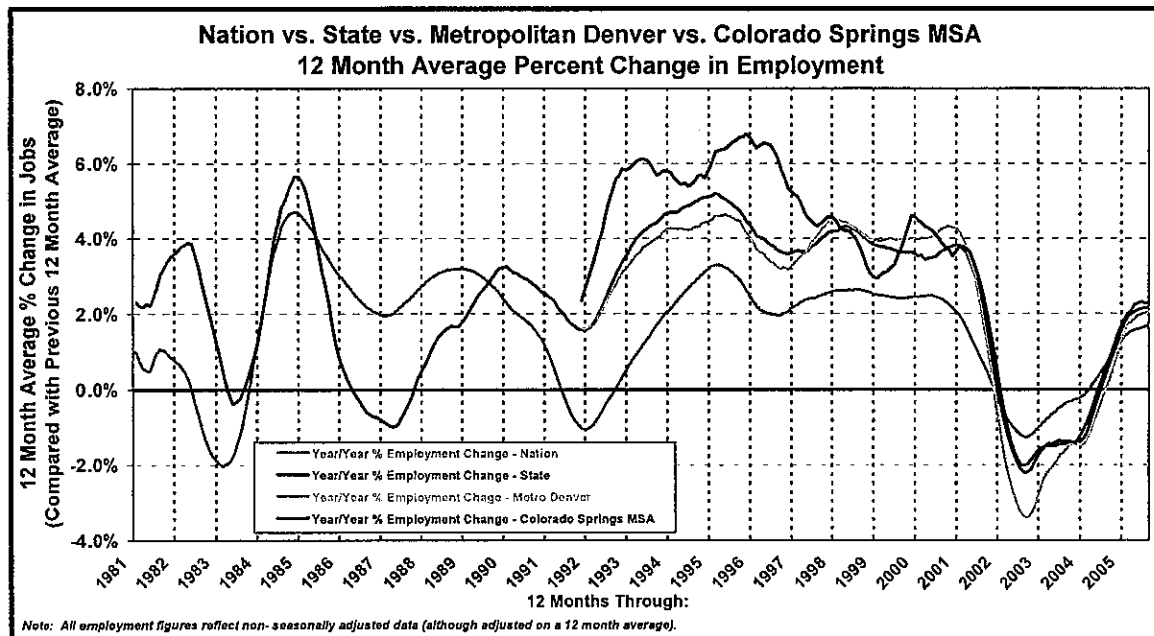
*Note: Unemployment rates for the state and nation are seasonally adjusted.*

**In the nation, 12 month average employment through Third Quarter 2005 increased by 2.2 million employees compared to the period through Third Quarter 2004, representing a continued pace of 1.7 percent job growth.**

**The State of Colorado experienced 2.2 percent job growth, adding 47,000 new employees through Third Quarter 2005.** The 12 month rate of employment growth in the State outpaced the rate in both the nation and metropolitan Denver area through Third Quarter 2005.

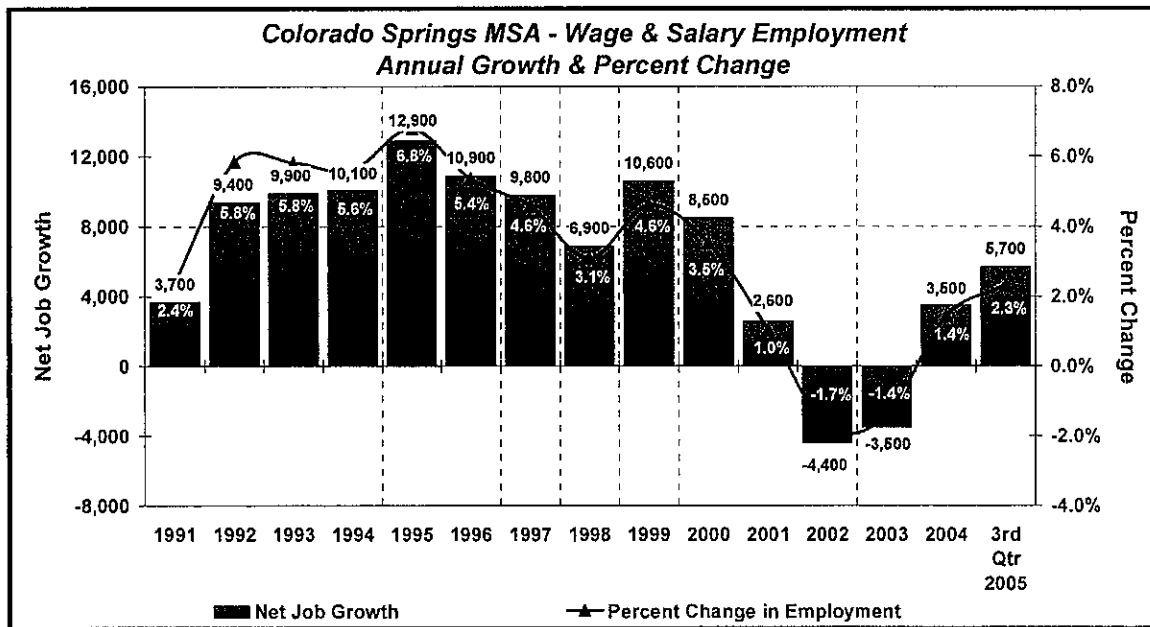
**Employment growth in the Colorado Springs MSA outpaced all areas through Third Quarter 2005, with 12 month average employment growth of 2.3 percent, or 5,700 net new jobs compared to the prior period.**

The State of Colorado and the Colorado Springs MSA (and metro Denver) tend to experience greater employment growth than the nation during good economic times; while the nation's employment growth is stronger in down economies (or a less severe decline), such as in the late 1980s and from 2001 to 2004. **As of June 2005, the 12 month average wage and salary employment growth rate for the state Colorado Springs MSA and metropolitan Denver area surpassed that of the nation.**

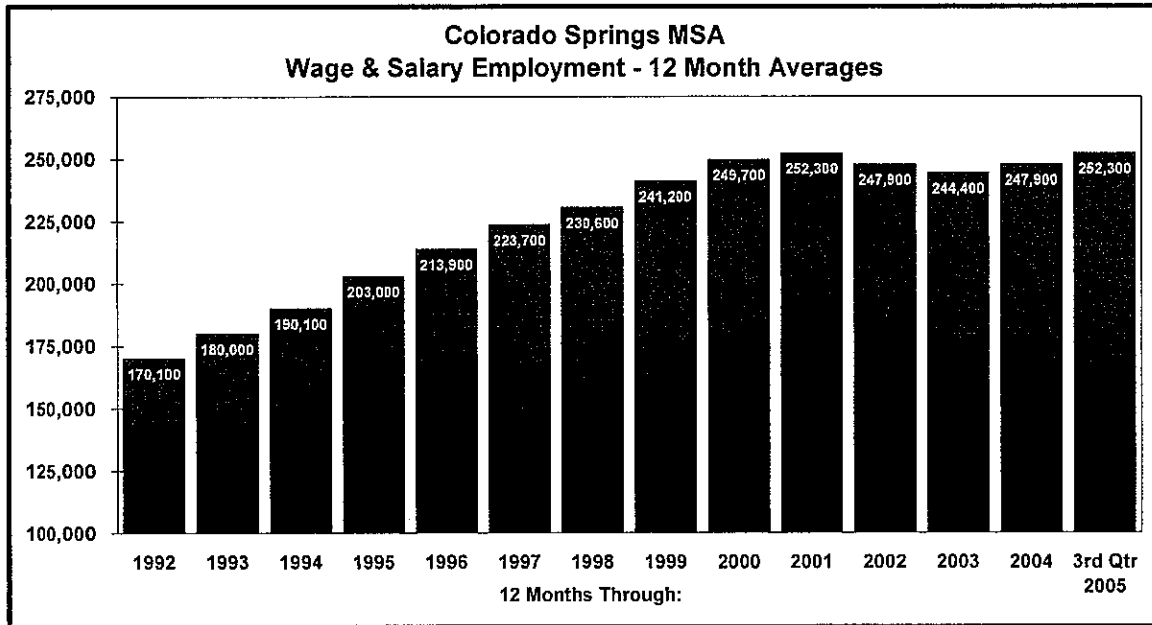


SOURCES: The Genesis Group; Bureau of Labor Statistics

- The unemployment rate in the Colorado Springs area inched up to 5.2 percent in September, up from 5.1 percent in May which was the lowest rate in four years. Comparatively, the unemployment rate in both the nation and the State of Colorado was 5.1 percent, and 5.0 percent in the metropolitan Denver area.
- Following two years of negative job growth, 3,500 net new positions were added to the Colorado Springs area in 2004. Additionally, there was an average of 5,700 more payroll employees through Third Quarter 2005 in the Colorado Springs MSA compared to the prior 12 month period, with wage and salary employment increasing by 2.3 percent to 252,300 payroll employees.



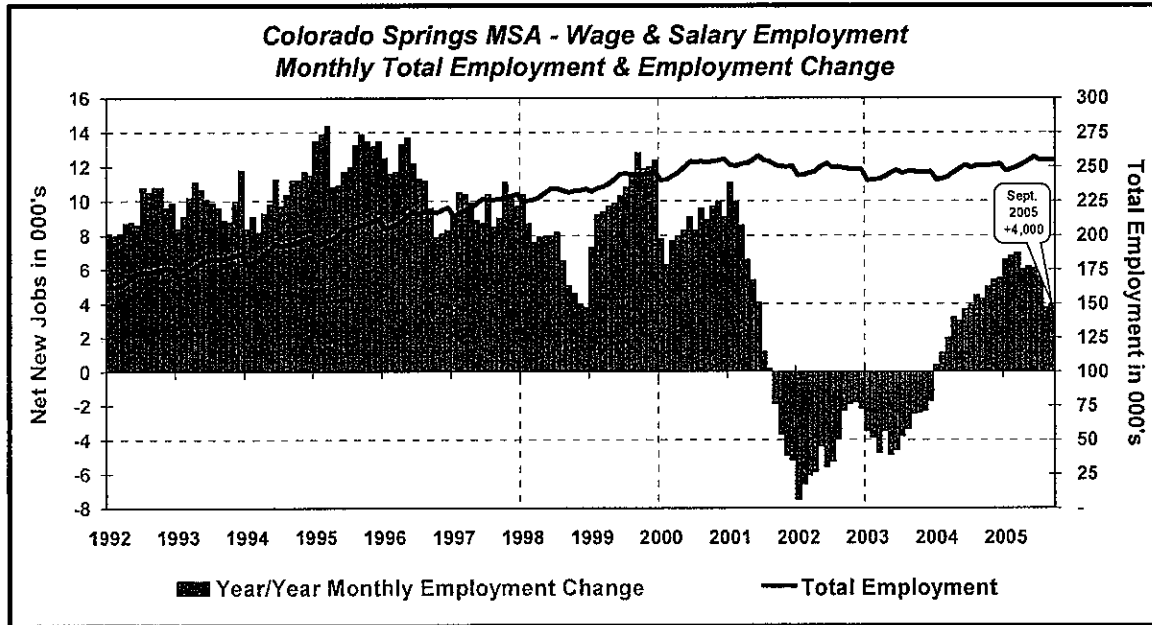
SOURCES: The Genesis Group; Bureau of Labor Statistics



SOURCES: The Genesis Group; Bureau of Labor Statistics



In the month of September 2005, wage and salary employment in the Colorado Springs MSA improved by 4,000 employees compared to June 2004 (not to be confused with 12 month average employment).



SOURCES: The Genesis Group; Bureau of Labor Statistics



**Colorado Springs MSA (El Paso & Teller Counties)**

**Wage & Salary Employment History and Forecast**

<b>12 MONTHS THROUGH</b>	<b>TOTAL JOBS</b>	<b>NET CHANGE IN EMPLOYMENT</b>	<b>ANNUAL PERCENT GAIN</b>
1994	190,100	10,100	5.6%
1995	203,000	12,900	6.8%
1996	213,900	10,900	5.4%
1997	223,700	9,800	4.6%
1998	230,600	6,900	3.1%
1999	241,200	10,600	4.6%
2000	249,700	8,500	3.5%
2001	252,300	2,600	1.0%
2002	247,900	-4,400	-1.7%
2003	244,400	-3,500	-1.4%
2004	247,900	3,500	1.4%
2005 (Forecast)	254,098	6,197	2.5%
2006 (Forecast)	260,958	6,861	2.7%

*SOURCES: The Genesis Group; Bureau of Labor Statistics*

- The Genesis Group predicts 2.5 percent employment growth in the Colorado Springs MSA in 2005 and 2.7 percent growth during 2006. Our forecast for the Colorado Springs MSA is based on our confidence in the region's ability to attract employers. We further forecast a rebound in subsequent years, although at a much lower growth rate than experienced in the years 1995 through 2000.

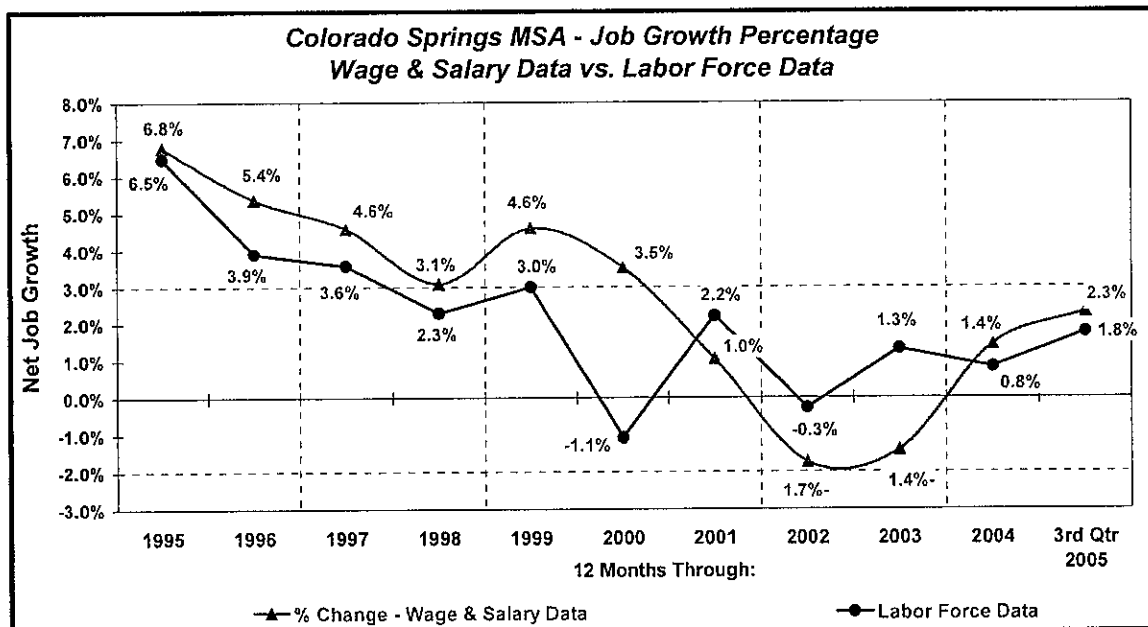




Wage and Salary data is generally considered the most accurate measure of employment. However, the government's payroll survey, (wage and salary data) may underestimate true employment during an economic recovery. New business formations rise in an improving economy, but new firms appear in the data only after a time lag. When these conditions exist, the government's household survey (labor force data) used to estimate unemployment may depict a more accurate picture of changes in employment. The labor force data also has the advantage that, unlike the wage and salary data, self-employed workers are counted as employed.

The accuracy of employment data is affected by changes in population estimates. Since population estimates are imprecise and are occasionally revised, the labor force data is most helpful for the identification of trends during relatively short intervals of time. Additionally, the Bureau of Labor Statistics (BLS) recently made revisions to employment data after discovering issues with their historical Local Area Unemployment Statistics data series. The changes are reflected in the chart below.

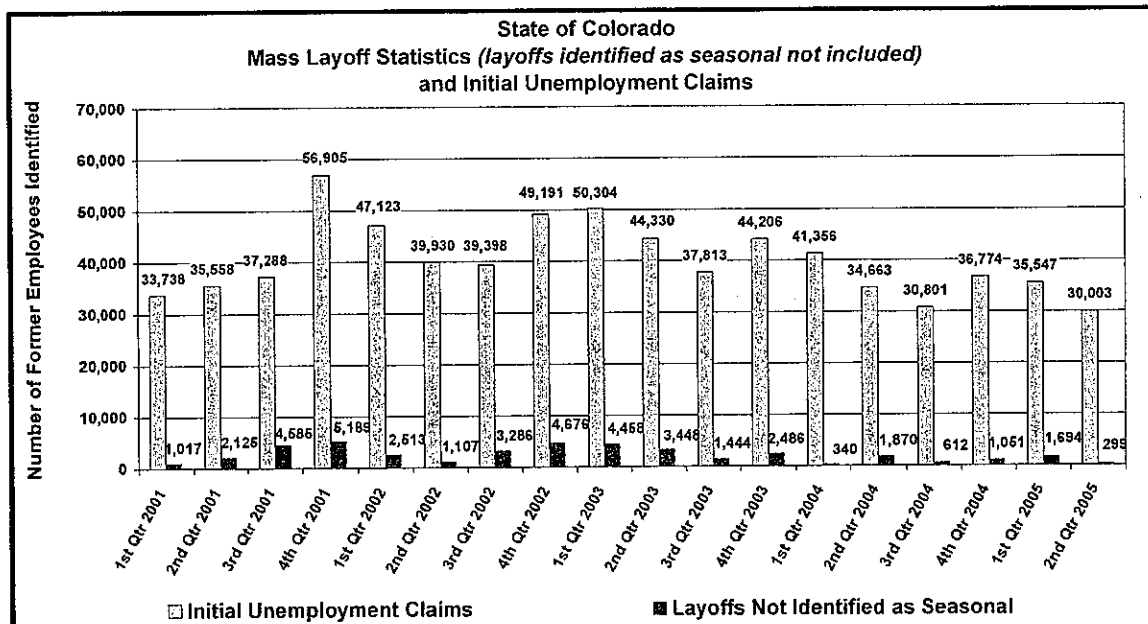
- Labor force data suggests that employment growth in the Colorado Springs MSA went negative first in year 2000, when the dot-com bubble burst and massive declines were realized in the Nasdaq market by year-end. During this same time period, wage and salary non-farm payroll data suggest that employment growth remained positive at a healthy 3.5 percent growth rate.
- Labor force employment data surpassed that of wage and salary data in late 2001 with positive growth of 2.2 percent; and after marginally negative job growth during 2002, labor force data signified positive employment growth through Mid-Year 2005. This compares to negative wage and salary employment growth of 1.7 and 1.4 percent during 2002 and 2003, respectively. In late 2004, the trend reversed again with wage and salary employment growth increasing at a faster rate than labor force data indicated.
- In the 12 month period through Third Quarter 2005, wage and salary data suggest employment growth of 2.3 percent in the Colorado Springs MSA compared to 1.8 percent growth according to labor force data.



SOURCES: The Genesis Group; Bureau of Labor Statistics



- The number of Colorado residents filing initial unemployment claims during Second Quarter 2004 declined to 30,003 from 35,547 the previous quarter. **The number of initial unemployment claims in Colorado filed during Second Quarter 2005 is lower than in any other quarter since prior to year 2001.**
- The Mass Layoff Statistics (MLS) Program of the Colorado Department of Labor has identified mass layoff events from First Quarter 2001 through Second Quarter 2005. Layoff events which identify seasonal factors as the cause are excluded by The Genesis Group from these statistics.
- Beginning in Second Quarter 2001, the number of mass layoffs began to climb, reaching a peak of 5,189 in Fourth Quarter 2001. Subsequently, the number of mass layoffs began to fall. In Fourth Quarter 2002, the pace of mass layoffs accelerated again, reaching 4,676 layoffs in Fourth Quarter 2002. From the beginning of 2003, the quarterly number of layoffs has generally trended downward. **In Second Quarter 2005, the number of mass layoffs declined to the lowest point since prior to 2001 at 299 layoffs.**



SOURCES: The Genesis Group, Colorado Department of Labor, U.S. Department of Labor



The following table shows wage and salary employment for the 11 largest employment sectors in the Colorado Springs MSA during 2004. Comparison data for the nation is also shown. Each sector's change in percentage of non-farm employment for both areas from 1999 to 2004 is shown in the last two columns of the table.

### Employment and Employment Change by Sector Colorado Springs MSA and United States

Employment Sector	Colorado Springs MSA		United States		Change in Sector's Percentage of Total Nonfarm Employment 1999 - 2004	
	Percent of 1999 Employment	Percent of 2004 Employment	Percent of 1999 Employment	Percent of 2004 Employment	Colorado Springs MSA	United States
Goods Producing	16.3%	14.5%	19.0%	16.7%	-1.8%	-2.3%
Service Producing	83.7%	85.5%	81.0%	83.3%	1.8%	2.3%
Manufacturing	10.3%	8.1%	13.4%	11.0%	-2.2%	-2.5%
Trade, Transportation, and Utilities	15.5%	15.9%	20.0%	19.4%	0.4%	-0.6%
Retail Trade	11.4%	11.7%	11.6%	11.4%	0.3%	-0.2%
Information	4.6%	4.0%	2.7%	2.4%	-0.6%	-0.2%
Financial Activities	6.3%	6.9%	5.9%	6.1%	0.6%	0.2%
Professional and Business Services	15.9%	14.3%	12.4%	12.5%	-1.6%	0.2%
Educational and Health Services	8.7%	9.5%	11.5%	12.9%	0.8%	1.4%
Leisure & Hospitality	11.9%	12.0%	8.9%	9.4%	0.1%	0.4%
Other Services	5.1%	5.7%	3.9%	4.1%	0.6%	0.2%
Government	15.7%	17.2%	15.7%	16.5%	1.5%	0.7%
Construction and Mining	6.0%	6.4%	5.1%	5.3%	0.4%	0.2%

**SOURCES:** The Genesis Group; Bureau of Labor Statistics

- From 1999 to 2004, total non-farm payroll employment increased by 2.8 percent in the Colorado Springs MSA compared to a 1.9 percent increase in the nation.
- As of 2004, the Colorado Springs MSA non-farm payroll employment was comprised of 85.5 percent Service Producing and 14.5 percent Goods Producing jobs, with a higher percentage of Service Producing jobs than the nation. Goods Producing employment during 2004 represented a declining share of total employment in both the MSA and the nation since 1999.
- Compared to the nation, the Colorado Springs MSA had a higher percentage of jobs in the Retail Trade, Information, Financial Activities, Professional & Business Services, Leisure & Hospitality, Other Services, Government and Construction & Mining sectors. Where the Leisure & Hospitality sector accounted for 12 percent of non-farm employment in the MSA, the sector only represented 9 percent of employment in the nation.



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- On the other hand, the nation had a higher concentration of jobs in the Manufacturing, Trade, Transportation & Utilities and Educational & Health Services sectors. As of 2004, the nation had 11 percent compared to 8 percent employment in the Manufacturing sector, 19 compared to 16 percent in the Trade, Transportation & Utilities sector, and 13 compared to 9.5 percent employment in the Educational and Health Services sector.
  - In the Colorado Springs MSA, from 1999 to 2004, wage and salary employment increased most substantially in the Government sector, accounting for 1.5 percent more of total employment in the area during 2004 than in 1999.
  - Conversely, the percentage of jobs in the Manufacturing sector declined by 2.2 percent compared to 1999 in addition to the Professional and Business Services sector accounting for 1.6 percent fewer jobs.
  - The manufacturing sector in the nation was hit hard as well, with employment in this sector accounting for 2.5 percent fewer jobs in 2004 than in 1999. However, Educational and Health Services picked up, representing nearly 13 percent of non-farm wage and salary employment during 2004 (up 1.4 percent).

According to a report by the U.S. Census Bureau, the fastest growing industries between 2002 and 2012 in the nation will be Professional and Business Services (30%), Education and Health Services (26%), Transportation and Warehousing (22%), Information (18%) and Leisure and Hospitality (18%). During the same period, manufacturing employment is expected to fall by one percent.



## Population and Migration

The population of El Paso County for the year 2000 was reported at 520,571 by the U.S. Census Bureau. Over the 10 years from 2000 through 2010, the population of El Paso County is forecast to increase by nearly 85,000 people, or 16.3 percent. During the same period, the state's population is forecast to increase by 18.5 percent and metro Denver's population is forecast to increase by 17.0 percent.

*Exhibit 1 - El Paso County - Population Estimates and Projections*

COUNTY	1990	1995	2000	2005	2010
<b>POPULATION</b>					
El Paso	397,289	469,693	520,571	561,699	605,306
6-County Metro Denver	1,854,304	2,115,508	2,415,042	2,598,322	2,826,036
STATE OF COLORADO	3,294,394	3,811,074	4,335,540	4,691,258	5,137,928
<b>5-YEAR POPULATION CHANGE</b>					
El Paso		18.2%	10.8%	7.9%	7.9%
6-County Metro Denver		14.1%	14.2%	7.6%	8.8%
STATE OF COLORADO		15.7%	13.8%	8.2%	9.5%
<b>PERCENTAGE OF STATE OF COLORADO POPULATION</b>					
El Paso	12.1%	12.3%	12.0%	12.0%	11.8%
6-County Metro Denver	56.3%	55.5%	55.7%	55.4%	55.0%

SOURCES: U.S. Census Bureau, Colorado Department of Local Affairs, Demography Section

As demonstrated in the following table, in-migration represented a large portion of the population increase in El Paso County during the late 1990s. These figures, based on data from the Colorado Department of Local Affairs Demography Section, also indicate that in-migration soared in El Paso County during 2001. The heated pace of in-migration to the county during 2001 (7,610 persons) did not continue. Net migration to the county fell to 2,172 (est.) persons in 2002 and to 1,315 (est.) persons in 2003. It is projected that there was net migration of 1,652 persons during 2004 and net migration will total 2,136 persons in 2005.

*Exhibit 2 - El Paso County - Estimated and Forecast Net Migration*

COUNTY	1996	1997	1998	1999	2000	1991-2000	2001	2002	2003	2004	2005
El Paso	2,231	4,737	6,194	5,577	6,393	69,401	7,610	2,172	1,315	1,652	2,136

SOURCE: Colorado Department of Local Affairs, Demography Section



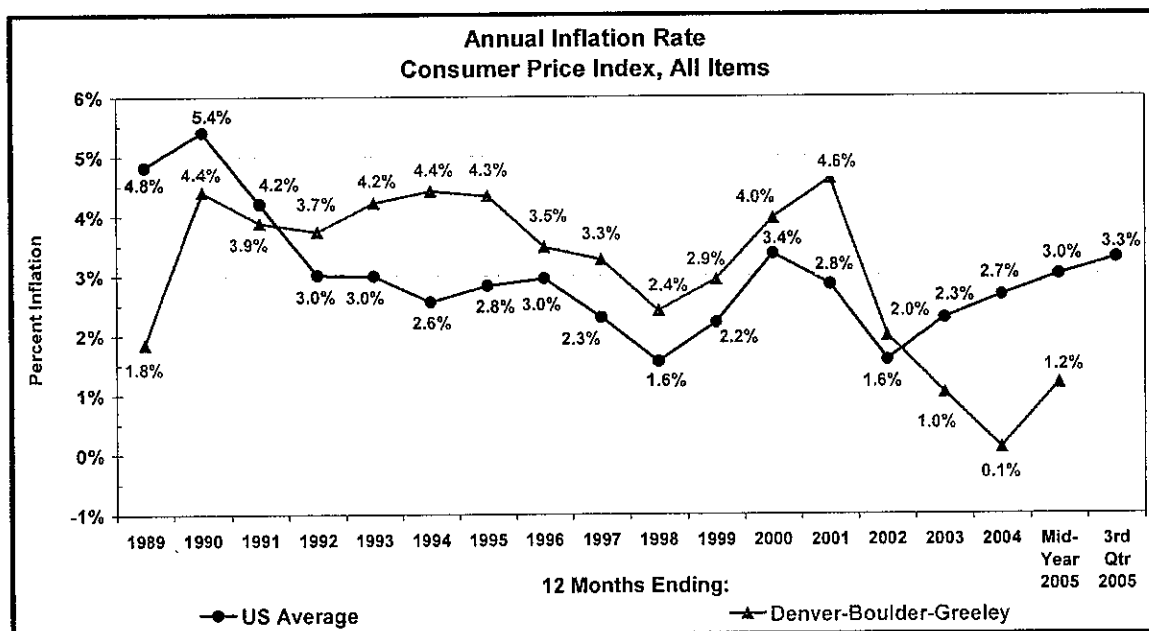
## Economic Indicators

Compared to the nation, inflationary pressures tend to be greater in the metro Denver and Northern Colorado areas during strong economic periods. Conversely, inflationary pressures are less than in the nation during recessionary periods.

**In the nation, the Consumer Price Index increased 3.3 percent in the 12 month period through Third Quarter 2005.** With the exception of 2000, when the CPI registered at 3.4 percent, this marks the highest inflation rate since 1991. Inflation in the Denver-Boulder-Greeley region also increased from Year-End 2004, up from 0.1 percent to 1.2 percent in the 12 month period through Mid-Year 2005; although energy costs accounted for most of the change.

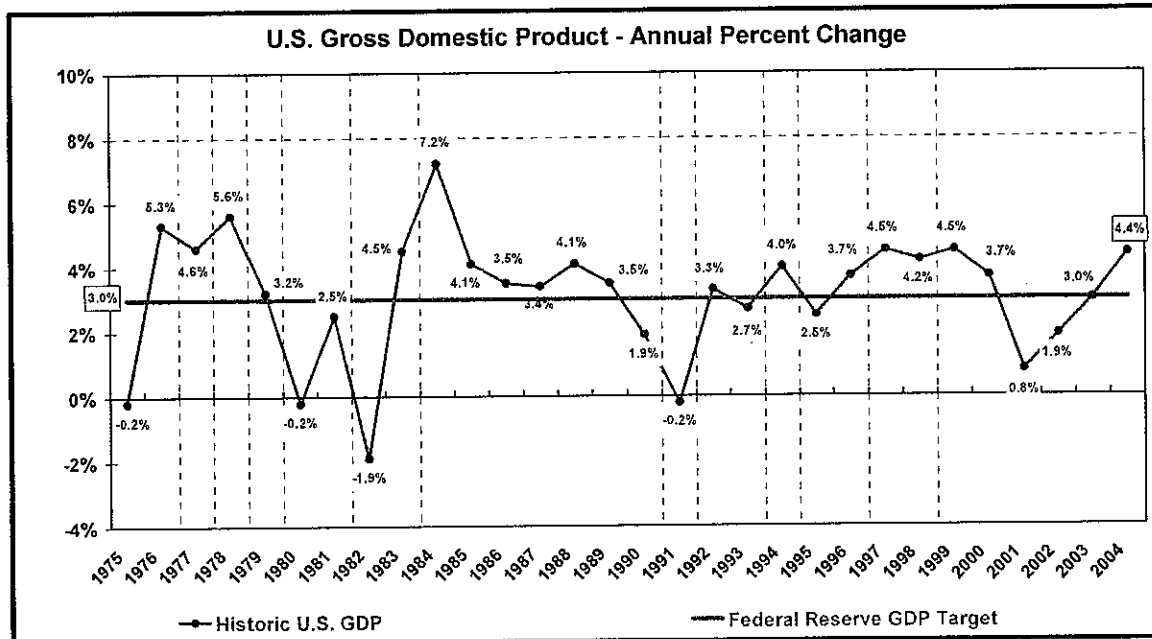
Energy, which accounts for nearly 8 percent of consumer prices, increased at a staggering 34.8 percent annual rate comparing September 2005 to September 2004, with an 11.5 percent increase from August to September of this year. **Excluding energy items, the national Consumer Price Index increased by only 2.2 percent in the nation during the 12 month period through Third Quarter 2005.**

**In 2004, inflation was negligible in the Denver region compared to 2.7 percent in the nation.** The 0.1 percent increase in the index for the region represented the lowest inflation ever recorded.

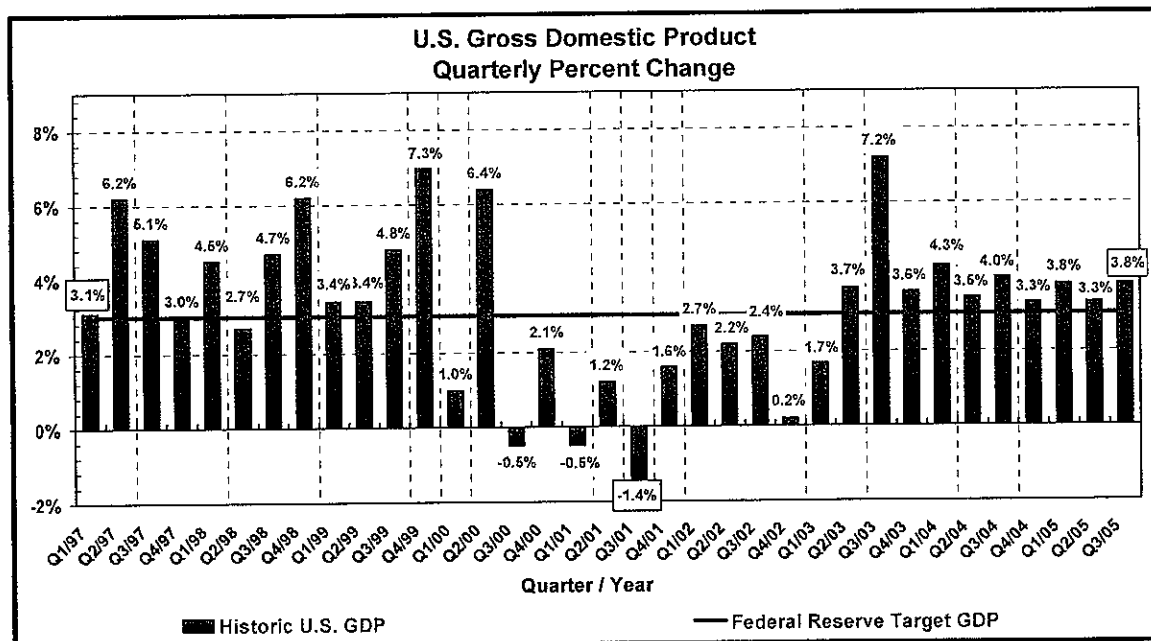


SOURCES: The Genesis Group; Bureau of Labor Statistics

- **U.S. Gross Domestic Product (GDP) grew at an annualized rate of 4.4 percent during 2004 compared to 3.0 percent in 2003.** The largest contributor to the increase in GDP growth during 2004 was business investment. Additionally, consumer spending also contributed, reflecting accelerations in purchases of services and nondurable goods. Consumer Spending, which accounts for roughly 70 percent of GDP, will likely decline in 2005, as many people took advantage of record low interest rates during 2003 and 2004 and made big purchases such as homes and cars, and will not likely make these same types of large purchases in the current year. Employment growth will help to offset much of this spent demand and The Genesis Group believes that GDP growth will be approximately 3.5 percent in 2005.
- **During Third Quarter 2005, national Gross Domestic Product (GDP) grew at an annualized rate of 3.8 percent, up from 3.3 percent in Second Quarter 2005.** The current rate of growth is both strong and sustainable. However, consumer spending will likely be negatively impacted in the coming quarter due to high energy costs (both petroleum-based energy and electricity) affecting consumer's discretionary income.



SOURCES: Bureau of Economic Analysis; The Genesis Group

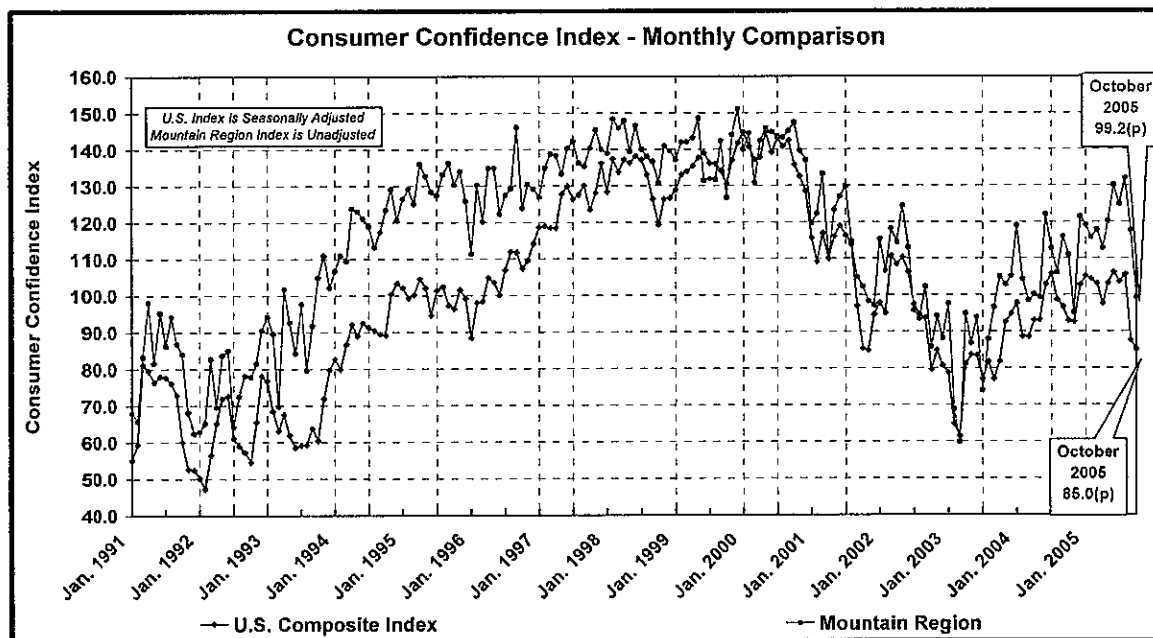


SOURCES: Bureau of Economic Analysis; The Genesis Group

- The Institute for Supply Management's PMI (Purchasing Managers Index), which measures the manufacturing sector in the nation, increased in September to 59.4, from 53.6 in August. This represents the 30th consecutive month of national manufacturing expansion. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.



- The Colorado Business Leader's Confidence Index declined to 49.1 for Fourth Quarter 2005, to the lowest point and first negative stance since early 2003 when the United States went to war in Iraq. The index is compiled by the Business Research Division of the University of Colorado at Boulder and values over 50 indicate expansionary conditions.
- The latest Manpower Employment Outlook Survey indicated that 23 percent of companies interviewed plan to hire more employees in the fourth quarter of 2005, down from 32 percent in Third Quarter 2005. Additionally, 18 percent expect to reduce their payrolls compared to only 2 percent who planned during the third quarter.
- Venture capital funding for Colorado firms is up 48 percent to \$469.2 million in the first three quarters of 2005, from \$317.1 million in the first three quarters of 2004. Additionally, 13 deals during Third Quarter 2004 raised \$131.7 million including \$62.5 million for Replidyne Inc., a Louisville-based biotechnology company.
- The Conference Board's Consumer Confidence Index (1985=100) plummeted in the third quarter of 2005, from a 3-year high of 106.2 in June to 85.0 in October. While the present situation declined modestly to 108.2 in October 2005, expectations fell to 69.5, to the lowest level since March 2003. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, "Much of the decline in confidence over the past two months can be attributed to the recent hurricanes, pump shock and a weakening labor market."



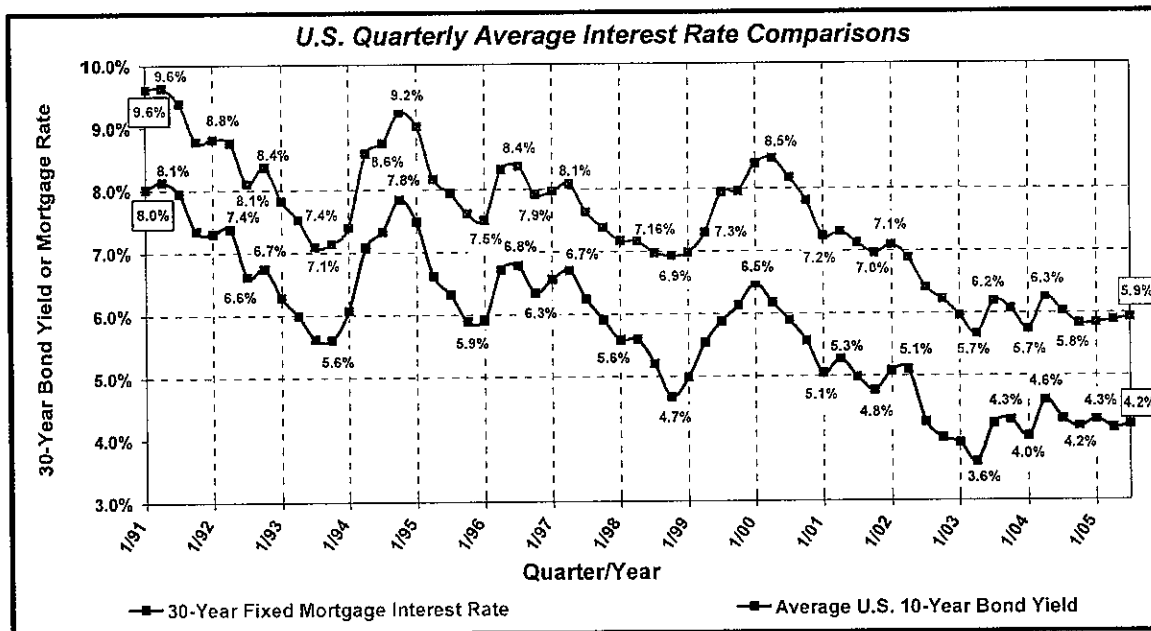
SOURCES: The Genesis Group, The Conference Board

- During October 2005, the Consumer Confidence Index for the Mountain Region fell to 99.2 after reaching the highest point in nearly four years in August (132.0). However, the index for the Mountain Region has exceeded the national index since August 2003.
- On November 1, 2005, the Federal Open Market Committee raised its target for the federal funds rate by 25 basis points to 4.0 percent. This follows a 25-basis-point hike on September 20, 2005. The Fed has now increased the fed funds rate 12 times since June 2004. Additionally, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate to 5.0 percent.



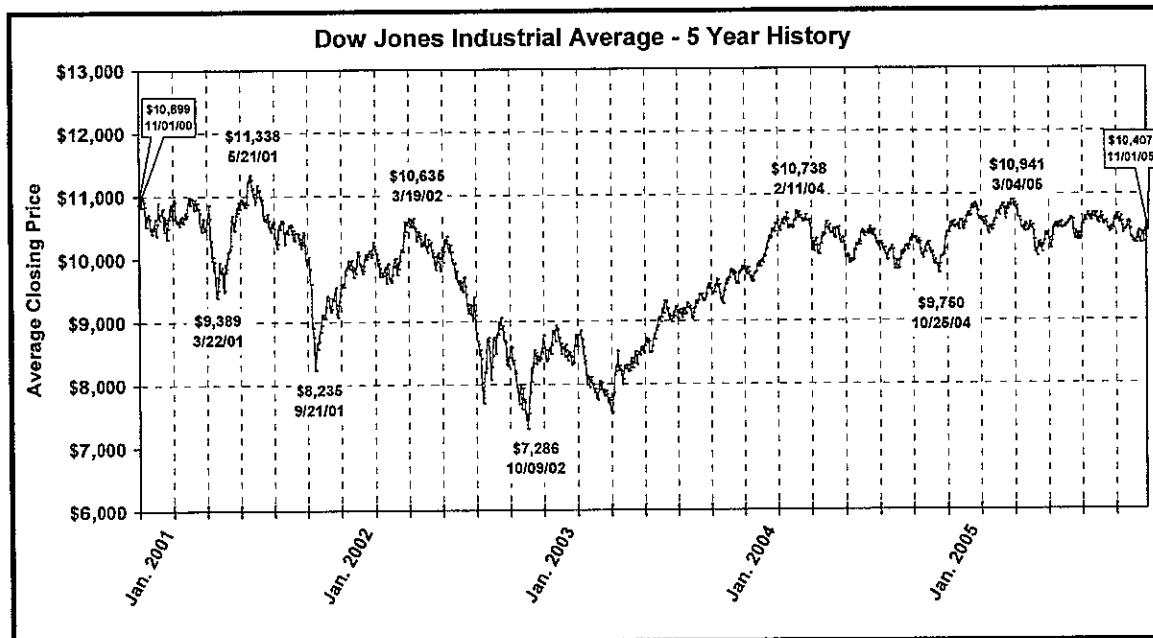


- Following the June 30, 2005 Federal Funds Rate increase, commercial banks increased the Prime Rate from 6.75 to 7.00 percent. The Federal Funds Rate and the Prime Rate do not directly impact fixed mortgage rates, but do affect both consumer and corporate borrowing that use these rates as benchmarks.
- The 30-year fixed mortgage interest rate averaged 5.9 percent during Third Quarter 2005, unchanged from Second Quarter 2005. Since then, however, mortgage rates have increased considerably. On November 8, 2005, the rate stood at 6.57 percent according to HSH Associates, an 18-month high.

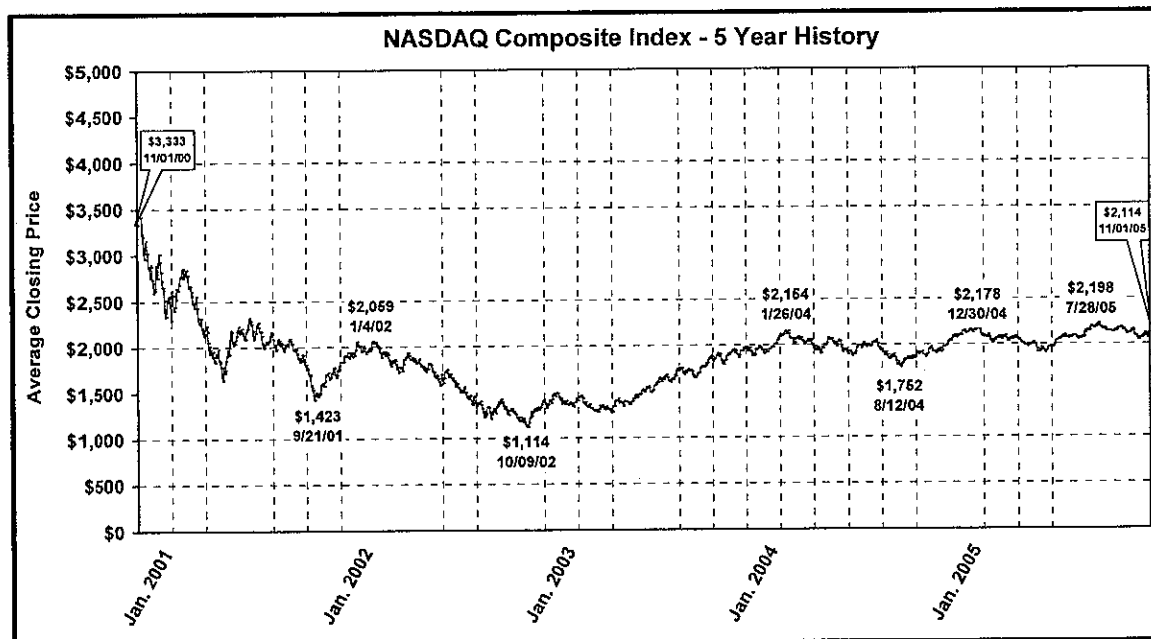


SOURCES: HSH Associates, Butler, New Jersey; Federal Reserve Bank of New York; The Genesis Group

- Although the performance of stock markets was lackluster in 2004, the markets held on to their impressive 2003 gains. The Nasdaq and the DJIA were up 50.0 and 25.3 percent respectively for the 12 months ending on December 31, 2003. As of December 31, 2004, the Nasdaq Composite Index was up 8.6 percent for the year and the Dow Jones Industrial Average was up a modest 0.2 percent. Through November 1, 2005, the Nasdaq increased 6.8 percent while the DJIA increased 3.5 percent from November 1, 2004.



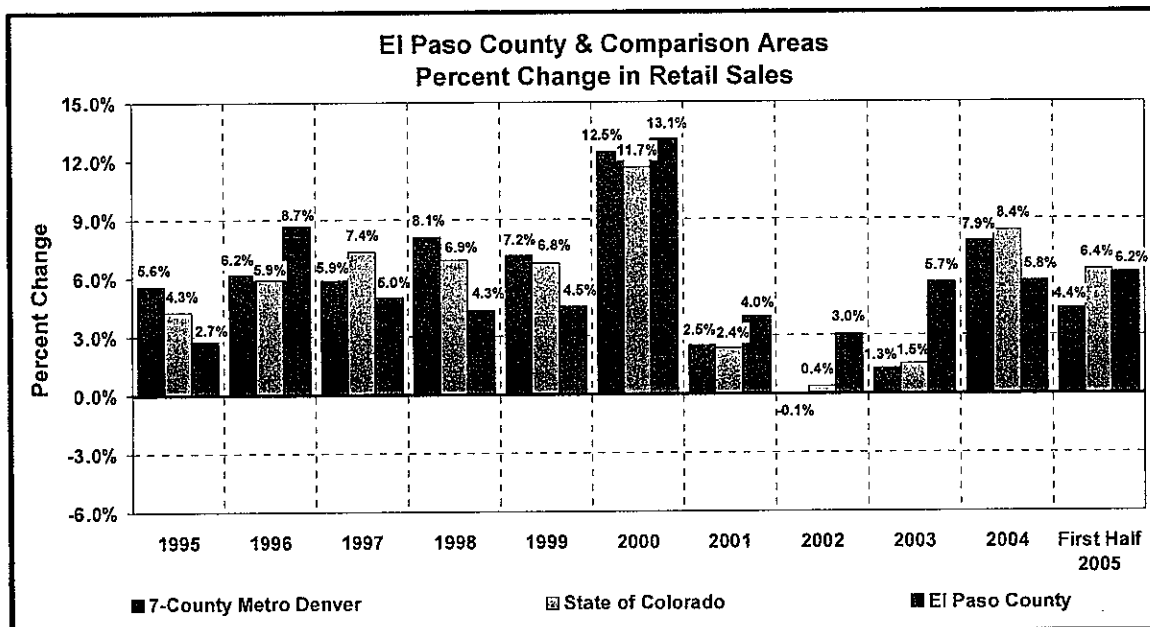
SOURCES: The Genesis Group; nasdaq.com



SOURCES: The Genesis Group; nasdaq.com



- Retail sales activity provides a general barometer of economic activity. Retail sales in El Paso County accounted for 9.4 percent of retail sales in the State of Colorado during the first half of 2005. The metro Denver area continued to account for 60 percent of retail sales in the State of Colorado.
- Both Colorado's and the Denver Metropolitan area's retail sales growth rates have recovered from their sharp downturns during 2001 through 2003. **Retail sales in the State of Colorado and metropolitan Denver area during 2004 were up 8.4 and 7.9 percent, respectively, compared to 2003.**
- **El Paso County retail sales growth was less than the nation and metropolitan Denver area during 2004 at only 5.8 percent; however, this follows years 2001 through 2003 when sales growth in El Paso County far exceeded both the state and metro Denver area.**
- **In the first half of 2005, retail sales growth increased by 6.2 percent in El Paso County, marginally slower than the 6.4 percent growth in the state and considerably faster growth than in metro Denver (4.4 percent).** While retail sales growth during First Half 2005 is down in both the state and metropolitan Denver area compared to 2004, El Paso County retail sales growth has been increasing since 2002.



SOURCES: The Genesis Group; Colorado Department of Revenue.

# RIVERBEND CROSSING CMA VS. EL PASO COUNTY DEMOGRAPHIC PROFILE

2004 & 2009 Estimates & Projections by The Genesis Group & ESRI Business Information Solutions  
2005 & 2010 Projections by Pikes Peak Area Council of Governments

	RIVERBEND CROSSING CMA			EL PASO COUNTY (ESRI Figures)			EL PASO COUNTY (PPACG figures)		
	2000 Census	2004 Estimate	2009 Projection	2000 Census	2004 Estimate	2009 Projection	2000 Census	2005 Projection	2010 Projection
<b>Total Population</b>	114,000	120,229	132,960	516,929	566,017	624,442	527,225	573,882	633,620
<b>% Population by Race</b>									
White Alone	67.4%	65.0%	62.5%	81.2%	79.9%	78.2%	*	*	*
Black Alone	13.4%	14.1%	14.8%	6.5%	6.8%	7.1%	*	*	*
American Indian Alone	1.2%	1.2%	1.2%	0.9%	0.9%	0.9%	*	*	*
Asian/Pacific Alone	3.7%	4.1%	4.7%	2.8%	3.2%	3.7%	*	*	*
Some Other Race Alone	8.4%	9.5%	10.6%	4.7%	5.2%	5.9%	*	*	*
Hispanic Origin (Any Race)	17.4%	19.6%	22.1%	11.3%	12.6%	14.2%	*	*	*
<b>% Population by Age</b>									
0 - 4	9.2%	9.3%	9.4%	7.6%	7.6%	7.6%	*	*	*
5 - 14	8.8%	8.0%	7.5%	7.8%	7.2%	6.7%	*	*	*
15 - 19	8.2%	7.9%	7.3%	7.8%	7.5%	7.2%	*	*	*
20 - 24	17.7%	18.4%	18.3%	15.0%	15.6%	15.5%	*	*	*
25 - 34	18.0%	17.3%	17.0%	14.9%	14.2%	13.9%	*	*	*
35 - 44	15.9%	14.9%	13.8%	17.6%	16.1%	14.4%	*	*	*
45 - 54	9.7%	10.8%	12.0%	13.4%	14.4%	15.3%	*	*	*
54 - 64	6.0%	6.4%	7.4%	7.3%	8.6%	10.2%	*	*	*
65 - 74	4.3%	4.4%	4.2%	4.9%	4.9%	5.0%	*	*	*
75 - 84	1.8%	2.0%	2.5%	2.9%	2.9%	3.0%	*	*	*
85 +	0.5%	0.5%	0.7%	0.9%	1.0%	1.2%	*	*	*
18+ Years	69.3%	70.5%	71.5%	72.4%	73.3%	74.2%	*	*	*
Median Age Total Population	29.7	30.3	31.1	33.0	33.5	34.4			
<b>Total Households</b>	37,692	40,589	48,000	192,409	213,623	238,458	205,146	221,576	249,457
Avg. Household Size	2.86	2.81	2.77	2.61	2.58	2.55	2.57	2.59	2.54
<b>Per Capita Income</b>	\$16,016	\$18,710	\$22,248	\$22,005	\$26,107	\$31,780	*	*	*
<b>Median Household Income</b>	\$40,634	\$45,645	\$52,685	\$46,898	\$52,859	\$60,931	*	*	*
<b>Average Household Income</b>	\$45,699	\$52,984	\$62,370	\$57,905	\$67,996	\$82,059	*	*	*
<b>% Household Income</b>									
\$0 - \$14,999	11.2%	9.6%	8.0%	10.4%	8.8%	7.2%	*	*	*
\$15,000 - \$24,999	13.9%	11.6%	9.5%	11.8%	9.6%	8.1%	*	*	*
\$25,000 - \$34,999	15.6%	13.7%	11.0%	13.0%	11.6%	9.0%	*	*	*
\$35,000 - \$49,999	22.8%	21.5%	18.0%	18.3%	17.0%	14.7%	*	*	*
\$50,000 - \$74,999	23.3%	23.9%	25.5%	22.3%	21.6%	21.6%	*	*	*
\$75,000 - \$99,999	8.6%	11.4%	13.7%	12.0%	14.0%	14.8%	*	*	*
\$100,000 - \$149,999	3.5%	6.6%	10.8%	8.2%	11.4%	14.9%	*	*	*
\$150,000 - \$199,999	0.6%	0.9%	2.3%	2.2%	3.3%	5.2%	*	*	*
\$200,000 Plus	0.5%	0.7%	1.2%	1.8%	2.7%	4.6%	*	*	*
<b>Households by Size</b>									
1 Person Household	18.9%	*	*	*	*	23.9%	*	*	*
2 Person Household	29.9%	*	*	*	*	33.3%	*	*	*
3 Person Household	19.2%	*	*	*	*	17.1%	*	*	*
4 Person Household	18.3%	*	*	*	*	15.6%	*	*	*
5 Person Household	8.6%	*	*	*	*	6.6%	*	*	*
6 Person Household	3.2%	*	*	*	*	2.4%	*	*	*
7+ Person Household	1.9%	*	*	*	*	1.2%	*	*	*

SOURCES: ESRI Business Information Solutions, The Genesis Group, Pikes Peak Area Council of Governments

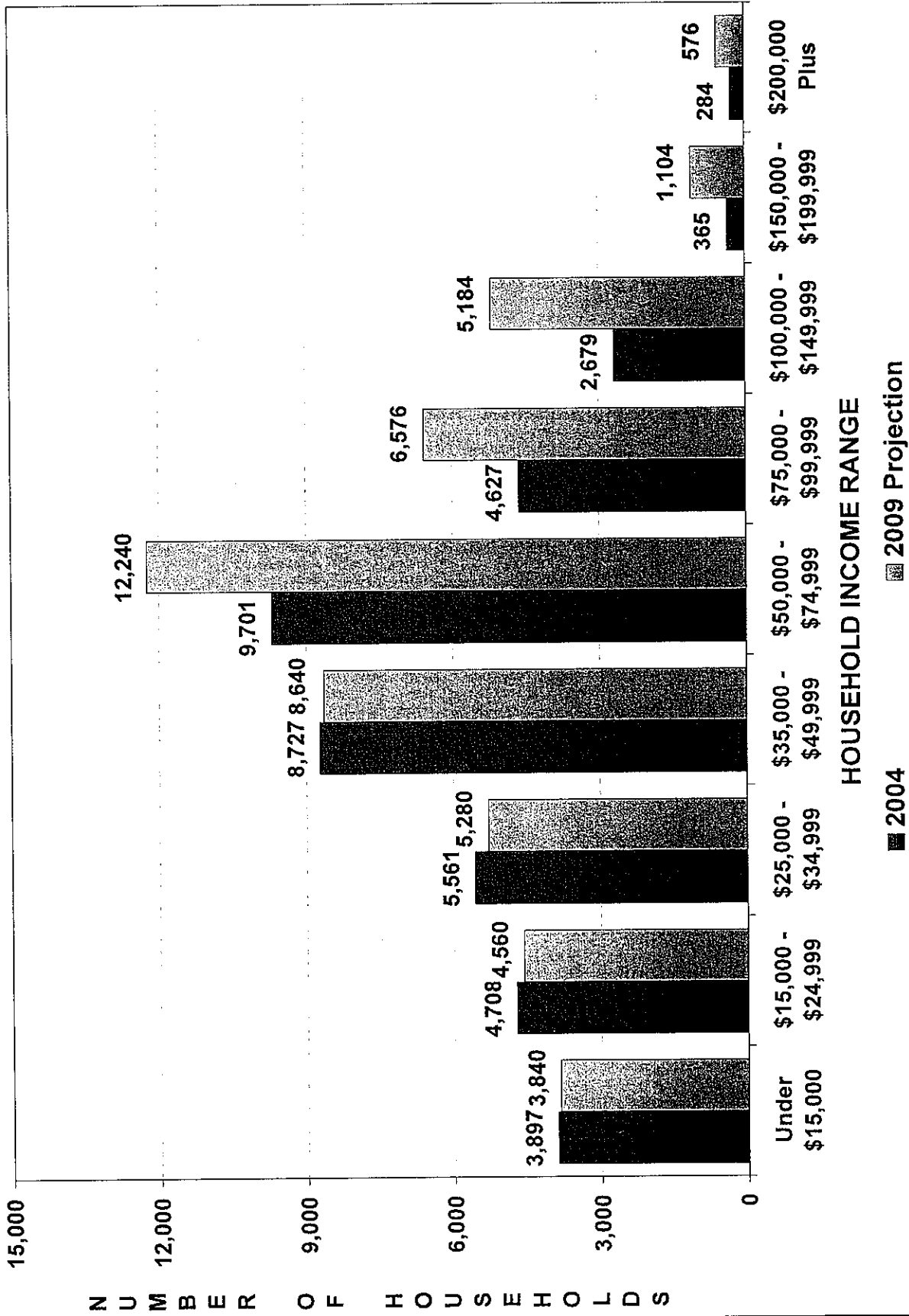
# RIVERBEND CROSSING CMA VS. EL PASO COUNTY DEMOGRAPHIC PROFILE

2004 & 2009 Estimates & Projections by The Genesis Group & ESRI Business Information Solutions  
2005 & 2010 Projections by Pikes Peak Area Council of Governments

	RIVERBEND CROSSING CMA			EL PASO COUNTY (ESRI Figures)			EL PASO COUNTY (PPACG figures)		
	2000 Census	2004 Estimate	2009 Projection	2000 Census	2004 Estimate	2009 Projection	2000 Census	2005 Projection	2010 Projection
<b>Household Type</b>									
Family Households	75.2%	*	*	69.6%	*	*	*	*	*
Married Couple Families	56.9%	*	*	55.6%	*	*	*	*	*
Married Families with Children	32.8%	*	*	28.6%	*	*	*	*	*
Other Family (No Spouse)	18.3%	*	*	13.9%	*	*	*	*	*
Other Family w/related children	14.1%	*	*	10.1%	*	*	*	*	*
Non-family Households	24.8%	*	*	30.4%	*	*	*	*	*
Single Person	18.9%	*	*	23.9%	*	*	*	*	*
Households with Related Children	47.0%	*	*	38.7%	*	*	*	*	*
Households with Person 65 + Years	14.5%	*	*	16.4%	*	*	*	*	*
<b>% Housing Units</b>									
Occupied	95.7%	94.9%	94.1%	95.1%	94.3%	93.5%	*	*	*
Owner	58.3%	59.5%	60.4%	61.5%	64.1%	65.3%	*	*	*
Renter	37.4%	35.3%	33.8%	33.6%	30.2%	28.2%	*	*	*
Vacant	4.3%	5.1%	5.9%	4.9%	5.7%	6.5%	*	*	*
<b>Industry (% Employed 16 +)</b>									
Agriculture/Mining	*	0.4%	*	*	0.5%	*	*	*	*
Construction	*	7.8%	*	*	7.4%	*	*	*	*
Manufacturing	*	11.1%	*	*	9.3%	*	*	*	*
Wholesale Trade	*	3.2%	*	*	2.7%	*	*	*	*
Retail Trade	*	14.2%	*	*	12.7%	*	*	*	*
Transportation/Utilities	*	5.4%	*	*	3.7%	*	*	*	*
Information	*	2.4%	*	*	3.6%	*	*	*	*
Finance/Insurance/Real Estate	*	6.0%	*	*	7.9%	*	*	*	*
Services	*	42.4%	*	*	47.2%	*	*	*	*
Public Administration	*	7.2%	*	*	5.1%	*	*	*	*
<b>Occupation (% Employed 16 +)</b>									
Management/Business/Financial	*	9.6%	*	*	14.8%	*	*	*	*
Professional	*	14.2%	*	*	22.6%	*	*	*	*
Sales	*	12.3%	*	*	12.9%	*	*	*	*
Administrative Support	*	16.7%	*	*	14.6%	*	*	*	*
Services	*	19.2%	*	*	15.4%	*	*	*	*
Blue Collar	*	28.0%	*	*	19.7%	*	*	*	*

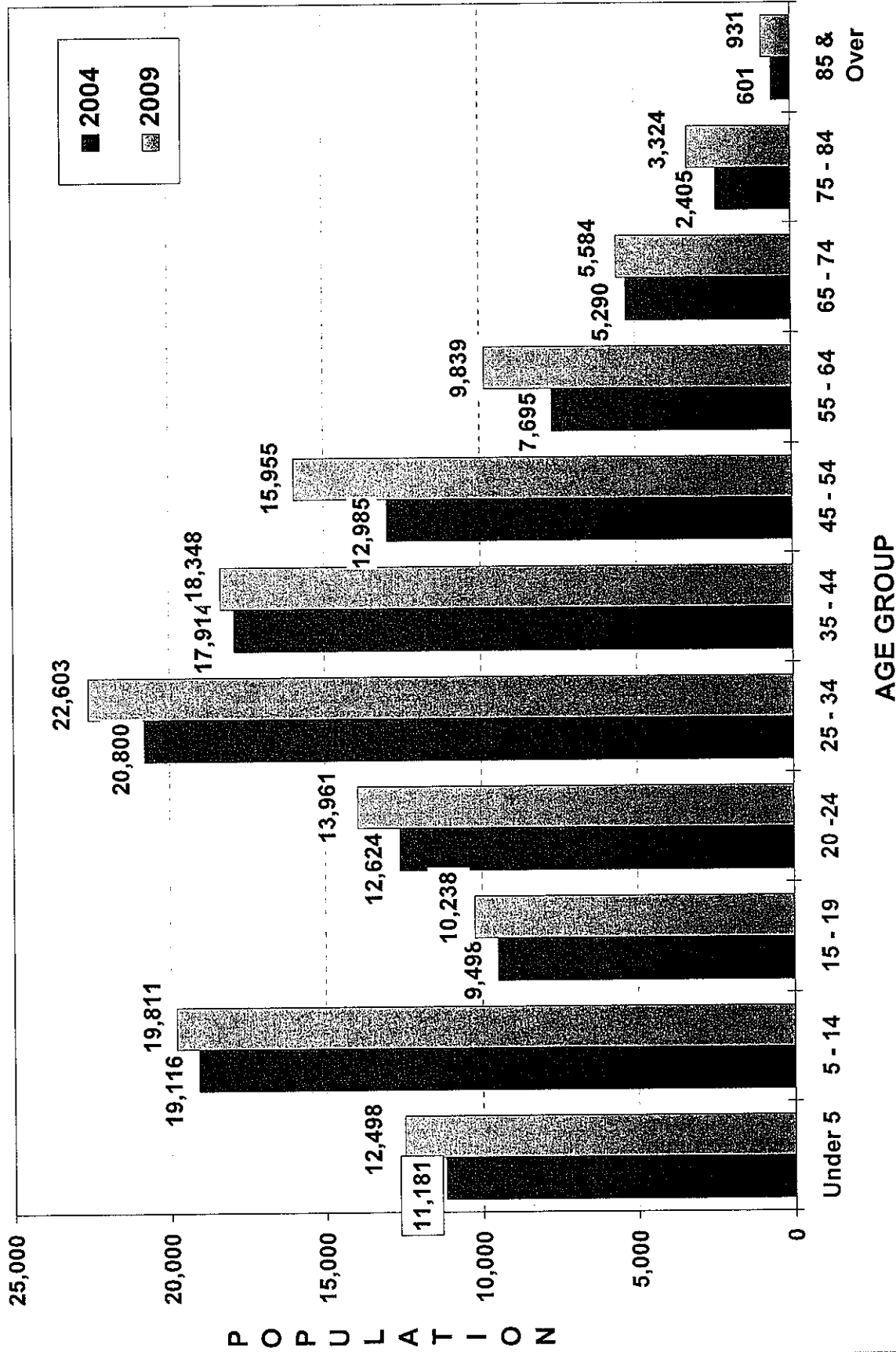
\* Data not available

# Riverbend Crossing CMA Forecast Number of Households by Income Range



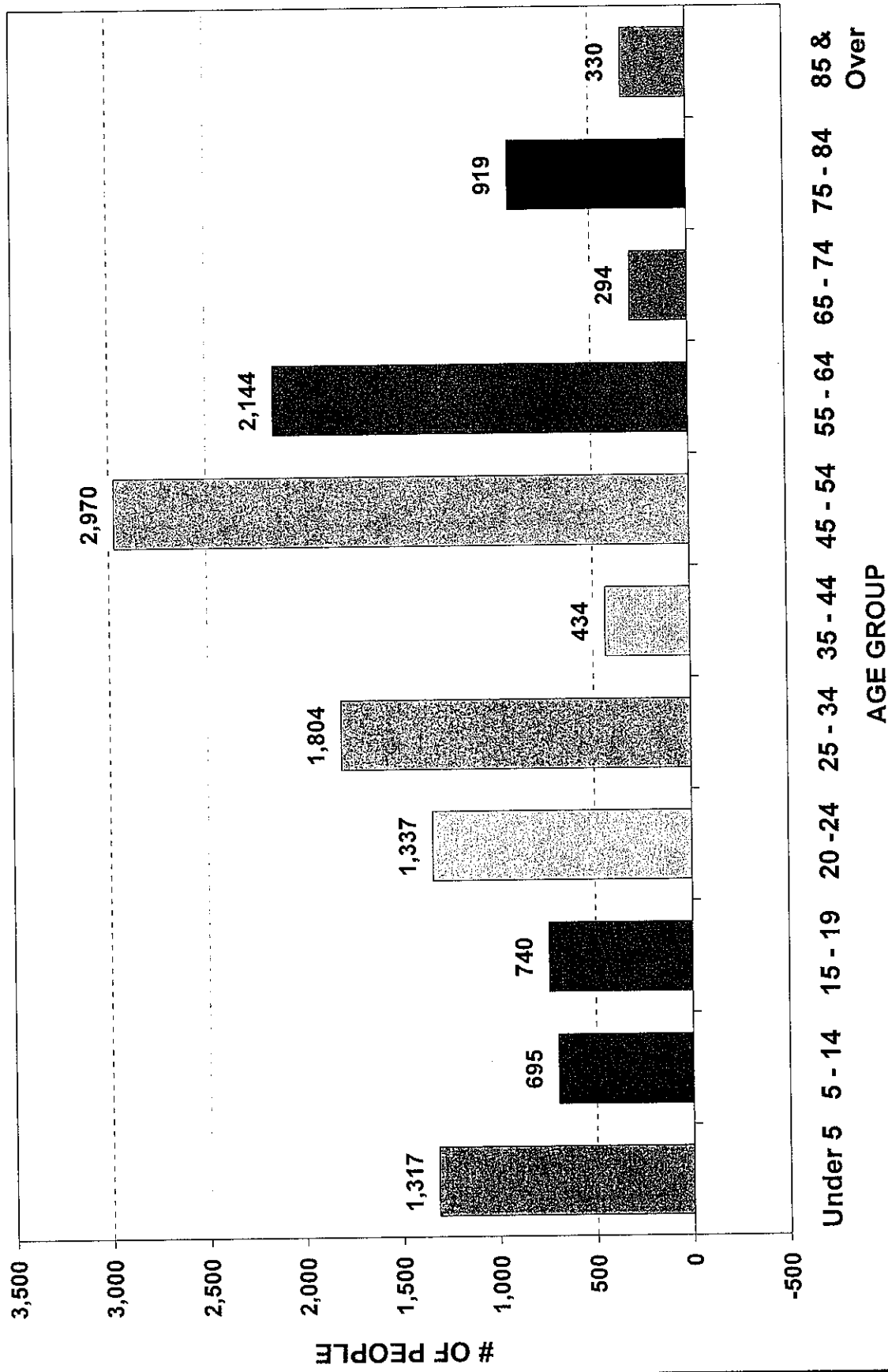
SOURCE: The Genesis Group; ESRI Business Solutions

# Riverbend Crossing CMA Population Distribution by Age 2004 vs. 2009



SOURCE: The Genesis Group; ESRI Business Solutions

**Riverbend Crossing CMA  
Projected Population Change by Age Group  
2004 to 2009**

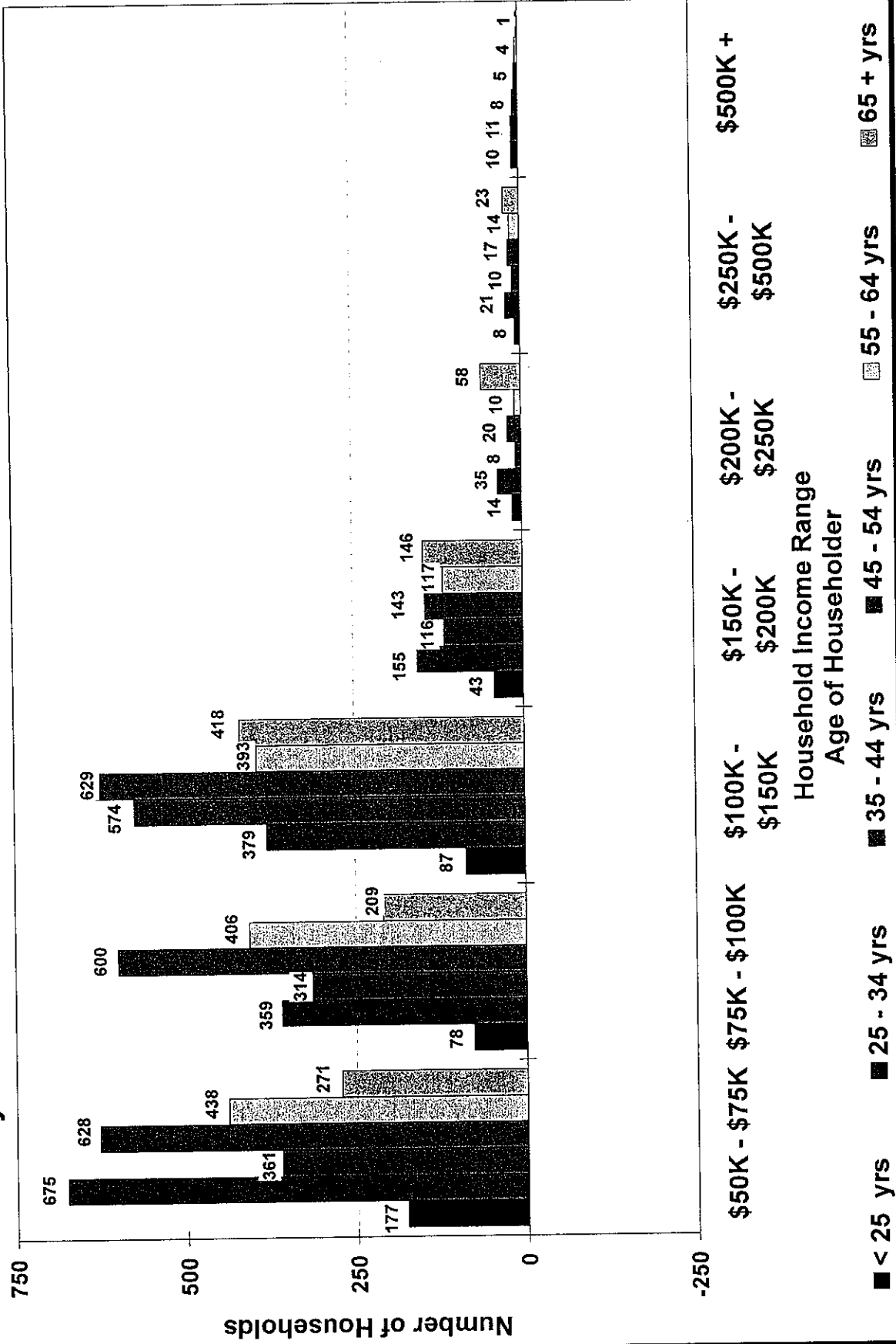


SOURCE: The Genesis Group; ESRI Business Solutions



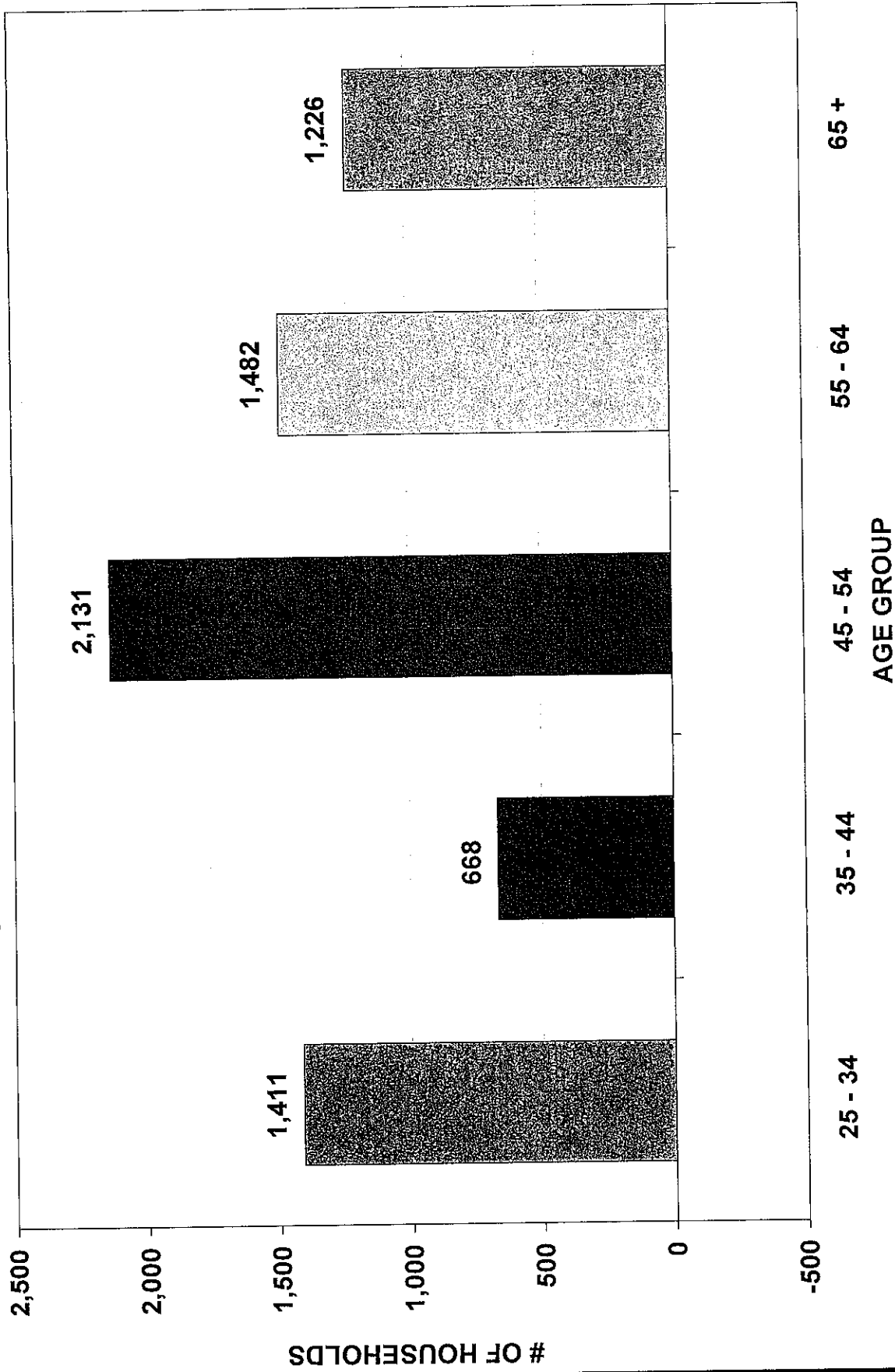
# Riverbend Crossing CMA

## 2004 to 2009 Anticipated Change in Number of Households by Selected Household Income Range and Age of Householder



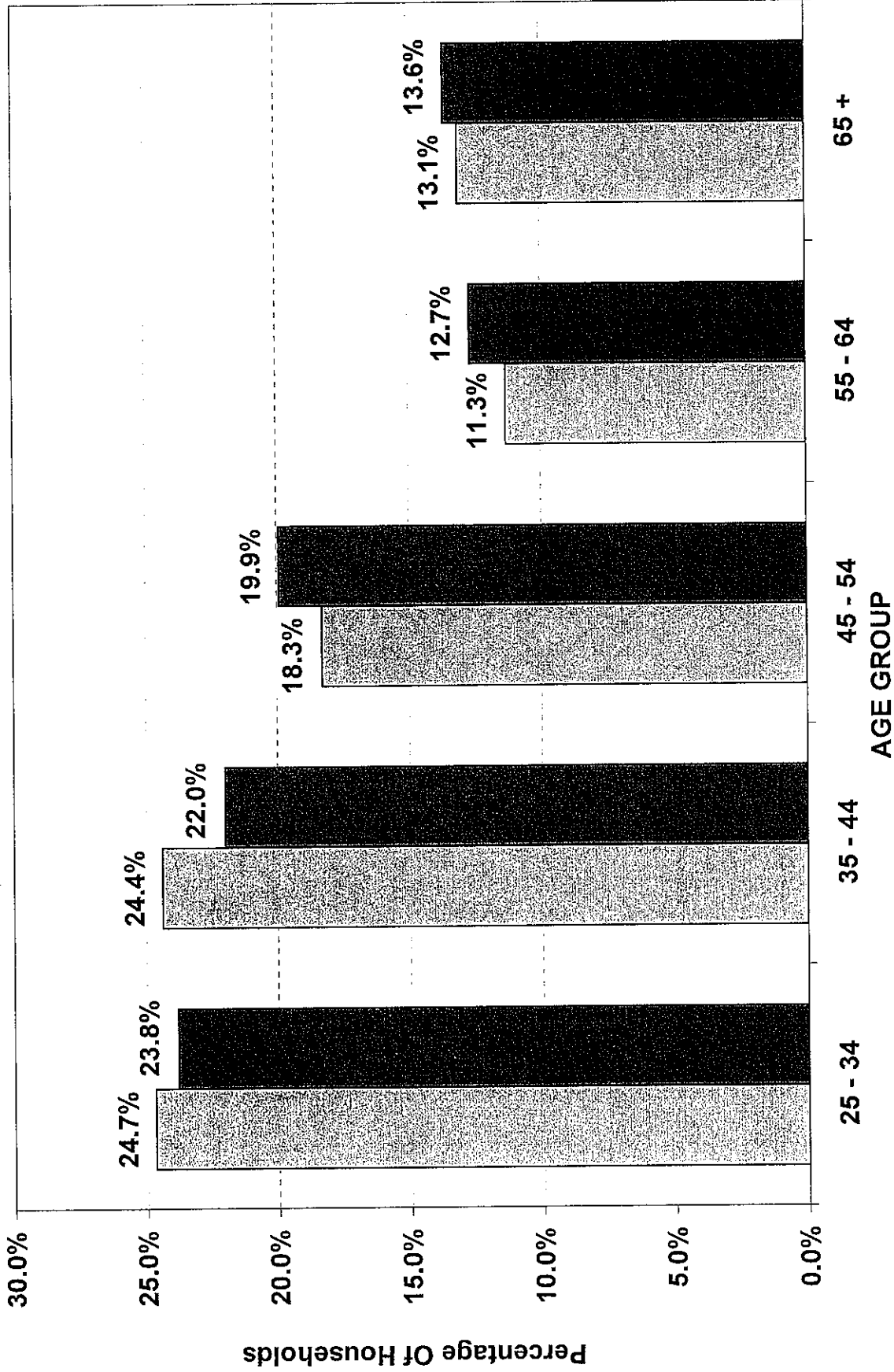
SOURCE: The Genesis Group; ESRI Business Solutions

**Riverbend Crossing CMA  
Projected 2004-2009 Household Change  
By Primary Home Buying Age Groups**



SOURCE: The Genesis Group; ESRI Business Solutions

**Riverbend Crossing CMA**  
**Percentage of 2004 and 2009 Households**  
**By Primary Home Buying Age Groups**



SOURCE: The Genesis Group; ESRI Business Solutions

**Resale Housing Activity - El Paso County**  
**12 Months Through Third Quarter - 2004 vs. 2005**

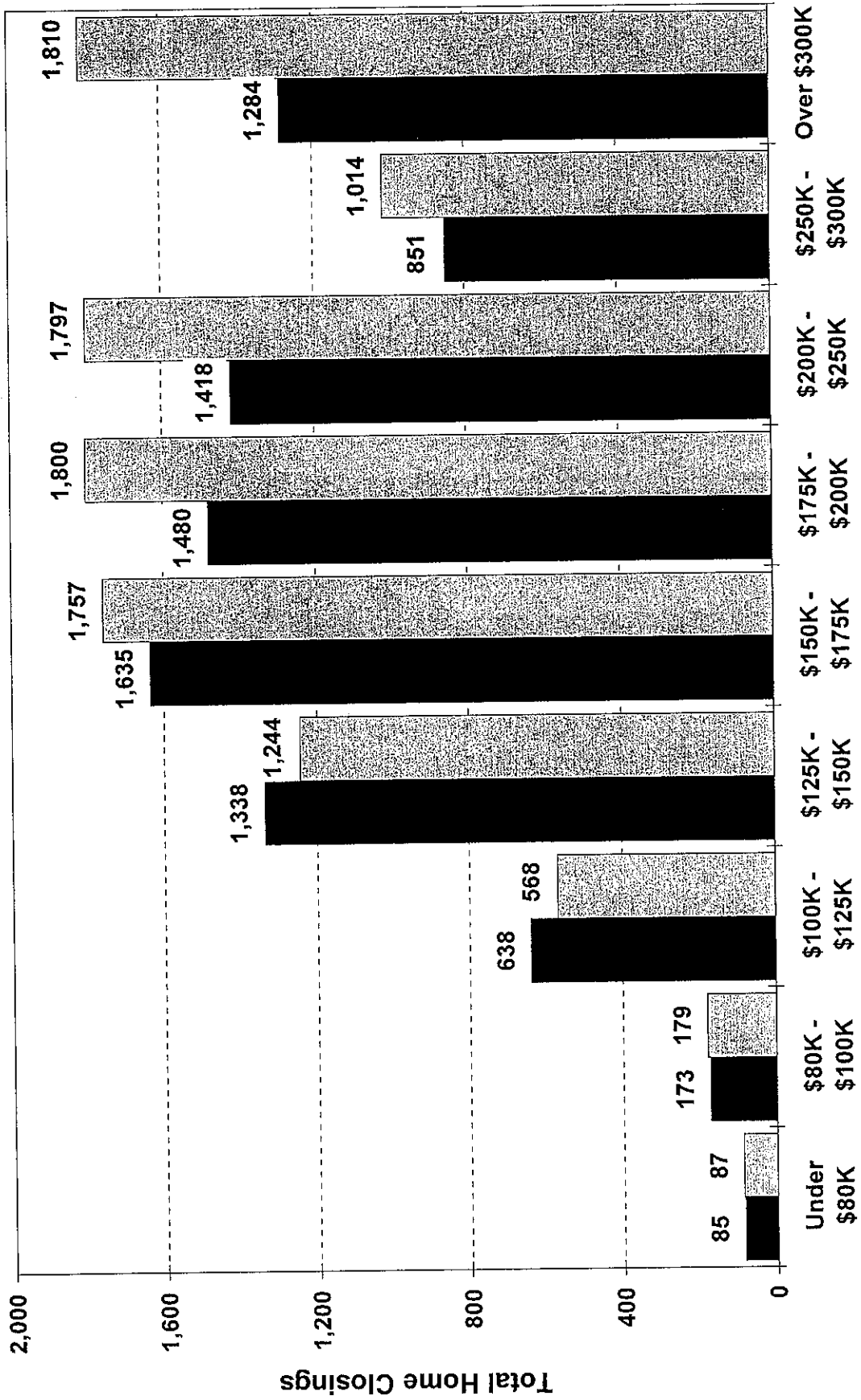
All Housing	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Average Project Price Range								
Under \$80K	217	2.1%	98	5.4	245	2.1%	109	5.3
\$80K - \$100K	358	3.5%	147	4.9	373	3.2%	139	4.5
\$100K - \$125K	937	9.2%	264	3.4	826	7.1%	226	3.3
\$125K - \$150K	1,601	15.8%	474	3.6	1,581	13.5%	378	2.9
\$150K - \$175K	1,791	17.7%	516	3.5	1,987	17.0%	415	2.5
\$175K - \$200K	1,561	15.4%	476	3.7	1,888	16.2%	507	3.2
\$200K - \$250K	1,472	14.5%	462	3.8	1,872	16.0%	575	3.7
\$250K - \$300K	874	8.6%	312	4.3	1,060	9.1%	341	3.9
Over \$300K	1,332	13.1%	707	6.4	1,849	15.8%	992	6.4
<b>Totals</b>	<b>10,143</b>	<b>100.0%</b>	<b>3,456</b>	<b>4.1</b>	<b>11,681</b>	<b>100.0%</b>	<b>3,682</b>	<b>3.8</b>
<b>Change:</b>					<b>15%</b>		<b>7%</b>	

Detached	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Average Project Price Range								
Under \$80K	85	1.0%	14	2.0	87	0.8%	32	4.4
\$80K - \$100K	173	1.9%	50	3.5	179	1.7%	52	3.5
\$100K - \$125K	638	7.2%	163	3.1	568	5.5%	125	2.6
\$125K - \$150K	1,338	15.0%	384	3.4	1,244	12.1%	287	2.8
\$150K - \$175K	1,635	18.4%	449	3.3	1,757	17.1%	362	2.5
\$175K - \$200K	1,480	16.6%	438	3.6	1,800	17.6%	456	3.0
\$200K - \$250K	1,418	15.9%	433	3.7	1,797	17.5%	541	3.6
\$250K - \$300K	851	9.6%	293	4.1	1,014	9.9%	324	3.8
Over \$300K	1,284	14.4%	682	6.4	1,810	17.6%	970	6.4
<b>Totals</b>	<b>8,902</b>	<b>100.0%</b>	<b>2,906</b>	<b>3.9</b>	<b>10,256</b>	<b>100.0%</b>	<b>3,149</b>	<b>3.7</b>
<b>Change:</b>					<b>15%</b>		<b>8%</b>	
<b>% of Market</b>	<b>88%</b>		<b>84%</b>		<b>88%</b>		<b>86%</b>	

Attached	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Average Project Price Range								
Under \$80K	132	10.6%	84	7.6	158	11.1%	77	5.8
\$80K - \$100K	185	14.9%	97	6.3	194	13.6%	87	5.4
\$100K - \$125K	299	24.1%	101	4.1	258	18.1%	101	4.7
\$125K - \$150K	263	21.2%	90	4.1	337	23.6%	91	3.2
\$150K - \$175K	156	12.6%	67	5.2	230	16.1%	53	2.8
\$175K - \$200K	81	6.5%	38	5.6	88	6.2%	51	7.0
\$200K - \$250K	54	4.4%	29	6.4	75	5.3%	34	5.4
\$250K - \$300K	23	1.9%	19	9.9	46	3.2%	17	4.4
Over \$300K	48	3.9%	25	6.3	39	2.7%	22	6.8
<b>Totals</b>	<b>1,241</b>	<b>100.0%</b>	<b>550</b>	<b>5.3</b>	<b>1,425</b>	<b>100.0%</b>	<b>533</b>	<b>4.5</b>
<b>Change:</b>					<b>15%</b>		<b>-3%</b>	
<b>% of Market</b>	<b>12%</b>		<b>16%</b>		<b>12%</b>		<b>14%</b>	

Source: Pikes Peak Association of Realtors; The Genesis Group

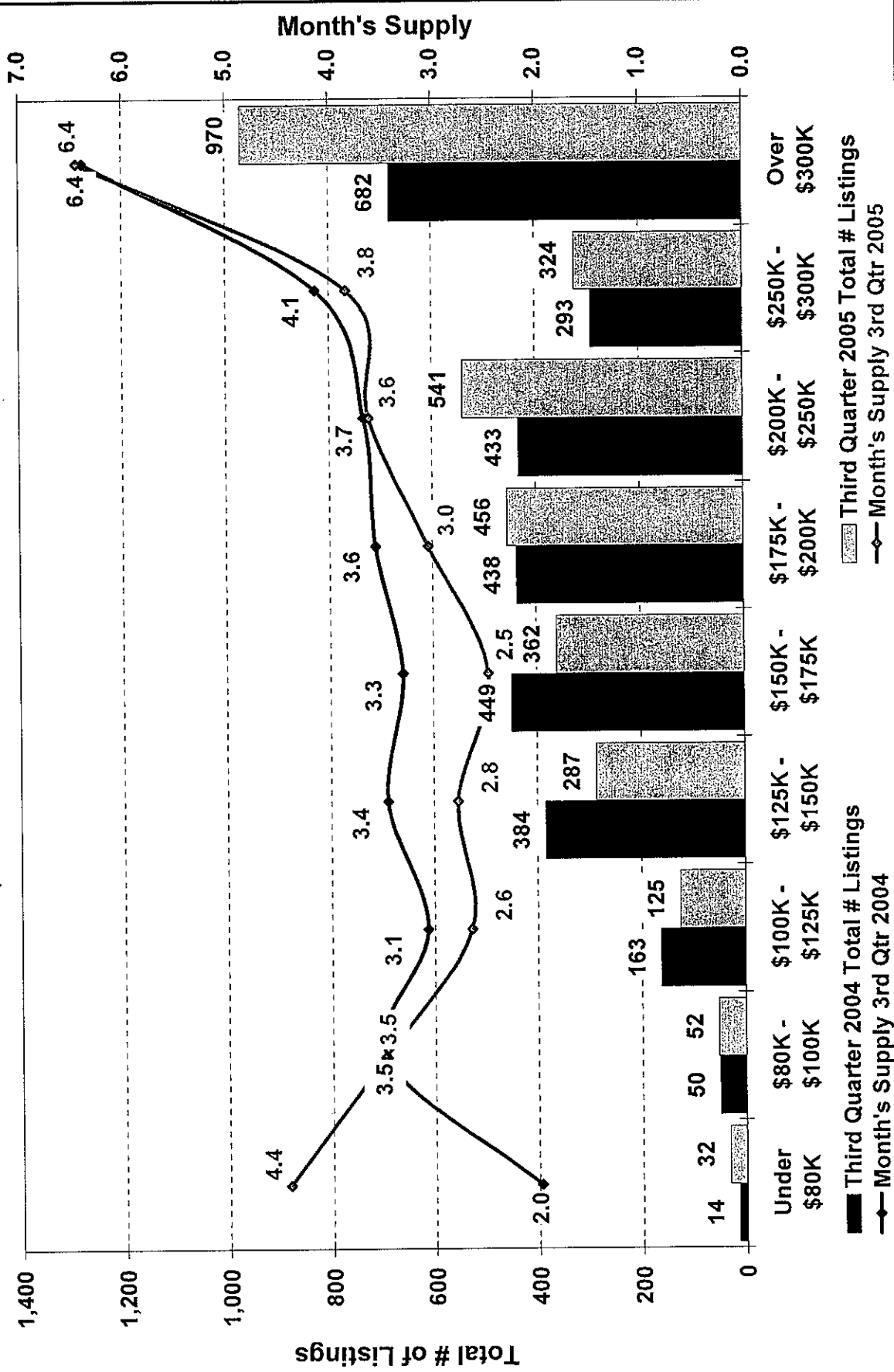
# Resale Housing Activity - El Paso County Detached Sales by Price Range 12 Months Through Third Quarter - 2004 vs. 2005



Third Quarter 2004 12 Months Sales
  Third Quarter 2005 12 Months Sales

Source: The Genesis Group; Pikes Peak Association of Realtors

## Resale Housing Activity - El Paso County Detached Listings and Month's Supply Third Quarter 2004 vs. Third Quarter 2005



Source: The Genesis Group; Pikes Peak Association of Realtors

**Resale Housing Activity - Riverbend Crossing CMA**  
**12 Months Through Third Quarter - 2004 vs. 2005**

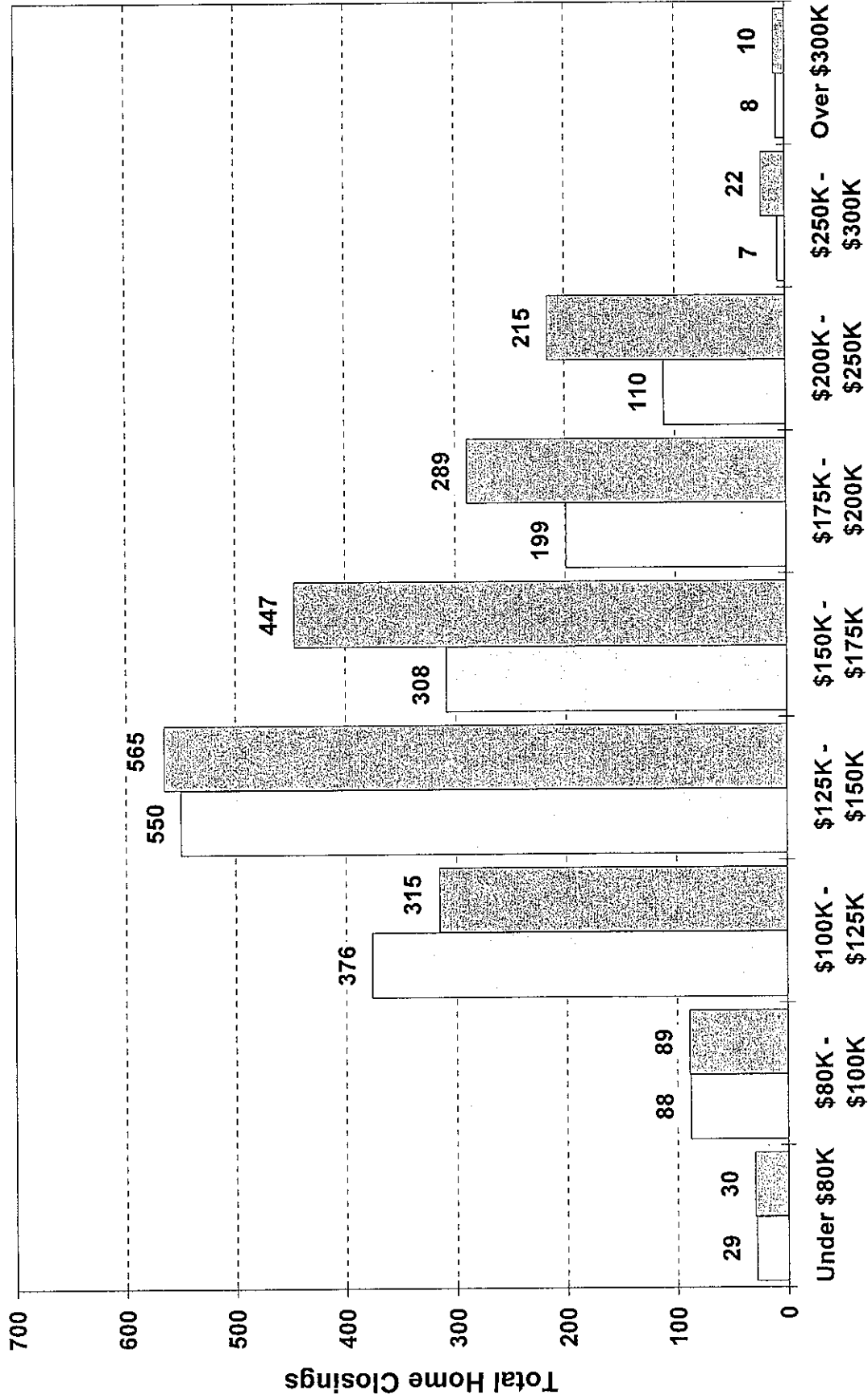
All Housing Average Project Price Range	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Under \$80K	55	2.9%	25	5.5	67	3.0%	28	5.0
\$80K - \$100K	135	7.2%	44	3.9	142	6.5%	30	2.5
\$100K - \$125K	428	22.9%	113	3.2	369	16.8%	93	3.0
\$125K - \$150K	587	31.5%	180	3.7	603	27.4%	126	2.5
\$150K - \$175K	319	17.1%	125	4.7	470	21.4%	84	2.1
\$175K - \$200K	213	11.4%	88	5.0	296	13.5%	85	3.4
\$200K - \$250K	111	6.0%	42	4.5	217	9.9%	63	3.5
\$250K - \$300K	7	0.4%	7	12.0	22	1.0%	11	6.0
Over \$300K	10	0.5%	8	9.6	14	0.6%	11	9.4
<b>Totals</b>	<b>1,865</b>	<b>100.0%</b>	<b>632</b>	<b>4.1</b>	<b>2,200</b>	<b>100.0%</b>	<b>531</b>	<b>2.9</b>
<b>Change:</b>					<b>18%</b>		<b>-16%</b>	

Detached Average Project Price Range	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Under \$80K	29	1.7%	8	3.3	30	1.5%	10	4.0
\$80K - \$100K	88	5.3%	22	3.0	89	4.5%	11	1.5
\$100K - \$125K	376	22.4%	94	3.0	315	15.9%	66	2.5
\$125K - \$150K	550	32.8%	174	3.8	565	28.5%	120	2.5
\$150K - \$175K	308	18.4%	119	4.6	447	22.6%	78	2.1
\$175K - \$200K	199	11.9%	86	5.2	289	14.6%	82	3.4
\$200K - \$250K	110	6.6%	40	4.4	215	10.8%	63	3.5
\$250K - \$300K	7	0.4%	6	10.3	22	1.1%	10	5.5
Over \$300K	8	0.5%	7	10.5	10	0.5%	10	12.0
<b>Totals</b>	<b>1,675</b>	<b>100.0%</b>	<b>556</b>	<b>4.0</b>	<b>1,982</b>	<b>100.0%</b>	<b>450</b>	<b>2.7</b>
<b>Change:</b>					<b>18%</b>		<b>-19%</b>	
<b>% of Market</b>	<b>90%</b>		<b>88%</b>		<b>90%</b>		<b>85%</b>	

Attached Average Project Price Range	Third Quarter 2004				Third Quarter 2005			
	12 Months Sales	% of Sales	Total # Listings	Month's Supply	12 Months Sales	% of Sales	Total # Listings	Month's Supply
Under \$80K	26	13.7%	17	7.8	37	17.0%	18	5.8
\$80K - \$100K	47	24.7%	22	5.6	53	24.3%	19	4.3
\$100K - \$125K	52	27.4%	19	4.4	54	24.8%	27	6.0
\$125K - \$150K	37	19.5%	6	1.9	38	17.4%	6	1.9
\$150K - \$175K	11	5.8%	6	6.5	23	10.6%	6	3.1
\$175K - \$200K	14	7.4%	2	1.7	7	3.2%	3	5.1
\$200K - \$250K	1	0.5%	2	24.0	2	0.9%		
\$250K - \$300K			1				1	
Over \$300K	2	1.1%	1	6.0	4	1.8%	1	3.0
<b>Totals</b>	<b>190</b>	<b>100.0%</b>	<b>76</b>	<b>4.8</b>	<b>218</b>	<b>100.0%</b>	<b>81</b>	<b>4.5</b>
<b>Change:</b>					<b>15%</b>		<b>7%</b>	
<b>% of Market</b>	<b>10%</b>		<b>12%</b>		<b>10%</b>		<b>15%</b>	

Source: Pikes Peak Association of Realtors; The Genesis Group

**Resale Housing Activity - Riverbend Crossing CMA**  
**Detached Sales by Price Range**  
**12 Months Through Third Quarter - 2004 vs. 2005**

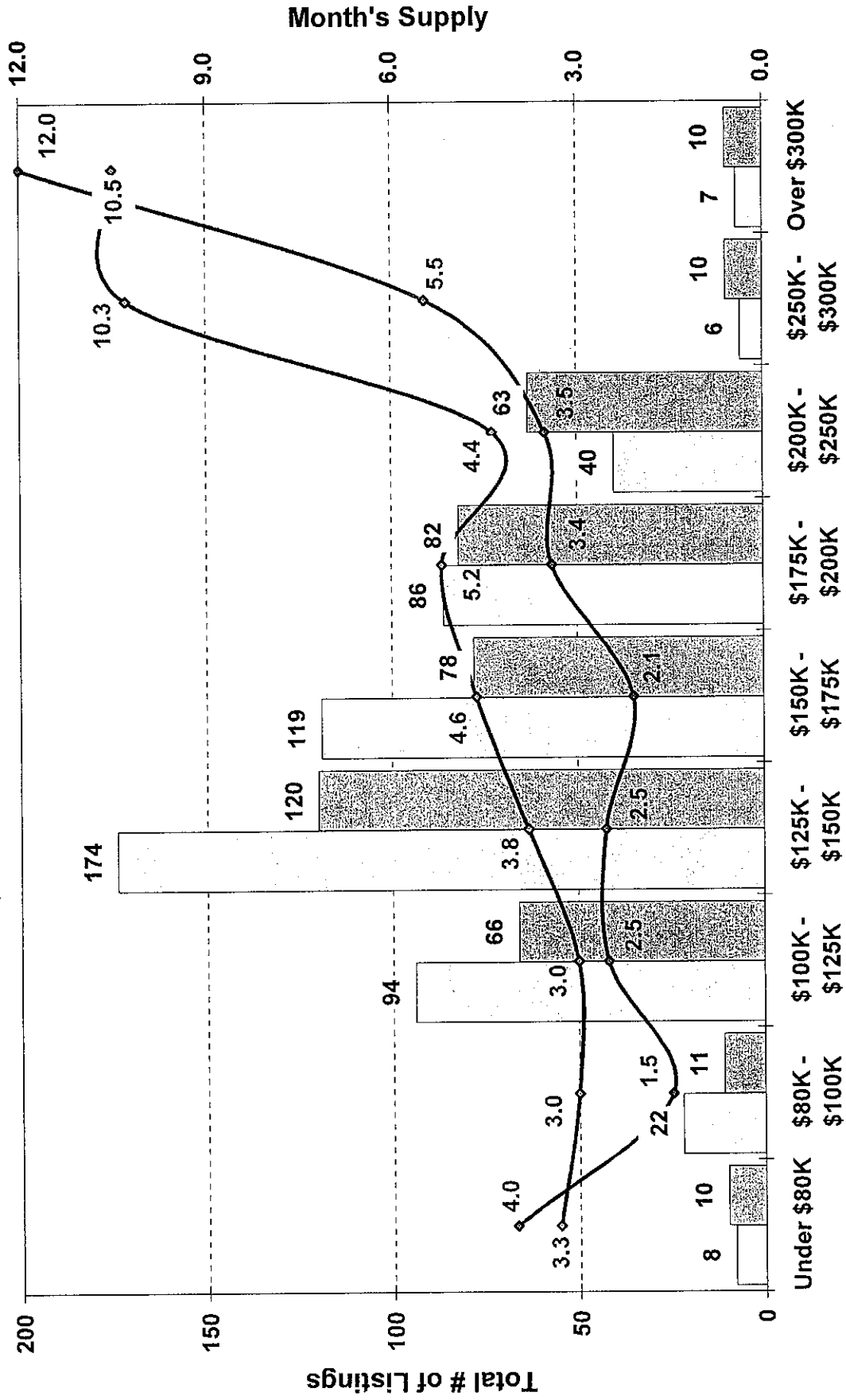


□ Third Quarter 2004 12 Months Sales      ■ Third Quarter 2005 12 Months Sales

Source: The Genesis Group; Pikes Peak Association of Realtors



# Resale Housing Activity - Riverbend Crossing CMA Detached Listings and Month's Supply Third Quarter 2004 vs. Third Quarter 2005



Third Quarter 2004 Total # Listings  
 Third Quarter 2005 Total # Listings  
 Month's Supply 3rd Qtr 2004  
 Month's Supply 3rd Qtr 2005

Source: The Genesis Group; Pikes Peak Association of Realtors

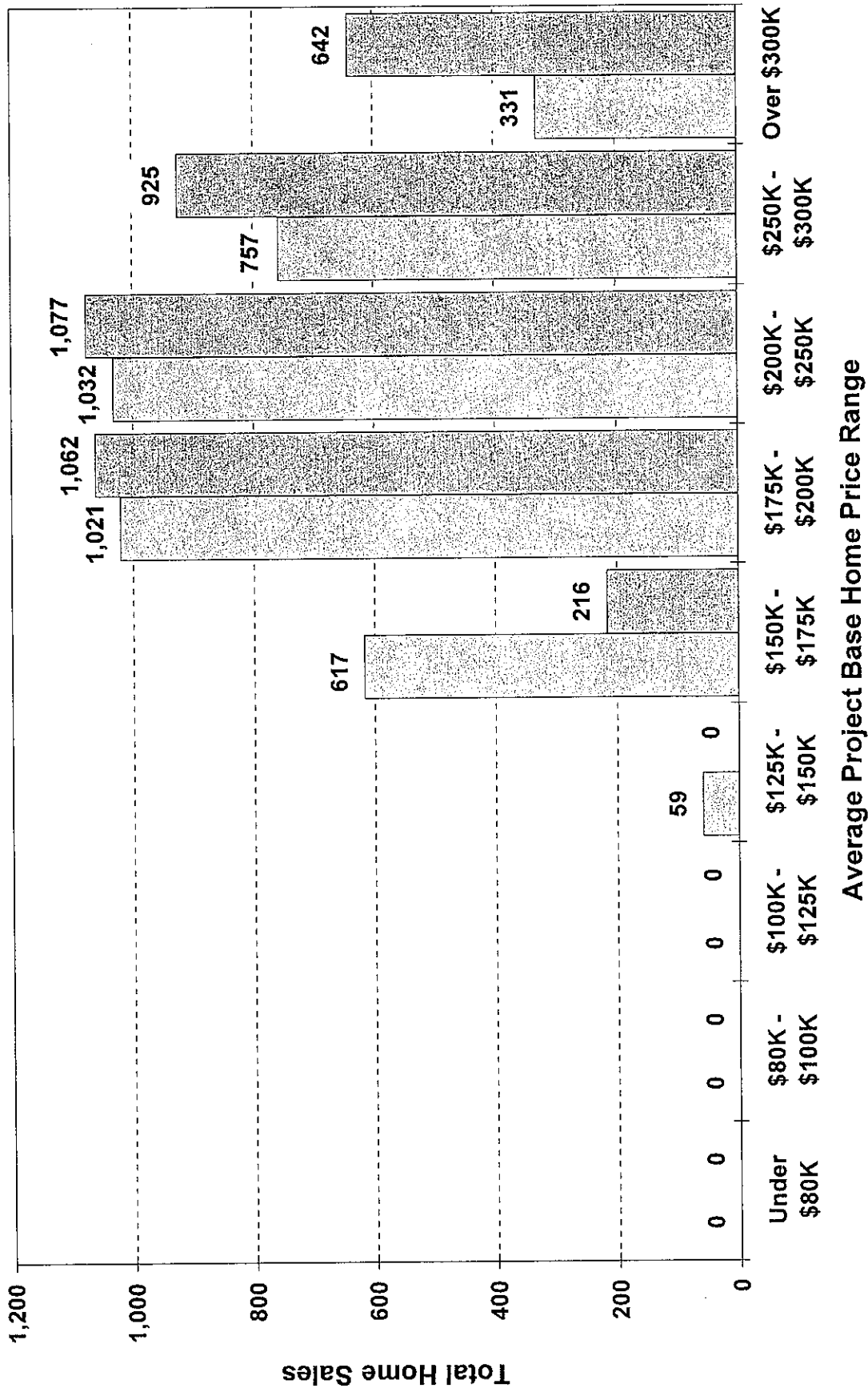
**New Production Housing Activity - El Paso County**  
**12 Months Through Third Quarter - 2004 vs. 2005**

All Production	Third Quarter 2004						Third Quarter 2005					
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project
Under \$80K							45	0.9%	66	1	3.8	1.5
\$80K - \$100K							3	0.1%		1	0.3	
\$100K - \$125K	37	0.8%	8	2	1.5	0.2	5	0.1%		1	0.4	
\$125K - \$150K	169	3.8%	246	9	1.6	1.5	130	2.6%	291	5	2.2	2.2
\$150K - \$175K	831	18.6%	1,849	31	2.2	2.2	592	11.9%	1,201	26	1.9	2.0
\$175K - \$200K	1,143	25.5%	1,651	36	2.6	1.4	1,384	27.8%	1,512	39	3.0	1.1
\$200K - \$250K	1,108	24.7%	1,755	51	1.8	1.6	1,165	23.4%	1,722	51	1.9	1.5
\$250K - \$300K	793	17.7%	1,268	40	1.7	1.6	951	19.1%	1,133	51	1.6	1.2
Over \$300K	397	8.9%	598	39	0.8	1.5	709	14.2%	1,050	53	1.1	1.5
<b>Totals</b>	<b>4,478</b>	<b>100.0%</b>	<b>7,375</b>	<b>208</b>	<b>1.8</b>	<b>1.6</b>	<b>4,984</b>	<b>100.0%</b>	<b>6,975</b>	<b>228</b>	<b>1.8</b>	<b>1.4</b>
<b>Change:</b>							<b>11%</b>		<b>-5%</b>			

Detached	Third Quarter 2004						Third Quarter 2005						
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project	Year's Buildout Supply
Under \$80K													
\$80K - \$100K													
\$100K - \$125K													
\$125K - \$150K	59	1.5%	11	3	1.6	0.2							
\$150K - \$175K	617	16.2%	907	19	2.7	1.5	216	5.5%	294	12	1.5	1.4	
\$175K - \$200K	1,021	26.7%	1,481	31	2.7	1.5	1,062	27.1%	842	27	3.3	0.8	
\$200K - \$250K	1,032	27.0%	1,594	45	1.9	1.5	1,077	27.5%	1,615	44	2.0	1.5	
\$250K - \$300K	757	19.8%	1,187	38	1.7	1.6	925	23.6%	1,058	48	1.6	1.1	
Over \$300K	331	8.7%	506	33	0.8	1.5	642	16.4%	981	47	1.1	1.5	
<b>Totals</b>	<b>3,817</b>	<b>100.0%</b>	<b>5,886</b>	<b>169</b>	<b>1.9</b>	<b>1.5</b>	<b>3,922</b>	<b>100.0%</b>	<b>4,790</b>	<b>178</b>	<b>1.8</b>	<b>1.2</b>	
<b>Change:</b>							<b>3%</b>		<b>-16%</b>				
<b>% of Market</b>	<b>85%</b>		<b>77%</b>	<b>81%</b>			<b>79%</b>		<b>69%</b>	<b>78%</b>			

Attached	Third Quarter 2004						Third Quarter 2005					
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project
Under \$80K							45	4.2%	66	1	3.8	1.5
\$80K - \$100K							3	0.3%		1	0.3	
\$100K - \$125K	37	5.6%	8	2	1.5	0.2	5	0.5%		1	0.4	
\$125K - \$150K	110	16.6%	235	6	1.5	2.1	130	12.2%	291	5	2.2	2.2
\$150K - \$175K	214	32.4%	942	12	1.5	4.4	376	35.4%	907	14	2.2	2.4
\$175K - \$200K	122	18.5%	170	5	2.0	1.4	322	30.3%	670	12	2.2	2.1
\$200K - \$250K	76	11.5%	161	6	1.1	2.1	88	8.3%	107	7	1.0	1.2
\$250K - \$300K	36	5.4%	81	2	1.5	2.3	26	2.4%	75	3	0.7	2.9
Over \$300K	66	10.0%	92	6	0.9	1.4	67	6.3%	69	6	0.9	1.0
<b>Totals</b>	<b>661</b>	<b>100.0%</b>	<b>1,689</b>	<b>39</b>	<b>1.4</b>	<b>2.6</b>	<b>1,062</b>	<b>100.0%</b>	<b>2,185</b>	<b>50</b>	<b>1.8</b>	<b>2.1</b>
<b>Change:</b>							<b>61%</b>		<b>29%</b>			
<b>% of Market</b>	<b>15%</b>		<b>23%</b>	<b>19%</b>			<b>21%</b>		<b>31%</b>	<b>22%</b>		

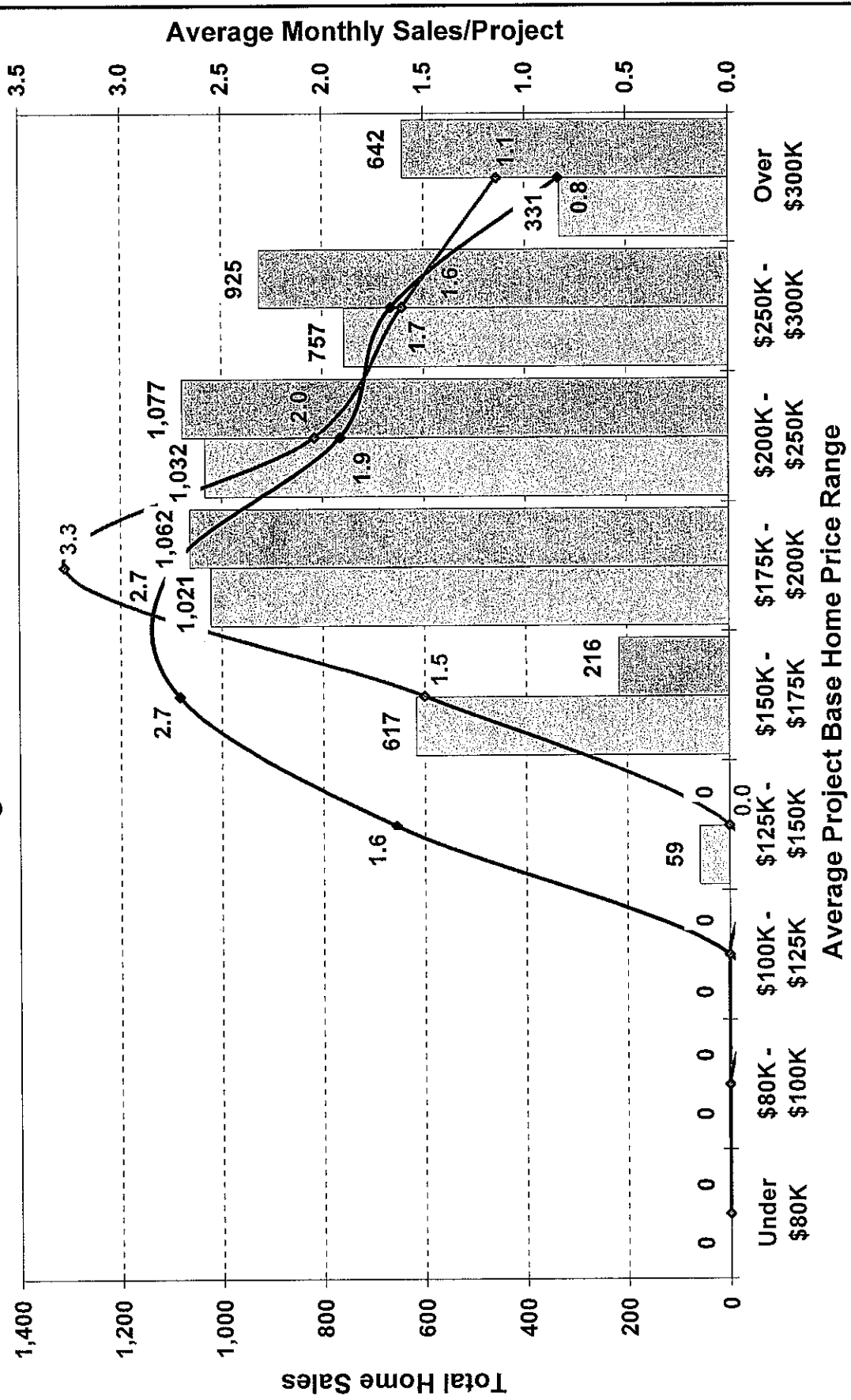
**El Paso County - New Production Built Housing  
 Detached Home Sales in Active Projects  
 12 Months Through Third Quarter - 2004 vs. 2005**



Legend:   
 □ Third Quarter 2004 12 Months Sales   
 ■ Third Quarter 2005 12 Months Sales

Source: The Genesis Group; data compiled by Hanley Wood, LLC

# El Paso County - New Production Built Housing Detached Home Sales and Monthly Sales Per Project 12 Months Through Third Quarter - 2003 vs. 2004

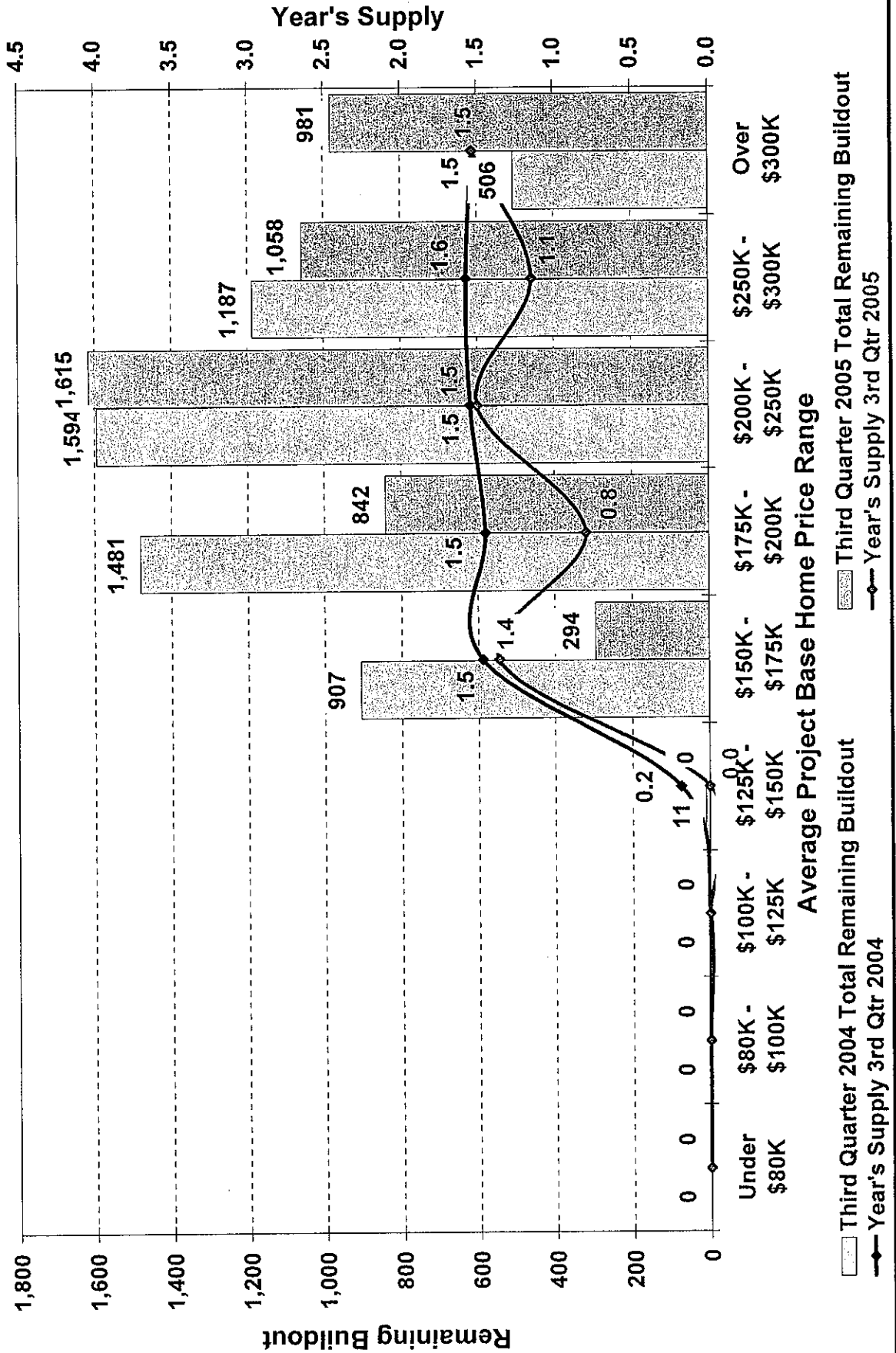


**Average Project Base Home Price Range**

Third Quarter 2004 12 Months Sales  
 Third Quarter 2005 12 Months Sales  
 Third Quarter 2004 12 Months Average Sales Per Project  
 Third Quarter 2005 12 Months Average Sales Per Project

Source: The Genesis Group; data compiled by Hanley Wood, LLC

# El Paso County - New Production Built Housing Unsold Lots & Homes in Active Detached Projects Third Quarter 2004 vs. Third Quarter 2005



Source: The Genesis Group; data compiled by Hanley Wood, LLC

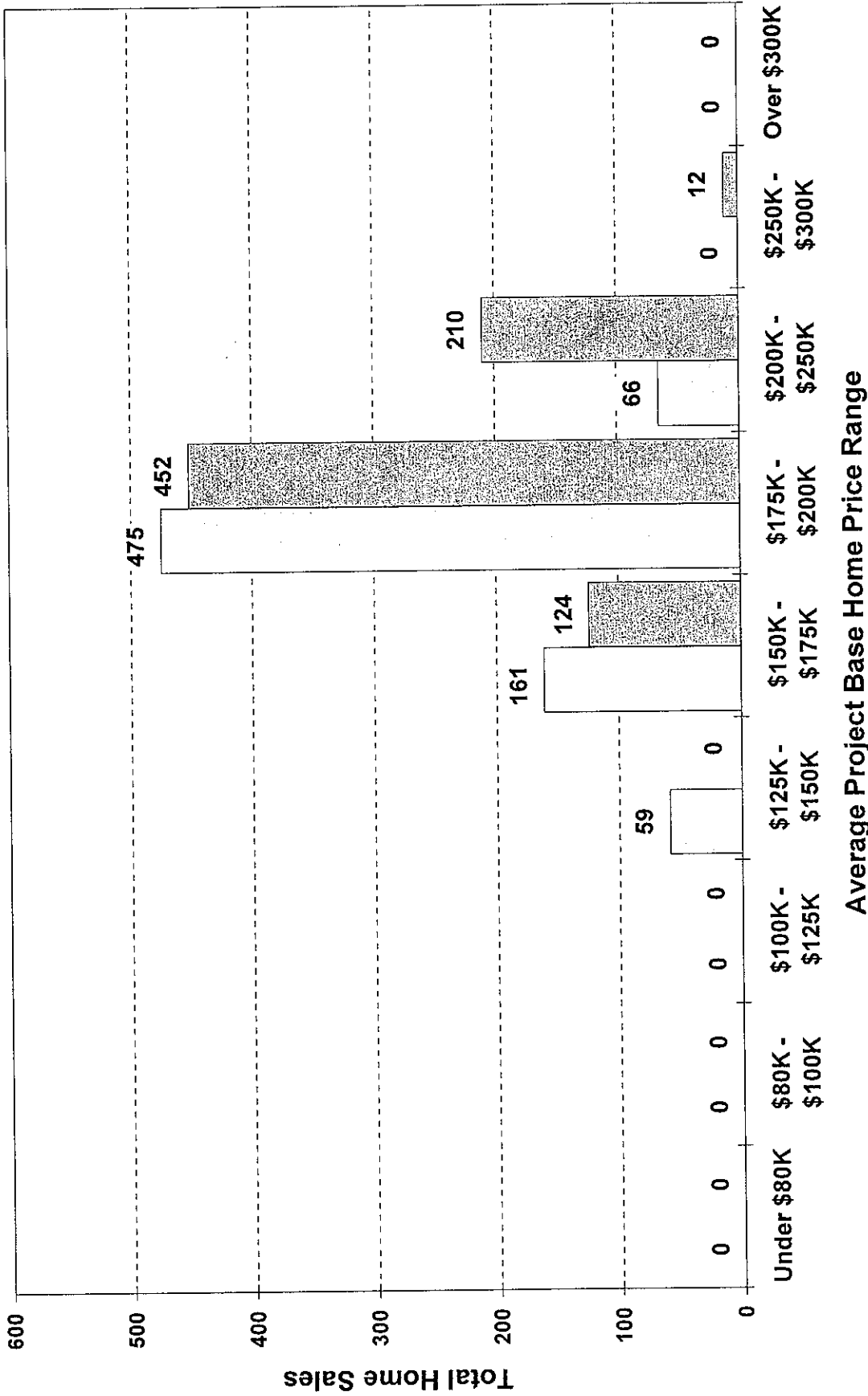
**New Production Housing Activity - Riverbend Crossing CMA**  
**12 Months Through Third Quarter - 2004 vs. 2005**

All Production	Third Quarter 2004						Third Quarter 2005						
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project	Year's Buildout Supply
Under \$80K													
\$80K - \$100K							3	0.3%			1	0.3	
\$100K - \$125K	16	1.9%	3	1	1.3	0.2							
\$125K - \$150K	69	8.1%	161	5	1.2	2.3	71	7.2%	265	3	2.0	3.7	
\$150K - \$175K	210	24.5%	241	9	1.9	1.1	224	22.6%	351	10	1.9	1.6	
\$175K - \$200K	495	57.8%	903	13	3.2	1.8	471	47.5%	243	11	3.6	0.5	
\$200K - \$250K	66	7.7%	131	4	1.4	2.0	210	21.2%	479	9	1.9	2.3	
\$250K - \$300K							12	1.2%	67	2	0.5	5.6	
Over \$300K													
<b>Totals</b>	<b>856</b>	<b>100.0%</b>	<b>1,439</b>	<b>32</b>	<b>2.2</b>	<b>1.7</b>	<b>991</b>	<b>100.0%</b>	<b>1,405</b>	<b>36</b>	<b>2.3</b>	<b>1.4</b>	
<b>Change:</b>							<b>16%</b>		<b>-2%</b>				

Detached	Third Quarter 2004						Third Quarter 2005						
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project	Year's Buildout Supply
Under \$80K													
\$80K - \$100K													
\$100K - \$125K													
\$125K - \$150K	59	7.8%	11	3	1.6	0.2							
\$150K - \$175K	161	21.2%	179	7	1.9	1.1	124	15.5%	142	7	1.5	1.1	
\$175K - \$200K	475	62.4%	872	12	3.3	1.8	452	56.6%	231	10	3.8	0.5	
\$200K - \$250K	66	8.7%	131	4	1.4	2.0	210	26.3%	479	9	1.9	2.3	
\$250K - \$300K							12	1.5%	67	2	0.5	5.6	
Over \$300K													
<b>Totals</b>	<b>761</b>	<b>100.0%</b>	<b>1,193</b>	<b>26</b>	<b>2.4</b>	<b>1.6</b>	<b>798</b>	<b>100.0%</b>	<b>919</b>	<b>28</b>	<b>2.4</b>	<b>1.2</b>	
<b>Change:</b>							<b>5%</b>		<b>-23%</b>				
<b>% of Market</b>	<b>89%</b>		<b>83%</b>	<b>81%</b>			<b>81%</b>		<b>65%</b>	<b>78%</b>			

Attached	Third Quarter 2004						Third Quarter 2005						
	Average Project Price Range	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2004	Sales/Mo per Active Project	Year's Buildout Supply	12 Months Sales	% of Sales	Total Remaining Buildout	# Active Projects 12 Months 3rd Qtr 2005	Sales/Mo per Active Project	Year's Buildout Supply
Under \$80K													
\$80K - \$100K							3	1.6%			1	0.3	
\$100K - \$125K	16	16.8%	3	1	1.3	0.2							
\$125K - \$150K	10	10.5%	150	2	0.4	15.0	71	36.8%	265	3	2.0	3.7	
\$150K - \$175K	49	51.6%	62	2	2.0	1.3	100	51.8%	209	3	2.8	2.1	
\$175K - \$200K	20	21.1%	31	1	1.7	1.6	19	9.8%	12	1	1.6	0.6	
\$200K - \$250K													
\$250K - \$300K													
Over \$300K													
<b>Totals</b>	<b>95</b>	<b>100.0%</b>	<b>246</b>	<b>6</b>	<b>1.3</b>	<b>2.6</b>	<b>193</b>	<b>100.0%</b>	<b>486</b>	<b>8</b>	<b>2.0</b>	<b>2.5</b>	
<b>Change:</b>							<b>103%</b>		<b>98%</b>				
<b>% of Market</b>	<b>11%</b>		<b>17%</b>	<b>19%</b>			<b>19%</b>		<b>35%</b>	<b>22%</b>			

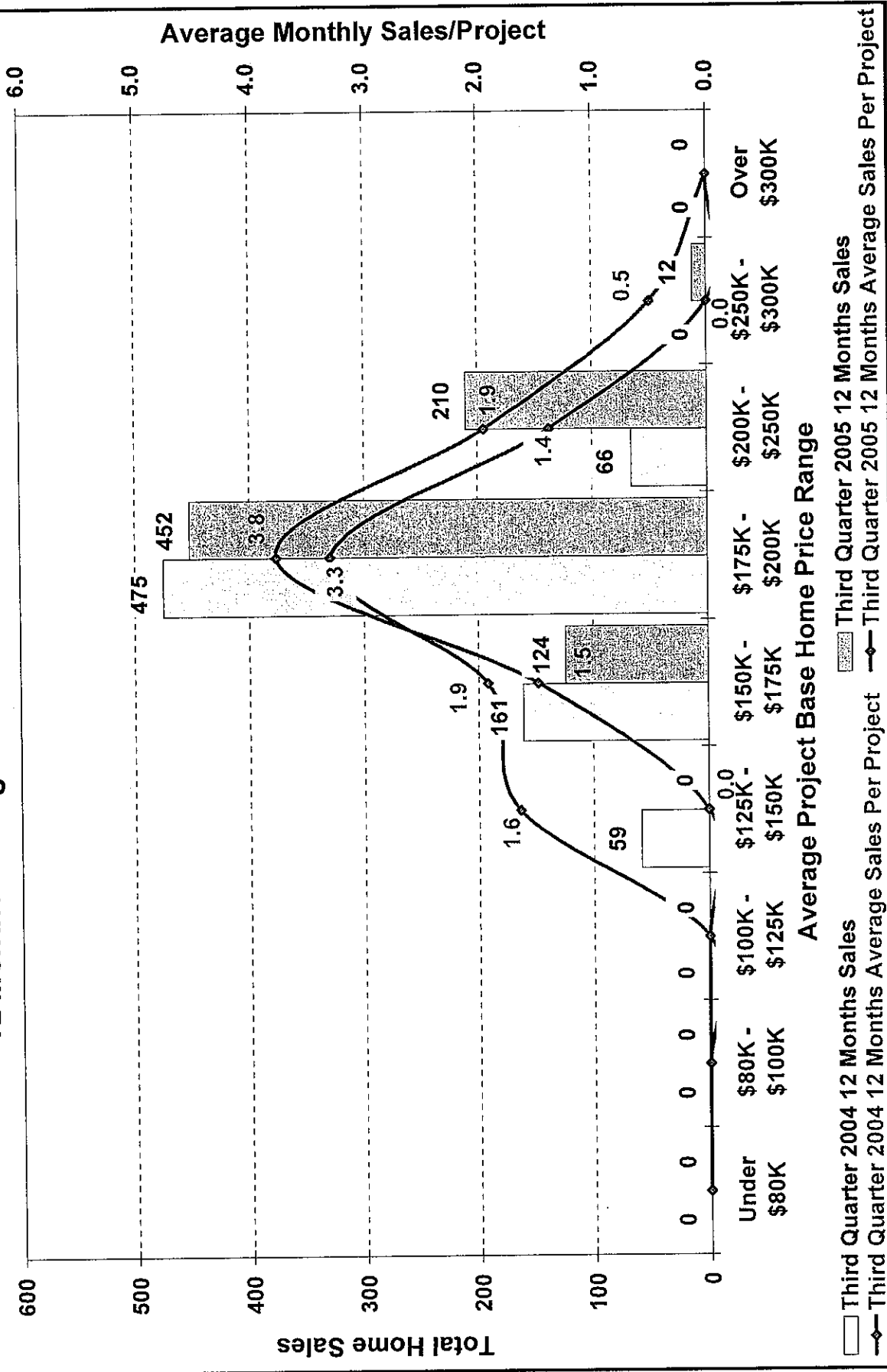
**Riverbend Crossing CMA New Production Built Housing  
 Detached Home Sales in Active Projects  
 12 Months Through Third Quarter - 2004 vs. 2005**



□ Third Quarter 2004 12 Months Sales      ■ Third Quarter 2005 12 Months Sales

Source: The Genesis Group; data compiled by Hanley Wood, LLC

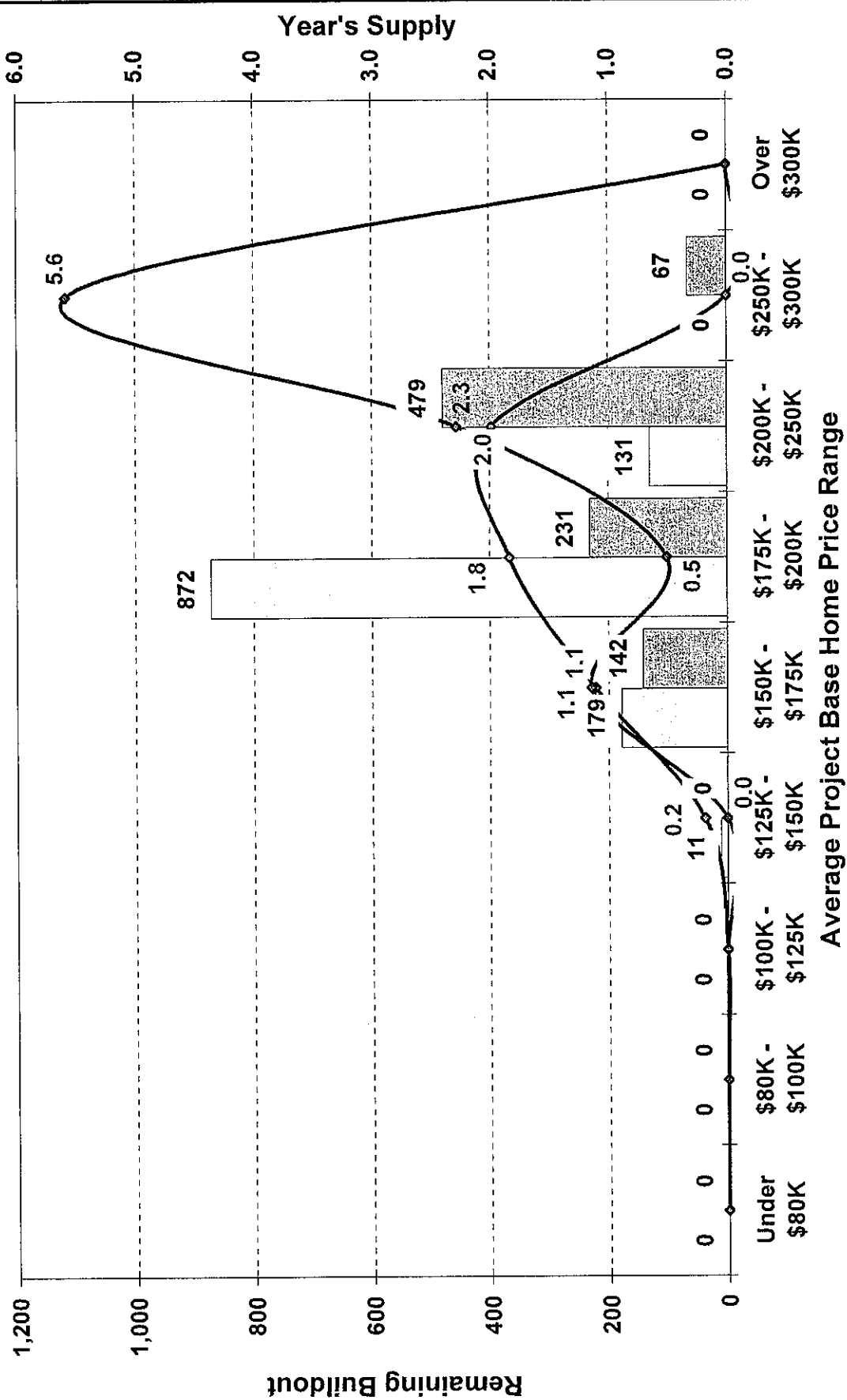
**Riverbend Crossing CMA New Production Built Housing  
 Detached Home Sales and Monthly Sales Per Project  
 12 Months Through Third Quarter - 2004 vs. 2005**



Source: The Genesis Group; data compiled by Hanley Wood, LLC



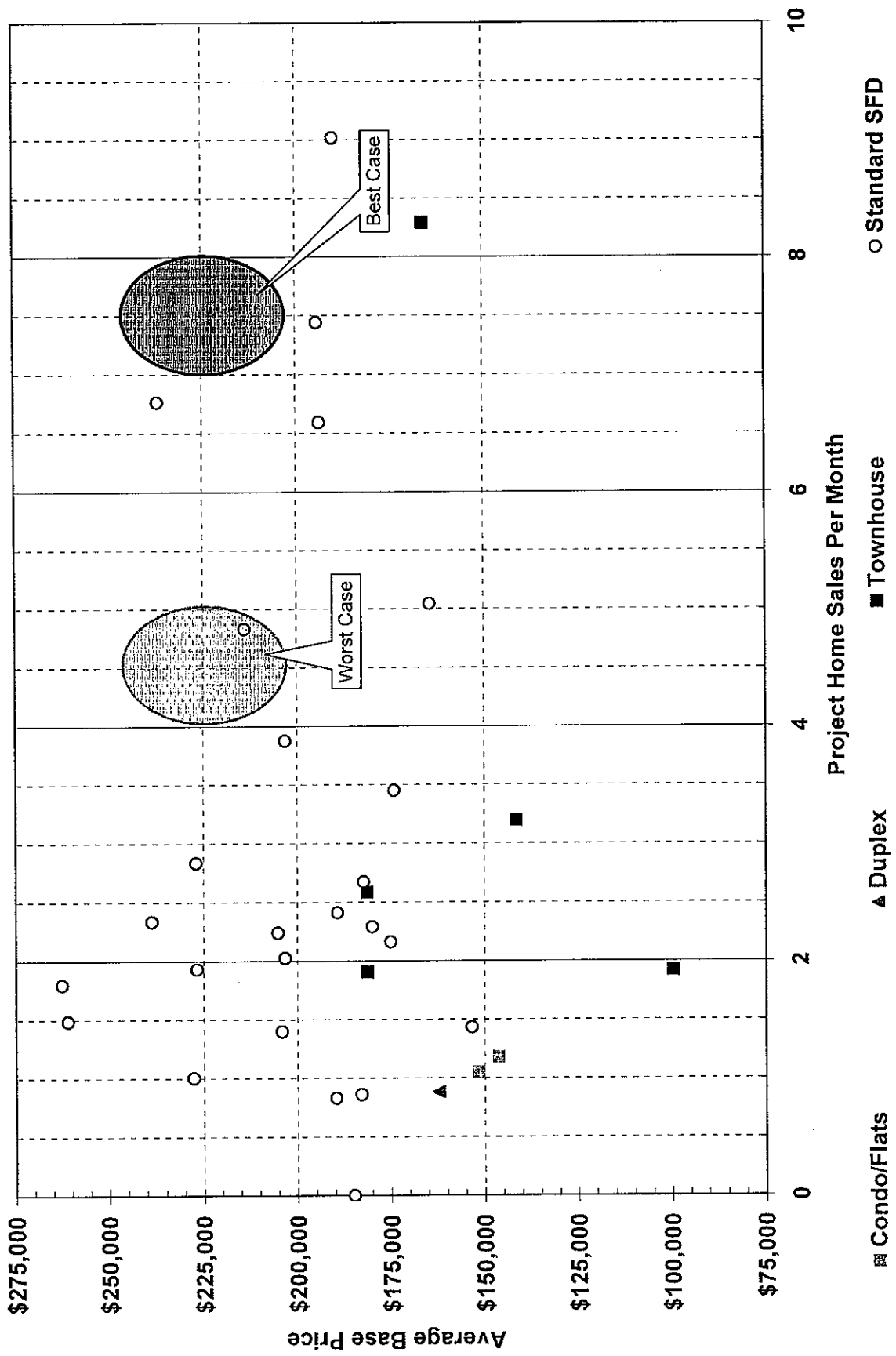
# Riverbend Crossing CMA New Production Built Housing Unsold Lots & Homes in Active Detached Projects Third Quarter 2004 vs. Third Quarter 2005



Third Quarter 2004 Total Remaining Buildout  
 Third Quarter 2005 Total Remaining Buildout  
 Year's Supply 3rd Qtr 2004  
 Year's Supply 3rd Qtr 2005

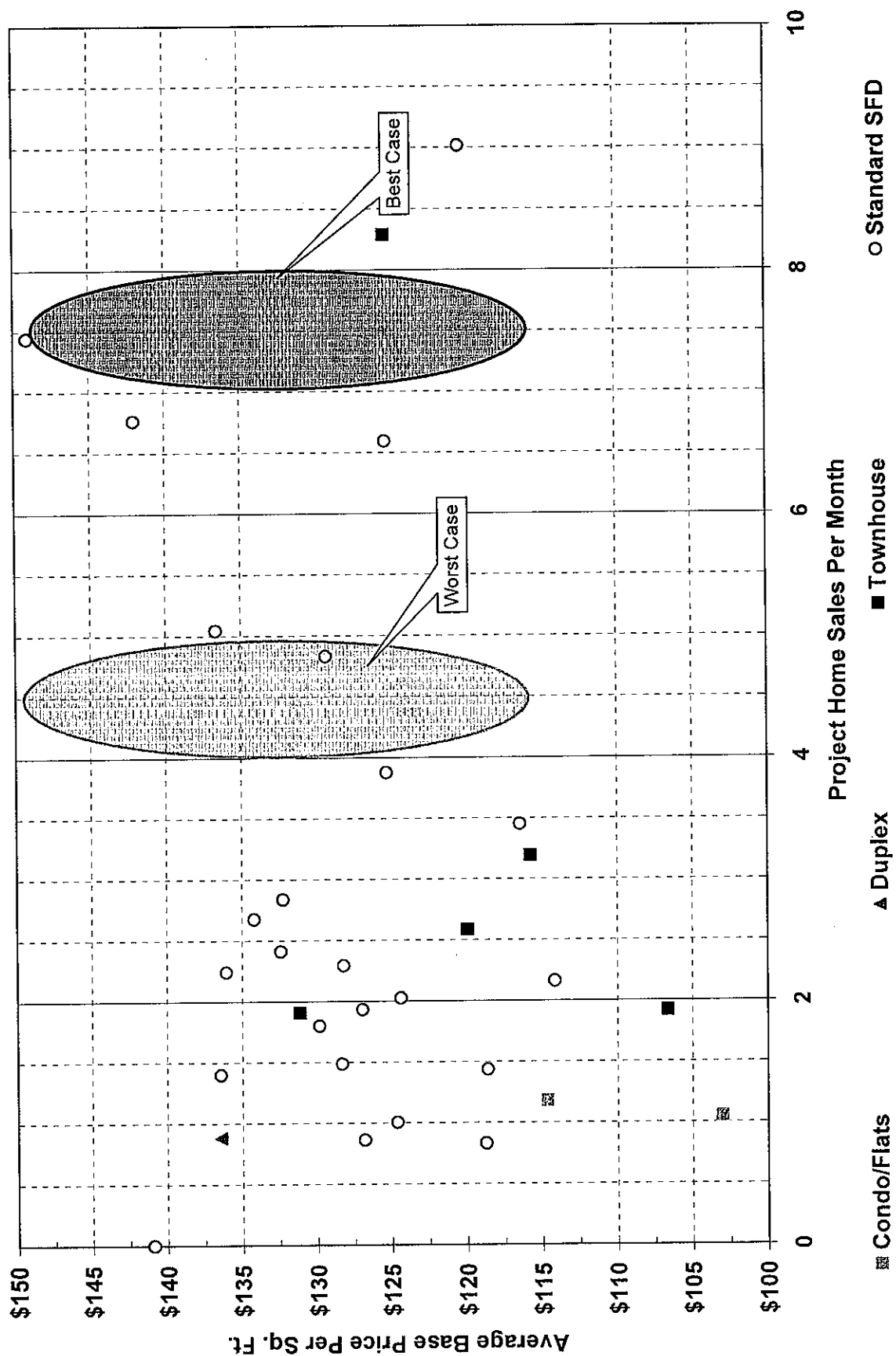
Source: The Genesis Group; data compiled by Hanley Wood, LLC

**ABSORPTION INDICATIONS FOR RIVERBEND CROSSING CMA  
ACTIVE PROJECTS BY PRODUCT TYPE AND AVERAGE BASE PRICE  
THIRD QUARTER 2005 - With Recommended Pricing**



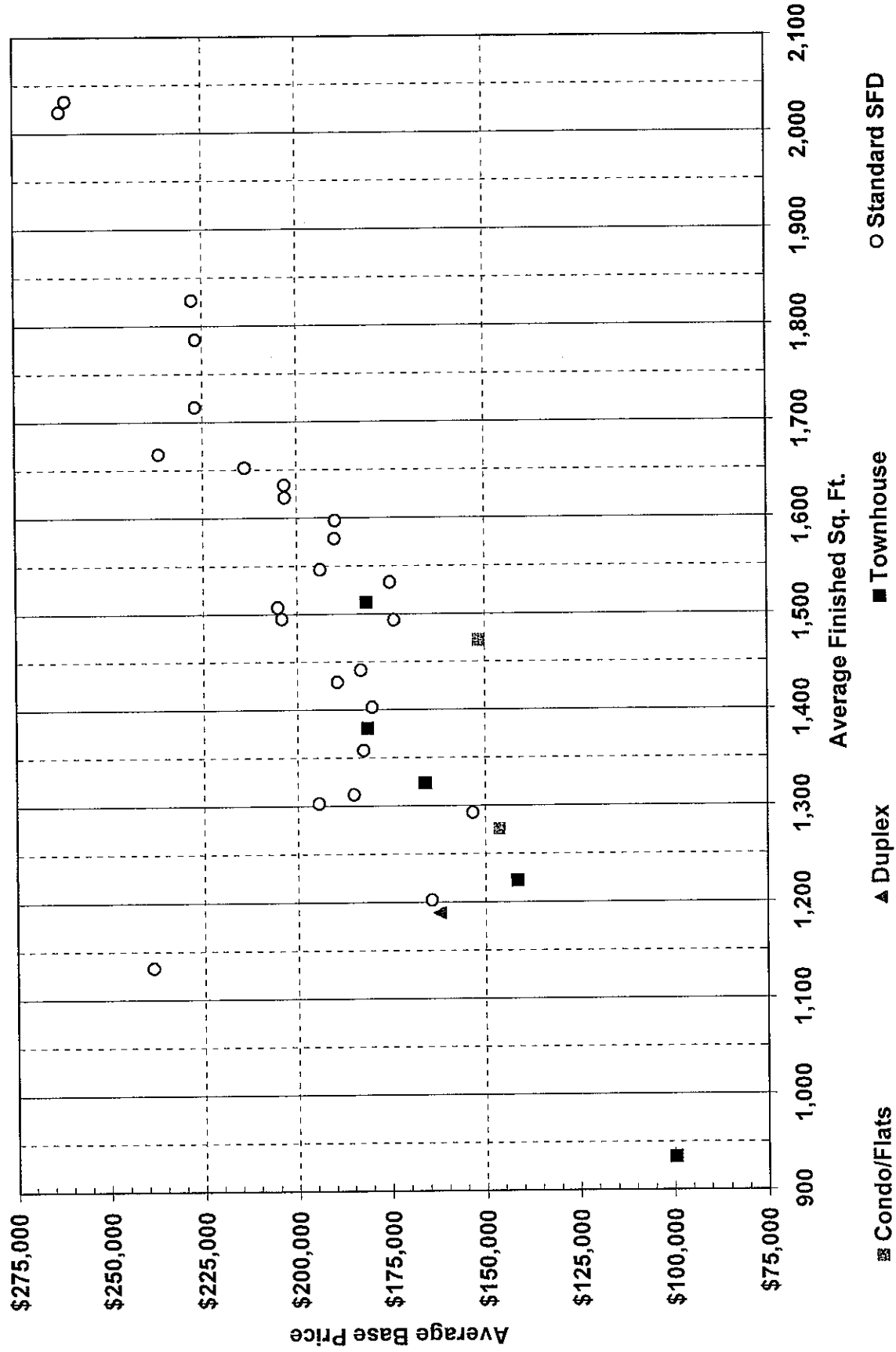
Sources: The Genesis Group; data compiled by Hanley Wood, LLC

**ABSORPTION INDICATIONS FOR RIVERBEND CROSSING CMA**  
**ACTIVE PROJECTS BY PRODUCT TYPE AND AVERAGE PRICE PER SQUARE FOOT**  
**THIRD QUARTER 2005 - With Recommended Pricing**



Sources: The Genesis Group; data compiled by Hanley Wood, LLC

**HOME PRICE / HOME SIZE INDICATIONS FOR RIVERBEND CROSSING CMA  
ACTIVE PROJECTS BY PRODUCT TYPE  
THIRD QUARTER 2005**

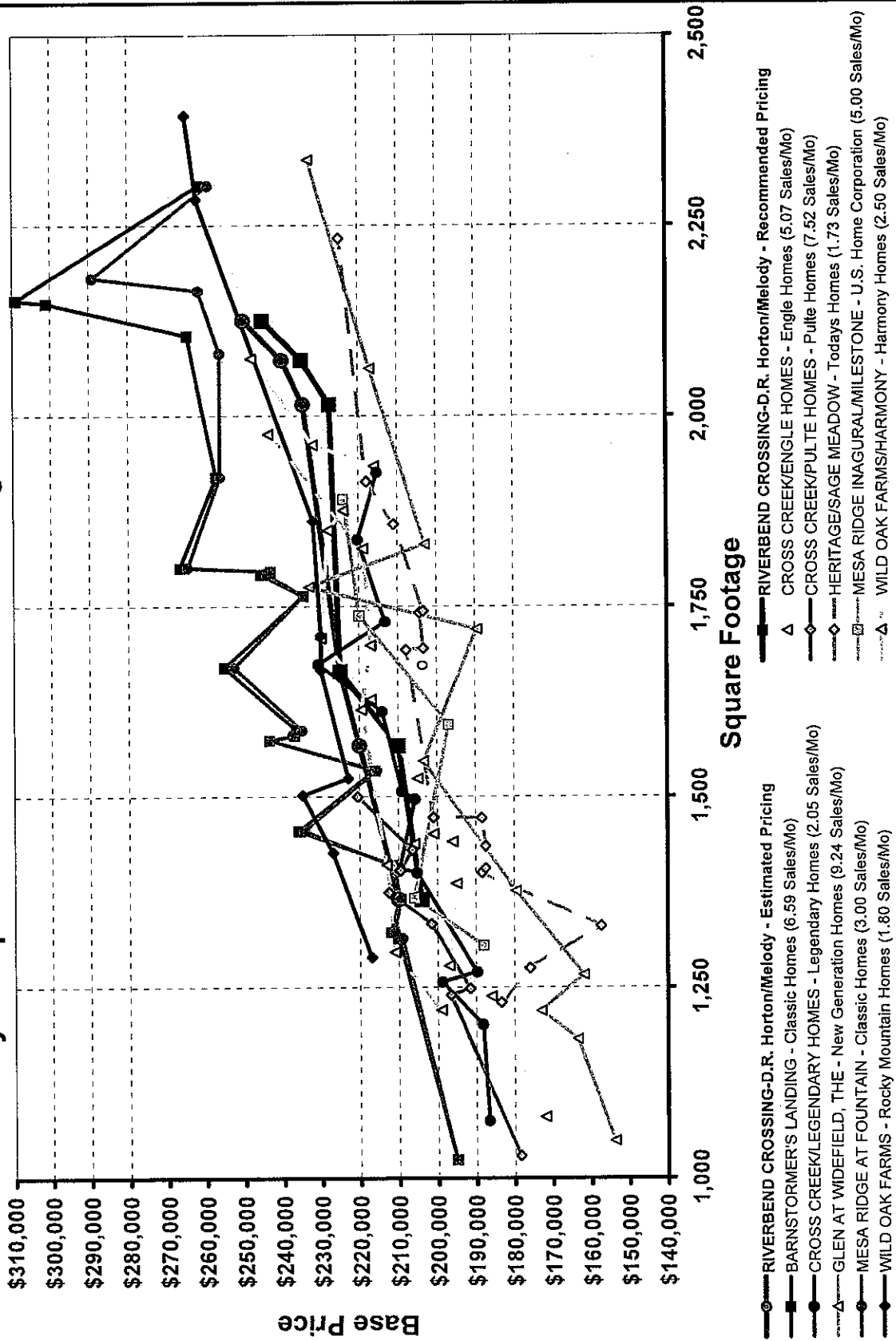


Sources: The Genesis Group; data compiled by Hanley Wood, LLC

**New Production Built Housing Project Summary - Riverbend Crossing CIMA**  
 All Genesis Data Sources - 12 Months Through Third Quarter 2005

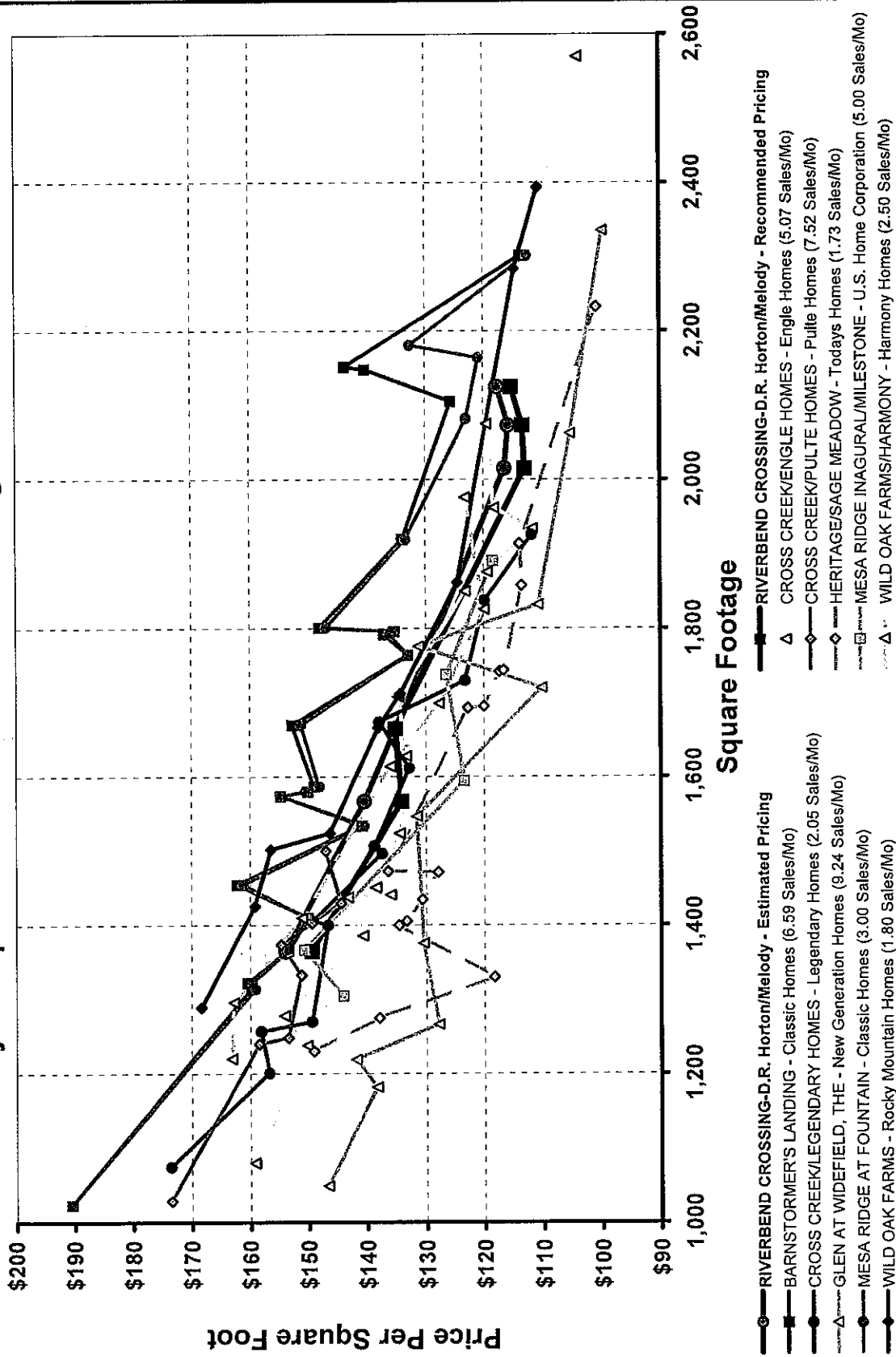
Project Name	Builder Name	Opened	YTD Sales Rate	Overall Sales Rate	Minimum Base Price	Maximum Base Price	Average Base Home Price	Minimum Sq. Ft.	Maximum Sq. Ft.	Average Plan Size	Average Price per Sq. Ft.	Total Inventory	Total Units Unsold	Total Units Planned	YTD Sales	Product Type	Submarket
SILVER LAKE SPRINGS	Harmony Homes	5/9/2004	1.23	1.05	\$145,000	\$180,000	\$151,697	1,388	1,824	1,572	\$103.01	10	76	86	15	Condo/Flats	Colorado Springs South
SPRING CREEK VILLAS	Spring Creek Villas, LLC	4/15/2004	1.15	1.18	\$142,000	\$148,950	\$146,249	1,164	1,224	1,194	\$114.65	7	43	64	14	Condo/Flats	Colorado Springs South
WINDMILL CREEK	Sundance Builders	8/19/2002	0.69	0.68	\$130,000	\$144,950	\$137,425	1,164	1,224	1,194	\$116.34	7	43	64	14	Duplex/Triplex	Fountain
COUNTRYSIDE TOWNHOMES PULTE	Pulco Construction Co.	2/15/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Fountain
HEIGHTS AT CROSS CREEK (PULTE)	Pulte Homes	2/15/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Fountain
LEGACY RIDGE	W.A. Homes	1/15/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Fountain
LEGACY RIDGE AT CHEYENNE MOUNTAIN	Mountain Star Construction	1/15/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SPRING CREEK TOWNHOMES	Starline Homes (Blazer Homes)	2/22/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
BARNSTORMER'S LANDING	Starline Homes (Blazer Homes)	2/22/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
CHEYENNE RIDGE/HARMONY	Harmony Homes	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
CHEYENNE RIDGE/ARROYO	Harmony Homes	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
COTTONWOOD MEADOWS/GOLD & SILVER	Rocky Mountain Homes	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
CROSS CREEK AT MESA RIDGE	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
CROSS CREEK/LEGACY HOMES	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
CROSS CREEK/PULTE HOMES	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
FOUNTAIN MESA	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
GLORIAT WOODFIELD, THE	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
HERITAGE/BARGE MEADOWMANOR & CASTLE	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
HERITAGE/SEASONS & FREEDOM	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
HIGH GATE FARMS/GREYSTONE	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
HIGH GATE FARMS/GENDRON	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
PILES PARK/TODAY'S HOMES	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SOARING EAGLES	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SPRING CREEK/CLASSIC HOMES	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SPRING CREEK/PHASE 1	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SPRING CREEK/THE MAPLE STREET COLLECTION	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
STRATMORR HEIGHTS	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
SUNRISE TERRACE/PHASE #2	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South
WILLOW CREEK/FARMHARMONY	U.S. Home Companion	1/17/2004	0.42	0.32	\$139,995	\$147,995	\$141,486	1,040	1,360	1,224	\$115.74	12	144	186	42	Townhouse	Colorado Springs South

# Competitive Product Positioning - Base Price Primary Competitors to Riverbend Crossing - December 2005



Sources: The Genesis Group, data compiled by Hanley Wood, LLC formerly The Meyers Group

# Competitive Product Positioning - Price Per Square Foot Primary Competitors to Riverbend Crossing - December 2005



Sources: The Genesis Group, data compiled by Hanley Wood, LLC formerly The Meyers Group





Project Name	Product Type	Area	Price	Area	Price	Area	Price	Area	Price	Area	Price	Area	Price	Area	Price	Area	Price	Area	Price	
SUNNYVALE, THE - New Generation Homes (133 Bldg)	Semi-Attached	Garage	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Living	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bedroom	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bath	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Kitchen	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Breakfast	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Dining	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Living	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bedroom	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bath	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
SUNNYVALE, THE - New Generation Homes (133 Bldg)	Semi-Attached	Garage	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Living	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bedroom	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bath	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Kitchen	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Breakfast	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Dining	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Living	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bedroom	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100
		Bath	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100	\$10,000	1,100	\$11,000	1,100

**Riverbend Crossing CMA**  
**Detached Lots Finished & Under Development - Third Quarter 2005**

Area	Market Area	Genesis Subarea	Subdivision	Section	Sales Status		Grand Total
					Act	Fut	
Colorado Springs	Fountain	Fountain	Cross Creek @ Mesa Ridge	Filing 1 - Pulte	6		6
				Filing 2 - Lennar	3		3
				Filing 3	78		78
				Filing 3 - US Home	4		4
				Future		1,315	1,315
				Filing 3 - Pulte	2		2
				Filing 3 - Engle	23		23
				Filing 1 - Lennar	1		1
				Filing 2 - Engle	25		25
				Filing 1 - Engle	8		8
				Filing 1 - Legendary	4		4
				Filing 3 - Legendary	4		4
				Filing 2 - Todays	4		4
			Barnstormers Landing	Filing 1	92		92
			Heritage	Filing 13 - Todays	54		54
				Filing 13 - Richmond	22		22
				Filing 13 - Rocky Mountain	3		3
			High Gate Farms	Filing 1	4		4
				Filing 2	1		1
				Filing 1 - Creekstone	16		16
				Filing 2 - Creekstone	22		22
				Filing 2 - Gendron	19		19
			Widefield / The Glen	Filing 1	4		4
				Filing 4 (60')	32		32
				Filing 4 (70')	25		25
			Freedom Heights	Filing 1		51	51
			Stratmoor Heights	Filing 1	45		45
			Wild Oak Farms	Filing 4 - Fountain Mesa	9		9
				Filing 4 - Rocky Mountain	8		8
				Filing 4 - Harmony	1		1
			Windmill Creek (Patio) (CS)	Filing 1	10		10
			Valley Ranch	Filing 1	8		8
			Bradley Heights	Filing 2	8		8
Cheyenne Ridge	Filing 1 - Richmond American	4		4			
Cottonwood Meadows	Filing 1 (90')	1		1			
	Filing 1 (78')	3		3			
Sunrise Terrace	Filing 1	1		1			
<b>Fountain Total</b>					<b>561</b>	<b>1,366</b>	<b>1,927</b>
<b>Fountain Total</b>					<b>561</b>	<b>1,366</b>	<b>1,927</b>
South Colorado Springs	Colorado Springs South	Spring Creek (CS)	Filing 1 - John Laing	2		2	
			Filing 1 - Pulte (40')	1		1	
			Filing 4 - Beazer	15		15	
			Filing 5 - John Laing	7		7	
			Filing 6 - John Laing	10		10	
			Filing 6 - Todays	18		18	
			Filing 5 - Todays	29		29	
			Silver Hawk	Filing 1	48		48
Colonial Park	Filing 1	20		20			
<b>Colorado Springs South Total</b>					<b>150</b>		<b>150</b>
<b>South Colorado Springs Total</b>					<b>150</b>		<b>150</b>
<b>Colorado Springs Total</b>					<b>711</b>	<b>1,366</b>	<b>2,077</b>
<b>Grand Total</b>					<b>711</b>	<b>1,366</b>	<b>2,077</b>

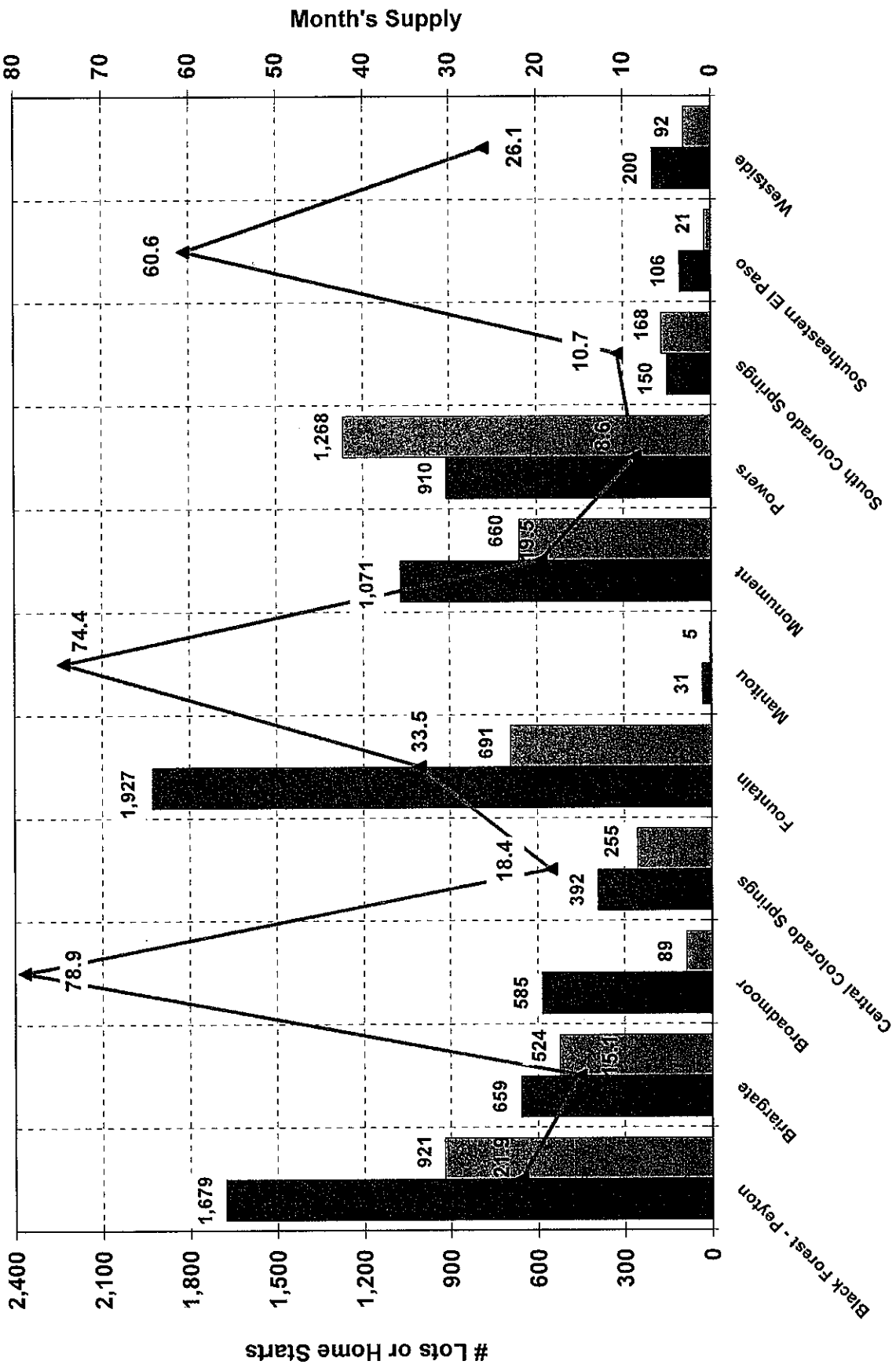
**Riverbend Crossing CMA**  
**Detached Lots Finished & Under Development by Size - Third Quarter 2005**

Lots Finished/UD		Lot Size							Grand
Genesis Subarea	Subdivision	:49	50:59	60:69	70:79	80:89	90:	(blank)	Total
Fountain	Cottonwood Meadows				3		1		4
	Heritage		79						79
	Sunrise Terrace		1						1
	Widefield / The Glen			35	25				61
	High Gate Farms				42	27			69
	Cross Creek @ Mesa Ridge		162					1,315	1,477
	Valley Ranch						8		8
	Cheyenne Ridge			4					4
	Bradley Heights			8					8
	Windmill Creek (Patio) (CS)		10						10
	Freedom Heights			51					51
	Stratmoor Heights			45					45
	Wild Oak Farms			18					18
Barnstormers Landing			92					92	
<b>Fountain Total</b>		<b>10</b>	<b>242</b>	<b>254</b>	<b>70</b>	<b>27</b>	<b>9</b>	<b>1,315</b>	<b>1,927</b>
<b>Fountain Total</b>		<b>10</b>	<b>242</b>	<b>254</b>	<b>70</b>	<b>27</b>	<b>9</b>	<b>1,315</b>	<b>1,927</b>
Colorado Springs South	Colonial Park			20					20
	Spring Creek (CS)		82						82
	Silver Hawk		48						48
	<b>Colorado Springs South Total</b>		<b>130</b>		<b>20</b>				
<b>South Colorado Springs Total</b>		<b>130</b>		<b>20</b>					<b>150</b>
<b>Colorado Springs Total</b>		<b>140</b>	<b>242</b>	<b>274</b>	<b>70</b>	<b>27</b>	<b>9</b>	<b>1,315</b>	<b>2,077</b>
<b>Grand Total</b>		<b>140</b>	<b>242</b>	<b>274</b>	<b>70</b>	<b>27</b>	<b>9</b>	<b>1,315</b>	<b>2,077</b>

**Riverbend Crossing CMA  
 Detached Future Lots - Not Under Development - Third Quarter 2005**

Future Lots Undeveloped			Lot Status		
Genesis Subarea	Subdivision	Section	Paper Lots	Vacant - Unplatted	Grand Total
Fountain	Mesa Ridge	Filing 1	41		41
		Future		1,819	1,819
	Lorson Ranch	Future		1,500	1,500
	Countryside South	Future		680	680
	Cumberland Green	Filing 1		462	462
	Widefield / The Glen	Future Filing 5		278	278
	Countryside North	Future		186	186
	Barnstormers Landing	Future Filing 2		132	132
	Pradera	Future Filing 1		69	69
	Country Living	Future		36	36
	Wild Oak Farms	Filing 4 - Fountain Mesa Filing 4 - Harmony		27	27
				5	5
	Sunrise Terrace	Filing 3	25		25
Heritage	Future Filing 14		23	23	
<b>Fountain Total</b>			<b>66</b>	<b>5,217</b>	<b>6,283</b>
<b>Fountain Total</b>			<b>66</b>	<b>5,217</b>	<b>6,283</b>
Colorado Springs South	Spring Creek (CS)	Future Filing 7		39	39
		Future Filing 8		57	57
	Sierra Springs	Future		88	88
	Zebulon	Filing 1	9		9
<b>Colorado Springs South Total</b>			<b>9</b>	<b>184</b>	<b>193</b>
<b>South Colorado Springs Total</b>			<b>9</b>	<b>184</b>	<b>193</b>
<b>Grand Total</b>			<b>75</b>	<b>6,401</b>	<b>6,476</b>

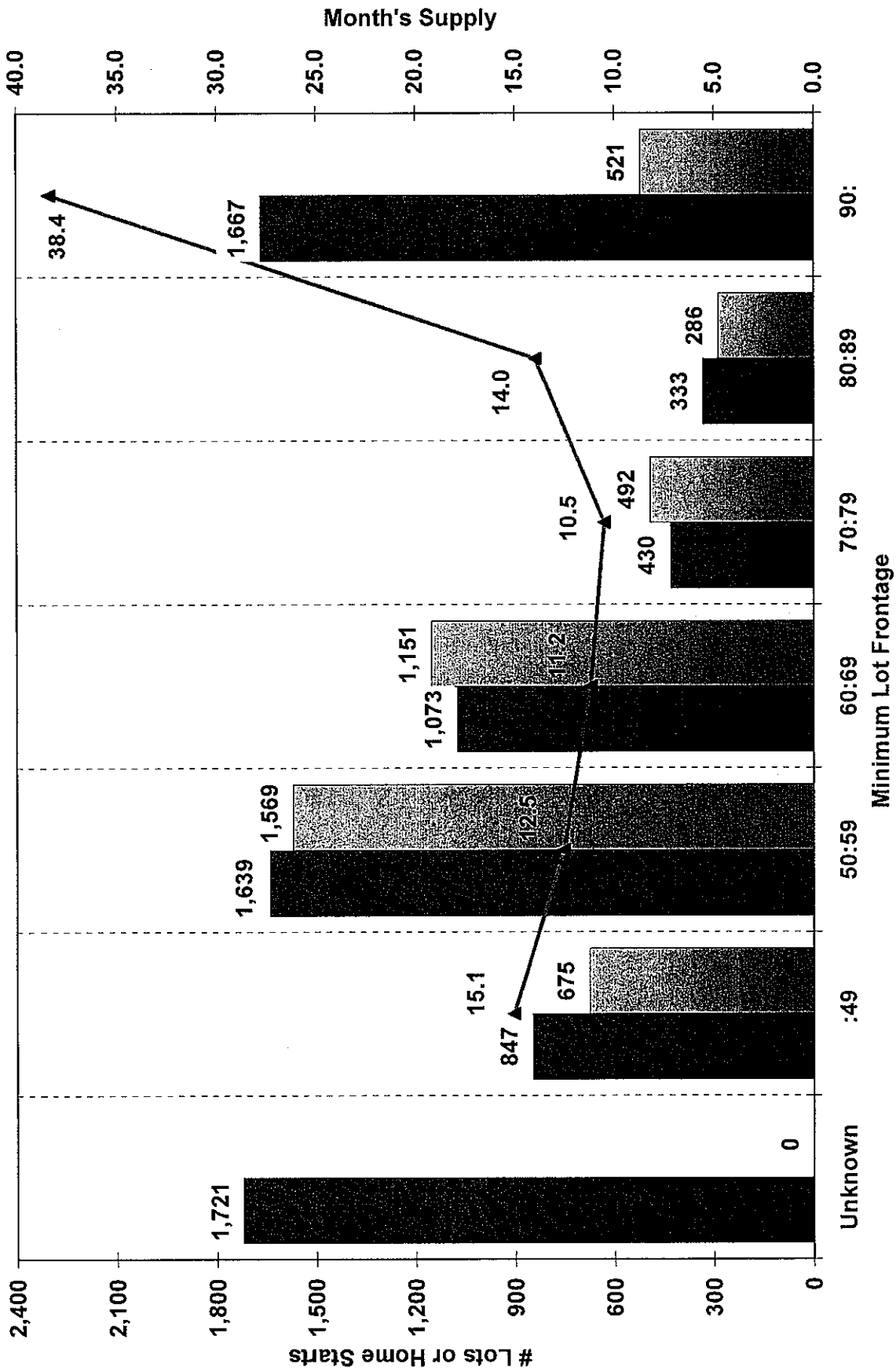
# Detached Lot Supply - Lots Finished or Under Development El Paso County Market Areas - Third Quarter 2005



Lots Finished or Under Development
  12 Months New Home Starts
  Month's Supply

Sources: The Genesis Group; data provided by American MetroStudy

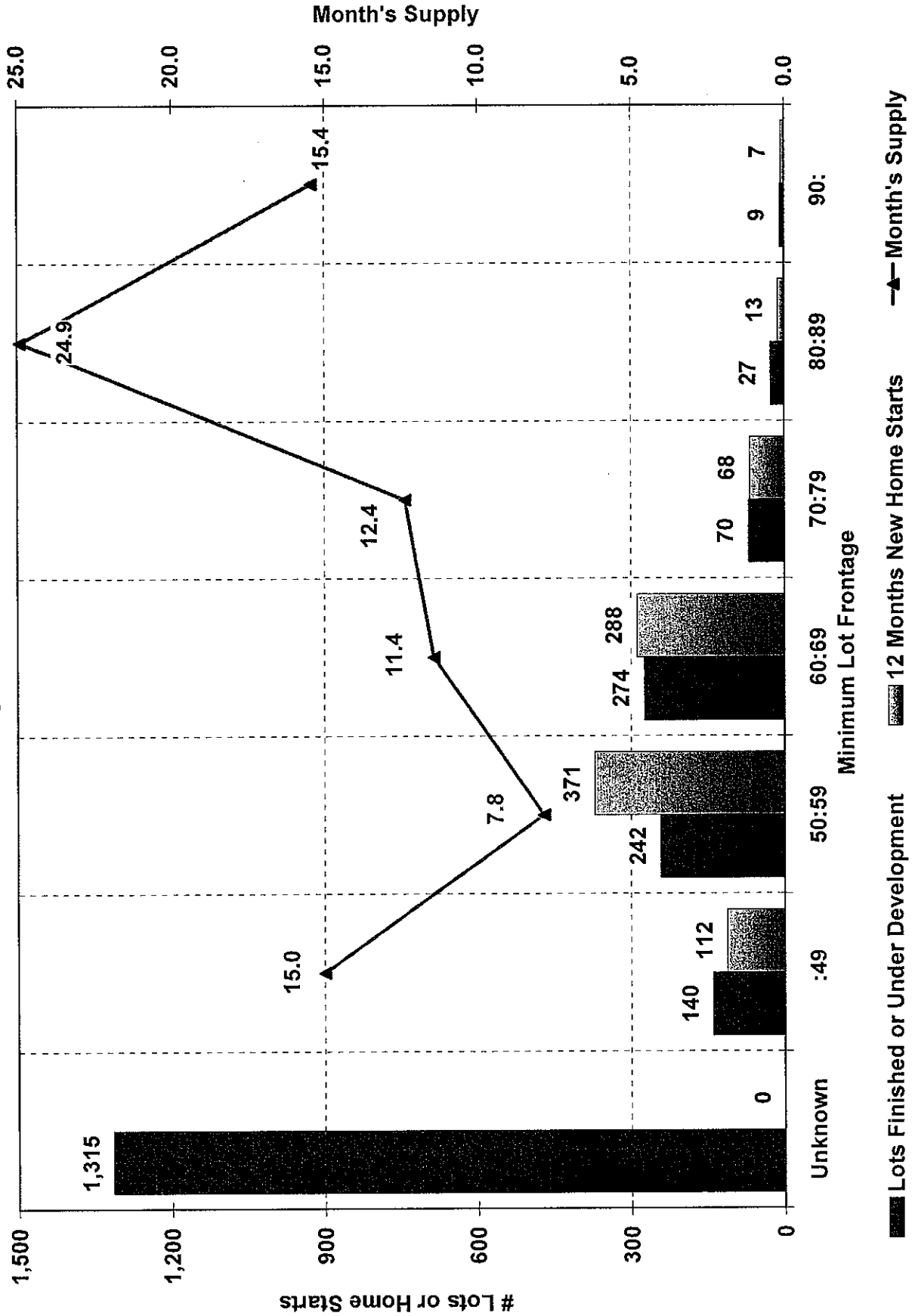
# Detached Lot Supply by Size Range - Finished or Under Development El Paso County Market Areas - Third Quarter 2005



Lots Finished or Under Development    
  12 Months New Home Starts    
  Month's Supply

Sources: The Genesis Group; data provided by American MetroStudy

### Detached Lot Supply by Size Range - Finished or Under Development Riverbend Crossing CMA - Third Quarter 2005



Sources: The Genesis Group; data provided by American MetroStudy

**EXHIBIT E**  
**Riverbend Crossing Metropolitan District**  
**Public Improvements and Costs**



**RIVERBEND CROSSING METROPOLITAN DISTRICT  
DISTRICT ELIGIBLE BUDGET**

**District Budget Summary  
Improvements  
December 29, 2005**

<b>Category</b>	<b>Total District Cost</b>
Sanitary Sewer System	\$ 397,355
Water Systems	\$ 402,097
Storm Drain System	\$ 590,635
Streets	\$ 393,481
Parks & Landscaping	\$ 656,603
Contingency (10%)	\$ 244,017
<b>Total Cost</b>	<b>\$ 2,684,189</b>

PREPARED BY



12/29/2005

**RIVERBEND CROSSING METROPOLITAN DISTRICT  
OVERALL PROJECT BUDGET**

**District Improvements**

<b>Item Description</b>	<b>Unit</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Cost</b>
<b>I.A. SANITARY SEWER SYSTEM - FORCE MAIN</b>				
Mobilization - 1.5%	LS	1.00	\$ 4,281.29	\$ 4,281.29
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 2,854.20	\$ 2,854.20
Permits - 2%	LS	1.00	\$ 5,708.39	\$ 5,708.39
4' Manhole	EA	14.00	\$ 2,775.00	\$ 38,850.00
Lower Existing Manhole	EA	1.00	\$ 1,000.00	\$ 1,000.00
8" PVC SDR-35	LF	8.00	\$ 26.50	\$ 212.00
8" PVC C-900 Force Main	LF	1,455.00	\$ 26.50	\$ 38,557.50
Lift Station	LS	1.00	\$ 200,000.00	\$ 200,000.00
Lift Station Fence	LF	340.00	\$ 20.00	\$ 6,800.00
<b>Subtotal Force Main Sanitary Sewer:</b>				<b>\$ 298,263.38</b>
<b>I.B. SANITARY SEWER SYSTEM</b>				
Mobilization - 1.5%	LS	1.00	\$ 1,422.37	\$ 1,422.37
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 948.25	\$ 948.25
Permits - 2%	LS	1.00	\$ 1,896.49	\$ 1,896.49
8" PVC Pipe SDR-35	LF	2,133.00	\$ 26.50	\$ 56,524.50
4 ft Dia. Manhole	EA	12.00	\$ 2,775.00	\$ 33,300.00
Tie To Existing (Cut In Manhole)	EA	1.00	\$ 5,000.00	\$ 5,000.00
<b>Subtotal Sanitary Sewer :</b>				<b>\$ 99,091.60</b>
<b>TOTAL SANITARY SEWER SYSTEM:</b>				<b>\$ 397,354.98</b>
<b>II. WATER SYSTEM</b>				
Mobilization - 1.5%	LS	1.00	\$ 5,678.42	\$ 5,678.42
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 3,785.61	\$ 3,785.61
Permits - 2%	LS	1.00	\$ 7,571.23	\$ 7,571.23
Highway 85/87 Permit	LS	1.00	\$ 3,500.00	\$ 3,500.00
Railroad Permit	LS	1.00	\$ 3,000.00	\$ 3,000.00
8" DIP	LF	2,714.00	\$ 35.00	\$ 94,990.00
8" Gate Valve	EA	5.00	\$ 885.00	\$ 4,425.00
Water Testing	LF	2,714.00	\$ 1.05	\$ 2,849.70
Fire Hydrant Assembly	EA	1.00	\$ 3,763.00	\$ 3,763.00
Blow Off Assembly	EA	2.00	\$ 1,300.00	\$ 2,600.00
8" Bends	EA	15.00	\$ 450.00	\$ 6,750.00
Connect to Existing	EA	3.00	\$ 2,500.00	\$ 7,500.00
Bore casing Under Rail Road	LF	340.00	\$ 400.00	\$ 136,000.00
Cathodic Protection	LF	340.00	\$ 5.00	\$ 1,700.00
Connect to Existing	EA	3.00	\$ 2,500.00	\$ 7,500.00
8" DIP	LF	2,115.00	\$ 35.00	\$ 74,025.00
8" Gate Valve	EA	6.00	\$ 885.00	\$ 5,310.00
8"x 8" Tee	EA	5.00	\$ 650.00	\$ 3,250.00
Water Testing	LF	2,115.00	\$ 1.05	\$ 2,220.75
Fire Hydrant Assembly	EA	6.00	\$ 3,763.00	\$ 22,578.00
Blow Off Assembly	EA	1.00	\$ 1,300.00	\$ 1,300.00
8" Bends	EA	4.00	\$ 450.00	\$ 1,800.00
<b>TOTAL WATER SYSTEM:</b>				<b>\$ 402,096.72</b>

**District Improvements**

<b>Item Description</b>	<b>Unit</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Cost</b>
<b>III. STORM DRAINAGE SYSTEM</b>				
<b>III.A. Storm Drainage</b>				
Mobilization - 1.5%	LS	1.00	\$ 4,304.86	\$ 4,304.86
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 2,869.91	\$ 2,869.91
Permits - 2%	LS	1.00	\$ 5,739.81	\$ 5,739.81
24" RCP	LF	170.00	\$ 38.25	\$ 6,502.50
30" RCP	LF	660.00	\$ 53.25	\$ 35,145.00
36" RCP	LF	950.00	\$ 68.50	\$ 65,075.00
42" RCP	LF	430.00	\$ 80.40	\$ 34,572.00
5 ft Dia. Std. Manhole	LF	3.00	\$ 2,594.00	\$ 7,782.00
6 ft Dia. Std. Manhole	EA	4.00	\$ 3,291.00	\$ 13,164.00
42" FES w/ Grate	EA	1.00	\$ 1,230.00	\$ 1,230.00
10-foot Type R Inlet	EA	5.00	\$ 5,650.00	\$ 28,250.00
15-foot Type R Inlet	EA	3.00	\$ 4,450.00	\$ 13,350.00
Type M Rip Rap	CY	90.00	\$ 80.00	\$ 7,200.00
Pond Access Path	SF	20,400.00	\$ 1.20	\$ 24,480.00
Trickle Channel	LF	460.00	\$ 44.00	\$ 20,240.00
Pond Outlet Structure	EA	1.00	\$ 30,000.00	\$ 30,000.00
			<b>Subtotal Storm Drainage:</b>	<b>\$ 299,905.07</b>
<b>III.B. Flood Plain Improvements</b>				
Mobilization - 1.5%	LS	1.00	\$ 3,750.00	\$ 3,750.00
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 2,500.00	\$ 2,500.00
Permits - 2%	LS	1.00	\$ 5,000.00	\$ 5,000.00
West Little Johnson Drainage Basin Fee per Impervious Acre	AC	40.00	\$ 737.00	\$ 29,480.00
Fountain Creek Bank Mitigation Gabions	LS	1.00	\$ 250,000.00	\$ 250,000.00
			<b>Subtotal Flood Plain Improvements:</b>	<b>\$ 290,730.00</b>
			<b>TOTAL STORM DRAINAGE SYSTEM:</b>	<b>\$ 590,635.07</b>
<b>IV. STREETS</b>				
<b>IV.A. CONCRETE CURB, GUTTER &amp; SIDEWALK</b>				
Mobilization - 1.5%	LS	1.00	\$ 1,849.00	\$ 1,849.00
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 1,232.67	\$ 1,232.67
Permits - 2%	LS	1.00	\$ 2,465.33	\$ 2,465.33
Combination Curb, Gutter, Walk	LF	681.00	\$ 16.75	\$ 11,406.75
Corner Ramps	EA	2.00	\$ 1,000.00	\$ 2,000.00
16' Trail 6" Thick	SF	15,360.00	\$ 1.00	\$ 15,360.00
Combination Curb, Gutter, Walk	LF	3,897.00	\$ 16.75	\$ 65,274.75
Concrete Cross pan	SF	2,550.00	\$ 5.50	\$ 14,025.00
Corner Ramps	EA	12.00	\$ 1,000.00	\$ 12,000.00
Midblock Ramps	EA	4.00	\$ 800.00	\$ 3,200.00
			<b>TOTAL CONCRETE CURB, GUTTER AND SIDEWALK:</b>	<b>\$ 128,813.49</b>

**District Improvements**

<b>Item Description</b>	<b>Unit</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Cost</b>
<b>IV.B. PAVING</b>				
Mobilization - 1.5%	LS	1.00	\$ 3,799.06	\$ 3,799.06
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 2,532.71	\$ 2,532.71
Permits - 2%	LS	1.00	\$ 5,065.41	\$ 5,065.41
Asphalt Paving 6" Depth	SY	1,138.00	\$ 15.00	\$ 17,070.00
Subgrade Prep	SY	1,138.00	\$ 1.55	\$ 1,763.90
Striping	LF	734.00	\$ 4.00	\$ 2,936.00
Range boxes	EA	3.00	\$ 250.00	\$ 750.00
Street Lights	EA	18.00	\$ 4,500.00	\$ 81,000.00
Subgrade Preparation	SY	8,803.67	\$ 1.55	\$ 13,645.68
Asphalt Paving HBP - Street 6" Depth	SY	8,803.67	\$ 15.00	\$ 132,055.00
Range boxes	EA	9.00	\$ 250.00	\$ 2,250.00
Stop Signs With Attached Street Sign	EA	6.00	\$ 300.00	\$ 1,800.00
			<b>TOTAL PAVING:</b>	<b>\$ 264,667.76</b>
			<b>TOTAL STREETS:</b>	<b>\$ 393,481.25</b>
<b>V. PARKS &amp; LANDSCAPING</b>				
Mobilization - 1.5%	LS	1.00	\$ 7,946.00	\$ 7,946.00
Performance, Payment and Warranty Bond - 1%	LS	1.00	\$ 5,297.33	\$ 5,297.33
Permits - 2%	LS	1.00	\$ 10,594.67	\$ 10,594.67
Widefield School District 3 Fees	EA	216.00	\$ 283.00	\$ 61,128.00
El Paso County Urban Park Fee	EA	216.00	\$ 194.00	\$ 41,904.00
Parks & Landscaping	SF	277,021.00	\$ 1.00	\$ 277,021.00
Irrigation	SF	277,021.00	\$ 0.40	\$ 110,808.40
6' Cedar Privacy Fence West Property Line	LF	1,894.00	\$ 16.00	\$ 30,304.00
6' Cedar Privacy Fence Commercial Property Line	LF	1,350.00	\$ 16.00	\$ 21,600.00
Retaining Walls Keystone 4' tall and less	SF	6,000.00	\$ 15.00	\$ 90,000.00
			<b>TOTAL PARKS &amp; LANDSCAPING:</b>	<b>\$ 656,603.40</b>
			<b>TOTAL CONSTRUCTION:</b>	<b>\$ 2,440,171.42</b>
<b>VI. CONTINGENCY</b>				
Contingency			10.0%	\$ 244,017.14
			<b>TOTAL CONTINGENCY:</b>	<b>\$ 244,017.14</b>
			<b>TOTAL DISTRICT:</b>	<b>\$ 2,684,188.57</b>

**RIVERBEND CROSSING METROPOLITAN DISTRICT  
OVERALL PROJECT BUDGET**

**Notes / Assumptions**

**General**

1. All estimated unit costs are based on historical data and/or current pricing from various contractors.
2. Any costs associated with the relocation of existing wells are not included in this estimate, only the abandonment of the two water wells.
3. Mobilization costs are calculated at 1.5% of construction costs.
4. Bond Costs are calculated at 1% of construction costs.
5. Permit costs are estimated at 2% of construction costs. Actual permit costs will be determined by El Paso County prior to construction.
6. Permit fees are only applied to direct construction costs

**Utilities**

1. Storm System quantities and sizes are based on the Nolte Preliminary Design Dated 12/8/05
2. Sanitary sewer testing is included in the unit pricing.
3. Water pipe is assumed to be 8" DIP.
4. West Little Johnson Drainage Basin Fee based on the 2005 City of Colorado Springs Drainage, Bridge and Pond Fees
5. The Rail Road Permit Fee includes a \$250 Application fee and an Estimate of \$3000 for the permit based on information from the Staubach Company.
6. The pipe that is bored under Highway 85/87 and the existing railroad is assumed to require cathodic protection. All other pipe is assumed to not require cathodic protection.

**Streets: Concrete and Paving**

1. Quantities are based on preliminary electronic design plans.
2. All curb, gutter, and walk are monolithic per the El Paso County Standard Details.
3. Assumed 6" asphalt depth for all streets. No base course or fabric was included. Actual asphalt depth will need to be determined by Geotechnical consultants.
4. Range Boxes are assumed to be at all intersections, PT's, PC's and Cul-de-sac centers
5. Assumed all street widths to be 30 lf.
6. Construction traffic control is not anticipated to be required and is not included.

**Parks & Landscaping**

1. Parks and Landscape costs are based on placing permanent seed on all tracts with minimal tree and bush improvements in the open space areas.
2. The 6' cedar privacy fence is estimated to be on the west property boundary and the commercial property boundary only.

**Contingency**

1. Contingency is estimated at 10%.

**EXHIBIT F**  
**General Counsel Opinion**

GARY R. WHITE  
KRISTEN D. BEAR  
WILLIAM P. ANKELE, JR.  
KIMBERLY A. CASEY  
ALAN D. FOGDE  
DAVID S. O'LEARY

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HEIDI JUHL\*  
MARK J. BERUMEN

December 29, 2005

Board of County Commissioners  
El Paso County, Colorado  
27 E. Vermijo Avenue  
Colorado Springs, CO 80903

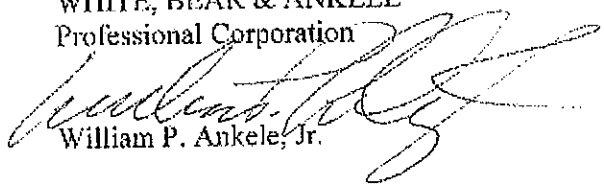
**Re: Riverbend Crossing Metropolitan District**

Honorable Board of County Commissioners:

This firm serves as general counsel to the petitioners of the proposed Riverbend Crossing Metropolitan District (the "District"). Pursuant to Section IV.F.1.a of the El Paso County Special District Guidelines and Requirements, this shall serve as confirmation that the District's contemplated services are and will be provided under the jurisdiction of the Special District Control Act, Section 32-1-101, *et seq.*, C.R.S.

Respectfully,

WHITE, BEAR & ANKELE  
Professional Corporation

  
William P. Ankele, Jr.

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\*Licensed only in Florida

**EXHIBIT G**

**Notice of Special District Disclosure**



**Exhibit G**

**NOTICE OF SPECIAL DISTRICT DISCLOSURE**  
**(to be provided to every purchaser of real property within the boundaries of the District)**

Name of District(s):	Riverbend Crossing Metropolitan District
Contact Information for District: William P. Ankle, Jr. Cynthia M. Beyer-Ulrich White Bear Ankele, Professional Corporation 1805 Shea Center Drive, Suite 100 Highlands Ranch, CO 80149	Phone: 303-858-1800 Fax: 303-858-1801 Email: <a href="mailto:wpankle@wbapc.com">wpankle@wbapc.com</a> <a href="mailto:cbulrich@wbapc.com">cbulrich@wbapc.com</a>
Type of District(s): (i.e. if dual or three districts concept – insert language Regarding limited rights of property owners)	Single District
Identify District(s) Improvements Financed by Proposed Bonds (List by major categories, i.e. Roads – Powers Blvd.): Sanitary sewer system to be built by the District and then conveyed to Security Sanitation District for operation and maintenance  Water system to be built by the District and then conveyed to Security Water District for operation and maintenance  Storm drainage system	Streets -  Parks and Landscaping
Identify Services/Facilities Operated/Maintained by District(s): The District expects to dedicate or cause to be dedicated to El Paso County, Security Water District, Security Sanitation District, or other appropriate governmental entity, all public improvements that are eligible and acceptable to such entities for dedication and ongoing ownership, operations and/or maintenance.	All such improvements not accepted by appropriate governmental entities for ongoing ownership, operations and/or maintenance, may be owned, operated and/or maintained by the District.
Mill Levy Cap: (Describe Procedure for any Adjustments to Mill Levy Cap) <i>(Note: This District may or may not be certifying a mill levy at the Time of your purchase. Please verify by contacting the District.)</i>	Combined debt service and operations levy shall not initially exceed forty-five (45) mills, subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of 7.96% as the base year for calculating any such adjustments in such ratio.
Authorized Debt of the District(s) per Operating or Service Plan:	\$5,000,000.00
Voter Authorized Debt per Election:	To be provided
District Boundaries:	See attached map

**Sample Calculation of Mill Levy Cap for a Residential Property**

**Assumptions:**

\$250,000.00 is the market value

Mill levy cap is 45 mills

**Calculation:**

$\$250,000 \times .0796 = \$19,900$  (Assessed Valuation)

$\$19,900 \times .045$  mills = **\$895.50 per year in taxes owed solely to the Special District**