

EXHIBIT D

Intergovernmental Agreement between Montrose County, Ouray County and the Districts

INTERGOVERNMENTAL AGREEMENT AMONG
MONTROSE COUNTY, COLORADO, OURAY COUNTY, COLORADO,
CORNERSTONE METROPOLITAN DISTRICT NO. 1,
AND CORNERSTONE METROPOLITAN DISTRICT NO. 2

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into as of this 1st day of November, 2004 by and among MONTROSE COUNTY, COLORADO, OURAY COUNTY, COLORADO (the "Counties"), CORNERSTONE METROPOLITAN DISTRICT NO. 1, and CORNERSTONE METROPOLITAN DISTRICT NO. 2, both quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The County and the Districts may be referred to individually herein as a "Party," and collectively as the "Parties."

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts' Service Plan, approved by Montrose County and Ouray County on November 1, 2004 and NOVEMBER 1, 2004, respectively, (the "Service Plan"), a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference; and

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

WHEREAS, the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Agreement.

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

COVENANTS AND AGREEMENTS

1. Operations and Maintenance of the Public Improvements.
Pursuant to the Service Plan, the Districts shall plan for, design, acquire, construct, install, relocate, redevelop, finance and maintain all or a portion of the Public Improvements, including, but not limited to, the following Public Improvements, subject to the provisions of Section V. A. 11. and Section XII. C. of the Service Plan, or as otherwise provided herein:

- Permanent Fire and Emergency Medical Protection Improvements or Services
- Wastewater Collection and Treatment Systems
- Internal Water Facilities and Infrastructure
- Internal Street and Roadway Systems
- Offsite Roadway Systems

Other Public Improvements not identified in the Service Plan, but financed by the Districts, shall be operated and maintained by the Districts, unless subsequent agreements require the same to be dedicated to Montrose County and/or Ouray County or to other existing entities acceptable, as evidenced in writing, by Montrose County and Ouray County. The ongoing operations, maintenance and construction of the Districts' capital improvements, together with the costs associated therewith, shall be the subject of intergovernmental agreements and/or contracts between the Districts and the Developer, or between the Districts, Montrose County and Ouray County, or between the Districts and other existing entities acceptable, as evidenced in writing, by Montrose County and Ouray County. The negotiation and finalization of said intergovernmental agreements and/or contracts shall be permitted without the need to amend the Service Plan, and the same shall not be considered a material modification thereof. However, in the absence of a written agreement with Montrose County and Ouray County to the contrary, the Districts shall be obligated to operate and maintain all improvements they have financed, constructed, or otherwise own. The Districts shall establish and maintain an operations and maintenance mill levy in an amount not to exceed the limits set forth herein on all taxable property contained within their boundaries in an amount sufficient to ensure that enough tax revenue shall be generated therefrom to enable the Districts to operate and maintain the above-referenced Public Improvements at a level and in a manner that Montrose County and Ouray County deem acceptable and/or appropriate, but not to exceed the Maximum Operations and Maintenance Mill Levy described hereinbelow. In the event that the Maximum Operations and Maintenance Mill Levy is not sufficient to cover the Districts' operations and maintenance obligations, the Districts may use other revenues available to the Districts including their debt service mill levy, as permitted by law, to defray said operations and maintenance costs. In the event the Districts fail to meet their obligations to fund said operations and maintenance costs, the Districts shall be in breach of this Agreement, and the same will constitute a material modification of the Service Plan. In no event will the obligations for operations and maintenance fall to either Montrose County or Ouray County. Notwithstanding anything contained in the Service Plan to the contrary, the Districts shall not be authorized to impose tolls on any road without a written agreement with the Counties of Montrose and Ouray. Furthermore, in the event the Districts receive written approval from the board of the County to impose a toll road, all such fees shall be based upon the Districts' determination that such fees do not exceed reasonable annual market fee for users of such facilities and all such fees shall be structured in such a way as to ensure that non-District residents do not pay user fees that are unreasonably disproportionate to similar fees and taxes paid by the Districts' residents.

2. Construction Standards. The Districts will ensure that the proposed Public Improvements are designed and constructed in accordance with all applicable facility and service standards and specifications of Montrose County, Ouray County, and other municipalities and special districts which are interested parties pursuant to Section 32-1-204 (1), C.R.S. The Districts will obtain prior approval from Montrose County and Ouray County for all civil engineering plans and will obtain permits for the construction and/or installation of all Public Improvements prior to

performing such work. Where applicable, construction will occur pursuant to the standards adopted by the Tri-County Water Conservancy District and pursuant to the Ouray County road standards, as contained in the Ouray County Land Use Code. Montrose County and Ouray County shall have the right to review the construction standards required by Tri-County Water Conservancy District and, in the event such standards are lesser than those required by Montrose County or Ouray County at the time of construction, either County shall have the right to substitute its own standards on improvements located within such County for the standards otherwise required by the Tri-County Water Conservancy District.

3. Limitation on the Issuance of Debt. Prior to the issuance of any Debt, the Districts must obtain a certification from an External Financial Advisor, who shall be acceptable to Montrose County and Ouray County, which contains the following language, or language substantially similar thereto:

We are/I am an External Financial Advisor within the meaning of the Districts' Service Plan.

We/I certify that: (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt/taxable] interest rate, using criteria deemed appropriate by us/me and based upon our/my analysis of comparable securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

4. Limitation on the Inclusion or Exclusion of Property. With the exception of the thirty (30) foot strip of real estate that is shown in Exhibit A-1 to the Service Plan, the Districts shall not include any property into their boundaries from outside of the Service Area, nor shall they exclude any property from their boundaries, without the prior, written approval of Montrose County and Ouray County. Any inclusion or exclusion made by the Districts in violation of this Agreement or the Service Plan shall be deemed a material modification to the Service Plan and a breach of this agreement.

5. Initial Debt Limitation. Prior to the approval of the Final Plat by Montrose County and Ouray County, the Districts shall not: (a) issue any Debt; (b) impose a mill levy for the payment of Debt by direct imposition or by the transfer of funds from the operating fund to the debt service funds; or (c) impose and/or collect any fees used for the purpose of Debt repayment; unless prior written approval therefor is obtained from Montrose County and Ouray County, which approval shall not be deemed a material modification of the Service Plan.

6. Total Debt Issuance Limitation. Collectively, the Districts shall not issue Debt in excess of Thirty Million Dollars (\$30,000,000.00). Issuance of Debt in

excess of this amount shall be a material modification of the Service Plan and a breach of this Agreement.

7. Monies from Other Governmental Sources. The Districts shall neither apply for, nor accept, Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that Montrose County and Ouray County are eligible to apply for, without obtaining prior, written authorization from Montrose County and Ouray County. The foregoing limitation shall not apply to specific ownership taxes, which shall be a revenue source distributed to the Districts without limitation except as specifically and expressly provided for in this Agreement and the Service Plan.

8. Consolidation Limitation. The Districts shall not file a request with any District Court to consolidate with any other Title 32 special district without the prior, written consent of Montrose County and Ouray County.

9. Bankruptcy Limitation. All of the limitations contained in the Service Plan, specifically including, but not limited to, those pertaining to the Maximum Debt Mill Levy, the Maximum Operations and Maintenance Mill Levy and the Maximum Debt Mill Levy Imposition Term, have been established under the authority of Section 32-1-204.5, C.R.S., which empowers Montrose County and Ouray County to approve the Service Plan with conditions. It is expressly intended that such limitations:

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

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

10. Modification of the Service Plan. The Parties acknowledge that the Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities, together with the operations and maintenance thereof, under evolving circumstances without the need for numerous amendments. While the assumptions upon which the Service Plan are generally based are reflective of current zoning for the property within the Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend the Service Plan as zoning changes. Modification of the general types of services and facilities, but not powers of the Districts, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current zoning for the property. Actions of the Districts which violate the limitations set forth in the Service Plan shall be deemed to be material modifications to the Service Plan and a

breach of this Agreement; Montrose County and Ouray County shall be entitled to all equitable remedies available to them under applicable State and/or local law to enjoin such actions. Montrose County and Ouray County shall retain the jurisdiction to enter into agreements with the Districts which alter provisions of the Service Plan, and such shall not necessarily be deemed a material modification hereof, subject to the discretion of Montrose County and Ouray County. It is thus the express intent of the Districts, Montrose County and Ouray County that the Service Plan shall not require amendment to implement any agreement that may be achieved with both Montrose County and Ouray County, unless either County so desires.

11. Limitation on Roadway Ownership and Maintenance. The Districts shall obtain ownership of the roadways from the Developer if the Districts provide financing of any type or form for the construction of said roadway. The Districts shall not purchase the associated rights-of-way for the roadways from the Developer. In the event that the Districts obtain such ownership, and only with the advance, written approval and consent of both Montrose County and Ouray County, shall they be entitled to defray the costs associated with the ownership, operation and maintenance thereof by utilization of the revenue-generating powers granted to them by Colorado law. Notwithstanding anything contained herein to the contrary, the Districts shall be entitled to enter into agreements with Montrose or Ouray County with respect to Regional Improvements as contemplated in Section VI of the Service Plan and paragraph 18 hereof, and such shall not require an amendment to the Service Plan, unless such an amendment is desired by Montrose County or Ouray County.

12. Limitation on the Exercise of Eminent Domain Power to Acquire Water Rights. Pursuant to Section 32-1-1004(4), C.R.S., the Districts shall not be entitled to exercise the power of eminent domain or dominant eminent domain for the acquisition of water rights. Further, the Districts shall have no power with respect to their water powers which could aid or assist the property owners to violate the terms of the Ouray County Development Agreement as recorded and of the Montrose County PD Notice of Decision affecting property within the Districts.

13. Limitation on Extraterritorial Service Agreements. The Districts shall not be entitled to enter into any extraterritorial service agreements without obtaining the prior, written consent of the County where such extraterritorial service is to occur. Any such agreements entered into in violation of this Subsection shall be deemed a material modification of the Service Plan and a breach of this Agreement..

14. Future Dissolution of the Operating District. After adequate provisions have been made for repayment of all Debt, or by year 25 of the Districts' existence, whichever occurs earlier, the Operating District will initiate and complete legal proceedings to dissolve or consolidated with the Taxing District pursuant to Sections 32-1-701 *et seq.*, C.R.S., leaving the Taxing District to defease or otherwise repay any and all remaining debt and to provide for the perpetual, ongoing operation and maintenance of certain facilities, as contemplated herein, and of the Public Improvements. To the extent that the Operating District has continuing operating and/or maintenance functions

under the Service Plan or under intergovernmental agreements with Montrose County and Ouray County, the Operating District will not dissolve or consolidate without the consent of Montrose County and Ouray County, but will make every attempt to transfer or convey said obligations to the Taxing District so that said dissolution or consolidation may occur. It is expressly understood that it is the intent of Montrose County, Ouray County and the Districts that the dissolution or consolidation contemplated above is required hereunder and that property in the Operating District will be included in the Taxing District boundaries.

15. Disclosure to Purchasers. The Districts will use all reasonable efforts to assure that all developers and owners of the property located within the Districts' boundaries provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, the Maximum Operations and Maintenance Mill Levy, as well as a general description of the District's authority to impose and collect rates, fees, tolls and charges. The form of this notice shall be submitted to Montrose and Ouray Counties for approval and then filed and recorded with Montrose County and Ouray County prior to the imposition of any mill levy by the Districts.

16. Dual District Structure. The Districts, collectively, will undertake the financing, construction, operation and maintenance of the Public Improvements, subject to the limitations contained herein. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between the Districts. This agreement will be designed in such a way as to assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan. Therefore, said intergovernmental agreement is essential to the orderly implementation of the Service Plan. Accordingly, any determination by one of the Boards of Directors, made without the consent of the other, to set aside said intergovernmental agreement shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended from time to time by way of mutual agreement between the Districts' Boards of Directors without the need to amend the Service Plan.

17. Annual Report. Each of the Districts shall be responsible for submitting an annual report to Montrose County and Ouray County no later than June 30th of each year that the Districts are in existence, which shall contain the information set forth in the Service Plan.

18. Regional Improvements. As contemplated in the Service Plan, upon the entry of an order organizing the Districts by a District Court of competent jurisdiction, or at some other, future point in time as the Districts, Montrose County and Ouray County collectively agree and determine, the Districts, Montrose County and Ouray County shall, in said Counties' sole discretion, negotiate and enter into an intergovernmental agreement for the specific purpose of the planning, design, acquisition, construction, installation, relocation, redevelopment, operation and/or maintenance of those regional street and transportation-related improvements as subsequently defined by agreement with both Counties that benefit the Project as well as the Districts' service users and taxpayers (the "Regional Improvements"), and their related costs as may be

required by the Ouray County Development Agreement, as recorded, and of the Montrose County PD Notice of Decision. Said intergovernmental agreement may include terms allowing the Districts to use the revenue-generating powers granted to them under the Service Plan and Colorado law in order to assist in the funding, operation and/or maintenance of the Regional Improvements. Absent such an agreement, the Districts are specifically precluded from using their revenue-generating powers for anything related to Regional Improvements. In no event shall the Regional Improvements include water or sanitary sewer improvements. This section in no way binds Montrose County or Ouray County to enter into an agreement, nor does it empower or entitle the Districts to any rights or ability to act.

19. Maximum Debt Mill Levy / Maximum Operations and Maintenance Mill Levy. The Maximum Debt Mill Levy shall not exceed 40 mills. The Maximum Operations and Maintenance Mill Levy shall not exceed 20 mills. However, the Maximum Debt Mill Levy and Maximum Operations and Maintenance Mill Levy, when added together, shall not exceed the total sum of 55 mills. If, on or after October 4, 2004, there are changes in the method of calculating assessed valuation or any Constitutionally-mandated tax credit, cut or abatement, the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes proportionally in accordance with the "Gallagher Amendment" as commonly reflected in district service plans. Any such increases or decreases shall be determined by the Districts' Boards in good faith so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced; any such determination shall be final and binding. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

All Debt contemplated in the Service Plan must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other applicable requirements of Colorado law. To the extent that the Districts are composed of or subsequently organized into one or more sub-districts (which is specifically prohibited without the written permission of Montrose County and Ouray County), as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to each of the Districts and/or additional sub-districts separately, so that each shall be treated as an autonomous district for purposes of the application of this definition.

20. Maximum Debt Mill Levy Imposition Term. The Districts shall not impose a mill levy for the repayment of any Debt, or use the proceeds of any mill levy for repayment of Debt, on any property for more than forty (40) years after the initial imposition of such mill levy, unless either of the following occur which shall not thereafter require a Service Plan Amendment:

a. A majority of the Board of Directors of the District imposing the mill levy are residents of such District, have voted in favor of refunding all or a part of the Debt, and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S., *et seq.*; or

b. The Districts, Montrose County and Ouray County have entered into an intergovernmental agreement extending or waiving this Maximum Debt Mill Levy Imposition Term and have modified the Service Plan accordingly.

The Maximum Debt Mill Levy Imposition Term shall apply strictly to mills levied for the purpose of Debt repayment and shall not in any way limit the Districts ability to collect property taxes for the ongoing operations and maintenance of the Public Improvements, as contemplated herein. The Districts shall be prohibited from using Operations and Maintenance Mill Levy revenue for retirement of debt.

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

To the Districts: Cornerstone Metropolitan District
Nos. 1 and 2
1805 Shea Center Drive, Suite 100
Highlands Ranch, Colorado 80129
Attn: Gary R. White, Esq.
Telephone: (303) 858-1800
Facsimile: (303) 858-1801

To Montrose County: Montrose County, Colorado
161 South Townsend
Montrose, Colorado 81401
Attn: Mr. James Fritze, Esq.
County Attorney
Telephone: (970) 249-9424
Facsimile: (970) 249-7761

To Ouray County: Ouray County, Colorado
Post Office Box C
541 4th Street
Ouray, Colorado 81427
Attn: Ms. Patricia Crossley, Esq.
County Attorney
Telephone: (970) 325-4083
Facsimile: (970) 325-4371

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States Mail. By giving the other party hereto at least ten

(10) days written notice thereof in accordance with the provisions hereof, each Party shall have the right from time to time to change its address.

22. Amendment. This Agreement may only be amended, modified, changed, or terminated in whole or in part by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

23. Assignment. The Parties hereto shall neither assign any rights nor delegate any duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

24. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance. The foregoing specifically excludes the ability of the Districts to prosecute monetary claims against Montrose County or Ouray County. The Counties shall be allowed to sue for monetary damages. In the event that a legal proceeding becomes necessary to enforce the terms of this Agreement, the prevailing Party in such legal proceeding shall be entitled to obtain, as part of its judgment or award, reasonable attorneys' fees and associated costs.

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

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

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

28. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts, Montrose County and Ouray County any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts, Montrose County and Ouray County shall be for the sole and exclusive benefit of the Districts, Montrose County and Ouray County and the District's electors.

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

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

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

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

33. Financing Plan. No debt shall be issued by the Districts until and unless they first receive the County approval contemplated by the provisions of paragraph 3(a) of the Montrose County Resolution approving the Service Plan dated November 1, 2004.

CORNERSTONE METROPOLITAN
DISTRICT NO. 1

By: _____
President

Attest:

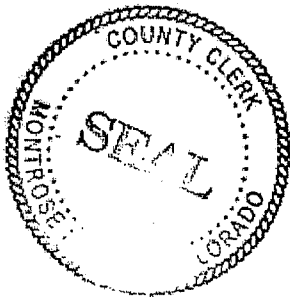
Secretary

CORNERSTONE METROPOLITAN
DISTRICT NO. 2

By: _____
President

Attest:

Secretary

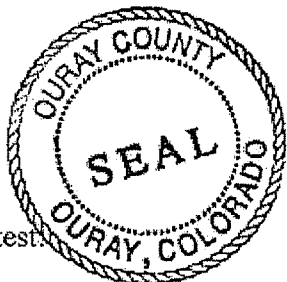


MONTROSE COUNTY, COLORADO

By: *D. A. [Signature]*
(Title)

Attest:

By: *Frances Taylor Long*
Its: *Deputy Clerk*



OURAY COUNTY, COLORADO

By: *Z. [Signature]*
(Title) *Chair, Ouray BOC*

Attest:

By: *Linda [Signature]*
Its: *DEPUTY CLERK*

EXHIBIT E

Financing Plan

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

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

8400 East Prentice Avenue, Penthouse

Greenwood Village, Colorado 80111

Telephone: 303-409-7611, Fax: 303-409-7612; Email: stanplan@earthlink.net

MEMORANDUM

**TO: LARRY CORSON, SUE MCINTOSH, ESQ., GARY WHITE, ESQ.,
JASON ANDERSON, ALAN POGUE, ESQ., DAVID WALKER, ESQ.,
KIM CASEY, ESQ., TOM PELTZ, ESQ., ANDY KANE, ROB
SCHULTZ, AMY BERNSTEIN, ALL OTHER CORNERSTONE
RANCH TEAM MEMBERS**

FROM: STAN BERNSTEIN

**SUBJECT: FINAL DRAFT # 9 – CORNERSTONE METROPOLITAN
DISTRICTS #1 AND #2 FINANCIAL PLANS**

DATE: MARCH 17, 2005

This final draft #9 of the Financial Plans for Cornerstone Metropolitan Districts #1 and #2 has been revised to include the developers revised land use, values, and absorption plans. This final draft also assumes capitalizing 3-years interest for the developer enhanced variable rate demand bond issue later this year (this reduces the developers interest carry development fee payments to the Districts by in excess of \$3 million and still enables the developers to net \$17.5 million in capital improvement funding from the Series 2005 Bonds). Because of the three years of capitalized interest, the developers will not have to pay developer fees to District #1 until June 2008 and the total amount of the developer fees decreases to less than \$2.9 million assuming all of the Series 2005 credit enhanced bonds are redeemed by non-rated bonds on June 1, 2013 (which is totally dependent upon assessed valuation levels). I have also made adjustments to the assessed valuation re: the golf course and clubhouse and other amenities (spoke with Montrose County Chief Appraiser and he thinks and actual value per hole of \$300,000 is not unreasonable – if it turns out to be less the developers could always “reverse protest” the value if it is beneficial for the issuance of Financing District non-rated bonds). I have also made changes to the assessed valuation calculations by showing net annual inflation above Gallagher adjustments to be 1% annually – this helps the Financing District to issue more non-rated general obligation bonds (now up to \$22 million). I have also made some adjustments to the water and wastewater utility fund model assuming more residential units are now going to be served by the District’s systems.

Memorandum
March 17, 2005
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This memorandum will provide you with a conceptual understanding of how two metropolitan districts could be structured to (i) provide municipal services to the Cornerstone Ranch PD, and (ii) enable the primary land developer to fund approximately \$17.5 million of public infrastructure costs through the metropolitan districts' issuance of tax-exempt bonds.

THE CONCEPT

Two metropolitan districts would be formed. District #1 would be the Operating District and would always be controlled by the primary land developer. District #2 would be the Taxing District and would initially be controlled by the primary land developer but would ultimately be controlled by Cornerstone Ranch homeowners (the Taxing District would be obligated financially to the Operating District pursuant to an intergovernmental contract).

The boundaries of the Operating District would be very small and would only include a small parcel of land that would always be owned by the primary land developer – thus it would not have any significant property tax base. The Taxing District's boundaries would encompass the entire Cornerstone Ranch PD and, consequently, would have a very significant property tax base (i.e., approximately \$47.4 million of assessed valuation at full-buildout).

OPERATING FINANCING CONCEPTS

The Taxing District would levy approximately 55 mills and, pursuant to an intergovernmental agreement with the Operating District, would transfer on an annual basis, property tax revenues generated from 20 mills. These property tax revenues would be used by the Operating District to fund administrative, operating, and maintenance costs for the entire Cornerstone Ranch PD. The scope of these operating and maintenance costs needs to be better defined, but for discussion purposes I have assumed that these costs would be limited to administration, fire protection and EMS, and certain off-site and on-site road maintenance costs. The Operating District would also be responsible for operating and maintaining its water and wastewater utility system – this utility system would theoretically be supported by one-time tap fees and ongoing water and wastewater user fees and would not rely on property tax revenues.

INFRASTRUCTURE AND BONDING CONCEPTS

The Taxing District would use approximately 35 mills as the only revenue source to make annual debt service on \$22,000,000 of non-rated general obligation bonds theoretically issued (pending assessed valuation thresholds) on December 1, 2007 in the amount of \$5,500,000, on December 1, 2010 in the amount of \$9,500,000 and on December 1, 2013 in the amount of \$7,000,000. The net proceeds of these non-rated general obligation bonds (\$21,120,000) would be used to refund \$21,120,000 of letter of credit supported variable rate revenue bonds that would be issued by the Operating District on June 1, 2005 or in increments. I have assumed that the following public infrastructure projects would be financed by the \$21,120,000 letter of credit supported variable rate revenue bonds issued by the Operating District on June 1, 2005 (other infrastructure costs, which are not listed below, would be funded by the primary land developer):

Off-Site Water Supply System	\$ 4,600,030
On-Site Water Supply System	3,296,475
On-Site Wastewater System	2,353,120
Wastewater Treatment Plant	2,100,000
Fire Station and Equipment	1,000,000
Road System Capital Costs	4,094,975
Capitalized Service District Administrative Costs	85,000
3-Years Capitalized Interest	2,956,800
Bond Issue LOC, Legal, and Underwriting	<u>633,600</u>
Total Costs Funded From LOC Bonds	<u>\$21,120,000</u>

PAYMENT OF INTEREST AND PRINCIPAL FOR LOC SUPPORTED BONDS

The annual interest and LOC payments on the \$21,120,000 letter of credit supported variable rate revenue bonds (or general obligation bonds) issued by the Operating District would be the responsibility of the primary land developer through development fees paid to the Districts. Assuming a combined interest rate and LOC rate of 5.00% (1.75% for annual LOC fees and 3.25% interest rates – interest rates are currently less than 2%), the primary land developer would be expected to pay approximately \$2.856 million of interest from June 1, 2008 through December 1, 2013. As land sales occur and lots are platted and homes constructed, assessed valuation for the Taxing District would increase to levels that would ultimately support the issuance of non-rated general obligation bonds (i.e., property tax supported bonds) in amount of \$22,000,000. The \$21,120,000 of letter of credit supported bonds would be redeemed by the issuance of the general obligation bonds, and at that time the letter of credit would cease as would the annual interest payment guarantee required from the primary land developer.

Memorandum
March 17, 2005
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OVERVIEW OF ATTACHED FINANCIAL MODEL

Exhibit I – Page 1 – Operating District Cash Flow

This Exhibit presents the finances of the Operating District. Operating revenues consist of 20 mills being transferred annually from the Taxing District. Administrative cost allowances are presented as well as allowances for Fire Protection/EMS. Fire Protection/EMS operational cost allowances ultimately building up to \$195,000 annually by year 9 are shown for personnel, and equipment and station repair and maintenance. This draft assumes \$21,120,000 of LOC supported revenue bonds are issued on June 1, 2005, and that the developer will make interest payments (through the Districts) in total amount of \$2,856,000 from June 1, 2008 through December 1, 2013.

Schedule 1 – Page 2 – Infrastructure Funded From LOC Revenue Bonds

This schedule presents specific projects and related costs (per Buckhorn Engineering's estimates for water and wastewater related improvements) that could be funded from the issuance of revenue bonds (or general obligation bonds) issued by the Operating District on June 1, 2005.

Schedule 2 – Page 3 – Debt Service Schedule on LOC Revenue Bonds

This schedule presents the debt service associated with the LOC revenue bonds. The annual interest and LOC payments will be the responsibility of the primary land developer. The principal will be paid from the net proceeds of general obligation bonds assumed to be issued by the Taxing District on December 1, 2007 (\$5,280,000 net bond proceeds), on December 1, 2010 (\$9,120,000) net bond proceeds, and on December 1, 2013 (\$6,720,000 net bond proceeds).

Schedule 3 – Page 4 – Water and Sewer Utility Cash Flow

This schedule presents the operating cash flow for the Operating District's water and sewer utility. It is assumed (according to Buckhorn Engineering) that 387 taps (of a total estimated 428) will be served by the domestic water system and by water supplied by Tri County Water District. The remaining 40 residences (primarily the ranch lots) will be served by a water well system. It is assumed (according to Buckhorn Engineering) that 368 taps (of a total estimated 408) will receive wastewater treatment from the wastewater treatment plant. The remaining 40 residences (primarily the ranch lots) will be connected

to septic sewer systems. Average initial tap fees of \$7,500 per home for taps being supplied water by Tri County Water District, and \$7,500 per home for taps being serviced by the wastewater treatment plan have been assumed – these tap fees are assumed to increase 2% annually. Tap fee revenues are important because during the early years of a development, the user fee base does not generate sufficient revenues to pay operating expenses for the water and sewer systems – consequently, tap fee revenues are used to offset these costs. User fees are assumed to generate \$45 per month on average for water users whose water is being provided by Tri County Water District, and \$35 per month on average for homes who are provided wastewater treatment from the wastewater treatment plant – user fee rates are assumed to increase 2% annually. The fees should be adjusted so that revenues cover operating costs. Operating costs need to be reviewed by Buckhorn Engineering.

This draft assumes that homes connected to septic tanks will not pay any tap fee or monthly user fee, although it is possible that some tap or user fee structure may be established. It is assumed that homes whose water is supplied by water wells will pay a \$2,500 initial tap fee increasing 2% annually, and will not pay any user fees; it is likely, however, that an equitable system of water well user fees will be imposed that covers related operating costs.

Exhibit II – Page 5 – Taxing District Debt Service Fund Cash Flow

Property tax revenues are generated from an assumed Taxing District mill levy that I have, on a preliminary basis, assumed to be 55 mills. A hypothetical 55 mills will result in District property taxes on a million dollar home of \$4,378 and on a \$300,000 vacant lot of \$4,785. Assuming an overlapping mill levy (including the District, School District, County, and other entities) of approximately 110 mill (including the Districts' 55 mills), the property taxes on a million dollar home would be \$8,756 or 0.876% of market value; a \$300,000 vacant lot would pay \$9,570 per year in property taxes or 3.2% of value.

It is assumed that 20 mills, of the total 55 mills levied, will be transferred annually to the Operating District. The remaining 35 mills will be used by the Taxing District to service debt on the Taxing District's proposed \$22.0 million of general obligation bonds, the proceeds of which will be used to redeem the Operating District's enhanced revenue bonds (or the Taxing District's enhanced general obligation bonds).

Memorandum
March 17, 2005
Page vi

Schedule 1 – Page 6 – Lot Platting/Sales Schedule

Schedule 1 presents the land sale/platting schedules with related sales values and assessed valuation generated from vacant land. In terms of generating assessed valuation for the Taxing District, the accuracy of this schedule is very important.

Schedule 2 – Page 7 – Buildout Schedule

This schedule presents the assessed valuation buildup for the Taxing District and is based upon the rate of buildout, and values, as provided by officials of Hunt Realty. An anticipated residential assessment rate of 7.96% has been assumed for the entire planning period. This rate is currently 7.96% but will likely decline by 4% every other year (first effective for tax collection year 2008) pursuant to the provisions of The Gallagher Amendment. This analysis assumes that inflationary increases in real estate will offset the expected declines in assessed valuation caused by The Gallagher Amendment – although this draft assumes a net 2% increase every other year above Gallagher Amendment related declines (i.e., inflation of 3% annually is assumed, offset by 2% annual Gallagher Amendment related declines in assessed valuations).

Of significant importance is the assumed actual and assessed values associated with the Golf Course, the Club House, and the other recreational amenities. This needs additional study, but the Montrose County Assessor's office has indicated that an assumed actual value of \$300,000 per hole for this caliber golf course would not be unreasonable to assume for planning purposes.

Schedule 3 – Page 8 – General Obligation Bond Debt Service

This schedule presents the debt service requirements on a total of \$22,000,000 of general obligation bonds expected to be issued by the Taxing District. Interest rates of 6.5% are assumed; 25-year serial amortization is assumed for the Series 2007 and Series 2010 Bonds, and 23-year interest only amortization until year 24 is assumed for the Series 2013 Bonds.

LIMITATIONS

Stan Bernstein and Associates, Inc., has assembled the information contained in the Exhibits and Schedules based upon key information with respect to land use, values, buildout rates and land sale rates provided by representatives of Hunt Realty. Stan Bernstein and Associates, Inc. has not independently reviewed or evaluated these key assumptions and, consequently, does not vouch for the achievability of the assumptions or the results presented in the accompanying Exhibits and Schedules. Furthermore, because future events are uncertain and unpredictable, actual results may vary significantly from forecasted results, and such variances may be material.

CORNERSTONE METROPOLITAN DISTRICT #1
(OPERATING DISTRICT)

CASH FLOW FORECAST - BUDGETARY BASIS
COMBINED GENERAL AND DEBT SERVICE FUNDS
FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027
(INFLATION IS INCLUDED IN COST ALLOWANCES)

FINAL DRAFT 3-17-05

EXHIBIT 1 - CASH FLOW FORECAST - COMBINED GENERAL
AND DEBT SERVICE FUNDS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
ASSESSSED VALUATION	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
MILL LEVY	0.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
REVENUES:									
PROPERTY TAXES	0	275	275	275	275	275	275	275	275
SPECIFIC OWNERSHIP TAXES @ 5% OF PROP. TAXES	0	14	14	14	14	14	14	14	14
DEVELOPER CAPITAL IMPROVEMENT FEES FROM CMD #2	0	0	0	0	264,000	792,000	792,000	336,000	336,000
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 12.0 MILLS	0	1,200	6,000	72,036	137,887	221,512	285,483	373,989	442,201
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 8.0 MILLS	0	800	4,000	48,024	91,925	147,675	190,322	249,326	294,801
DEVELOPER OPERATING SUBSIDY (REPAYMENT)	0	0	100,000	100,000	75,000	0	0	0	0
INTEREST INCOME - OPERATIONS @ 2% (OTHER INCOME)	0	0	0	885	1,519	1,412	1,175	1,915	4,139
TOTAL REVENUES	0	2,280	110,209	221,204	570,520	1,152,888	1,259,271	961,520	1,077,429
EXPENDITURES - ADMINISTRATION/OPERATING:									
ADMINISTRATION, LEGAL, AUDIT, INSUR., ETC.) +\$6,000/YR TO \$175	0	75,000	100,000	125,000	130,000	135,000	140,000	145,000	150,000
3% COUNTY TREASURERS COLLECTION FEE	0	8	8	8	8	8	8	8	8
ROAD MAINT. ALLOWANCE - 8 MILLS	0	0	4,000	48,024	91,925	147,675	190,322	249,326	294,801
FIRE/EMS PROTECTION ALLOWANCE + \$60,000/YR TO \$19K	0	0	0	50,000	125,000	135,000	145,000	155,000	165,000
ALLOCATED OH TO CAPITAL IMPROVEMENTS FUND	0	(65,000)	0	0	0	0	0	0	0
ALLOCATED TO WATER/STEWATER FUND = \$6,000/YR TO \$115K	0	0	(50,000)	(55,000)	(60,000)	(65,000)	(70,000)	(75,000)	(80,000)
OPERATING/CAPITAL CONTINGENCY	0	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000
TOTAL EXPENDITURES - ADMINISTRATION/OPERATING	0	802	69,002	189,032	311,933	382,683	440,331	514,334	679,809
EXPENDITURES - REVENUE BONDS DEBT SERVICE (SCH. 2)	0	0	0	5,280,000	264,000	792,000	9,312,000	338,000	338,000
TOTAL EXPENDITURES	0	808	69,008	5,468,032	575,933	1,174,683	10,352,331	850,334	1,015,809
EXCESS REVENUES OVER (UNDER) EXPENDITURES	0	1,481	41,291	(5,246,828)	(5,314)	(11,795)	(9,083,060)	111,185	61,621
OTHER FINANCING SOURCES:									
TRANSFER OF EXCESS TAP FEE REV FOR PRINCIPAL PAYMENTS	0	0	0	0	0	0	0	0	0
TRANSFER OF NET G.O. BOND PROCEEDS FROM CMD #2	0	0	0	5,280,000	0	0	9,120,000	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	5,280,000	0	0	9,120,000	0	0
FUND BALANCE - JANUARY 1	0	0	1,481	42,761	75,933	70,619	58,824	95,764	206,950
FUND BALANCE - DECEMBER 31	0	1,481	42,761	75,933	70,619	58,824	95,764	206,950	268,570
RESTRICTED FOR GENERAL FUND	0	1,481	42,761	75,933	70,619	58,824	95,764	206,950	268,570
TOTAL REVENUE BONDS OUTSTANDING @ 12/31 (SCH. 2)	0	21,120,000	21,120,000	15,840,000	15,840,000	15,840,000	6,720,000	6,720,000	6,720,000

SEE CONSULTANTS REPORT AND DISCLAIMER.

CORNEILANE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 COMBINED GENERAL AND DEBT SERVICE FUNDS
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027
 (INFLATION IS INCLUDED IN COST ALLOWANCES)

EXHIBIT I - CASH FLOW FORECAST - COMBINED GENERAL,
 AND DEBT SERVICE FUNDS

	2013	2014	2015	2016	2017	2018	2019	2020	2021
ASSESSED VALUATION	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
MILL LEVY	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
REVENUES:									
PROPERTY TAXES	275	275	275	275	275	275	275	275	275
DEVELOPER OWNERSHIP TAXES @ 5% OF PROP. TAXES	14	14	14	14	14	14	14	14	14
DEVELOPER CAPITAL IMPROVEMENT FEES FROM CMD #2	336,000	0	0	0	0	0	0	0	0
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 12.0 MILLS	489,150	548,517	545,877	544,043	552,232	549,539	558,622	555,876	564,192
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 8.0 MILLS	325,100	365,678	363,918	362,685	368,155	366,360	372,415	370,584	376,128
DEVELOPER OPERATING SUBSIDY (REPAYMENT)	0	0	(100,000)	(100,000)	(75,000)	0	0	0	0
INTEREST INCOME - OPERATIONS @ 2% (OTHER INCOME)	5,371	7,267	10,089	10,614	11,012	10,983	12,390	14,025	14,329
TOTAL REVENUES	1,156,911	921,751	820,173	817,641	856,687	927,174	943,724	940,773	954,938
EXPENDITURES - ADMINISTRATION/OPERATING:									
ADMINISTRATION, LEGAL, AUDIT, INSUR., ETC.) +\$5,000/YR TO \$175K	155,000	160,000	165,000	170,000	175,000	175,000	175,000	175,000	175,000
3% COUNTY TREASURER'S COLLECTION FEE	0	0	0	0	0	0	0	0	0
ROAD MAINT. ALLOWANCE - 8 MILLS	325,100	365,678	363,918	362,685	368,155	366,360	372,415	370,584	376,128
FIRE/EMS PROTECTION ALLOWANCE + \$50,000/YR TO \$195K	175,000	185,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
ALLOCATED OH TO CAPITAL IMPROVEMENTS FUND	0	0	0	0	0	0	0	0	0
ALLOCATED TO WATER/WASTEWATER FUND = \$5,000/YR TO \$115K	(85,000)	(90,000)	(95,000)	(100,000)	(105,000)	(110,000)	(115,000)	(115,000)	(115,000)
OPERATING/CAPITAL CONTINGENCY	155,000	190,000	165,000	170,000	225,000	230,000	235,000	300,000	305,000
TOTAL EXPENDITURES - ADMINISTRATIVE/OPERATING	726,100	790,686	793,927	797,704	858,163	856,368	862,423	925,592	930,136
EXPENDITURES - REVENUE BONDS DEBT SERVICE (SCH. 2)	7,058,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	7,784,100	790,686	793,927	797,704	858,163	856,368	862,423	925,592	930,136
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(6,625,198)	141,065	26,247	19,937	(1,475)	70,803	81,301	15,181	18,801
OTHER FINANCING SOURCES:									
TRANSFER OF EXCESS TAP FEE REV FOR PRINCIPAL PAYMENTS	0	0	0	0	0	0	0	0	0
TRANSFER OF NET G.O BOND PROCEEDS FROM CMD #2	6,720,000	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	6,720,000	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	269,570	363,372	504,437	530,684	550,821	549,146	619,949	701,250	716,432
FUND BALANCE - DECEMBER 31	363,372	504,437	530,684	550,621	549,146	619,949	701,250	716,432	735,233
RESTRICTED FOR GENERAL FUND	303,372	604,437	530,684	530,621	549,146	619,949	701,250	716,432	735,233
TOTAL REVENUE BONDS OUTSTANDING @ 12/31 (SCH. 2)	0	0	0	0	0	0	0	0	0

SEE CONSULTANTS REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 COMBINED GENERAL AND DEBT SERVICE FUNDS
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027
 (INFLATION IS INCLUDED IN COST ALLOWANCES)

EXHIBIT 1 - CASH FLOW FORECAST - COMBINED GENERAL,
 AND DEBT SERVICE FUNDS

	2022	2023	2024	2025	2026	2027	TOTALS
ASSESSED VALUATION	5,000	5,000	5,000	5,000	5,000	5,000	5,000
MILL LEVY	55.00	55.00	55.00	55.00	55.00	55.00	55.00

REVENUES:	2022	2023	2024	2025	2026	2027	TOTALS
PROPERTY TAXES	275	275	275	275	275	275	6,325
SPECIFIC OWNERSHIP TAXES @ 5% OF PROP. TAXES	14	14	14	14	14	14	316
DEVELOPER CAPITAL IMPROVEMENT FEES FROM CMD #2	0	0	0	0	0	0	2,856,000
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 12.0 MILLS	562,179	571,369	569,100	569,100	580,482	580,482	9,891,070
PROPERTY TAXES TRANSFERRED FROM CMD #2 - 8.0 MILLS	374,785	380,913	379,400	379,400	386,988	386,988	6,587,380
DEVELOPER OPERATING SUBSIDY (REPAYMENT)	0	0	0	0	0	0	0
INTEREST INCOME - OPERATIONS @ 2% (OTHER INCOME)	14,705	14,948	15,280	15,473	15,570	15,797	188,879
TOTAL REVENUES	951,958	967,519	964,068	964,262	983,323	983,555	19,529,970

EXPENDITURES - ADMINISTRATION/OPERATING:	2022	2023	2024	2025	2026	2027	TOTALS
ADMINISTRATION, LEGAL, AUDIT, INSUR., ETC.) - \$15,000/YR TO \$175	175,000	175,000	175,000	175,000	175,000	175,000	3,575,000
3% COUNTY TREASURERS COLLECTION FEE	8	8	8	8	8	8	190
ROAD MAINT. ALLOWANCE - 0 MILLS	374,700	380,913	379,400	379,400	386,988	386,988	6,587,380
FIRE/EMS PROTECTION ALLOWANCE + \$50,000/YR TO \$195K	195,000	195,000	195,000	195,000	195,000	195,000	3,670,000
ALLOCATED OH TO CAPITAL IMPROVEMENTS FUND	0	0	0	0	0	0	(95,000)
ALLOCATED OH TO WATER/MAST/WATER FUND = \$5,000/YR TO \$15K	(115,000)	(115,000)	(115,000)	(115,000)	(115,000)	(115,000)	(2,675,000)
OPERATING/CAPITAL CONTINGENCY	310,000	315,000	320,000	325,000	330,000	335,000	4,205,000
TOTAL EXPENDITURES - ADMINISTRATIVE/OPERATING	939,794	950,921	954,408	959,408	971,996	976,996	15,877,370

EXPENDITURES - REVENUE BONDS DEBT SERVICE (SCH. 2)	0	0	0	0	0	0	23,976,000
TOTAL EXPENDITURES	939,794	950,921	954,408	959,408	971,996	976,996	39,853,370
EXCESS REVENUES OVER (UNDER) EXPENDITURES	12,164	16,598	9,660	4,853	11,333	6,559	(20,323,600)

OTHER FINANCING SOURCES:	2022	2023	2024	2025	2026	2027	TOTALS
TRANSFER OF EXCESS TAP FEE REV FOR PRINCIPAL PAYMENTS	0	0	0	0	0	0	0
TRANSFER OF NET G.O BOND PROCEEDS FROM CMD #2	0	0	0	0	0	0	21,120,000
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	21,120,000

FUND BALANCE - JANUARY 1	735,233	747,397	763,995	773,655	779,508	789,841	0
FUND BALANCE - DECEMBER 31	747,397	763,995	773,655	779,508	789,841	796,400	796,400
RESTRICTED FOR GENERAL FUND	747,397	763,995	773,655	779,508	789,841	796,400	796,400
TOTAL REVENUE BONDS OUTSTANDING @ (291 (SCH. 2)	0	0	0	0	0	0	0

SEE CONSULTANTS REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 CAPITAL PROJECTS FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2014

FINAL DRAFT 3-17-05

SCHEDULE 1 - CAPITAL IMPROVEMENTS SCHEDULE

CAPITAL IMPROVEMENT DESCRIPTION (1)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 TOTALS
OFF-SITE GOVERNMENT SPRINGS ROAD IMPROVEMENTS:											
CURRENT DOLLARS	0	1,170,000	0	0	0	0	0	0	0	0	0
ALLOWANCE FOR OTHER ROAD IMPROVEMENTS:											
CURRENT DOLLARS	0	2,924,975	0	0	0	0	0	0	0	0	0
OFF-SITE WATER SUPPLY SYSTEMS(1)											
CURRENT DOLLARS	0	4,600,000	0	0	0	0	0	0	0	0	0
ON-SITE WATER STORAGE, DISTRIBUTION SYSTEMS(1)											
CURRENT DOLLARS	0	3,296,475	0	0	0	0	0	0	0	0	0
ON-SITE WASTEWATER SYSTEMS(1)											
CURRENT DOLLARS	0	2,353,120	0	0	0	0	0	0	0	0	0
ON-SITE WASTEWATER TREATMENT PLANT (1)											
CURRENT DOLLARS	0	2,100,000	0	0	0	0	0	0	0	0	0
FIRE STATION IMPROVEMENTS											
CURRENT DOLLARS	0	1,000,000	0	0	0	0	0	0	0	0	0
PARKS, TRAILS AND RECREATION IMPROVEMENTS:											
CURRENT DOLLARS	0	0	0	0	0	0	0	0	0	0	0
OTHER CAPITAL COSTS											
CURRENT DOLLARS	0	0	0	0	0	0	0	0	0	0	0
ADMINISTRATIVE COSTS											
CURRENT DOLLARS	0	85,000	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL IMPROVEMENTS - CURRENT DOLLARS											
	0	17,529,600	0	0	0	0	0	0	0	0	0
FUNDING SOURCES:											
2005 REVENUE BONDS (NET OF COI)											
TOTAL FUNDING SOURCES	0	17,529,600	0	0	0	0	0	0	0	0	0
EXCESS REVENUES OVER EXPENDITURES											
FUND BALANCE BEGINNING - JANUARY 1	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - ENDING - DECEMBER 31	0	0	0	0	0	0	0	0	0	0	0

(1) REFLECT ONLY THOSE CAPITAL IMPROVEMENTS FUNDED FROM BONDS - OTHER CAPITAL IMPROVEMENTS COSTS ARE NOT REFLECTED ON THIS SCHEDULE.

SOURCE: Hunt Realty and Buckhorn Engineering (1)

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027

FINAL DRAFT 3-17-05

SCHEDULE 2 - REVENUE BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE
6/1/2005	17,529,600	2,956,800	633,600	21,120,000
TOTALS	17,529,600	2,956,800	633,600	21,120,000

ANNUAL DEBT SERVICE REQUIREMENTS

2004	2005	2006	2007	2008	2009	2010	2011
0	0	0	5,280,000	264,000	792,000	9,912,000	336,000
0	0	0	5,280,000	264,000	792,000	9,912,000	336,000

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

6/1/2005	PRINCIPAL REDUCTION INTEREST @ 6.0% (INCL 1.75% L.C. FEE) - NET OF CAP 1	TOTAL DEBT SERVICE REQUIREMENTS	TOTAL REVENUE BONDS OUTSTANDING @ 12/31	TOTAL REVENUE BONDS OUTSTANDING @ 12/31
0	0	0	0	21,120,000
0	0	0	0	21,120,000
0	5,280,000	5,280,000	21,120,000	21,120,000
0	264,000	264,000	21,120,000	21,120,000
0	792,000	792,000	21,120,000	21,120,000
0	9,912,000	9,912,000	21,120,000	21,120,000
0	336,000	336,000	21,120,000	21,120,000
0	5,720,000	5,720,000	21,120,000	21,120,000
0	5,720,000	5,720,000	21,120,000	21,120,000

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
(OPERATING DISTRICT)

CASH FLOW FORECAST - BUDGETARY BASIS
DEBT SERVICE FUND

FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027

SCHEDULE 2 - REVENUE BOND ISSUES
AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE
6/1/2005	17,529,600	2,956,800	633,600	21,120,000
TOTALS	17,529,600	2,956,800	633,600	21,120,000

SIZE OF ENHANCED REVENUE BOND ISSUES

2012	2013	2014	2015	2016	2017	2018	2019
336,000	7,056,000	0	0	0	0	0	0
336,000	7,056,000	0	0	0	0	0	0

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

6/1/2005	PRINCIPAL REDUCTION	0	0	0	0	0	0
	INTEREST @ 5.0% (INCL. 1.75% L.C. FEE) - NET OF CAP I	336,000	0	0	0	0	0
	TOTAL DEBT SERVICE REQUIREMENTS	336,000	0	0	0	0	0
	TOTAL REVENUE BONDS OUTSTANDING @ 12/31	6,720,000	0	0	0	0	0
	TOTAL REVENUE BONDS OUTSTANDING @ 12/31	6,720,000	0	0	0	0	0

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027

SCHEDULE 2 - REVENUE BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUE DATE	NET PROCEEDS	SIZE OF ENHANCED REVENUE BOND ISSUES			GROSS BOND ISSUE
		CAPITALIZED INTEREST	OTHER COSTS	BOND ISSUE	
6/1/2005	17,529,600	2,956,800	633,600	21,120,000	
TOTALS	17,529,600	2,956,800	633,600	21,120,000	

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

	2020	2021	2022	2023	2024	2025	2026	2027
6/1/2005	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0
INTEREST @ 5.0% (INCL. 1.75% L.C. FEE) - NET OF CAP I	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE REQUIREMENTS	0	0	0	0	0	0	0	0
TOTAL REVENUE BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0
TOTAL REVENUE BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2027

SCHEDULE 2 - REVENUE BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF ENHANCED REVENUE BOND ISSUES				
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE
6/1/2005	17,529,600	2,956,800	633,600	21,120,000
TOTALS	17,529,600	2,956,800	633,600	21,120,000

TOTALS
 23,976,000
 23,976,000

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

6/1/2005	PRINCIPAL REDUCTION	21,120,000
	INTEREST @ 5.0% (INCL 1.75% L.C. FEE) - NET OF CAP I	2,956,000
	TOTAL DEBT SERVICE REQUIREMENTS	23,976,000
	TOTAL REVENUE BONDS OUTSTANDING @ 12/31	0
	TOTAL REVENUE BONDS OUTSTANDING @ 12/31	0

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CONGRESSIONAL METROPOLITAN DISTRICT #1
 (OPERATING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DETAILED WATER AND SEWER OPERATING
 REVENUES AND EXPENDITURES
 FOR THE YEARS ENDING DECEMBER 31, 2014 - 2027

FINAL DRAFT 3-17-08

SCHEDULE 3 - DETAILLED WATER AND SEWER OPERATING
 REVENUES AND EXPENDITURES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REGREEMENTAL RANCH LOTS ON LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REGREEMENTAL RANCH LOTS ON LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVERAGE WATER TAP FEE (\$2.00/year)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
AVERAGE MONTHLY WATER REVENUE (\$HOME) (\$ 2.00/year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SEPTIC TANK SYSTEM (A/L RANCH/LOTS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCREMENTAL RANCH LOTS ON LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RANCH LOTS ON LINE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVERAGE SEWER TAP FEE (\$2.00/year)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
AVERAGE MONTHLY SEWER REVENUE (\$HOME) (\$ 2.00/year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REVENUES:																
WATER USER FEES (640 PER YEAR) - DOMESTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SEWER USER FEES (640 PER YEAR) - DOMESTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER USER FEES - SEPTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TAP FEES - SEPTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SEWER TAP FEES - DOMESTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TAP FEES - WELL SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SEWER TAP FEES - SEPTIC SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING BUDGET APPROPRIATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER USER 2% OF SEWERING FUND BALANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISTRICT REVENUES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISTRICT WATER EXPENDITURES:																
ALLOCATED ADMINISTRATIVE OVERHEAD - EXHIBIT 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER BOOSTER SYSTEM - PER BUCKHORN ENGINEERING (+ 1.05%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER DISTRIBUTION SYSTEM REPAIR & MAINT - BUCKHORN (+3%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PERSONNEL - 20% OF TOTAL PER BUCKHORN (+3.0%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTRACTED TREATED WATER PURCHASE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTRIBUTORY CAPITAL ALLOWANCE (+3.0%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISTRICT WATER EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISTRICT SEWER EXPENDITURES:																
ALLOCATED ADMINISTRATIVE OVERHEAD - EXHIBIT 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PERSONNEL - 15% OF TOTAL PER BUCKHORN (+3%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WASTEWATER TREATMENT PLANT - BUCKHORN (+3%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WASTEWATER COLLECTION SYSTEM REPAIR & MAINT - ALLOWANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONTRIBUTORY CAPITAL ALLOWANCE (+3.0%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISTRICT SEWER EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFER OF EXCESS TAP FEES TO DEVELOPER FOR COST RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES OVER EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - DECEMBER 31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

CORNERSTONE METROPOLITAN DISTRICT #2
(TAXING DISTRICT)
CASH FLOW FORECAST - BUDGETARY BASIS
COMBINED GENERAL AND DEBT SERVICE FUNDS
FOR THE YEARS ENDING DECEMBER 31, 2004 - 2010

FINAL DRAFT 3-17-05

EXHIBIT II - CASH FLOW FORECAST - COMBINED
GENERAL AND DEBT SERVICE FUNDS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ASSESSED VALUATION (SCH. 2)	0	109,000	500,000	9,003,000	11,490,605	10,459,339	23,750,298	31,165,775	36,850,087	40,752,539	45,709,746
MILL LEVY - FOR G.O. BONDS	0.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
MILL LEVY - FOR SERVICES	0.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
MILL LEVY - SPECIAL FOR ROAD MAINTENANCE	0.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
TOTAL MILL LEVY ASSUMED FOR ANALYSES PURPOSES	0.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
REVENUES:											
PROPERTY TAXES - .65 MILLS	0	5,500	27,500	330,165	631,983	1,015,264	1,308,466	1,714,118	2,025,755	2,241,940	2,514,036
SPECIFIC OWNERSHIP TAXES @ 3% OF PROP. TAXES	0	330	1,650	19,810	37,819	60,916	79,508	102,947	121,605	134,516	150,942
DEVELOPER CAPITAL IMPROVEMENT FEE	0	0	0	0	256,000	792,000	792,000	336,000	336,000	336,000	336,000
INTEREST INCOME - OTHER @ 2%	0	0	33	250	4,416	3,737	7,988	18,193	15,275	17,614	22,810
TOTAL REVENUES	0	5,830	29,183	350,226	936,318	1,877,916	2,186,943	2,169,155	2,499,615	2,730,070	2,987,689
EXPENDITURES:											
ADMINISTRATION, LEGAL, AUDIT, INSURANCE, ETC.	0	2,000	7,500	10,000	16,000	10,000	10,000	10,000	10,000	10,000	10,000
3% COUNTY TREASURERS COLLECTION FEE	0	195	828	9,005	18,959	30,488	39,254	51,424	60,003	67,253	75,421
SERIES 2007 G.O. BONDS DEBT SERVICE (SCH. 3)	0	0	0	0	447,600	450,050	454,825	452,676	456,200	452,075	453,625
SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0
SERIES 2013 G.O. BONDS DEBT SERVICE (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0
BOND PAYING AGENT FEES	0	0	0	2,000	2,000	2,000	4,000	4,000	4,000	4,000	4,000
TRANSFER TO CMD #1 - SERVICES (12 MILLS)	0	1,200	0	0	0	0	0	0	0	0	0
TRANSFER TO CMD #1 - ROAD MAINTENANCE (8 MILLS)	0	800	0	0	0	0	0	0	0	0	0
TRANSFER OF CAPITAL IMPROVEMENT FEE TO CMD#1	0	0	0	0	264,000	792,000	792,000	306,000	306,000	306,000	306,000
TOTAL EXPENDITURES	0	4,195	18,325	141,985	972,472	1,690,295	1,775,895	1,774,914	2,382,704	2,470,234	2,795,985
EXCESS REVENUES OVER (UNDER) EXPENDITURES	0	1,635	10,858	208,240	(33,954)	213,621	411,058	(65,759)	116,931	259,836	(108,177)
OTHER FINANCING SOURCES:											
PROCEEDS FROM G.O. BONDS	0	0	0	5,500,000	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE	0	0	0	(220,000)	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO CMD #1	0	0	0	(5,280,000)	0	0	0	0	0	0	0
DEVELOPER ADVANCE (REPAYMENT)	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	1,005	12,523	220,704	186,830	398,451	809,509	763,750	980,681	1,140,517
FUND BALANCE - DECEMBER 31	0	1,635	12,523	220,704	186,830	398,451	809,509	763,750	980,681	1,140,517	1,032,339
Restricted - Capitalized & Accrued Interest	0	0	0	0	0	0	0	0	0	0	0
Unrestricted	0	1,635	12,523	220,704	186,830	398,451	809,509	763,750	980,681	1,140,517	1,032,339
TOTAL G.O. BONDS OUTSTANDING @ 12/31	0	0	0	5,800,000	5,410,000	5,300,000	14,095,000	14,400,000	14,105,000	20,050,000	20,415,000
% OF G.O. BONDS OUTSTANDING TO ASSESSED VALUE	0	0.00%	0	0.00%	47.87%	22.30%	47.15%	30.24%	34.75%	49.61%	44.88%
NPV OF DEVELOPER FEES @ 9%											
											\$1,542,338

SEE CONSULTANTS REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
(TAXING DISTRICT)
CASH FLOW FORECAST - BUDGETARY BASIS
COMBINED GENERAL AND DEBT SERVICE FUNDS
FOR THE YEARS ENDING DECEMBER 31, 2004 - 2030

EXHIBIT II - CASH FLOW FORECAST - COMBINED
GENERAL AND DEBT SERVICE FUNDS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ASSESSED VALUATION (SCH. 2)	45,409,785	45,355,935	46,019,313	45,794,953	46,551,827	46,322,979	47,018,015	46,848,249	47,614,093	47,424,987	47,424,987
MILL LEVY - FOR G.O. BONDS	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
MILL LEVY - FOR SERVICES	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
MILL LEVY - SPECIAL FOR ROAD MAINTENANCE	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
TOTAL MILL LEVY ASSUMED FOR ANALYSES PURPOSES	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
REVENUES:											
PROPERTY TAXES - 55 MILLS	2,501,988	2,493,531	2,531,032	2,518,722	2,568,350	2,547,764	2,595,981	2,576,854	2,618,775	2,608,374	2,609,374
SPECIFIC OWNERSHIP TAXES @ 0% OF PROP. TAXES	150,116	149,612	151,854	151,123	153,621	152,803	155,153	154,509	157,127	156,502	156,502
DEVELOPER CAPITAL IMPROVEMENT FEE	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME - OTHER @ 2%	20,647	19,370	18,192	15,883	12,953	11,928	10,832	10,382	9,830	10,114	10,384
TOTAL REVENUES	2,672,751	2,661,494	2,699,108	2,684,439	2,726,930	2,712,459	2,761,865	2,741,635	2,785,801	2,774,991	2,775,251

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENDITURES:											
ADMINISTRATION, LEGAL, AUDIT, INSURANCE, ETC.	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
3% COUNTY TREASURER'S COLLECTION FEE	75,068	74,809	75,932	75,592	76,811	76,433	77,576	77,300	78,593	78,251	78,251
SERIES 2007 G.O. BONDS DEBT SERVICE (SCH. 3)	454,525	449,775	449,700	448,975	447,610	450,575	447,575	448,928	449,300	448,700	447,128
SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 3)	783,050	780,300	781,000	783,725	784,475	781,825	783,400	783,575	782,450	780,025	781,300
SERIES 2013 G.O. BONDS DEBT SERVICE (SCH. 3)	548,550	542,000	539,500	529,000	522,500	510,500	509,500	503,000	486,500	480,000	483,500
BOND PAYING AGENT FEES	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
TRANSFER TO CMD #1 - SERVICES (12 MILLS)	545,077	544,048	552,232	549,539	563,622	555,376	564,132	592,170	574,369	660,100	669,100
TRANSFER TO CMD #1 - ROAD MAINTENANCE (8 MILLS)	363,018	362,895	368,155	366,360	372,415	370,504	370,128	374,760	380,913	379,400	379,400
TRANSFER OF CAPITAL IMPROVEMENT FEE TO CMD#1	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	2,787,829	2,759,620	2,778,518	2,766,161	2,778,422	2,767,393	2,774,372	2,765,769	2,775,095	2,761,476	2,754,676

EXCESS REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES:											
PROCEEDS FROM G.O. BONDS	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE	0	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO CMD #1	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER ADVANCE (REPAYMENT)	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0	0	0	0

FUND BALANCE - JANUARY 1

FUND BALANCE - DECEMBER 31	1,032,339	917,212	809,079	729,669	647,947	590,456	541,622	519,116	494,987	505,693	519,208
Restricted - Capitalized & Accrued Interest	917,212	809,079	729,669	647,947	590,456	541,622	519,116	494,987	505,693	519,208	539,793
Unrestricted	115,128	108,132	79,411	81,722	57,492	54,834	52,506	24,129	10,706	13,515	20,585
TOTAL G.O. BONDS OUTSTANDING @ 12/31	19,855,000	19,400,000	18,980,000	18,465,000	17,999,000	17,315,000	16,708,000	16,050,000	15,385,000	14,646,000	13,865,000
% OF G.O. BONDS OUTSTANDING TO ASSESSED VALUE	44.01%	42.33%	41.45%	39.64%	38.64%	36.83%	35.65%	33.71%	32.46%	30.80%	28.70%

NPV OF DEVELOPER FEES @ 9% \$1,542,330

SEE CONSULTANT'S REPORT AND DISCLAIMER.

GORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 COMBINED GENERAL AND DEBT SERVICE FUNDS
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2036

EXHIBIT II - CASH FLOW FORECAST - COMBINED
 GENERAL AND DEBT SERVICE FUNDS

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
ASSESSED VALUATION (SCH. 2)	48,373,487	48,373,487	49,340,957	49,340,957	50,327,776	50,327,776	51,334,331	51,334,331	52,361,018	52,361,018	53,408,238
MILL LEVY - FOR G.O. BONDS	35.00	36.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
MILL LEVY - FOR SERVICES	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
MILL LEVY - SPECIAL FOR ROAD MAINTENANCE	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
TOTAL MILL LEVY ASSUMED FOR ANALYSES PURPOSES	55.00	56.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
REVENUES:											
PROPERTY TAXES - 55 MILLS	2,050,542	2,050,542	2,113,753	2,113,753	2,176,028	2,176,028	2,242,388	2,242,388	2,319,856	2,319,856	2,397,453
SPECIFIC OWNERSHIP TAXES @ 5% OF PROP. TAXES	159,633	159,633	162,825	162,825	165,882	168,082	169,403	169,403	172,791	172,791	176,247
DEVELOPER CAPITAL IMPROVEMENT FEE	0	0	0	0	0	0	0	0	0	0	0
INTEREST INCOME - OTHER @ 2%	10,706	11,889	13,327	15,592	17,922	21,158	24,688	29,089	34,708	42,708	52,889
TOTAL REVENUES	2,220,881	2,322,064	2,289,905	2,292,175	2,359,832	2,345,278	2,441,479	2,441,880	2,577,442	2,577,442	2,729,390
EXPENDITURES:											
ADMINISTRATION, LEGAL, AUDIT, INSURANCE, ETC.	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
3% COUNTY TREASURERS COLLECTION FEE	79,816	79,816	81,413	81,413	83,041	83,041	84,702	84,702	86,399	86,399	88,124
SERIES 2007 G.O. BONDS DEBT SERVICE (SCH. 3)	449,575	445,725	445,025	449,775	447,025	447,250	447,300	447,300	447,300	447,300	447,300
SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 3)	789,892	703,600	779,725	784,175	780,340	781,250	784,250	784,250	784,250	784,250	784,250
SERIES 2013 G.O. BONDS DEBT SERVICE (SCH. 3)	477,000	470,500	464,000	464,000	451,000	444,500	438,000	431,500	425,000	418,500	412,000
BOND PAYING AGENT FEES	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
TRANSFER TO CMD #1 - SERVICES (12 MILLS)	500,402	500,402	502,781	502,001	503,503	503,503	503,503	503,503	503,503	503,503	503,503
TRANSFER TO CMD #1 - ROAD MAINTENANCE (8 MILLS)	384,888	384,888	394,728	394,728	402,522	402,522	410,675	410,675	418,868	418,868	427,266
TRANSFER OF CAPITAL IMPROVEMENT FEE TO CMD#1	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	2,775,911	2,763,161	2,773,957	2,775,082	2,769,971	2,779,321	2,796,089	2,841,439	2,854,916	2,841,565	2,880,289
EXCESS REVENUES OVER (UNDER) EXPENDITURES	55,159	68,912	116,998	116,493	162,065	175,956	229,591	600,453	740,440	735,877	849,101
OTHER FINANCING SOURCES:											
PROCEEDS FROM G.O. BONDS	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE	0	0	0	0	0	0	0	0	0	0	0
TRANSFER OF NET BOND PROCEEDS TO CMD #1	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER ADVANCE (REPAYMENT)	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	539,793	594,052	693,804	779,803	899,356	1,059,421	1,234,378	1,454,968	1,740,440	2,094,961	2,544,459
FUND BALANCE - DECEMBER 31	594,052	663,064	779,863	896,356	1,059,421	1,234,378	1,454,968	1,740,440	2,094,961	2,544,459	3,094,760
Restated - Capitalized & Accrued Interest	0	0	0	0	0	0	0	0	0	0	0
Unrestated	694,892	663,864	779,863	896,356	1,059,421	1,234,378	1,454,968	1,740,440	2,094,961	2,544,459	3,094,760
TOTAL G.O. BONDS OUTSTANDING @ 12/31	13,075,000	12,225,000	11,330,000	10,375,000	9,305,000	8,200,000	7,170,000	6,120,000	5,030,000	4,000,000	3,000,000
% OF G.O. BONDS OUTSTANDING TO ASSESSED VALUE	27.03%	24.78%	22.00%	20.81%	18.91%	16.47%	13.92%	12.26%	10.76%	9.09%	7.00%
NPV OF DEVELOPER FEES @ 9%		\$1,642,330									

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 COMBINED GENERAL AND DEBT SERVICE FUNDS
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2030

EXHIBIT II - CASH FLOW FORECAST - COMBINED
 GENERAL AND DEBT SERVICE FUNDS

TOTALS

ASSESSED VALUATION (SCH. 2)
 MILL LEVY - FOR G.O. BONDS
 MILL LEVY - FOR SERVICES
 MILL LEVY - SPECIAL FOR ROAD MAINTENANCE
 TOTAL MILL LEVY ASSUMED FOR ANALYSES PURPOSES
 REVENUES:

70,505,738
 4,245,744
 2,686,000
 552,128
78,230,610

PROPERTY TAXES - 55 MILLS
 SPECIFIC OWNERSHIP TAXES @ 6% OF PROP. TAXES
 DEVELOPER CAPITAL IMPROVEMENT FEE
 INTEREST INCOME - OTHER @ 2%
 TOTAL REVENUES

EXPENDITURES:
 ADMINISTRATION, LEGAL, AUDIT, INSURANCE, ETC.
 3% COUNTY TREASURER'S COLLECTION FEE
 SERIES 2007 G.O. BONDS DEBT SERVICE (SCH. 3)
 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 3)
 SERIES 2013 G.O. BONDS DEBT SERVICE (SCH. 3)
 BOND PAYING AGENT FEES
 TRANSFER TO CMD #1 - SERVICES (12 MILLS)
 TRANSFER TO CMD #1 - ROAD MAINTENANCE (8 MILLS)
 TRANSFER OF CAPITAL IMPROVEMENT FEE TO CMD#1
 TOTAL EXPENDITURES

300,500
 2,117,072
 11,240,000
 10,545,200
 15,020,500
 150,000
 15,402,707
 10,256,471
 2,355,000
 77,688,850

EXPCESS REVENUES OVER (UNDER) EXPENDITURES

550,760

OTHER FINANCING SOURCES:
 PROCEEDS FROM G.O. BONDS
 COSTS OF BOND ISSUANCE
 TRANSFER OF NET BOND PROCEEDS TO CMD # 1
 DEVELOPER ADVANCE (REPAYMENT)
 TOTAL OTHER FINANCING SOURCES

22,000,000
 (860,000)
 (21,120,000)
 0
 0

FUND BALANCE - JANUARY 1

0

FUND BALANCE - DECEMBER 31
 Restricted - Capitalized & Accrued Interest
 Unrestricted

550,760

550,760

TOTAL G.O. BONDS OUTSTANDING @ 12/31
 % OF G.O. BONDS OUTSTANDING TO ASSESSED VALUE

NPV OF DEVELOPER FEES @ 9% \$1,542,338

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 FORECASTED ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2002 - 2022
 2004\$ (UNINFLATED)

SCHEDULE 1 - DEVELOPER'S ESTIMATED LOT PLATTING
 AND ASSESSED VALUE FROM LOT PLATTING

Description of Lot	Planned Number of Lots	Actual	
		Average Per Lot	Gross Land Sales Volume
Ranch Lot	40	900,000	36,000,000
Golf View Lots (family homes)	113	850,000	96,550,000
Cluster Lots (teahill silos)	98	250,000	24,750,000
Super Cluster Lots (yillage lots)	110	200,000	22,000,000
TOTALS	362	932,845	122,300,000

SOURCE: Hunt Realty

Actual Value @ 100% of Market Value:

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Estimated Value of Lots Platted By Year - Ranch Lot	0	0	0	0	0	0	0	0	0	0
Estimated Value of Lots Platted By Year - Golf View Lots	0	0	0	0	0	0	0	0	0	0
Estimated Value of Lots Platted By Year - Cluster Lots	0	0	0	0	0	0	0	0	0	0
Estimated Value of Lots Platted By Year - Super Cluster Lots	0	0	0	0	0	0	0	0	0	0
Estimated Actual Value of Lots Platted By Year - Total All Lots Assessed Value:	0	0	0	0	0	0	0	0	0	0
Proj. Assessed Value By Year - Ranch Lot @ 25%	0	0	0	0	0	0	0	0	0	0
Proj. Assessed Value By Year - Ranch Lot @ 29%	0	0	0	0	0	0	0	0	0	0
Proj. Assessed Value By Year - Ranch Lot @ 28%	0	0	0	0	0	0	0	0	0	0
Proj. Assessed Value By Year - Ranch Lot @ 23%	0	0	0	0	0	0	0	0	0	0
Estimated Assessed Value of Lots Platted By Year - Total All Lots	0	0	0	0	0	0	0	0	0	0

Proj. Decrease in Land Assessed Value By Year Caused By Buildout

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Projected Value Of Land Built Upon (Golf View Lots)	2,780,000	1,800,000	2,700,000	2,700,000	1,800,000	2,700,000	2,700,000	2,700,000	1,800,000	1,800,000
Projected Assessed Valuation Of Such Land @ 25%	783,000	522,000	783,000	783,000	522,000	783,000	783,000	783,000	522,000	522,000
Projected Assessed Valuation Of Such Land @ 29%	(783,000)	(822,000)	(783,000)	(783,000)	(822,000)	(783,000)	(783,000)	(783,000)	(822,000)	(822,000)
Projected Net Increase (decrease) in Ranch Lot Land A.V.	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Projected Value Of Land Built Upon (Golf View Lots)	710,500	710,500	710,500	710,500	710,500	710,500	710,500	710,500	710,500	710,500
Projected Assessed Valuation Of Such Land @ 25%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Projected Assessed Valuation Of Such Land @ 29%	435,000	435,000	435,000	435,000	435,000	435,000	435,000	435,000	435,000	435,000
Projected Net Increase (decrease) in Cluster Lots - West Land A.V.	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)	(435,000)
Projected Value Of Land Built Upon (Super Cluster Lots)	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Projected Assessed Valuation Of Such Land @ 25%	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000	406,000
Projected Assessed Valuation Of Such Land @ 29%	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)	(406,000)
Projected Net Increase (decrease) in Super Cluster Lots Land A.V.	(2,334,500)	(2,073,500)	(2,334,500)	(2,334,500)	(2,073,500)	(2,334,500)	(2,334,500)	(2,334,500)	(2,146,000)	(2,146,000)
Proj. Assessed Value By Year - Land Only - Cumulative	19,808,500	17,835,000	16,501,500	13,166,000	11,092,500	8,768,000	8,423,500	4,127,500	2,131,500	
Year Assessed Valuation Certified To Cornerstone Ranch Metro District #2	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Year Taxes Received By Cornerstone Ranch Metro District #2	2016	2016	2017	2018	2019	2020	2021	2022	2023	

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 FORECASTED ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2002 - 2022
 2004\$ (UNINFLATED)

SCHEDULE 1 - DEVELOPER'S ESTIMATED LOT PLATTING
 AND ASSESSED VALUE FROM LOT PLATTING

LOT SALES:	Planned Number of Lots	Actual Average Per Lot	Gross Land Sales Volume
Description of Lot			
Ranch Lot	40	\$00,000	36,000,000
Golf View Lots (family retreats)	113	350,000	39,550,000
Cluster Lots (cabin sites)	09	250,000	24,750,000
Super Cluster Lots (villaage lots)	110	200,000	22,000,000
TOTALS	302	337,845	122,300,000

Actual Value @ 100% of Market Value:	2022	TOTALS
Estimated Value of Lots Platted By Year - Ranch Lots	0	36,000,000
Estimated Value of Lots Platted By Year - Golf View Lots	0	39,550,000
Estimated Value of Lots Platted By Year - Cluster Lots	0	24,750,000
Estimated Value of Lots Platted By Year - Super Cluster Lots	0	22,000,000
Estimated Actual Value of Lots Platted By Year - Total All Lots	0	122,300,000

Assessed Value:

Proj. Asses. Value By Year - Incom. @ 25% (Ranch Lots)	0	10,410,000
Proj. Asses. Value By Year - Incom. @ 25% (Golf View Lots) <td>0</td> <td>11,405,500</td>	0	11,405,500
Proj. Asses. Value By Year - Incom. @ 25% (Cluster Lots) <td>0</td> <td>7,177,500</td>	0	7,177,500
Proj. Asses. Value By Year - Incom. @ 25% (Super Cluster Lots) <td>0</td> <td>6,300,000</td>	0	6,300,000
Estimated Assessed Value of Lots Platted By Year - Total All Lots	0	35,302,000

Proj. Depreciation in Land Assessed Value By Year Caused By Buildout

Projected Value Of Land Built Upon (Ranch Lots)	1,800,000	56,000,000
Projected Assessed Valuation Of Such Land @ 25%	522,000	10,410,000
Projected Not Increase (decrease) in Ranch Lot's Land A.V.	(522,000)	0
Projected Value Of Land Built Upon (Golf View Lots)	2,800,000	39,550,000
Projected Assessed Valuation Of Such Land @ 25%	812,000	11,405,500
Projected Not Increase (decrease) in Golf View Lot's Land A.V.	(812,000)	0

Projected Value Of Land Built Upon (Cluster Lots - West)

Projected Assessed Valuation Of Such Land @ 25%	1,760,000	24,750,000
Projected Not Increase (decrease) in Cluster Lot's - West Land A.V.	(507,500)	7,177,500
Projected Value Of Land Built Upon (Super Cluster Lots)	1,000,000	22,000,000
Projected Assessed Valuation Of Such Land @ 25%	290,000	6,300,000
Projected Not Increase (decrease) in Super Cluster Lot's Land A.V.	(290,000)	0
Projected Not Increase (decrease) in all Project Land A.V.	(2,131,500)	0
Proj. Assessed Value By Year - Land Only - Cumulative	0	0

Year Assessed Valuation Certified To Cornerstone Ranch Metro District #2

Year Taxes Received By Cornerstone Ranch Metro District #2	2023	2024
SEE CONSULTANT'S REPORT AND DISCLAIMER.		

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 FORECASTED ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2005 - 2022
 20M\$ (UNINFLATED)

SCHEDULE 2 - DEVELOPERS ESTIMATED BUILDOUT
 AND ASSESSED VALUATION FROM BUILDOUT

BUILDOUT (INCLUDING LOT VALUES):

Description of Unit	Planned Number Unit	Average Per Unit Price	Total Gross Unit Value
Ranch Lots	40	2,500,000	100,000,000
Golf View Lots (family estates)	113	1,225,000	138,425,000
Cluster Lots (golf sites)	99	800,000	84,150,000
Super Cluster Lots (village lots)	110	800,000	88,000,000
Casitas	50	800,000	40,000,000
	0	0	0
TOTALS	412	1,093,824	450,575,000

SOURCE: Hunt Realty

FINAL DRAFT 3-17-05

Estimated Value (Uninflated):	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Estimated Value Of Ranch Homes	0	0	0	5,000,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Estimated Value Of Golf View Homes	0	0	0	8,575,000	8,575,000	8,575,000	8,575,000	8,575,000	8,575,000	8,575,000	8,575,000
Estimated Value Of Cluster Homes	0	0	0	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
Estimated Value Of Super Cluster Homes	0	0	0	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Estimated Value Of Casitas	0	0	0	0	0	0	0	0	0	0	0
Estimated Value Of Golf Courses @ \$300,000/Hole	0	0	0	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
Estimated Value of Golf Clubhouses	0	0	0	1,500,000	0	0	0	0	0	0	0
Estimated Value of Equestrian Center	0	0	0	1,000,000	0	0	0	0	0	0	0
Estimated Value of Fishing Amenities	0	0	0	0	0	0	0	0	0	0	0
Estimated Value of Swimming Pool and Tennis Courts	0	0	0	0	0	0	0	0	0	0	0
Estimated Value Of Buildout - Entire Project (Uninflated)	0	0	0	9,000,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000
Proj. Assessed Value - Incremental:											
Total Proj. Assessed Value From Ranch Homes @ 7.00%	0	0	0	398,000	597,000	597,000	597,000	597,000	597,000	597,000	597,000
Total Proj. Assessed Value From Golf View Homes @ 7.93%	0	0	0	682,570	682,570	682,570	682,570	682,570	682,570	682,570	682,570
Total Proj. Ass. Value From Cluster Homes @ 7.98%	0	0	0	405,860	405,860	405,860	405,860	405,860	405,860	405,860	405,860
Total Proj. Ass. Value From Super Cluster Homes @ 7.50%	0	0	0	445,750	445,750	445,750	445,750	445,750	445,750	445,750	445,750
Total Proj. Ass. Value From Casitas @ 7.50%	0	0	0	636,800	636,800	636,800	636,800	636,800	636,800	636,800	636,800
Total Proj. Ass. Value From Golf Course @ 2.0%	0	0	0	1,560,000	0	0	0	0	0	0	0
Total Proj. Ass. Value From Clubhouses @ 2.0%	0	0	0	435,000	0	0	0	0	0	0	0
Total Proj. Ass. Value From Equestrian Center @ 2.0%	0	0	0	200,000	0	0	0	0	0	0	0
Total Proj. Assessed Value From Fishing Amenities @ 2.0%	0	0	0	0	0	0	0	0	0	0	0
Total Proj. Assessed Value From Swimming Pool and Tennis Courts @ 2.0%	0	0	0	0	0	0	0	0	0	0	0
Total Proj. Assessed Value From Land - Schedule 1	0	0	0	0	0	0	0	0	0	0	0
Total Incremental Assessed Valuation - All Sources	0	0	0	4,396,500	2,202,600	2,001,000	2,001,000	2,001,000	2,001,000	2,001,000	2,001,000
Proj. Assessed Value By Year - Cumulative (Uninflated):	0	0	0	5,003,000	5,202,300	6,832,800	7,899,000	8,299,000	8,299,000	8,299,000	8,299,000
Proj. Assessed Value By Year - Cumulative (inflated 2% Every Other Year After 2005)	0	0	0	5,003,000	5,202,300	5,402,700	5,603,600	5,804,500	6,005,400	6,206,300	6,407,200
Year Taxes Received By Cornerstone Ranch Metro District #2	2000	2007	2005	2007	2008	2009	2010	2011	2012	2013	2014

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 FORECASTED ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2002 - 2022
 2002 (UNINFLATED)

SCHEDULE 2 - DEVELOPERS ESTIMATED BUILDOUT
 AND ASSESSED VALUATION FROM BUILDOUT

BUILDOUT (INCLUDING LOT VALUES):

Description of Unit	Planned Number of Unit	Average Per Unit Price	Total Gross Unit Volume	2022 TOTALS	
				2022	TOTALS
Ranch Lots	40	2,500,000	100,000,000	2	40
Golf View Lots (family estates)	113	1,225,000	138,425,000	40	113
Cluster Lots (cabin sites)	99	850,000	84,150,000	7	143
Super Cluster Lots (village lots)	110	800,000	88,000,000	7	99
Cabins	50	800,000	40,000,000	5	110
TOTALS	412	1,090,829	450,575,000	22	412

SOURCE: Hunt Realty

Estimated Values (Uninflated):
 Estimated Value Of Ranch Homes @ 7.96% 5,000,000 380,000,000
 Estimated Value Of Golf View Homes @ 7.96% 6,800,000 190,125,000
 Estimated Value Of Cluster Homes @ 7.96% 5,850,000 94,150,000
 Estimated Value Of Super Cluster Homes @ 7.96% 4,000,000 88,000,000
 Estimated Value Of Cabins @ 800,000/lot 40,000,000
 Estimated Value Of Golf Clubhouse @ 29% 5,400,000
 Estimated Value Of Equestrian Center @ 29% 9,910,000
 Estimated Value Of Fishing Amenities @ 29% 1,000,000
 Estimated Value Of Swimming Pool and Tennis Courts @ 29% 24,750,000
 Estimated Value Of Entire Project (Uninflated) 450,475,000

Proj. Assessed Value - Incremental:
 Total Proj. Assessed Value From Ranch Homes @ 7.96% 388,000 7,960,000
 Total Proj. Assessed Value From Golf View Homes @ 7.96% 700,000 11,018,630
 Total Proj. Ass. Value From Cluster Homes @ 7.96% 473,620 6,638,340
 Total Proj. Ass. Value From Super Cluster Homes @ 7.96% 318,400 7,004,800
 Total Proj. Ass. Value From Cabins @ 7.96% 0 8,194,000
 Total Proj. Ass. Value From Golf Course @ 29% 0 1,586,600
 Total Proj. Ass. Value From Clubhouse @ 29% 0 2,755,600
 Total Proj. Ass. Value From Equestrian Center @ 29% 0 290,600
 Total Proj. Assessed Value From Fishing Amenities @ 29% 0 290,600
 Total Proj. Assessed Value From Swimming Pool and Tennis Courts @ 29% 0 290,600
 Total Proj. Assessed Value From Land - Schedule 1 12,131,500 0
 Total Incremental Assessed Valuation - All Sources 1,661,600 40,476,770
 Proj. Assessed Value By Year - Cumulative (Uninflated): 40,476,770 40,476,770
 Proj. Assessed Value By Year - Cumulative (Inflated 2% Levy Other Year Always Same) 42,524,992 47,924,002
 Year Assessed Valuation Certified To Cornerstone Ranch Metro District #2 2023

Year Taxes Received By Cornerstone Ranch Metro District #2 2024

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2036

SCHEDULE 3 - GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES				GROSS BOND
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	ISSUE
12/1/2007	5,280,000	0	220,000	5,500,000
12/1/2010	9,120,000	0	380,000	9,500,000
12/1/2013	6,720,000	0	280,000	7,000,000
TOTALS	21,120,000	0	880,000	22,000,000

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

Year	Principal Reduction	Interest @ 6.6%	Total Debt Service Requirements	Total G.O. Bonds Outstanding @ 12/31
12/1/2007	125,000	330,200	455,200	4,955,000
12/1/2010	170,000	609,700	779,700	9,210,000
12/1/2013	0	0	0	0
TOTAL G.O. BONDS OUTSTANDING @ 12/31	14,165,000	20,850,000	20,415,000	19,955,000

Year	Principal Reduction	Interest @ 6.5%	Total Debt Service Requirements	Total G.O. Bonds Outstanding @ 12/31
12/1/2010	170,000	598,650	768,650	9,025,000
12/1/2013	0	0	0	0
TOTAL G.O. BONDS OUTSTANDING @ 12/31	14,165,000	20,850,000	20,415,000	19,480,000

SEE CONSULTANT'S REPORT AND DISCLAIMER

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2036

SCHEDULE 3 - GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES					
BOND	NET	CAPITALIZED	OTHER	GROSS	
ISSUE	PROCEEDS	INTEREST	COSTS	BOND	ISSUE
12/1/2007	5,280,000	0	220,000	5,500,000	
12/1/2010	9,120,000	0	380,000	9,500,000	
12/1/2013	6,720,000	0	280,000	7,000,000	
TOTAL \$	21,120,000	0	880,000	22,000,000	

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/1/2007	PRINCIPAL REDUCTION	200,000	210,000	225,000	240,000	255,000	270,000	290,000	305,000
	INTEREST @ 6.5%	250,575	237,575	223,925	209,300	193,709	177,425	159,575	140,725
	TOTAL DEBT SERVICE REQUIREMENTS	450,575	447,575	448,925	449,300	448,709	447,425	449,575	445,725
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	3,695,000	3,446,000	3,220,000	2,980,000	2,725,000	2,455,000	2,165,000	1,860,000
12/1/2010	PRINCIPAL REDUCTION	285,000	305,000	325,000	345,000	365,000	390,000	420,000	445,000
	INTEREST @ 6.5%	496,925	473,400	458,575	437,450	413,025	391,300	355,950	338,650
	TOTAL DEBT SERVICE REQUIREMENTS	781,925	783,400	783,575	782,450	780,025	781,300	785,950	783,650
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	7,360,000	7,055,000	6,730,000	6,385,000	6,020,000	5,630,000	5,210,000	4,765,000
12/1/2013	PRINCIPAL REDUCTION	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	INTEREST @ 6.5%	416,000	409,500	403,000	395,500	390,000	383,500	377,000	370,500
	TOTAL DEBT SERVICE REQUIREMENTS	516,000	509,500	503,000	496,500	490,000	483,500	477,000	470,500
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	6,300,000	6,200,000	6,100,000	6,000,000	5,900,000	5,800,000	5,700,000	5,600,000
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	17,315,000	16,700,000	16,050,000	15,365,000	14,645,000	13,895,000	13,075,000	12,225,000

SEE CONSULTANT'S REPORT AND DISCLAIMER

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2036

SCHEDULE 3 - GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES				GROSS
BOND	NET	CAPITALIZED	OTHER	BOND
ISSUE	PROCEEDS	INTEREST	COSTS	ISSUE
12/1/2007	5,280,000	0	220,000	5,500,000
12/1/2010	9,120,000	0	380,000	9,500,000
12/1/2013	6,720,000	0	280,000	7,000,000
TOTALS	21,120,000	0	880,000	22,000,000

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

DATE	PRINCIPAL REDUCTION	INTEREST @ 6.5%	TOTAL DEBT SERVICE REQUIREMENTS	TOTAL G.O. BONDS OUTSTANDING @ 12/31	2028	2029	2030	2031	2032	2033	2034	2035
12/1/2007	325,000	120,900	445,900	1,595,000	445,900	449,775	447,025	447,975	447,300	0	0	0
	INTEREST @ 6.5%	99,775	449,775	1,195,000	779,725	784,175	786,350	781,250	784,200	784,550	782,300	777,450
	TOTAL DEBT SERVICE REQUIREMENTS	445,900	449,775	1,595,000	484,000	457,500	451,000	444,500	438,000	431,500	425,000	418,500
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	1,595,000	1,195,000	1,595,000	1,699,625	1,891,450	1,684,375	1,673,725	1,669,500	1,216,050	1,207,300	1,195,950
12/1/2010	470,000	309,725	779,725	4,295,000	470,000	479,175	470,250	470,000	470,000	0	0	0
	INTEREST @ 6.5%	279,175	784,175	3,250,000	779,725	784,175	786,350	781,250	784,200	784,550	782,300	777,450
	TOTAL DEBT SERVICE REQUIREMENTS	779,725	784,175	4,295,000	1,000,000	100,000	100,000	100,000	100,000	0	0	0
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	4,295,000	3,250,000	4,295,000	5,400,000	5,400,000	5,300,000	5,200,000	5,100,000	5,000,000	4,900,000	4,800,000
12/1/2013	100,000	84,000	184,000	5,500,000	100,000	100,000	100,000	100,000	100,000	0	0	0
	INTEREST @ 6.5%	45,500	149,500	5,500,000	364,000	357,500	351,000	344,500	338,000	331,500	325,000	318,500
	TOTAL DEBT SERVICE REQUIREMENTS	149,500	149,500	5,500,000	464,000	457,500	451,000	444,500	438,000	431,500	425,000	418,500
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	5,500,000	5,400,000	5,500,000	5,500,000	5,400,000	5,300,000	5,200,000	5,100,000	5,000,000	4,900,000	4,800,000
	TOTAL G.O. BONDS OUTSTANDING @ 12/31	11,330,000	10,375,000	11,330,000	9,365,000	9,300,000	9,170,000	9,120,000	9,070,000	8,920,000	8,830,000	8,740,000

SEE CONSULTANT'S REPORT AND DISCLAIMER.

CORNERSTONE METROPOLITAN DISTRICT #2
 (TAXING DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2004 - 2036

SCHEDULE 3 - GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF GENERAL OBLIGATION BOND ISSUES					
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE	
12/1/2007	5,200,000	0	220,000	5,500,000	
12/1/2010	9,120,000	0	380,000	9,500,000	
12/1/2013	6,720,000	0	280,000	7,000,000	
TOTALS	21,120,000	0	880,000	22,000,000	

	2036	TOTALS
0	11,248,600	
0	19,515,200	
5,112,000	15,820,500	
5,112,000	46,584,300	

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/1/2007
 PRINCIPAL REDUCTION
 INTEREST @ 6.5%
 TOTAL DEBT SERVICE REQUIREMENTS
 TOTAL G.O. BONDS OUTSTANDING @ 12/31

0
 5,500,000
 0
 5,240,000
 0
 11,248,600
 0

12/1/2010
 PRINCIPAL REDUCTION
 INTEREST @ 6.5%
 TOTAL DEBT SERVICE REQUIREMENTS
 TOTAL G.O. BONDS OUTSTANDING @ 12/31

0
 9,500,000
 0
 10,015,200
 0
 19,515,200
 0

12/1/2013
 PRINCIPAL REDUCTION
 INTEREST @ 6.5%
 TOTAL DEBT SERVICE REQUIREMENTS
 TOTAL G.O. BONDS OUTSTANDING @ 12/31

4,800,000
 7,000,000
 312,000
 8,820,500
 5,112,000
 15,820,500
 0

TOTAL G.O. BONDS OUTSTANDING @ 12/31

0 0

SEE CONSULTANT'S REPORT AND DISCLAIMER.

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EXHIBIT F

Statutory Contents of Service Plan

- I. A description of the proposed services;
- II. A financial plan showing how the proposed services are to be financed;
- III. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
- IV. A map of the Districts' boundaries and an estimate of the population and valuation for assessment of the Districts;
- V. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the Districts are compatible with the facility and service standards of Montrose County, Ouray County, and of municipalities and special districts which are interested parties pursuant to Section 32-1-204(1), C.R.S.;
- VI. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the Districts;
- VII. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the Districts and such other political subdivisions;
- VIII. Information satisfactory to establish that each of the following criteria as set forth in Section 32-1-203, C.R.S., has been met:
 - (a) That there is sufficient existing and projected need for organized service in the area to be served by the Districts;
 - (b) That the existing service in the area to be served by the Districts is inadequate for the present and projected needs;
 - (c) That the Districts are capable of providing economical and sufficient service to the area within their boundaries;
 - (d) That the area to be included in the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

(e) That adequate service is not, or will not be, available to the area through Montrose County, Ouray County, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(f) That the facility and service standards of the Districts are compatible with the facility and service standards of Montrose County, Ouray County and each municipality which is an interested party under Section 32-1-204(1), C.R.S.;

(g) The proposal is in substantial compliance with any master plan adopted pursuant to Section 3-28-106, C.R.S.;

(h) That the proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area; and

(i) That the formation of the Districts will be in the best interests of the area proposed to be served.

EXHIBIT G

Preliminary Engineering Survey

BUCKHORN GEOTECH**Civil, Structural & Geotechnical Engineers**222 South Park Ave.
(970) 249-6828Montrose, CO 81401
FAX (970) 249-0945

July 12, 2004

John Kuijvenhoven
6124 County Road 5
Ridgway, CO 81432

Subject: JVRE Development, Ouray and Montrose Counties, CO

RE: Preliminary Estimate of Probable Construction Costs

Dear John:

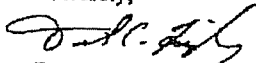
Per your recent request, we are submitting a preliminary estimate of the probable construction costs for infrastructure elements of the proposed development of your property. Please note that these costs reflect current pricing for construction materials prior to any design plan submittals and are subject to change with increases in material goods. If approved, we would provide updated construction cost estimates with both the 50% and final construction plans.

Onsite Potable Water Storage and Distribution	\$2,314,195.00
Offsite Water Transmission Main/Electrical Supply Line	\$3,451,184.00
Wastewater Collection and Treatment System	\$3,410,900.00
Tri-County Water District System Enhancements	\$2,687,680.00
Onsite Roadways	\$8,036,427.00
Government Springs Road Upgrades	\$1,700,000.00*
On-site water storage ponds and facilities	<u>\$2,500,000.00</u>
Subtotal	\$24,100,386.00
7.5% Field Engineering/Testing/Inspection	\$1,807,528.00
20% Contingency	<u>\$4,820,077.00*</u>
Total	\$30,727,991.00

* Contingency estimate includes upgrades to Dave Wood Road per the Development Agreement with Ouray County.

We appreciate the opportunity to provide these preliminary costs estimates to you. Should you have any questions, please contact me at 249-6828 ext. 31.

Sincerely,



Daniel C. Quigley, PE