

Dear Residents,

It has been two years since we voted on funding the building of the Lower Fountain waste water treatment plant. We have finally completed all of the preliminary requirements and had our ground breaking ceremony for the plant this May to start construction on the plant. Upon beginning construction we now have more detailed and accurate knowledge of what it is going to cost us to complete this project. Our District Manager (Dr. Testa) has compiled this table to keep you cognizant of the potential financial impacts to the district if certain events which are outside the control of the district actually happen. The breakout in the table includes several scenarios and indicates a pathway to make up for the lost revenues.

If you have any questions or comments we encourage you to come to the next Board of Directors meeting or contact anyone of the Board of Directors at your convenience.

Sincerely,

The Board of Directors of Colorado Centre Metropolitan District

CONDITIONS:	IMPACTS ON:	WHEN	LOAN AMOUNT	COST OF CREDIT OVER LIFE OF LOAN @ 3.0%APR	TERM (YRS)	COST OF CREDIT OVER LIFE OF LOAN @ 3.5%APR	TERM (YRS)	COST OF CREDIT OVER LIFE OF LOAN @ 4.0%APR	TERM (YRS)	SYSTEM IMPROVEMENT MONTHLY FEES
A.	VERY BAD: Cuchares defaults on agreement and growth stops at 38 single family homes. Amendments 60 & 61 pass.	End of 2010	If this scenario happens the project would have to be delayed because we estimate the cost to honor Amendments 60 & 61 would be beyond what residents can afford. We also risk the possibility of Fountain Sanitation raising the cost to treat our waste water drastically due to the fact that we are taking up space they need for their own residents/customers.							
B.	BAD: Amendments 60 & 61 do not pass and Cuchares defaults on agreement and stops growth at 38 Single Family units, including the 4 Cuchares homestead units. Army Reserve Center happens in September 2010 as scheduled.	Start of 2011	\$4.5 million	\$2.3 million	27	\$2.8 million	30	\$3.3 million	30	Stay at \$13/month. After loan is paid off, drop from \$13 to \$3 per month.
C.	POOR: Same as BAD but Cuchares Phase I is completed at 3 single family units per month until 112 units are built.	Start of 2011	\$4.5 million	\$2.3 million	27	\$2.8 million	30	\$3.3 million	30	Stay at \$13/month. After loan is paid off, drop from \$13 to \$3 per month.
D.	AVERAGE: Same as POOR but Cuchares does not default on the sewer connection payment for Phase II of the agreement, i.e. \$885,000 for phase II, due September 1, 2010, but growth stops at Phase I build out.	Start of 2011	\$3.7 million	\$1.3 million	20	\$1.5 million	20	\$1.7 million	20	Stay at \$13/month. After loan is paid off, drop from \$13 to \$3 per month.
E.	GOOD: Same as AVERAGE but Cuchares also pays as scheduled for the water system improvement fees (\$885,000) owed under the agreement.	Start of 2011	\$2.8 million	\$0.9 million	18	\$1.1 million	18	\$1.3 million	19	Stay at \$13/month. After loan is paid off, drop from \$13 to \$3 per month.
F.	BEST: Same as GOOD but Cuchares continues to develop and does not default on any of the remaining payments under the agreement.	Start of 2011	\$1.9 million	\$0.5 million	12	\$0.6 million	12	\$0.7 million	12	Stay at \$13/month. After loan is paid off, drop from \$13 to \$3 per month.

IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION PRESENTED ABOVE, PLEASE CALL ANY OF THE DIRECTORS OF THE BOARD AT THE PHONES LISTED IN THE MONTHLY NEWSLETTER OR AT WWW.COLORADOCENTRE.ORG OR BY INQUIRING WITH SANDY AT 719-390-7000 X 11.

IMPORTANT - PLEASE READ

LOAN BALANCE SCENARIOS - LFMSDD'S PLANT FINANCING
07/20/10 BY: AJT

