

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:

COLORADO CENTRE METROPOLITAN
DISTRICT, a quasi-municipal corporation,

Debtor.

Case No. 89 B 16410 J

Chapter 9

FOURTH AMENDED DISCLOSURE STATEMENT FOR DEBTOR'S
FOURTH AMENDED PLAN FOR ADJUSTMENT OF DEBTS .

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METROPOLITAN DISTRICT

Filed: December 23, 1991

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO IN BANKRUPTCY

JAN 7 1992

BRADFORD L. BOUTON
BY DEPUTY CLERK

In re:

COLORADO CENTRE METROPOLITAN
DISTRICT, a quasi-municipal
corporation

Case No. 89 B 16410 J
Chapter 9

Debtor(s).

**AMENDED ORDER APPROVING DISCLOSURE STATEMENT AND
FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS
OF PLAN, COMBINED WITH NOTICE THEREOF**

A Fourth Amended Disclosure Statement, under Chapter 9 of the Bankruptcy Code, having been filed by the Debtor on December 23, 1991, referring to the Plan of Reorganization under Chapter 9 of the Code filed by Debtor, and

It having been determined after hearing on notice that the Disclosure Statement contains adequate information:

IT IS ORDERED AND NOTICE IS HEREBY GIVEN that:

A. The Fourth Amended Disclosure Statement, filed by the Debtor on DECEMBER 23, 1991, is approved.

B. MARCH 9, 1992, is fixed as the last day for filing written acceptances or rejections of the Plan referred to above.

C. MARCH 9, 1992, is fixed as the last day for filing objections to confirmation.

D. Within ten days after the entry of this Order, the Plan and the Disclosure Statement approved by the Court shall be transmitted by mail to creditors, equity security holders and other parties in interest as provided in Rule 3017(d), by the Debtor on or before JANUARY 24, 1992.

E. The proponent of the Plan will transmit appropriate forms for acceptance or rejection. Said mailing shall be accomplished by proponent of the Plan.

F. Hearing on confirmation of the Plan is scheduled for MARCH 17, 1992, at the hour of 9:00 A.M. in Courtroom B, U.S. Bankruptcy Court, U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado 80202-2508.

DATED this 7th day of January, 1992.

BY THE COURT:



Roland J. Brumbaugh
United States Bankruptcy Judge

NOTICE OF ENTRY ON DOCKET

Notice is hereby Given that Pursuant to Rule 9022, F.R.B.P., the Foregoing Order of Judgment was

Entered on 1/8/92
By S. D. Myers

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:

COLORADO CENTRE METROPOLITAN
DISTRICT, a quasi-municipal corporation

E.I.N. 84-0954218,

Petitioner.

Case No. 89 B 16410 J

Chapter 9

**BALLOT FOR ACCEPTING OR REJECTING FOURTH AMENDED PLAN FOR ADJUSTMENT OF
DEBTS FILED BY COLORADO CENTRE METROPOLITAN DISTRICT ON DECEMBER 23, 1991**

PART I

CLASS 2 BALLOT

The Plan referred to in this ballot can be confirmed by the court and thereby made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class voting on the Plan. In the event the requisite acceptances are not obtained, the court may nevertheless confirm the Plan if the court finds that the Plan accords fair and equitable treatment to the class rejecting it. To have your vote count you must complete and return this ballot.

The undersigned, the holder of:

1. Series 1985 General Obligation Refunding and Building Bonds in the Amount of \$ _____ ;
2. Series 1986 General Obligation Bonds in the Amount of \$ _____ ;
3. Series 1987 General Obligation Bonds in the Amount of \$ _____ ;

[Check One Box]

Accepts

Rejects

the Fourth Amended Plan for the Adjustment of Debts of the Colorado Centre Metropolitan District.

For your vote to be counted you must sign and return this ballot in the envelope provided so that your ballot is received no later than March 9, 1992.

Print or type name: _____

Signed: _____

[if appropriate]

By: _____

Title: _____

Address: _____

Dated: _____

SEE PART II AND INSTRUCTIONS ON REVERSE SIDE

PART II

VOLUNTARY ADDITIONAL LIQUIDITY OPTION

CLASS 2 CREDITORS WHO HAVE HELD SERIES 1985 BONDS AND/OR SERIES 1986 BONDS SINCE PRIOR TO JULY 30, 1991 MAY ELECT THE ADDITIONAL LIQUIDITY OPTION WHICH WILL ONLY BE AVAILABLE IF THE PLAN IS APPROVED AND WHICH PROVIDES AN ELECTING BONDHOLDER WITH A PRO RATA DISTRIBUTION OF THE CLASS 2 ESCROW ACCOUNT IN AN AMOUNT EQUAL TO 21.1% OF THE PRINCIPAL AMOUNT OF HIS SERIES 1985 AND/OR 1986 BONDS BY SIGNING THE RELEASE AND ASSIGNMENT BELOW: BEFORE SIGNING BE SURE TO READ THE DISCLOSURE STATEMENT PROVIDED WITH THIS BALLOT. IF YOU DESIRE TO ELECT THE ADDITIONAL LIQUIDITY OPTION YOU MUST HAVE VOTED ABOVE TO ACCEPT THE PLAN.

I hereby (1) represent and verify that I have held my Series 1985 and /or Series 1986 Bonds since prior to July 30, 1991; (2) release Boettcher & Company, Inc., and Kemper Securities Group, Inc. of any and all claims, known or unknown, arising out of or relating to the offer, sale or resale of the Series 1985 and Series 1986 Bonds and voluntarily assign to Kemper Securities Group Holdings, Inc. ("KSGH") any and all claims I may have against all other parties arising out of the offer, sale or resale of the Series 1985 and Series 1986 Bonds, including but not limited to those claims relating to the Series 1985 and/or Series 1986 Bonds in Thomas J. Dillon et al. v. Boettcher & Company, Inc., et al., 90-CV-6763, Division 6, District Court, El Paso County, Colorado; and (3) voluntarily assign to KSGH my right to receive 60% of the Pro Rata distribution of Series A and Series B New Bonds I am entitled to receive under the Plan as payment for my Claims arising out of my Series 1985 and/or Series 1986 Bonds. **THIS ASSIGNMENT/RELEASE SHALL BE VOID AND OF NO FURTHER EFFECT, WHATSOEVER IF (A) THE DISTRICT'S FOURTH AMENDED PLAN FILED DECEMBER 23, 1991 IS NOT CONFIRMED OR (B) THE ADDITIONAL LIQUIDITY OPTION REFERRED TO HEREIN IS NOT FUNDED OR IS NOT PAID.**

Print or type name: _____ Date: _____

[if appropriate]

Signed: _____
By: _____
Title: _____
Address: _____

INSTRUCTIONS

1. YOU MAY VOTE TO ACCEPT OR REJECT THE PLAN.
2. For your vote to be counted, you must sign and return the ballot in the enclosed envelope to CASE NO 89 B 16410 J, COLORADO CENTRE METROPOLITAN DISTRICT, 1700 LINCOLN STREET, BOX 28, DENVER, COLORADO 80203-0028. Ballots must be received by MARCH 9, 1992.
3. If you hold Claims in more than one Class, you will receive more than one ballot. Each ballot votes only your Claims in the Class marked on the ballot. YOU MUST VOTE A SEPARATE BALLOT FOR EACH CLASS OF CLAIMS YOU HOLD.
4. When a ballot is signed and returned without further instruction with respect to the acceptance or rejection of the Plan, the signed ballot will be deemed to be a vote accepting the Plan.
5. If you have a Class 2 or Class 5 ballot, you may also accept the Voluntary Additional Liquidity Option. To do so, you must vote to accept the Plan in Part I of the ballot, and sign the Release And Assignment set forth in Part II.

TABLE OF CONTENTS

I.

INTRODUCTION 1

A.	<u>Purpose of this Disclosure Statement</u>	1
B.	<u>Brief History of the District and Events Leading to the Filing of the Chapter 9 Petition</u>	3

II.

SUMMARY OF PLAN FOR ADJUSTMENT OF DEBTS 7

A.	<u>Classification and Treatment of Claims</u>	7
	1. <u>Class 1 - Administrative Claims and Expenses</u>	7
	2. <u>Class 2 - Bondholders</u>	7
	3. <u>Class 3 - General Unsecured Claims</u>	8
	4. <u>Class 4 - RAN Claims</u>	9
	5. <u>Class 5 - Litigation Claims</u>	9
B.	<u>Implementation of the Plan</u>	10
	1. <u>Initial Cash Distribution</u>	10
	2. <u>New Bonds</u>	10
	3. <u>Tender and Exchange of Bonds</u>	14
	4. <u>Treatment of Executory Contracts and Unexpired Leases</u>	14
	5. <u>Exculpation</u>	14
	6. <u>Disbursing Agent</u>	14
	7. <u>Modification of the Plan</u>	14

III.

VOTING PROCEDURES AND REQUIREMENTS 15

IV.

THE DISTRICT 15

A.	<u>Governing Board</u>	15
B.	<u>Existing Development in the District</u>	16
C.	<u>Future Development in the District</u>	17
D.	<u>Competing Development</u>	17
E.	<u>Financial Information</u>	18
F.	<u>Estimated Overlapping General Obligation Debt</u>	18

V.

PROJECTED REVENUES 19

A.	<u>Description of Assets to be Distributed Under the Plan</u>	19
	1. <u>Cash Distributions</u>	19
	2. <u>New Bonds</u>	20
	3. <u>District Revenues and Expenses</u>	21

VI.

	<u>ACCEPTANCE AND CONFIRMATION</u>	22
A.	<u>Acceptance</u>	22
B.	<u>Best Interests of Creditors</u>	22
C.	<u>Feasibility</u>	23
D.	<u>Confirmation Without Acceptance by All Classes</u>	24
E.	<u>Effect of Confirmation</u>	24
F.	<u>Alternatives to Plan Confirmation</u>	24

VII.

	<u>ADDITIONAL INFORMATION</u>	24
A.	<u>Tax Consequences</u>	24
B.	<u>New Bond Tax Status</u>	25

VIII.

	<u>CONCLUSION AND RECOMMENDATION</u>	25
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Exhibit A District's Plan for Adjustment of Debts

Exhibit B District's Contracts

Exhibit C District's 1992 Budget

Exhibit D District's 1990 Audited Financial Statement

Exhibit E Joint FDIC/RTC Policy

INTRODUCTION

A. Purpose of this Disclosure Statement.

Colorado Centre Metropolitan District (the "District"), submits this Fourth Amended Disclosure Statement (the "Disclosure Statement") in connection with its Fourth Amended Plan for Adjustment of Debts under Chapter 9 of the United States Bankruptcy Code, filed December 23, 1991 (the "Plan"), a copy of which is attached hereto as Exhibit A. Unless otherwise defined herein, initially capitalized terms used herein shall have the meaning assigned to them in Article I or other sections of the Plan. In the case of any perceived or actual conflict between anything in this Disclosure Statement and the Plan, the Plan will control.

This Disclosure Statement and accompanying Plan is materially different from and supersedes the Disclosure Statement and Plan which you previously received.

Previously, the District mailed its Second Amended Disclosure Statement for its Second Amended Plan for Adjustment of Debts (the "Second Plan") and sought approval from the District's creditors affected thereby. Prior to the scheduled confirmation hearing, the District sought and received from the Court an extension of time to file this Disclosure Statement and Plan. The reason for amending the Second Amended Plan is two fold. First, in response to objections from the Official Bondholders' Committee (the "Committee") and Kemper Securities Group Holdings, Inc. ("KSGH") (whose related entity, Kemper Securities Group, Inc. ("KSG"), purchased Boettcher & Company ("Boettcher"), the underwriter for the Bonds), the District desired to make material modifications to the Second Amended Plan. The result is a simpler Plan. The District has removed certain requirements and provisions in the Second Amended Plan such as (1) eliminating the Liquidating Trust to manage land for the benefit of Bondholders thus eliminating elements of uncertainty with respect to the value of the land transferred to the Trust and the cost of managing and liquidating the land while still providing for cash payments from the RTC and other owners of Developer Owned Property; (2) eliminating the imposition of the Availability of Service Charge, the legality of which the District was informed by the RTC and others would be challenged in state court post confirmation thus threatening the District's future ability to raise revenues from such sources; (3) extending the term of the New Bonds from twenty-nine (29) years to forty (40) years, plus an additional 10 years if by January 1, 2032 the District contains 1,500 single-family residences within its boundary; (4) allowing unpaid annual interest on the New Bonds to accrue until their Maturity Date rather than forgiving all unpaid annual interest; (5) allowing all Tax Revenues from the Maximum Mill Levy to be paid to the New Bonds when the District contains 1,500 single-family residences within its boundary; and (6) providing for two series of New Bonds, with Series A New Bonds being paid first thereby providing for the possibility of greater value for such Series A New Bonds. See Article II, Section B, Implementation of the Plan

Secondly, during the voting period of the Second Amended Plan, KSGH informed the District that, if the Committee would recommend the Plan and under certain other circumstances, KSGH would provide an additional liquidity option to Bondholders. This opportunity for Bondholders required substantial negotiations between the Committee and KSGH. After extensive negotiations between the Committee and KSGH, the Committee agreed to support the Plan with above referenced amendments and amendments which provide for an additional liquidity option. In brief, KSGH will provide additional liquidity under the Plan of up to \$4,330,030 to electing Bondholders who (1) represent and verify that they have owned their Bonds since prior to July 30, 1991; (2) voluntarily release Boettcher and KSG of any and all claims arising out of the offer, sale or resale of the series of Bonds as to which they elect the additional liquidity option and assign to KSGH all claims against other parties arising out of the offer, sale or resale of such Bonds, as more fully described on the Ballot and in Article II, Section B, Implementation of the Plan; and (3) voluntarily assign to KSGH 60% of the New Bonds which such electing Bondholder would receive under the Plan Distribution for the Bonds as to which they elect the additional liquidity option.

The changes summarized above are reflected in the Plan attached hereto as Exhibit A and as further described in this Disclosure Statement. **You should read this Disclosure Statement and accompanying Exhibits to arrive at an informed decision with respect to the Plan. Disregard the Second Amended Disclosure Statement and Second Amended Plan which you may have previously received.**

The purpose of this Disclosure Statement is to disclose information which the Court has determined is material, important, and necessary for the parties entitled to Vote on the Plan to arrive at an informed decision with respect to the Plan.

The Plan provides for the payment of Claims against the District. The Classes of Claims which are impaired under the Plan and from whom Votes in favor of the Plan will be solicited are: Class 2 - Bondholders, Class 3 - General Unsecured Creditors, other than Bondholders, Class 4 - RAN Claim and Class 5 - Litigation Claims. All other Classes of Claims are unimpaired under the Plan and, accordingly, are not entitled to vote with respect to the acceptance or rejection of the Plan. Class 3 - General Unsecured Creditors, other than Bondholders, have voted to accept the Second Amended Plan, which treated Class 3 the same as this Plan. Thus, Class 3 is not being resolicited.

Confirmation of the Plan depends, in part, upon receipt of a sufficient number of votes in favor of the Plan from the above-referenced impaired Classes. Accordingly, if you hold Claims in any of those Classes, your vote is important.

It is the District's position that the Plan must be regarded and evaluated as a whole; because, in the District's view, the transactions which make up the Plan constitute a single transaction proposed for the benefit of Creditors as a complete reorganization of the District, which encompasses renegotiation and reduction of liability, provisions for future development in the District, provisions which guarantee the continued viability of the District as a solvent municipal entity, which may ultimately lead to a recovery for Creditors.

The District firmly believes that the consideration provided to the various Creditor groups under the Plan and the overall structure of the reorganization, hold the best prospect to maximize a return to all classes of Creditors without the need for what the District believes would almost certainly be protracted and costly litigation, with very little net return to Creditors. The District strongly believes that the Plan represents the best possible recovery for all Creditors on account of their Claims; an alternative scenario, outside of Chapter 9 of the United States Bankruptcy Code, would so encumber the District property with tax burdens that all development within the District would halt, homeowners would be unable to pay their taxes, and the ultimate result would be that Creditors would receive less payment, if any, on their Claims than contemplated under the Plan. By ensuring that the District has sufficient funds to operate on an annual basis, the Plan provides for the continued viability of the District. This, in turn, benefits Creditors by making it more likely that the District will thrive economically and generate higher levels of tax revenues and fees. See Article VI, Section (F) Alternatives to Plan Confirmation.

The Court has scheduled a hearing on confirmation of the Plan on March 17, 1992, at 9:00 a.m. at the United States Bankruptcy Court for the District of Colorado, Courtroom B, U.S. Customs House, 721 Nineteenth Street, Denver Colorado, 80202 before United States Bankruptcy Judge Roland Brumbaugh. The hearing on confirmation may be adjourned from time to time by the Court without further notice, except for an announcement made at the hearing or any adjournment thereof.

Any objections to confirmation of the Plan must be in writing and must state the grounds therefor, and must be filed with the Bankruptcy Court and received by the District on or before March 9, 1992. Objections must be served on James S. Bailey, Jr., Calkins, Kramer, Grimshaw & Harring, P.C., 1700 Lincoln Street, Suite 3800, Denver, Colorado 80203.

PARTICULAR ATTENTION SHOULD BE DIRECTED TO THE PROVISIONS OF THE PLAN AFFECTING OR IMPAIRING YOUR RIGHTS AS THEY PRESENTLY EXIST. PLEASE READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE OTHER EXHIBITS HERETO IN THEIR

ENTIRETY PRIOR TO VOTING ON THE PLAN. SHOULD YOU HAVE ANY QUESTIONS CONCERNING HOW YOU WILL BE AFFECTED BY THIS PLAN, YOU SHOULD CONTACT YOUR OWN ATTORNEY OR ADVISOR.

B. Brief History of the District and Events Leading to the Filing of the Chapter 9 Petition.

The District is a quasi-municipal corporation and political subdivision of the State of Colorado, organized as the Colorado Centre Metropolitan District on February 6, 1984, for the purpose of providing sanitation, water, storm drainage, parks and recreation, mosquito control, fire protection, safety protection, television relay and translation, and street improvement services for a planned community to be known as Colorado Centre Planned Community. The District is comprised of approximately 4,009 acres, 3,672 acres of which are located in the southeast portion of the City of Colorado Springs, Colorado (the "City"). 337 acres of land within the District are not annexed to the City and are in unincorporated El Paso County, Colorado.

As of December 19, 1991, the District is substantially undeveloped. There are 182 single-family residential units, 132 of which are occupied, and four commercial buildings within the District. The remaining 319 platted residential lots and 3,747 acres within the District are zoned, but vacant and unbuilt. The total assessed valuation of the property within the District for tax year 1990 was \$7,034,318 and for tax year 1991 is \$4,860,520. (The assessed valuation of personal property is estimated by the District to be \$300,000 in 1991.)

The District issued \$9,990,000 principal amount of its General Obligation Refunding and Building Bonds, Series 1985, dated March 1, 1985 (the "Series 1985 Bonds"), for the purpose of refunding all of its Series 1984 Bonds and to provide additional funds for District purposes. The District subsequently issued \$6,360,000 General Obligation Bonds, Series 1986 (the "Series 1986 Bonds"), dated April 1, 1986, the proceeds of which were used to repay its \$3,680,000 Bond Anticipation Notes and for other District purposes. On December 14, 1987, the District issued \$9,500,000 principal amount of its General Obligation Bonds, Series 1987 (the "Series 1987 Bonds"). (The Series 1985 Bonds, the Series 1986 Bonds and the Series 1987 Bonds are referred to collectively as the "Bonds.") The District used the proceeds of the Bonds in part to acquire and construct water, sewer and drainage facilities, fire and safety facilities, roads and various other facilities and improvements within the District.

As originally issued, it was contemplated that the Bonds would be repaid out of the general ad valorem taxes, water and sewer tap fees as construction occurred, or paid pursuant to contracts with Developers and service fees of the District. Certain projections of development within the District indicated insufficient revenues, absent Developer contributions or refinancing, to punctually pay principal and interest on the Bonds. Neither the Developer, nor any of the principals of the Developer, guaranteed or assumed responsibility for the obligations of the District to its Bondholders.

The Developer originally was Foothills Development Corporation and a related entity, L-P Associates, which together owned the majority of the land within the District. In October 1986, these entities sold most of their land within the District to Aries Colorado Centre, Ltd. ("Aries"). Aries financed its purchase of the majority of the undeveloped property within the District with a loan from Western Savings & Loan Association of Phoenix, Arizona ("Western Savings"). Additionally, Aries received further funds from Western Savings to provide the District with necessary cash for debt service payments on the Bonds and to fund the operations of the District.

Colorado's depressed real estate market that began in 1985 continued to decline even further throughout the decade. This depressed real estate market negatively impacted on the development within the District. In August, 1989 Aries conveyed all of its property within the District back to Western Savings.

Western Savings was declared insolvent by banking regulators and placed in conservatorship. On May 31, 1990, the Resolution Trust Corporation was appointed the receiver for Western Savings. (The Resolution Trust Corporation, as receiver for Western Savings, is referred to hereinafter as "RTC"). As a result, the RTC controls 3,186 acres in the District, representing 79% of the District. Under the conservatorship of the RTC,

Western Savings continued to provide funds for the operations of the District. However, Western Savings/RTC would not provide funds to make the \$1,868,506 December 1, 1989 debt service payment on the Bonds. Without Developer cash contributions, the District had insufficient funds to meet the debt service payment and the Bonds went into default.

To comply with the Bond covenants, and as required by law, the District certified a mill levy of 881 mills to raise tax revenues to pay its December 1, 1989 bond payment, the 1990 bond payments and provide for its operational expenses. The District filed its Chapter 9 petition on December 5, 1989. One of the effects of the filing of the Chapter 9 petition was to stay the enforcement of the tax lien upon the property within the District for nonpayment of taxes owed to the District.

In its initial Joint FDIC/RTC Interim Policy Statement on the Payment of State and Local Real Property Taxes (the "Policy"), the RTC has stated that it would pay, when due, all ad valorem real property taxes on property that it owns arising during the period of agency ownership. The RTC took the position under the initial Policy that, pursuant to 12 U.S.C. § 1825(b) (2), none of its properties would be subject to levy, attachment, garnishment, foreclosure, or sale and that an involuntary lien could not attach to its property without its consent. The RTC took the position under the initial Policy that tax liens against its property may not be sold at tax sale and any other lien which may attach to its property from rates, tolls and charges are not considered to be valid encumbrances without its consent.

El Paso County filed a lawsuit against the RTC challenging the legality of the Policy and 12 U.S.C. § 1825(b). See The Board of County Commissioners of El Paso and Sharon Shipley v. FDIC and RTC, Case No. 90-N-1829, U.S. District Court, District of Colorado. A similar suit filed against the FDIC and RTC by the City and County of Denver, Colorado, was consolidated with the El Paso case. Since then, the Policy was recently amended. A Copy of the amended Policy is attached hereto as Exhibit E. Under the amended Policy, assessments, secured by a valid lien on the property before the property became owned by the RTC, and ad valorem taxes will be paid unless the RTC elects to abandon such property. The District has been informed that this amended Policy may resolve the issues raised by these suits.

While the amended Policy provides that a lien for taxes may attach, the RTC will not permit a lien of security interest held by it to be eliminated by foreclosure without its consent. Thus, the District has no effective way to enforce its mill levies or other liens against property of the RTC unless the RTC voluntarily pays, abandons the property, or consents to such lien, or until the RTC's position has been declared invalid. As a result, the District cannot rely upon the timely payment of any taxes or other charges which the District may otherwise legally impose upon property of the RTC.

Further complicating the District's ability to obtain more tax revenues is the classification for assessment purposes on the majority of the undeveloped land within the District. Pursuant to the Colorado statutes, land that is used as a farm or ranch, regardless of the uses for which such land is zoned, may be classified as agricultural land and, its actual value for tax purposes, exclusive of building improvements thereon, is determined by considering its earning or productive value capacity as agricultural land over a reasonable period of time. Currently, the highest assessed valuation for agricultural land in El Paso County, Colorado is approximately \$8.00 an acre. Because much of the RTC's land within the District qualifies as agricultural land pursuant to this statutory provision, the total 1990 assessed valuation of the 3,186 acres of RTC land within the District was only \$585,670. The 1991 assessed valuation of the RTC land within the District is \$110,080.

This assessment classification ignores the fact that such property has received substantial value from the District's facilities and improvements which have been installed or constructed to serve such property. Consequently, this vacant and unbuilt property bears little burden for the cost of the District's facilities and improvements, while the property on which residential or commercial construction has increased the assessed valuation bears a disproportionately greater burden for the cost of all the District's facilities. Furthermore, while the average 1990 assessed valuation of the other 561 vacant acres was \$3,057 per acre, some or all of this land may be eligible for the lower agricultural land assessment, which would significantly reduce the District's meager tax base even further. The total 1990 assessed valuation of all vacant and unbuilt land in the District

(exclusive of platted residential land) was only \$2,300,540, resulting in an average tax revenue of only \$0.61 per acre per mill. Based upon the information from the El Paso County Assessor's office, the 1991 assessed valuation of the vacant and unbuilt land (exclusive of platted residential land) within the District is \$1,228,960, resulting in an average tax revenue of only \$0.33 per acre per mill.

Thus, a uniform mill levy on all property in the District, which would be sufficient to raise tax revenues to repay the cost of the District's facilities and improvements, would have the effect of severely penalizing existing developed property while generating only minimal revenues from vacant and unbuilt property.

This was the situation faced by the District in December 1989, when it levied an 881 mill levy. This mill levy resulted in a tax burden of over \$10,000 for the average home with a value of \$85,000, while vacant and unbuilt land had an average tax burden of only approximately \$542 per acre.

The District's judgement was that this high tax burden on homeowners would, in all likelihood, result in the homeowners failure to pay these taxes and force those properties to tax sale. Further, if the taxes were not paid and the related properties were offered at tax sale, the increasing tax burden in future years would make the probability of purchases at tax sale highly remote. Consequently those properties would be struck off to El Paso County, while the RTC land, which cannot be sold at tax sale, would continue to accumulate the entire tax burden of the District. Such a tax burden would make the probability of any sale of that property also unlikely.

This "scorched earth" result seemed to insure that, if permitted, there would be no development within the District, a mass abandonment of the properties and no tax revenues from which to pay Bondholders or other Creditors of the District. In the District's judgment all parties, including homeowners, the RTC as well as the Bondholders and other Creditors of the District, would lose everything under this scenario.

The harsh economic consequences of such a high mill levy upon residential and commercial property owners and the inability to foreclose upon the RTC's property is illustrated in the chart below:

DEBT SERVICE MILL LEVY WITHOUT BANKRUPTCY¹

COLLECTION YEAR	ASSESSED VALUATION RTC	ASSESSED VALUATION ALL OTHERS	MILL LEVY	TAXES OWED BY WESTERN RTC	UNPAID BY OTHER PROP. OWNERS	YEARLY REVENUE NEEDED FOR DEBT SERVICE	CUMULATIVE REVENUE NEEDED FOR DEBT SERVICE
1990	230,000 ²	6,191,980	880	201,374	5,421,316	5,622,690	5,622,690
1991	585,670	6,448,648	1,332	780,111	8,589,588	3,747,010	9,369,700
1992	469,670	4,690,330	2,541	1,193,256	11,916,379	3,739,935	13,109,635
1993	469,670	4,690,330	3,263	1,532,739	15,306,606	3,729,710	16,839,345
1994	469,670	0	43,785	20,564,355	0	3,725,010	20,564,355
1995	469,670	0	51,692	24,278,290	0	3,713,935	24,278,290
1996	469,670	0	59,593	27,988,940	0	3,710,650	27,988,940
1997	469,670	0	67,470	31,688,615	0	3,699,675	31,688,615
1998	469,670	0	75,305	35,368,665	0	3,680,050	35,368,665
1999	469,670	0	83,125	39,041,315	0	3,672,650	39,041,315
2000	469,670	0	87,700	41,190,215	0	2,148,900	41,190,215
2001	469,670	0	92,268	43,335,515	0	2,145,300	43,335,515
2002	469,670	0	95,048	44,641,365	0	1,305,850	44,641,365
2003	469,670	0	97,825	45,945,615	0	1,304,250	45,945,615

In an attempt to alleviate these difficulties, the District filed its Chapter 9 bankruptcy petition on December 5, 1989, and has designed its Plan to remedy the described inequities to the greatest extent possible while providing the maximum possible return for its Creditors.

The Plan is designed to (a) provide an immediate cash payment to Bondholders and other Creditors; (b) provide a mechanism to obtain revenues for Bondholders from undeveloped properties which receive the benefit of the District's facilities and improvements; (c) utilize the District's powers to the greatest extent possible to encourage owners of vacant land, including the RTC, to participate in the repayment of the District's bonded indebtedness; (d) issue New Bonds to the Bondholders, the repayment of which is dependant almost entirely upon future growth and development in the District; (e) protect existing development from paying a disproportionate share of the future tax burdens; (f) establish certainty with respect to the future tax burden on property to encourage future development in the District; and (g) permit the District to continue to provide the services it was established to provide.

THE DISTRICT BELIEVES THAT THE PLAN IS FEASIBLE AND REPRESENTS THE BEST ALTERNATIVE FOR PROVIDING THE MAXIMUM RETURN TO ITS CREDITORS. ACCORDINGLY, THE DISTRICT BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE

¹*Assumptions:

1. The RTC would not pay its taxes and the tax lien cannot be sold at tax sale.
2. All other property owners would be unable to pay their taxes.
3. No one would purchase the properties at tax sale due to the remaining high tax burden and the property would be checked off to El Paso County and no longer on the tax rolls.

²The lower assessed valuation in 1989 was due to a ministerial error which did not reflect the inclusion of approximately 1100 acres in the District. This was corrected in March 1990, and the increased assessed valuation is reflected in 1990. Lost tax revenues cannot be recovered.

BEST INTERESTS OF THE DISTRICT'S CREDITORS, AND RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

II.

SUMMARY OF PLAN FOR ADJUSTMENT OF DEBTS

THE FOLLOWING IS MERELY A SUMMARY OF THE PROVISIONS OF THE PLAN AND IS NOT INTENDED AS A SUBSTITUTE FOR READING THE PLAN IN ITS ENTIRETY.

As noted above, all capitalized terms used herein and not otherwise defined have the meanings assigned to them in Article I of the Plan. Estimated Claims are based on the District's List of Creditors, adjusted for interim information received and selected Claims paid or adjusted since the Petition Date.

A. Classification and Treatment of Claims.

Pursuant to Section 1123(a) of the Code, the Plan must designate Classes of Claims. This classification of Claims is made for the purposes of voting on the Plan and making distributions thereunder, and for ease of administration of the Plan.

1. Class 1 - Administrative Claims and Expenses.

Class 1 will consist of all Allowed Administrative Claims against the District. To the extent not previously paid during the pendency of the Chapter 9 case, these Claims shall be paid in full in cash. Administrative Claims must be approved by the Bankruptcy Court as reasonable prior to Confirmation. Class 1 Claims are not impaired under the Plan.

The District estimates that the Allowed Class 1 Claims arising since the District filed its petition on December 5, 1989, which arise primarily from professional fees and printing costs, will be approximately \$875,000. As of December 17, 1991, \$754,459 of such Claims had been paid and \$45,290 in such Claims have accrued but are unpaid. The District estimates that approximately \$75,000 in such Claims will accrue to the Confirmation Date.

2. Class 2 - Bondholders.

Class 2 will consist of all Series 1985 Bondholders, Series 1986 Bondholders and Series 1987 Bondholders each of which will have an Allowed Claim in this Class on account of the Series 1985 Bonds, Series 1986 Bonds, and Series 1987 Bonds. As payment in full for the Allowed Claims in Class 2, and in exchange for the Bonds, Class 2 Creditors will receive a Pro Rata share equal to 8.9% of the principal amount of their Bonds of all amounts in certain accounts of the District as described in the Plan (the "Accounts"), after the payment of all Administrative Claims and the cash payments to Class 3 Creditors, Class 4 Creditors and Class 5 Creditors. The District estimates that the cash payment to Class 2 will be approximately \$2,260,000.

In addition, Creditors in Class 2 will receive a Pro Rata distribution of the District's \$12,665,000 in principal amount of limited tax revenue bonds (the "New Bonds").

Series 1985 and Series 1986 Bondholders who have owned their Bonds since prior to July 30, 1991 may also elect on the Class 2 Ballot to receive the Additional Liquidity Option funded by KSGH. To receive the Additional Liquidity Option, Series 1985 and Series 1996 Bondholders must sign the Voluntary Additional Liquidity Option on the Class 2 Ballot whereby such Bondholders (1) represent and verify that they have held their Series 1985 and/or 1986 Bonds since prior to July 30, 1991; (2) release Boettcher and KSG of any and all claims arising out of the offer, sale or resale of the Series 1985 and 1986 Bonds and assign to KSGH any claim they may have against all other parties arising out of the offer, sale and resale of the Bonds; and (3) voluntarily assign to KSGH, 60% of their Series A and Series B New Bonds received in exchange for their Series 1985

and/or 1986 Bonds, as described in Implementation of the Plan below. The Additional Liquidity Option would provide for a payment of an additional 21.1% of the face amount of the Series 1985 and 1986 Bonds held by such electing Series 1985 and Series 1986 Bondholders, or up to \$3,340,130 if all Series 1985 and 1986 Bondholders make such an election.

Series 1987 Bondholders may also elect an Additional Liquidity Option, but only on the Class 5 ballot. See Class 5 -Litigation Claims below. Bondholders who own Series 1985 and /or Series 1986 and Series 1987 Bonds may make separate elections with respect to the Additional Liquidity Option on the Class 2 and Class 5 Ballots. In other words, electing to accept the Additional Liquidity Option on the Class 2 or Class 5 Ballot shall not require a Bondholder to make the same election on the other Class Ballot.

The sources of the District's cash are from the District's general funds, including unexpended bond proceeds, revenues received from El Paso County representing the District's portion of specific ownership taxes as provided by the Colorado Revised Statutes, user fees and other revenues of the District. If the Plan is confirmed, initial cash distributions will be made by the Disbursing Agent to Class 2 Creditors **THIRTY (30) DAYS** after the date of the Confirmation Order. To the extent that the Class 3 Claims to which the District has objected have not been disallowed or reduced to a monetary value of zero prior to the Effective Date, distributions to Class 2 Creditors may be delayed and/or reduced.

The District estimates that Allowed Class 2 Claims will total \$25,330,000, in principal, plus \$1,278,506 contractual interest which had accrued on each Bondholder's individual Claim as of December 4, 1989. Distributions received by Class 2 Creditors from payments in any other Class will not reduce their claims for purposes of the distribution in Class 2.

3. Class 3 - General Unsecured Claims.

Class 3 will consist of all Allowed Claims of General Unsecured Creditors not included in Class 2 as scheduled by the District in its List of Creditors, or, if that Claim is disputed, as determined by the Court by Final Order. All of these Class 3 Claims not paid in the ordinary course of the District's operations must file an application with the Court and such application must be approved and ordered paid by the Court.

Each Creditor in Class 3 shall receive a Pro Rata distribution of cash equal to 12.5% of such Creditor's Allowed Claim. The following individuals or entities have filed a proof of claim against the District, which, if Allowed, would be a Class 3 Claim:

<u>Claimant</u>	<u>Amount of Claim</u>
Mountain View Electric Association	\$180,902.15
El Paso County Board of County Commissioners	unliquidated, contingent
Kemper Securities Group, Inc.	undetermined
City of Colorado Springs	unliquidated, contingent

The District has filed objections to the claims of El Paso County Board of County Commissioners("El Paso County"), Kemper Securities Group, Inc.("KSG"), and the City of Colorado Springs ("City") on the grounds that such claims are not allowable under §502 of the Bankruptcy Code and estimates that such claims will be disallowed or valued at zero. El Paso County did not respond to the District's objections to its claim. Since the time for a response has passed, the District will request that the Court enter an order disallowing El Paso County's claim. In addition, KSG and the City have withdrawn their claims for purposes of this Plan.

The District estimates that the distribution to Allowed Class 3 Claims will be approximately \$23,000.

4. Class 4 - RAN Claims.

Class 4 Claims consist of the registered or beneficial owners of the Series 1988A and the Series 1988B Revenue Anticipation Notes (RANs). The RTC, as receiver for Western Savings, has filed a proof of claim wherein it asserts a total unsecured claim of \$2,047,291.65 as the holder of the RANs. The RANs were issued to evidence the District's obligation to Aries Properties, Inc. for amounts advanced to the District for the payment of operating expenses and expenditures and for the payment of interest on the Bonds. The RANs are limited obligations payable out of and secured by a pledge of certain revenues anticipated to have been received by the District in connection with the sale, or other transfer, of all or any substantial portion of the District's property. Additional information regarding the RANs may be found at Note 7 to the 1990 Audited Financial Statement of the District, attached as Exhibit D to the Disclosure Statement.

The Bondholders' Committee has filed an objection to this Claim.

This Class will receive \$100 under the Plan. Class 4 Creditors are impaired under the Plan.

5. Class 5 - Litigation Claims.

Class 5 Claims consists of all Allowed Claims that are or could have been raised in the adversary case entitled Delaware Group Tax-Free Fund, Inc. v Colorado Centre Metropolitan District, Adversary Case No. 91-1055 DEC, in the United States Bankruptcy Court for the District of Colorado. The Plaintiff "Delaware" has commenced an adversary proceeding alleging that, as a result of alleged false statements by the District in its Official Statement, Delaware and others were induced to purchase the District's Series 1987 Bonds. Delaware claims that this alleged common law fraud gives rise to the imposition of a constructive trust on the proceeds of the Series 1987 Bonds for the benefit of Delaware and the other Series 1987 Bondholders. The District has answered Delaware's complaint and moved to dismiss on the grounds that (1) under §904 of the Bankruptcy Code, the Court is without power to order the District to distribute its Accounts to Delaware and the Series 1987 Bondholders without the District's consent; (2) the District is immune from such action pursuant to the Colorado Governmental Immunity Act; and (3) Delaware's failure to give notice as required by the Colorado Governmental Immunity Act forever bars the action brought by Delaware. The District proposes a resolution to the uncertainty and costs of this litigation by making the payment to the Series 1987 Bondholders which constitute Class 5. If the holders of Class 5 Claims do not approve the Plan and if the District cannot confirm the Plan over the objections of Class 5, the District anticipates that the resulting delay for the resolution of the litigation, including all appeals, could be a minimum of two (2) years. This Class will receive 60% of the Accounts after payment of Class 1, Class 3 and Class 4 Creditors. This payment is estimated to be \$3,390,000. To the extent that the Class 3 Claims to which the District has objected have not been disallowed or reduced to a monetary value of zero prior to the Effective Date, distributions to Class 5 Creditors may be delayed and/or reduced. Distributions received by Class 5 Creditors from payments in any other Class will not reduce their claims for purposes of the distribution in Class 5.

In addition Class 5 Creditors may also elect on the Class 5 Ballot to receive the Additional Liquidity Option funded by KSGH. To receive the Additional Liquidity Option, Class 5 Creditors must sign the Voluntary Additional Liquidity Option on the Class 5 Ballot whereby such Creditors (1) represent and verify that they have held their Series 1987 Bonds since prior to July 30, 1991; (2) release Boettcher and KSG of any and all claims arising out of the offer, sale or resale of the Series 1987 Bonds and assign to KSGH any claim they may have against all other parties arising out of the offer, sale and resale of the Series 1987 Bonds; and (3) voluntarily assign to KSGH 60% of the Series A and Series B New Bonds received in exchange for their Series 1987 Bonds, as described in Implementation of the Plan below. The Additional Liquidity Option would provide for a payment of an additional 10.42% of the face amount of the Series 1987 Bonds held by such electing Series 1987 Bondholders, or up to \$989,900 if all Series 1987 Bondholders make such an election.

Class 5 Creditors are impaired under the Plan.

B. Implementation of the Plan.

1. Initial Cash Distribution. All amounts in the District's Accounts will be deposited with the Disbursing Agent who will make distributions to pay Allowed Claims as follows: (i) payment in full of all Allowed Administrative Claims not previously paid; (ii) cash equal to 12.5% of each Allowed Class 3 Claim (iii) \$100 to Allowed Class 4 Claims; (iv) after payment of Allowed Claims in Classes 1, 3, and 4, a Pro Rata distribution of 60% of the moneys remaining in the Accounts to Allowed Class 5 Claims; and (v) the balance of the moneys in the Accounts, to Allowed Class 2 Claims on a Pro Rata basis.

The Accounts include \$50,000 of other District funds deposited by the District. This deposit as part of the Accounts is in lieu of the District's uncollected Tax Revenues due in Collection Year 1990.

The District has determined that any attempt to collect the \$5,622,690 in Tax Revenues due in Collection Year 1990 would result in severe economic hardship on property owners within the District, jeopardizing the viability of the District. Consequently, the District will cancel the 881 mill levy imposed in 1989, and will instead deposit \$50,000 as part of the Accounts for uncollected taxes due in 1990. The District will receive Tax Revenues from 2 mills for the next five years as repayment of this sum.

As repayment for the \$50,000 deposit made by the District as part of the Accounts and in lieu of uncollected taxes due in 1990, the District will collect Tax Revenues at the rate of 2 mills from the Maximum Mill Levy from the property owners in Collection Years 1991 through 1995 and deposit such amount in its Reserve Fund. The purpose of using this approach was to fairly balance on the concerns of Bondholders who had expectations of receiving tax revenues while protecting the stability of existing development in the District.

Prior to the District's insolvency, the mill levy on property in the District had always been 6 mills and was the mill levy the property owners anticipated would be levied for 1990. It is the District's information and belief that, after receiving notice of the District's bankruptcy, mortgage holders did not provide for homeowners' escrows for the District's taxes during calendar year 1990. Imposition of and retroactive collection of taxes for 6 mills from many homeowners would impose a significant and unanticipated financial burden which could result in further abandonment of occupied homes in the District. In as much as tax revenues raised by 6 mills would have been approximately \$42,000, combined with the delay and potential difficulty in collecting past taxes, the District determined that it was in the best interest of the Bondholders to receive an immediate payment of \$50,000 and property owners will ultimately pay taxes equal to 10 mills over 5 years.

2. New Bonds. On the Effective Date, the District shall issue New Bonds in the principal amount of \$12,665,000. The District will issue the New Bonds in two series, Series A and Series B. Each Class 2 Creditor shall receive New Bonds in an aggregate principal amount equal to fifty percent (50%) of the principal amount of Bonds held by such Class 2 Creditor of which New Bonds, \$3,000,000 in principal amount shall be Series A New Bonds and \$9,665,000 in principal amount shall be Series B New Bonds. Of the New Bonds, each Class 2 Creditor shall receive 23.7% as Series A Bonds and 76.3% as Series B Bonds. The Series A Bonds will be issued as fully registered principal only bonds ("Series A P/Os") and as registered interest only bonds ("Series A I/Os") representing the interest payments due on the Series A P/Os each Payment Date. **THE NEW BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED TAX AND SPECIAL REVENUE BONDS, THE REPAYMENT OF WHICH IS LIMITED AS SET FORTH IN THE PLAN AND SUMMARIZED BELOW.** As a result of the uncertainty of the payments on the New Bonds, the District does not expect, and the Creditors should not expect, a secondary market for the New Bonds in the near future. The District has been informed by KSGH that if a market does develop for the New Bonds, the structure of the Series A Bonds may make them more marketable.

For the purpose of paying the interest on and principal of the New Bonds as the same become due and payable, respectively, and payment for District operations, maintenance and deposits to the Reserve Fund, the District shall certify a maximum mill levy to the Board of County Commissioners of El Paso County, Colorado, of 22 mills on all of the taxable property in the District, in each of the Certification Years beginning 1990 to

and including 1995 and, thereafter, so long as any New Bond is Outstanding, 20 mills (the "Maximum Mill Levy"). The Maximum Mill Levy may be used only for payment of the Annual Installment. In the event that the assessed valuation within the District for any Certification Year is less than the assessed valuation for Certification Year 1990, the District shall increase the Maximum Mill Levy by the amount of mills necessary to raise an equivalent amount of Tax Revenues as would be raised by the Maximum Mill Levy imposed on property within the District with an assessed valuation equal to that in Certification Year 1990.

This Maximum Mill Levy will not be reduced unless all of the property within the District is annexed to the City. Since the City has historically imposed a mill levy of approximately 7 mills on property included within the City, the total tax obligation on property within the District that may be subsequently annexed into the City would increase accordingly. In that case, the District may reduce the Mill Levy by 2 mills the first year and by an additional 1 mill for each of the next three years after such property is annexed. In no event will the Mill Levy be less than 15 mills.

The Series A P/Os and Series B Bonds shall be dated as of January 1, 1992. The Series A P/Os shall mature on January 1, 2027, and shall bear interest at 9%, which shall be represented by the Series A I/Os. The Series B Bonds shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from January 1, 1992, payable on each Payment Date to January 1, 2032. The Series B Bonds shall mature on January 1, 2032 and shall accrue interest at 10.19%.

Amounts deposited in the Debt Service Fund by the District shall be applied on each Payment Date as follows:

(1) Payment of Series A I/Os. First, to make payments on the Series A I/Os of any amount of accrued and unpaid interest (including that due on such Payment Date) in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest.

(2) Escrow for Series A P/Os. Second, to purchase Federal Securities with a maturity date as near as possible to January 1, 2027 which shall be held as a separate account and used only to pay the Series A P/Os. When the funds to be generated from such Federal Securities as they become due are sufficient to pay (assuming no reinvestment of funds) in full all Series A P/Os when they become due no further purchase shall be made under this Section 301(c)(2).

(3) Payment of Series B Interest. Third, the balance of any funds held on any Payment Date shall be used to pay any accrued and unpaid interest (including as of such Payment Date) on the Series B Bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest.

(4) Prepayment. Fourth, to the prepayment or payment of principal of the Series B Bonds. In the case of a prepayment in part of the principal of the Series B Bonds, such payment shall be made pro rata to all holders of Series B Bonds without the necessity of delivering the Bonds to the Paying Agent, the Paying Agent shall keep records reflecting the prepayments made which shall be binding for all purposes under the Resolution and the Series B Bonds.

The District may at any time pay to the Paying Agent cash not otherwise required by the Resolution to be paid into the Debt Service Fund to be used to defease the Series A P/Os, the Series A I/Os or to prepay the Series B Bonds.

As long as the District has made all deposits required to be made by it in the Debt Service Fund and has complied in all material respects with the provisions of Article 4 of the Resolution, the New Bonds shall not be considered in default if the District fails to make any payment thereon. The District will not be in default for a failure to collect any Tax Revenues required to be certified under the Plan as long as it has certified the Mill Levy for such tax to the County Treasurer of El Paso County. No interest shall accrue on the Series A P/Os and the Series B Bonds after their stated maturity. No interest shall accrue on any overdue interest on the Series B Bonds or the Series A I/Os. However, any amounts of principal and interest remaining unpaid on the New Bonds shall remain due and owing until deemed fully paid and discharged. However, (i) if by January 1, 2032, the District does not contain 1,500 single-family residences within its boundary, the District shall have no further obligation to make any additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the Debt Service Fund or from pledged funds which it has received prior to January 1, 2032 and its obligations under the Resolution will terminate and the New Bonds will be deemed fully paid and discharged and (ii) after January 1, 2042, the District shall have no further obligation to make any additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the Debt Service Fund or from pledged funds which it has received prior to January 1, 2042 and its obligation under the Resolution shall terminate and the New Bonds shall be deemed fully paid and discharged.

Principal and interest shall be payable on the New Bonds only to the extent of funds in the Debt Service Fund. It is anticipated that the total Tax Revenues and other revenues of the District will be insufficient to pay principal of and interest on the New Bonds for a number of years.

To the extent permitted by law, the District shall also certify a 100 Mill Levy applicable to all Developer Owned Property other than platted residential Developer Owned Property pursuant to Sections 32-1-1006 and 1404, C.R.S., as amended, (the "Development Levy") commencing in Certification Year 1992 and each year thereafter so long as the New Bonds remain Outstanding. Developer Owned Property is defined in the Resolution as the vacant, unimproved or unbuilt property within the District owned by a Developer. In the event that a Developer constructs one or more buildings or installs improvements upon such previously vacant, unimproved or unbuilt property in accordance with such standards as the District may establish from time to time, such property shall not be subject to the Development Levy. The Development Levy shall be applied uniformly upon all Developer Owned Property other than platted residential Developer Owned Property and shall be in addition to the Maximum Mill Levy. All Tax Revenues and other proceeds resulting from the Development Levy collected by or due to the District from the Effective Date to and including January 1, 2032 shall be deposited, as received, in the Debt Service Fund for payment on the New Bonds.

The District has agreed to impose a minimum tap fee of \$3500 for residential taps and has pledged all Tap Fees received by the District to the payment of the principal of and interest on the New Bonds ; provided, however, the Annexation Agreement requires the District to allow the City to collect Water Tap Fees when City lines are extended to supply water to property in the District serviceable by the connection, and at that time the Plan transfers water tap fees to the City. The same pertains to wastewater tap fees, if any. Prior to the District's insolvency, all Tap Fees were pledged to the payment of principal and interest on the Bonds.

The District increased its water and wastewater rates by 60% in January 1991 and has covenanted to increase its schedule of rates for the use of water and wastewater facilities of the District for the next 5 years by an amount equal to five percent (5%) over the amount of the rates or other District revenues for the preceding year, plus any amount necessary to pay any increases in expenses from the preceding year. Thereafter, the District will, at a minimum, increase rates or other District revenues by an amount necessary to pay any increases in expenses from the preceding year.

The District will deposit Tax Revenues from 2 mills for Collection Years 1991 through 1995 in its Reserve Fund. Moneys in the Reserve Fund will be used by the District for the purpose of making necessary repairs and improvements to the District's facilities or to provide for the payment of any other expense of the District to the extent funds are otherwise unavailable.

3. Additional Liquidity Option. The District and KSGH have executed the Escrow Agreement, which establishes an Escrow Fund in the amount of \$4,330,030 for the purpose of providing an Additional Liquidity Option for Series 1985, 1986 and 1987 Bondholders who voluntarily elect to receive such Additional Liquidity Option.

A Series 1985 and 1986 Bondholder who has held his Bonds since prior to July 30, 1991 (an "Electing Series 1985 and 1986 Bondholder") may, in addition to the Plan Distribution, elect on the Class 2 Ballot to receive a distribution funded by KSGH in an amount equal to 21.1% of the face amount of such Electing Series 1985 and 1986 Bondholder's Bonds. A Series 1987 Bondholder who has held his Bonds since July 30, 1991 (an "Electing Series 1987 Bondholder") may, in addition to the Plan Distribution, elect on the Class 5 Ballot to receive a distribution funded by KSGH in an amount equal to 10.42% of the face amount of such Electing Series 1987 Bondholder's Bonds. In order to receive the Additional Liquidity Option, an electing Bondholder must sign the Voluntary Additional Liquidity Option on the Class 2 or Class 5 ballot, as the case may be whereby such Electing Bondholder (1) represents and verifies that he has owned his Bonds since prior to July 30, 1991; (2) voluntarily releases Boettcher and KSG of any and all claims, known or unknown, arising out of or relating to the offer, sale or resale of the Bonds as to which he elects to Additional Liquidity Option and voluntarily assigns to KSGH any and all claims of such Electing Bondholder against all other parties arising out of the offer, sale or resale of the Bonds as to which he elects the Additional Liquidity Option, which releases and assignments shall include but are not limited to those claims contained in MFS Municipal Income Trust et al. v. Boettcher & Company Inc., Civil Action No. 90-N-1553, United States District Court for the District of Colorado ("MFS"), and Thomas J. Dillon et al. v. Boettcher & Company, Inc., et al., 90-CV-6763, Division 6, District Court, El Paso County, Colorado ("Dillon"); and (3) assigns to KSGH the right to receive 60% of the Pro Rata distribution of the Series A and 60% of the Series B New Bonds of such Electing Series 1985 or Series 1986 Bondholder or Electing Series 1987 Bondholder, as the case may be, which such Electing Series 1985 or Series 1986 Bondholder or Electing Series 1987 Bondholder would receive under the Plan Distribution for the Bonds as to which they elect the Additional Liquidity Option.

The MFS lawsuit was brought against Boettcher (which was purchased by and merged into KSG) by three investment bond funds who purchased Series 1987 Bonds from Boettcher. The funds allege the Bonds were sold pursuant to an Official Statement which was materially misleading and demand that Boettcher return the purchase price paid by the funds for the Series 1987 Bonds. KSG has joined Holme Roberts & Owen and Kutak Rock & Campbell, disclosure counsel and bond counsel, respectively, for the Series 1987 Bonds, as third party defendants. The funds have not asserted any claims against the third party defendants. Discovery is substantially complete. A settlement conference is scheduled for January 10, 1992 and with the final pre-trial conference set for January 28, 1992. No trial date has been set.

The Dillon lawsuit was brought by numerous Series 1985, 1986, and 1987 Bondholders, individually and on behalf of other Bondholders (the "Plaintiffs"), against Boettcher, certain former directors of the District, related entities and other unnamed parties (the "Defendants") alleging that the Defendants had committed fraud, violated the Federal Securities Act of 1933, violated the Colorado Securities Act of 1981, and violated the Colorado Organized Crime Control Act in connection with the offer, sale and/or resale of the Bonds. On November 21, 1991, the court entered an order dismissing the Plaintiffs claims of common law fraud and violations of the Colorado Organized Crime Control Act against all Defendants and the claims of violation of the Federal Securities Act (1933) against Boettcher and Aries. Additionally, all the claims of three of the Plaintiffs were dismissed as having been time barred. The Plaintiff's only remaining claim in the Dillon lawsuit is under the Colorado Securities Act. The Plaintiffs are seeking class certification. The Plaintiffs have appealed the dismissal. The District has been informed that such appeal will substantially delay the Dillon lawsuit. No trial date has been set.

The District has also been informed that the Securities and Exchange Commission ("SEC") has issued an Order Directing Private Investigation and Designating Officers to Take Testimony In the Matter of Colorado Centre Metropolitan District. The investigation is being conducted by the Denver Regional Office of the SEC.

Unless waived by KSGH, in its sole discretion, the Additional Liquidity Option will only be available if (1) the Plan is confirmed and (2) holders of at least \$14,410,000 of principal amount of Bonds meet the requirements for and elect the Additional Liquidity Option on the Class 2 and Class 5 ballots. If these two conditions are not met or waived by KSGH, Electing Bondholders shall receive only the Plan Distribution.

3. Tender and Exchange of Bonds. It shall be a condition to receiving any distributions under the Plan that a Bondholder shall surrender such securities, or satisfactory evidence thereof, to the Disbursing Agent, which shall deliver the same to the District for cancellation. By tendering their securities, Bondholders consent to the Plan and agree that the sole source of repayment of their Allowed Claims shall be from the Accounts and the New Bonds.

4. Treatment of Executory Contracts and Unexpired Leases. Any pre-petition executory contracts or unexpired leases of the District not specifically assumed by the District prior to the Effective Date, shall be deemed to be rejected by the District upon the Effective Date. A description of executory contracts of the District and a statement of whether the District anticipates to assume or reject such contracts are set forth in Exhibit B attached hereto. Holders of Claims arising from rejection on the Effective Date of an executory contract or unexpired lease have thirty (30) days thereafter in which to file a Claim arising from such rejection, after which date such Claims will be forever barred. The District is not required to give any additional notice to holders of such Claims regarding filing a Claim.

5. Exculpation. Neither the District, nor any of their officers, directors, employees, agents or professional advisors, shall have or incur any liability to any Creditor or other person for any act or omission in connection with or by virtue of being a proponent or supporter, or in connection with or arising out of their administration of the Plan, or the property to be distributed under the Plan, except for willful misconduct or gross negligence; and, in all respects, shall be entitled to rely upon the advice of their professional advisors with respect to their duties and responsibilities under the Plan.

A legal question may exist as to whether the Court has jurisdiction to approve such provisions and whether such provisions can be enforced, and a question may exist regarding a party who successfully objects to the Plan, see Lansing Diversified Properties - VI v. First National Bank & Trust Company of Tulsa (In re Western Real Estate), 922 F.2d 592 (10th Cir. 1990). However, the District may amend its Plan at any time prior to the Confirmation Date.

6. Disbursing Agent. For purposes of Section 944(b)(2) of the Code, First Interstate Bank of Denver, N.A. shall be deemed the disbursing agent for the purposes of distribution under the Plan.

7. Modification of the Plan. The District may propose amendments to or modifications of the Plan, pursuant to Sections 901, 942 and 1127 of the Bankruptcy Code, at any time prior to the Confirmation Date. After the Confirmation Date, the District may remedy any defects or omissions or reconcile any inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to give effect to the purpose and intent of the Plan, so long as the interests of holders of Claims are not materially and adversely affected thereby.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE INFORMATION CONTAINED HEREIN.

III.

VOTING PROCEDURES AND REQUIREMENTS

Creditors in Class 2, Class 3, Class 4 and Class 5 are impaired under the Plan, and are entitled to vote to accept or reject the Plan. However, the amendments to the Second Amended Plan described herein affect only Class 2, Class 4 and Class 5 Creditors. Consequently, the acceptance of the Second Amended Plan by Class 3 Creditors will be deemed to be an acceptance of the Plan by such Creditors. The Plan shall be deemed accepted if accepted by creditors in a Class that holds at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class. A disputed Claim may not vote unless the Creditor obtains an order of the Bankruptcy Court temporarily allowing the Claim for voting purposes. All disputes over voting will be resolved by the Bankruptcy Court.

A ballot for accepting or rejecting the Plan is enclosed. Holders of Claims should carefully read the instructions contained on the ballot and complete, date, and sign the ballot and transmit it to the address indicated on the ballot.

In order for a vote to be counted, the ballot must be received at the address indicated on the ballot no later than March 9, 1992. Failure to vote, or a vote to reject the Plan, will not affect the allowability of a Creditor's Claim.

The District urges all Creditors entitled to vote to vote to accept the Plan. Ballots for acceptance or rejection of the Plan must be received by Case NO 89B16410J, Colorado Centre Metropolitan District, 1700 Lincoln Street, Box 28, Denver, Colorado 80203-0028, no later than March 9, 1992 pursuant to the Order of the Bankruptcy Court.

IV.

THE DISTRICT

A. Governing Board.

The District is governed by a board of Directors consisting of five members. The members must be qualified electors of the District and are elected to staggered four year terms of office at successive biennial elections, or after the expiration of terms of directors elected to fill vacancies occurring between biennial elections. Vacancies on the Board are filled by the remaining directors by election for any remaining unexpired portion of the term. The directors hold regular monthly meetings on the second Monday of each month and special meetings as needed.

The present directors, their positions on the Board, and the principal occupation of each director are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Sherry Bozzuto	President/ Chairman	Systems Engineer
Karen Greenwalt	Vice president	Secretary
Jonathan Aries	Secretary	Industrial Marketing
Tammy Beaudette	Director	Manager, Full line insurance company

B. Existing Development in the District.

According to the El Paso County assessor's tax schedules, there are 182 single-family units constructed within the District and connected to the District's facilities. At the time the District mailed its Second Amended Disclosure Statement in August 1991, 141 of those units were occupied and using the District's water and wastewater facilities. As of the date of this Disclosure Statement, 132 single-family units are occupied and using the District's facilities, of which 51 are rented and the remaining 90 are owner-occupied. The tax schedules show that there are 31 platted vacant lots, 159,908 square feet of commercial buildings, of which 29% are leased, and 3,747 acres of unimproved property within the District. The RTC, as receiver for Western Savings, owns 3,186 acres in the District which are unimproved. The RTC has a contract to sell such land to Mr. Franklin Haney, which, the District has been informed, is anticipated to close prior to the end of January, 1992. The District is not privy to the terms of that contract. Mr. Haney has retained P.J. Anderson, general counsel for the District, to provide him with assistance in the development of the property and to provide advice with regard to District and bond matters. The District has been informed that Mr. Haney intends to request that the District submit a modified Plan which may result in the Plan described in this Disclosure Statement not being confirmed.

The District is located immediately southeast of the City's Municipal Airport. The Colorado Springs Foreign Trade Zone (the "Foreign Trade Zone") is located within the District. This is a specific geographic area designated by the federal government in which imported merchandise can be sheltered from U.S. Customs duties while located therein. Although four buildings have been constructed in the Foreign Trade Zone, the Foreign Trade Zone is not being utilized and is considered dormant.

In September, 1988, the City annexed 3,672 acres of property in the District. The annexed property consists of all property within the boundaries of the District except the existing single-family units, the vacant platted residential lots, the four commercial buildings and approximately 294 acres of vacant and unbuilt land. Pursuant to the Annexation Agreement between the City and the Annexors, which includes the District to the extent the District owns land, Annexor was required, to refinance the District's outstanding Bonds in a manner which would remove all general obligation debt of the District by December 7, 1989. Anticipating the refinancing of the Bonds, the District agreed to pledge its water tap fees to the City. However, the District was unable to refinance its Bonds by the date and in the manner required by the Annexation Agreement.

The City contended that the District had not fulfilled its obligations under the Annexation Agreement which allegedly gives the City the right to compel the Annexors to petition to disconnect their property from the City. The District disputes the City's contention. In the District's opinion, deannexation could have an adverse impact on the property in the District. First, it appears that the least expensive and most readily available source of water for the future development of property within the District may be the City. Second, property that is annexed to the City is perceived by some to be more valuable and, thus, more marketable. Third, under the Annexation Agreement, if a new terminal for the City's Airport is constructed, the City will construct a street from the new terminal directly south to existing Drennan Road, which connects to the District. In an election held November 1991, City voters approved the construction of the new terminal. The District has been informed that construction bids will be let in early 1992. The District has not determined what effect any development fees and other charges on land subject to the Annexation Agreement may have on development in the District. The Development Levy described in the Plan is not in substitution for any provision of the Annexation Agreement.

The Plan will enable the District, in its opinion, to comply with the Annexation Agreement. First, the restructuring of the Bonds by a limited mill levy satisfies the intent of the parties to remove general obligation indebtedness from the District. Second, the Annexation Agreement provides that "the existing indebtedness [the Bonds], which is secured by water tap revenues, must be restructured to allow CITY to collect these water tap revenues." The Plan provides that the District will allow the City to collect the Water Tap Fees when City lines are extended to supply water to property in the District serviceable by the connection. Third, the Annexation Agreement provides that the District's service plan will be amended to restrict the District from borrowing before or after its current debt is restructured, until such time as the restructured debt is fully retired. The Plan

addresses this by providing that the District will limit its future issuance of general obligation bonds and will seek approval from the City prior to any such issuance. The District will assume the Annexation Agreement pursuant to the Plan. The City has indicated that it will not object to such assumption.

The City filed a proof of claim against the District asserting a contingent, unliquidated sum resulting from the alleged breach of the Annexation Agreement. (The District disputes such claim and has filed an objection to disallow the City's claim.) The City has withdrawn its claim for purposes of the Fourth Amended Plan.

C. Future Development in the District.

In connection with the preparation of its Plan and this Disclosure Statement, the District retained the services of The Economic & Market Research Company ("Market Research") to prepare a report forecasting the residential, commercial, office and industrial land absorption in the District. According to this report, there are a number of factors that will affect the ultimate timing of development in the District including regional population and employment growth, patterns of regional development, the supply of competitive land, access to the airport, the location of Space System Division, future Department of Defense budget changes, the resolution of the problems created by the Bond default, marketing efforts by developers in the District and its competitors and the length of time that the current negative image of the District lasts.

Market Research prepared three scenarios of land absorption in the District. Under all three scenarios, Market Research concluded that demand for land in the District will not begin until the year 2000. Under the low scenario, 130 single-family units and 73,000 square feet of commercial space will be constructed by the year 2010. In the moderate scenario, which Market Research concluded is the most likely to occur, 340 additional single-family units and 19 acres or 270,000 square feet of commercial space will be constructed by 2010. The high scenario forecasts that 1,350 new single family units, 90 multifamily units, 221,000 square feet of industrial space, 39,000 square feet for office space and 9,000 feet of commercial space would be built. To reach the levels in the high scenario, Market Research concluded that the economy would have to grow faster than anticipated, Space Systems Division would have to locate in the City, and other positive factors would have to occur such as construction of a south access to the City's new airport terminal.

It is the District's belief that the development forecast described above is more conservative and negative than what may actually occur. However, the District has no other support for its belief and consequently must rely upon the report prepared by Market Research. Each Creditor must make his own judgment as to the rate and amount of future development within the District.

D. Competing Development.

There appear to be no districts competing with the District for development which impose a comparable combination of the Maximum Mill Levy and Development Levy to provide a return to their respective bondholders and to provide certainty to the property owners in those districts. Numerous other factors which vary from project to project make comparisons difficult such as impact fees, overlapping debt, assessment lien districts, tap fees, front end fees and drainage fees. However, the following discussion describes other developments which compete with the District for development.

Commercial/Industrial Land:

The District's primary competition in the commercial and industrial markets has been the Briargate and Northgate Business Parks. They are the only other areas that can offer large acreage tracts, with existing utilities, to companies needing more than five to ten acres. Both Briargate Business Park and Northgate Business Park are serviced by the City of Colorado Springs.

The Briargate Business Park is encumbered by the Briargate Public Building Authority. Two hundred and twenty nine (229) acres have a principal assessment of \$43,500 per acre and two hundred and thirty nine

(239) acres have a principal assessment of \$55,000 per acre. All assessment liens are due and cleared at the time of the commercial sale of the property. The total mill levy on the property is approximately 80 mills. This represents the City, County, school district, library district and a special maintenance district. There is no special district that levies an ad valorem tax within Briargate Business Park.

The Northgate Business Park is encumbered by the Northgate Public Building Authority. Seventy-one acres have a \$50,303 principal assessment; forty-four acres have a \$72,639 principal assessment; eleven acres have a \$90,798 principal assessment. All assessment liens are due and cleared at the time of the commercial sale of the property. The total mill levy on the property is approximately 74 mills. There is no special district that levies an ad valorem tax within Northgate Business Park.

Residential Land:

The District's residential market has been in the \$75,000 to \$90,000 range. Due to its proximity to Fort Carson, a large percentage of homebuyers is military. The primary competition for residential development has been Widefield Homes, which has built between 100 and 200 homes per year in Security and Widefield, since the 1950's. Widefield also owns a private water and sewer company which provides services to thousands of homes to the south and west of the District. The total mill levy on homes in this area ranges from 66 to 78 depending upon whether the home is in the Security Water and Sanitation District or within Widefield's service area. Security Water & Sanitation levies approximately 12 mills and has no debt problems.

Competition in the residential price range offered at the District also comes from the Norwood and Stetson Hill projects in northeast Colorado Springs. Included in Norwood is Cottonwood General Improvement District which had its Chapter 9 Bankruptcy plan confirmed on December 13, 1991. All taxing entities within Norwood levy a total of approximately 125 mills. Stetson Hills is encumbered by a Public Building Authority which has principal assessments ranging from \$20,455 to \$122,116 per acre. The District has been informed that the liens of the Stetson Hills Public Building Authority have been or are being foreclosed by the bondholders. These assessments are paid off in full at the time of the commercial sale of property. The total mill levy for the land within the project is approximately 106 mills. Of the 106 mills, 31 mills are for Metex, a special district that will either have to substantially raise the mill levy next year, or file for bankruptcy protection if the assessed valuation does not increase or if the City and County do not assist in a workout.

E. Financial Information.

Information relating to the current historical finances and operations of the District are set forth in the District's 1992 Budget and 1990 Audited Financial Statement attached as Exhibits C and D, respectively. The Wastewater and Water Funds in the 1992 Budget are shown as reductions from 1991. However, the District's Manager expects that performance in these Funds will equal or exceed the 1991 actuals in 1992 and thereafter if the Plan is confirmed. In addition, \$184,000 allocated to Public Safety in the General Fund is the expense of providing fire protection, for which the District is currently negotiating with other providers outside the District. Once these negotiations are complete, the District expects that the Public Safety expense from the General Fund will not exceed \$44,000. If this expense is reduced or eliminated as anticipated, those amounts will not be transferred out of the Reserve Fund and the Reserve Fund balance will approximate the estimated 1991 actual Reserve Fund balance.

F. Estimated Overlapping General Obligation Debt.

Property within the District is subject to the taxing power of other governmental entities. The estimated overlapping general obligation debt of those other taxing entities is set forth below.

TAXING ENTITY	MILL LEVY (1)	OUTSTANDING GENERAL OBLIGATION DEBT (2)	PERCENT APPLICABLE TO PROPERTY IN DISTRICT (2)	DEBT APPLICABLE TO PROPERTY IN THE DISTRICT(3)
EL PASO COUNTY	11.000	\$12,204,994	0.24%	\$29,292
WIDEFIELD SCHOOL	49.305	8,285,000	5.25%	43,962
COLORADO SPRINGS (5)	7.266	40,340,000	0.31%	125,039
PIKES PEAK LIBRARY DISTRICT	3.252	8,055,000	0.26%	20,943
SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT (4)	0.807			
COLORADO CENTRE METROPOLITAN DISTRICT (6)	22	12,665,000	100%	12,665,000
TOTAL	93.630	\$81,549,994.00		\$12,884,256.00

- (1) As certified for fiscal year 1991.
- (2) As of April 23, 1991.
- (3) Calculation based on 1990 assessed valuations.
- (4) The Southeastern Colorado Water Conservancy District has no authorized or outstanding G.O. debt. That district makes payments on a 40 year contract with the Bureau of Reclamation.
- (5) The City's mill levy is now limited to 7 mills for tax years 1991 and thereafter.
- (6) District debt with the New Bonds. The New Bonds are not general obligation debt. The mill levy to repay the New Bonds is fixed by the Plan.

Source: El Paso County Assessor's Office, Widefield School District, City of Colorado Springs and Pikes Peak Library District.

In addition, a portion of land within the District is also located within the Powers Boulevard/Drennan Road Local Improvement District 1985-2 (the "Powers LID"). Powers LID issued \$2,872,610 in assessment lien bonds, of which \$2,477,358.10 in principal amount remains outstanding and secured by special assessments on the land benefitting from the improvements made by Powers LID. Approximately 737 acres of land owned by the RTC is located in the Powers LID and has a \$1,919,329 principal assessment. None of the assessments imposed on the RTC land have been paid and the entire principal amount with respect to such land is currently in default.

V.

PROJECTED REVENUES

A. Description of Assets to be Distributed Under the Plan.

1. Cash Distributions. The District anticipates that, after payment of Administrative Claims and the cash payments to the Class 3 and the Class 4 Creditors, there will be approximately \$5,650,000 in the Accounts. Of this amount, the Class 5 Creditors will receive 60%, or approximately \$3,390,000. The remaining \$2,260,000 will be available for distribution on the Effective Date which is 30 days after the Confirmation Date. To the extent that the Class 3 Claims to which the District has objected have not been disallowed or reduced to monetary value of zero prior to the Effective Date distributions to Class 2 Creditors

and Class 5 Creditors may be delayed and/or reduced. The total initial cash return to Bondholders based on a percentage of the principal amount of their Bonds, including payments in Class 2 and Class 5 from the District's Accounts and from the Additional Liquidity Option are as follows:

Bondholder	District Initial cash	% Old Bond	Additional Liquidity Option	% Old Bond	Total Cash	Total % Return on Principal
1985	884,225	8.9	1,249,208.62	21.1	2,133,433	30
1986	528,275	8.9	2,090,921.38	21.1	2,619,196	30
1987	4,237,500	44.6	989,900	10.42	5,227,400	55

2. **New Bonds.** Payment of the New Bonds will be made from (a) the Tax Revenues of the District from the Maximum Mill Levy, after payment of the District operations and maintenance expenses ; (b) Tap Fees; and (c) Tax Revenues from the Development Levy to the extent that the Development Levy is legally enforceable. To the extent there are insufficient funds available to pay the principal and interest on the New Bonds as they become due, such unpaid amount of interest will accrue until paid or until the maturity date of the New Bonds, at which time any unpaid interest and principal shall be canceled and discharged, unless there are more than 1,500 single family residences in the District on January 1, 2032, in which case, the New Bonds will cease to accrue interest but will remain outstanding until January 1, 2042 and all the Tax Revenues from the Maximum Mill Levy will be applied to pay the New Bonds. Interest will not accrue on unpaid interest. It is anticipated that the total Tax Revenues and other revenues of the District will be insufficient to pay principal of and interest on the New Bonds for a number of years. However, when there are more than 1,500 single family residences in the District, all the Tax Revenues from the Maximum Mill Levy thereafter will be use exclusively to pay the New Bonds. Revenues for the New Bonds are so uncertain that no projections are provided or would be meaningful at this time.

To the extent permitted by law, the District shall also certify the Development Levy which shall be in addition to the Maximum Mill Levy. The following sets forth owners, the number of acres and the assessed valuations for the Developer Owned Property, other than platted residential Developer Owned Property, which would be subject to the Development Levy and the related annual Tax Revenues such properties would generate:

Tax Schedules and Assessed Valuations

OWNER	GROSS ACREAGE	1991 ASSESSED VALUATION	TAX RAISED PER 100 MILLS
CALFED	21.21	\$ 2,580	\$ 258
CCJV	51.86	6,020	602
CCMDA	48.76	56,560	5,656
COPLEY GROUP	26.90	3,120	312
FOOTHILLS	55.36	790	79
J. M. ARIES	20.29	80	8
KENTUCKY LIFE	32.39	230,150	23,015
KVI KREICI	49.23	78,230	7,823
LOCKHEED	160.00	900	90
RICHMOND	68.09	280	28
RTC	3,186.03	110,080	11,008
TOTALS	3,720.12	\$88,790	\$48,879

The District has been informed that the validity of the Development Levy may be challenged. Consequently, the District will only impose the Development Levy to the extent it is legally enforceable and Creditors should not rely on the collection of Tax Revenues relating to the Development Levy for the payment of principal of and interest on the New Bonds.

3. District Revenues and Expenses. Currently, the monthly service charges paid by District users are insufficient to meet the costs of the District's operations. The following sets forth the District's 1991 budget and anticipated future revenues and expenses of the District based upon the District's covenant to, over the next 5 years, increase water and wastewater rates by 5% and to raise rates or impose additional mills to raise revenues by an amount necessary to pay any increases in ordinary and customary expenses from the preceding year. Thereafter, the District will, at a minimum, increase rates or other District revenues by an amount necessary to pay any increases in expenses from the preceding year. Nothing in the Plan requires the District to increase its rates simply by virtue of adding new customers, which increases in expenses would be paid by increases in revenues paid by such new customers. The balance at each year is the amount available to pay on the New Bonds.

**Estimated Cash Flow for Colorado Centre Metro District
Over the Years 1991 through 1995**

Description	1991*	1992	1993	1994	1995
BALANCE BEGINNING OF YEAR	\$344,220	\$461	\$-0-	\$-0-	\$2,792
TAX REVENUE*	140,686	140,686	140,686	140,868	140,686
GENERAL EXPENSES	584,729	101,170	90,000	90,000	90,000
CURRENT ESTIMATED INCOME	160,809	30,814	30,814	30,814	30,814
WATER EXPENSES	113,680	113,680	113,680	113,680	113,680
WATER INCOME	83,500	87,675	92,059	96,662	101,495
WASTE WATER EXPENSES	63,000	63,000	63,000	63,000	63,000
WASTE WATER INCOME	44,155	46,363	48,681	51,115	53,671
BALANCE (to pay New Bonds)	NONE ISSUED	\$27,688	\$45,560	\$52,779	\$62,778
RESERVE FUND	\$429,532	\$452,792	\$477,792	\$500,000	\$500,000

* The 1991 cash flows were based on the District's 1990 Audited Financials and 1991 estimated actuals with a 22 mill levy imposed on the 1990 assessed valuation of \$7,034,318. The assessed valuation of real and personal property within the District is approximately \$ 4,131,170 for Certification Year 1991. As a result of this decrease in assessed valuation, the District will impose a mill levy of 36.055 in addition to the 5% increase in rates to raise sufficient revenues to operate the District. The Plan provides that in the event that the assessed valuation within the District is less than the assessed valuation for Certification Year 1990, the District shall increase the Mill Levy by the amount of mills necessary to raise an equivalent amount of Tax Revenues as would be raised by the maximum Mill Levy imposed on property within the District with an assessed valuation equal to that in Certification Year 1990. As a result, for the years 1992 through 1995, the cash flows assume tax revenues collected will not be less than the tax revenues to be collected on the 1990 assessed valuation. The District estimates that, if the Plan is accepted by at least one impaired Class, the Plan will be confirmed by midyear 1992. Thus, there will be no payment on the New Bonds in 1991.

Dick Millsbaugh, CPA, a consultant hired by the District, has prepared a report in which he concludes that after the five years of 5% increases of the District's water and wastewater rates, the District's expenses will continue to increase because of inflation. Mr. Millsbaugh expressed concern as to the District's ability to meet the increased expenses due to customer resistance and/or the negative competitive impact such increases may have on the District. Pursuant to the Plan, however, the District has agreed that, each year, in addition to the 5% rate increases in years 1991 to 1995, at a minimum it will also increase its rates or impose additional mills

to raise revenues by an amount necessary to pay any increase in ordinary and customary expenses from the preceding year.

VI.

ACCEPTANCE AND CONFIRMATION

A. Acceptance.

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including: (i) that the Plan has classified Creditors in a permissible manner; (ii) that the contents of the Plan comply with the technical requirements of Chapter 9 of the Bankruptcy Code; (iii) that the debtors have proposed the Plan in good faith; and (iv) that the District's disclosures concerning the Plan have been adequate. The District believes that all these conditions have been met, and will seek rulings of the Bankruptcy Court to this effect at the hearing on confirmation of the Plan.

B. Best Interests of Creditors.

Section 943(b)(7) of the Bankruptcy Code requires as conditions for the confirmation of a plan in a Chapter 9 case that "the plan is in the best interests of creditors and is feasible." Under a Chapter 11 bankruptcy, the "best interests of creditors" test is codified under § 1129 to mean that the payments under the plan to creditors would yield at least as much as would be received in a liquidation of the debtor's business and the distribution of the proceeds to creditors. This test is not applicable in a Chapter 9 case, as a municipality cannot be liquidated, its assets sold, and the proceeds used to pay its creditors. Because a municipal debt adjustment case is so different, the courts have used a balancing test to determine the best interests of creditors.

In using a balancing test, the court must first weigh the alternative that creditors have to the confirmation of the plan. Under Chapter 9, the alternative to the confirmation of the plan is dismissal of the case. If dismissed, every creditor would have to fend for itself in a race to obtain a mandamus remedy, forcing the municipality to exercise its taxing power, and then to collect the proceeds. As stated by the Supreme Court in Faitoute Iron and Steel Company v. City of Asbury Park, N.J., 316 U.S. 502, 62 S.Ct. 1129, 86 L.Ed. 1629 (1942),

The principal asset of a municipality is its taxing power and that, unlike an asset of a private corporation, cannot be available for distribution. An unsecured municipal security is therefore merely a draft on the good faith of a municipality in exercising its taxing power. The notion that a city has unlimited taxing power is, of course, an illusion. A city cannot be taken over and operated for the benefit of its creditors, nor can its creditors take over the taxing power. Faitoute, 62 S.Ct. at 1133.

Addressing the "best interests of creditors" in the case of Matter of Sanitary and Imp. Dist., No. 7, 98 Bankr. 970, 975 (Bankr. D. Neb. 1989) the court stated:

The alternative to confirmation of a plan similar to the one before the Court is dismissal of the case. That would permit the parties to go back to state court and permit the state judge to order the debtor to levy sufficient taxes to pay all pre-petition bonds plus accrued interest in full. There is evidence before this Court which this Court finds convincing that such a procedure would create such a high level of taxes for the District and homeowners of the District that it is likely that revenues would not be made available to the

District by taxpayers and the bondholders would still not be paid. This Court sees no benefit in permitting this matter to go back through the state court system which has no power to permit compromise of the debt structure without consent of all parties.

The District believes that this Plan is in the best interests of Creditors because the maximum amount of revenues which the District can generate and still be a viable economic entity have been pledged. If, in an attempt to pay off its Creditors, the District imposes a Mill Levy that is too high, it will have a counterproductive effect. Excessively high taxes will make it impossible to market property within the District, and, therefore, the tax base will never expand; nor will Tap Fees ever be generated. The District would not be a viable economic entity if its taxes were so high that neighboring real estate developments would be more attractive to would-be purchasers. Also, excessive taxes may have the effect of driving current residents out of the District. Therefore, the best interests of Creditors is met by distributing the District's available cash, imposing a 20 mill levy, on an assessed value of land in the District no less than the 1990 assessed value, which, in the judgement of the Board of Directors of the District, is as high as possible to generate maximum revenue without creating an adverse economic effect on the District, exchanging and canceling all outstanding Bonds and issuing New Bonds with a maturity date of forty (40) years, and utilize the District's powers to the greatest extent possible for the repayment of the District's bonded indebtedness.

A drastic increase in the mill levy within the District would likely have negative effects on the District's ability to generate Tap Fees and expand its tax base, yet it would have a negligible impact on the amount of funds actually conveyed to Creditors. Even if the District imposed a mill levy twice that of the Maximum Mill Levy as set forth in the Plan, the annual tax revenues would generate only \$281,372 based on the current development in the District. After payment of District expenses, the amount available for debt service would be approximately \$140,000, which is only 3.7% of the annual debt service on the Bonds. This mill levy would have a negligible return for individual Bondholders and would have a counterproductive effect on development in the District making it unlikely that new homes, or commercial buildings would ever be built within the District. Therefore, the District believes that the Maximum Mill Levy as currently set in the Plan is in the best interests of Creditors.

The District believes the same analysis holds true with the pledge of Tap Fees. To set the Tap Fees so high as to make it unprofitable to construct within the District would have the reverse effect of generating revenue. No developer would build within the District if the Tap Fees, when added to the total sales price, made the property unmarketable.

The Plan is structured in a way to provide the maximum return to Creditors without so crippling the District's economic viability as to preclude any future revenue generation.

C. Feasibility.

As a corollary to the rule that a plan must be in the best interests of creditors, the Court must also find that the plan is feasible. In order to meet the feasibility standard in a Chapter 9 case, the debtor must demonstrate that it is able to make the payments required under the plan and still maintain its operations by retaining sufficient funds to continue its operations.

The District states that the Plan, as currently proposed, is feasible. The Plan provides, in essence, that impaired Creditors in Class 2, 3, 4, and 5 receive cash from the District for their Claim against the District and Creditors in Class 2 also receive New Bonds in exchange for their Bonds. The New Bonds provide that the interest will be paid from tax revenues from a 20 mill levy, but only to the extent there are funds available after payment of the District's expenses. In addition, to the extent that principal or interest remains unpaid at the maturity of the New Bonds, the unpaid principal and interest will be canceled and the District will be relieved of

any further obligation on the New Bonds. Therefore, the District has the ability to pay its Creditors without the risk of default.

Also, the Plan provides that, throughout the life of the Plan, the District may use the tax revenues otherwise available for the repayment of Creditors, for operations if the District's revenues are insufficient. A district must give its creditors all that is reasonably possible; but a district must also allocate a percentage of its revenue for the provision of the governmental services which it provides.

D. Confirmation Without Acceptance by All Classes.

The Bankruptcy Code contains provisions for confirmation of a plan, even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. These cram down provisions for confirmation of a plan despite the non-acceptance of one or more impaired classes of claims or interests are set forth in § 1129 of the Bankruptcy Code.

E. Effect of Confirmation.

Except as provided in the Plan, on the Confirmation Date, the District will emerge from bankruptcy and will retain all of its power and authority as a municipal district under state law. The District will be granted a discharge of all its debt and will be free and clear of all Claims, liens, charges and other interests of Creditors arising prior to the Petition Date. The Bankruptcy Court will retain jurisdiction for certain limited purposes, including the resolution of Claims and Administrative Expenses, and the resolution of disputes under the Plan.

F. Alternatives to Plan Confirmation.

The District believes the Plan provides the Creditors with the earliest and greatest possible value that can be realized on their Claims. An alternative to confirmation of the Plan is that the District's bankruptcy petition would be dismissed and Creditors would resort to their state court remedies. The likely effect of this would be that the Bondholders would obtain a judgment which would force the District to certify Mill Levies sufficient to pay off the entire Bond indebtedness. The District believes this Mill Levy would be in excess of 1300 mills in 1991 as illustrated in Section I (B) of this Disclosure Statement. Upon the happening of this event, the land within the District would become virtually unmarketable. It is quite likely that the tax liens generated by a Mill Levy of this amount would not be purchased at tax sale, and the property would be stricken off to the benefit of the County. The result is that the homeowners within the District would likely be foreclosed, the undeveloped property would remain undeveloped, and the tax liens would create an encumbrance on the property which would paralyze any future hope for development within the District. The likelihood that any Creditor would receive a reasonable return from this scenario is highly unlikely. Accordingly, the District believes the Plan offers a greater potential recovery for Creditors; and, therefore, urge you to vote to accept the Plan.

VII.

ADDITIONAL INFORMATION

A. Tax Consequences.

There may be tax consequences to a Creditor as a result of receiving cash or New Bonds under the Plan. The District urges Creditors to consult their own attorney or accountant as to the tax consequences of accepting payments under the Plan. The District makes no representations as to the tax status of a Creditor's treatment under the Plan under the Internal Revenue Code or applicable state law.

B. New Bond Tax Status.

The District will not seek an opinion from nationally recognized bond counsel as to whether interest on the New Bonds is exempt from federal or state income taxation. However, if prior to Confirmation, the District can determine that it will not harm its future operation by so doing, it will take steps necessary so as not to preclude the possibility of a tax-exempt status for the New Bonds..


VIII.

CONCLUSION AND RECOMMENDATION

The District submits that the Plan complies in all respects with Chapter 9 of the Bankruptcy Code, is fair and equitable as to all parties, and provides for a greater return than would be likely to be achieved under any reasonable alternative; and, therefore, strongly recommends that holders of Claims who are entitled to vote on the Plan vote to accept the Plan.

DATED: December 23, 1991.

COLORADO CENTRE METROPOLITAN DISTRICT,
DEBTOR,

By: 

President

ATTORNEY FOR DEBTORS:

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EXHIBIT "A"

TO THE FOURTH AMENDED DISCLOSURE STATEMENT

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:

COLORADO CENTRE METROPOLITAN
DISTRICT, a quasi-municipal corporation,

Debtor.

Case No. 89 B 16410 J

Chapter 9

FOURTH AMENDED PLAN FOR ADJUSTMENT OF DEBTS

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ATTORNEYS FOR COLORADO CENTRE METROPOLITAN DISTRICT

Dated: December 23, 1991

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TABLE OF CONTENTS

ARTICLE I	1
Definitions	1
ARTICLE II	5
Classification of Claims	5
2.1 <u>Class 1 - Administrative Claims</u>	5
2.2 <u>Class 2 - Bondholders</u>	5
2.3 <u>Class 3 - General Unsecured Creditors</u>	5
2.4 <u>Class 4 - RAN Claim</u>	5
2.5 <u>Class 5 - Litigation Claims</u>	5
ARTICLE III	5
Provisions for Treatment of Classes of Claims Under the Plan	5
3.1 <u>Class 1 - Administrative Claims</u>	5
3.2 <u>Class 2 - Bondholders</u>	5
3.3 <u>Class 3 - General Unsecured Creditors</u>	6
3.4 <u>Class 4 - RAN Claim</u>	6
3.5 <u>Class 5 - Litigation Claims</u>	6
ARTICLE IV	6
Means for Implementation of the Plan	6
4.1 <u>Plan Distribution</u>	6
a. <u>Initial Cash Payment</u>	6
b. <u>New Bonds</u>	6
c. <u>Defeasance And Discharge Of Bonds</u>	6
d. <u>Limitation on Payments</u>	6
e. <u>Tender of Bonds</u>	6
4.2. <u>Additional Liquidity Option</u>	6
a. <u>Creation of the Escrow Fund</u>	6
(i) <u>Class 2 Escrow Account</u>	7
(ii) <u>Class 5 Escrow Account</u>	7
b. <u>Escrow Distributions</u>	7
c. <u>Distributions on the Effective Date</u>	8
4.4 <u>Terms of New Bonds</u>	8
4.5 <u>Cancellation of Unpaid Taxes</u>	8
4.6 <u>Appropriations</u>	8
4.7 <u>Actions Required</u>	8
4.8. <u>Collection Procedures</u>	8
4.9 <u>Direction to Take Authorizing Action</u>	9
4.10 <u>Repealer</u>	9
4.11 <u>Additional Acts</u>	9
ARTICLE V	9
Identification of Impaired Classes and Right to Vote on the Plan	9
5.1 <u>Unimpaired Classes</u>	9
5.2 <u>Impaired Classes</u>	9
5.3 <u>Voting on the Plan</u>	9

5.4 Cram Down 9

ARTICLE VI 10

Provisions for Assumption or Rejection of Executory Contracts 10

ARTICLE VII 10

General Provisions 10

7.1 Scope of Plan 10

ARTICLE VIII 11

Retention of Jurisdiction 11

ARTICLE IX 11

Miscellaneous Provisions 11

9.1 Discharge of the District 11

9.2 Exculpation 11

9.3 Committee Termination 11

9.4 Severability 11

9.5 Captions 11

EXHIBIT A 1992 New Bond Resolution

Colorado Centre Metropolitan District (the "District") proposes the following Fourth Amended Plan for Adjustment of Debts (the "Plan") pursuant to 11 U.S.C. § 941. The amendments to the Second Amended Plan made by this Plan affect only Class 2, Class 4 and Class 5 Creditors. Consequently, the acceptance of the Second Amended Plan by Class 3 Creditors shall be deemed to be an acceptance of this Plan by such Creditors. The purpose of this Plan is to resolve all outstanding claims against the District through the payment of cash and the issuance of New Bonds. The Disclosure Statement will contain a discussion of the District's history, operations, comparisons with similar developments and projected growth within the District, and a summary and analysis of this Plan. All creditors should review the Disclosure Statement thoroughly before voting to accept or reject this Plan.

ARTICLE I

Definitions

Unless otherwise provided in this Plan, all terms used herein shall have the meaning assigned to such terms in Title 11 of the United States Bankruptcy Code.

For purposes of this Plan, the following words or phrases have the meaning set forth below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounts" shall mean (1) the funds of the District on deposit in money market account number 701131-8 at Colorado Liquid Asset Trust (also known as "COLOTrust"); and (2) \$50,000 from funds other than moneys in COLOTrust, which \$50,000 payment is in lieu of the District's uncollected Tax Revenues due in Collection Year 1990.

"Additional Liquidity Option" shall mean (1) with respect to an Electing Series 1985 or Series 1986 Bondholder, the option contained in the Class 2 ballot pursuant to which an Electing Series 1985 or 1986 Bondholder may, in addition to the Plan Distribution, elect to receive a distribution from the Class 2 Escrow Account equal to 21.1% of the face amount of such Electing Series 1985 or Series 1986 Bondholder's Bonds in exchange for his executed Assignment as provided in Section 4.2 of this Plan; and (2) with respect to an Electing Series 1987 Bondholder, the option contained in the Class 5 ballot pursuant to which an Electing Series 1987 Bondholder may, in addition to the Plan Distribution, elect to receive a distribution from the Class 5 Escrow Account equal to 10.42% of the face amount of such Electing Series 1987 Bondholder's Bonds in exchange for his executed Assignment as provided in Section 4.2 of this Plan.

"Administrative Claim" shall mean any cost or expense of administration of Chapter 9 or Claim against the District allowed under § 503(b) of the Code that is entitled to priority under § 507 (a)(1) of the Code.

"Allowed Claim" shall mean a Claim against the District allowable under § 502 of the Code which (a) is set forth in the District's bankruptcy schedules other than those scheduled by the District as disputed, contingent or unliquidated; (b) is filed pursuant to § 501 of the Code, and with respect to which no objection to the allowance thereof is filed, or as to which any objection is denied by Final Order. Allowed Claims may include, but are not limited to, Claims that arise from the rejection of executory contracts. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any Claim which the District may hold against the Creditor pursuant to § 553 of the Code.

"Annexation Agreement" shall mean the Annexation Agreement dated September 23, 1988, between the City, various individuals, corporations, partnerships and the District, to the extent that the District owned property in the area annexed.

"Annual Budget" shall mean the yearly budget of the District, adopted pursuant to C.R.S. § 29-1-101, et seq., which includes the District operating expenses and all debt payments for the succeeding calendar year.

"Assignment" shall mean: (a) with respect to each Electing Series 1985 or Series 1986 Bondholder as provided on the Class 2 ballot (1) a release of Boettcher and Company Inc. ("Boettcher") and Kemper Securities Group, Inc. ("KSG") of any and all claims, known or unknown, arising out of or relating to the offer, sale or resale of the Series 1985 and 1986 Bonds and a voluntary assignment to KSGH of any and all claims of such Electing Series 1985 or Series 1986 Bondholder against all other parties arising out of the offer, sale or resale of the Series 1985 and 1986 Bonds, which releases and assignments shall include but not be limited to those claims contained in Thomas J. Dillon et al. v. Boettcher & Company, Inc., et al., 90-CV-6763, Division 6, District Court, El Paso County, Colorado; and (2) the right to receive 60% of the Pro Rata distribution of New Bonds of such Electing Series 1985 or Series 1986 Bondholder which such Electing Series 1985 or Series 1986 Bondholder would receive under the Plan Distribution as payment for their Claims arising out of their Series 1985 and/or Series 1986 Bonds; and (b) with respect to each Electing Series 1987 Bondholder as provided on the Class 5 ballot (1) a release of Boettcher and KSG of any and all claims, known or unknown, arising out of or relating to the offer, sale or resale of the Series 1987 Bonds and a voluntary assignment to KSGH of any and all claims of such Electing Series 1987 Bondholder against all other parties arising out of the offer, sale or resale of the Series 1987 Bonds, which releases and assignments shall include but not be limited to those claims contained in MFS Municipal Income Trust et al. v. Boettcher & Company Inc., Civil Action No. 90-N-1553, United States District Court for the District of Colorado, and Thomas J. Dillon et al. v. Boettcher & Company, Inc., et al., 90-CV-6763, Division 6, District Court, El Paso County, Colorado and Thomas J. Dillon et al. v. Boettcher & Company, Inc., et al., 90-CV-6763, Division 6, District Court, El Paso County, Colorado; and (2) the right to receive 60% of the Pro Rata distribution of New Bonds of such Electing Series 1987 Bondholder which such Electing Series 1987 Bondholder would receive under the Plan Distribution as payment for their Claims arising out of their Series 1987 Bonds.

"Bankruptcy Code" or **"Code"** shall mean Title 11 of the Bankruptcy Reform Act of 1978, 11 U.S.C. §§ 101, et seq., as amended.

"Bankruptcy Court Litigation" shall mean the adversary case entitled Delaware Group Tax-Free Fund. v Colorado Centre Metropolitan District, Adversary Case No. 91-1055 DEC, in the United States Bankruptcy Court of the District of Colorado.

"Bankruptcy Rules" shall mean the rules of procedures in bankruptcy cases and local rules applicable to cases pending before the Court, as the same may from time to time be in effect and applicable to the proceedings under this Plan.

"Bond Defeasance Fund" shall mean, with respect to the Bonds, the fund created pursuant to this Plan into which the assets described in Section 4.1 shall be deposited and distributed by the Disbursing Agent as provided in this Plan.

"Bonds" shall mean, collectively, the Series 1985 Bonds, the Series 1986 Bonds and the Series 1987 Bonds.

"Bondholder" shall mean each of the registered owners of the Bonds on the Solicitation Date.

"Bondholder's Committee" shall mean the Official Bondholders' Committee of Colorado Centre Metropolitan District appointed by the U.S. Trustee.

"Certification Year" shall mean each calendar year in which a Mill Levy is to be certified by the District to the El Paso County Board of County Commissioners for taxes to be collected during the Collection Year.

"Chapter 9" shall mean Chapter 9 of the Code.

"City" shall mean the City of Colorado Springs, Colorado.

"Claim" shall mean a Claim against the District as defined in 11 U.S.C. § 101(4). For purposes of electing and receiving distributions pursuant to the Additional Liquidity Option, registered or beneficial owners of Bonds who hold Series 1987 Bonds and Series 1985 and/or Series 1986 Bonds shall be deemed to have separate elections on the Class 2 and Class 5 Ballots. In other words, electing to accept the Additional Liquidity Option on the Class 2 or Class 5 Ballot, shall not require a Bondholder to make the same election on the other Class Ballot.

"Collection Year" shall mean the calendar year next following any Certification Year, during which the District shall be entitled to collect and receive the ad valorem property tax revenues generated by the certification of the appropriate Mill Levy in such Certification Year.

"Confirmation Date" shall mean the date of entry by the Court of a Final Order confirming the Plan in accordance with Chapter 9.

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

"Creditor" shall mean the holder of an Allowed Claim.

"Disbursing Agent" shall mean First Interstate Bank of Denver, National Association as the disbursing agent for purposes of Section 944(b)(2) of the Code.

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

"District" shall mean Colorado Centre Metropolitan District, El Paso County, Colorado, which is the debtor in this case.

"Effective Date" shall mean the date which is thirty (30) days after the Confirmation Date.

"Electing Series 1985 or Series 1986 Bondholder" shall mean a Class 2 Creditor who has held his Bonds since prior to July 30, 1991 and who elects the Additional Liquidity Option on the Class 2 Ballot.

"Electing Series 1987 Bondholder" shall mean a Class 5 Creditor who has held his Bonds since prior to July 30, 1991 and who elects the Additional Liquidity Option on the Class 5 Ballot.

"Escrow Fund" shall mean the escrow fund created for the benefit of the Class 2 and Class 5 Creditors containing funds in the amount of \$4,330,030 established by the Escrow Agreement to provide for the means to perform the Additional Liquidity Option on the Class 2 and Class 5 Ballots.

"Escrow Agent" shall mean Alameda National Bank, the escrow agent pursuant to the Escrow Agreement establishing the Escrow Fund.

"Escrow Agreement" shall mean the agreement by and among the Debtor, the Escrow Agent and KSGH establishing the Escrow Fund.

"Final Order" shall mean an order or a judgment as to which time to appeal or seek review or rehearing has expired and no appeal for rehearing is pending.

"Funds" shall mean MFS Municipal Income Trust, United Municipal High Income Fund, Inc. and Delaware Group Tax-Free Fund, Inc.

"KSGH" shall mean Kemper Securities Group Holdings, Inc.

"**Litigation Claims**" shall mean those claims asserted against the District in the Bankruptcy Court Litigation. For the purposes of voting and receiving distributions to Class 5 under this Plan, the Litigation Claims shall be deemed to be Allowed Claims.

"**Mill Levy**" shall mean the rate at which taxes are imposed on the assessed value of the real property within the District. A mill equals 1/10th of one cent.

"**New Bonds**" shall mean the Series A and Series B bonds issued as part of this Plan and pursuant to the Resolution in payment of and exchange for the Bonds.

"**Order of Confirmation**" shall mean the Final Order issued by the Court confirming the Plan, pursuant to 11 U.S.C. § 943.

"**Petition Date**" shall mean December 5, 1989.

"**Plan**" shall mean this Plan for Adjustment of Debts of the District, as amended from time to time.

"**Plan Distribution**" shall mean (a) with respect to each Class 2 Creditor, a Pro Rata distribution of the Accounts payable to Class 2 Creditors as provided in Section 4.1.a of this Plan and New Bonds as provided in Section 4.1.b of this Plan; and (b) with respect to each Class 5 Creditor, its Pro Rata distribution of the Accounts payable to Class 5 Creditors as provided in Section 4.1.a of this Plan.

"**Post-Petition**" shall mean any time subsequent to December 5, 1989.

"**Pre-Petition**" shall mean any time prior to December 5, 1989.

"**Property**" shall mean all real property and improvements lying within the District's boundaries.

"**Pro Rata**" shall mean, with respect to any claimant, the percentage which the Allowed Claim of the creditor bears to the sum of all Allowed Claims in the same Class as such Allowed Claim.

"**RANs**" shall mean collectively the Revenue Anticipation Bond, 1988A in the aggregate principal amount of \$732,542.09 and the Revenue Anticipation Bond, Series 1988B in the aggregate principal amount not to exceed \$1,000,000, issued by the District.

"**Resolution**" shall mean the 1992 New Bond Resolution attached hereto as Exhibit A and incorporated hereby reference.

"**Series 1985 Bonds**" shall mean the General Obligation Refunding and Building Bonds, Series 1985, dated March 1, 1985, issued by the District.

"**Series 1986 Bonds**" shall mean the General Obligation Bonds, Series 1986, dated April 1, 1986, issued by the District.

"**Series 1987 Bonds**" shall mean the General Obligation Bonds, Series 1987, dated December 1, 1987, issued by the District.

"**Tap Fees**" shall mean the water and sewer tap fees collected by the District from property owners connected to the water and wastewater facilities of the District for payment of the principal and interest on the New Bonds as provided in this Plan.

"**Tax Revenues**" shall mean the revenues of the District realized as a result of the exercise of its taxing authority.

ARTICLE II

Classification of Claims

2.1 Class 1 - Administrative Claims. This Class shall consist of all Administrative Claims allowed under § 503(b) of the Code, if any.

2.2 Class 2 - Bondholders. This Class shall consist of the Allowed Claims of the registered owners and beneficial owners of the Series 1985 Bonds, Series 1986 Bonds and Series 1987 Bonds, all of whom are unsecured creditors of the District, on account of the Series 1985 Bonds, Series 1986 Bonds, and Series 1987 Bonds .

2.3 Class 3 - General Unsecured Creditors. This Class shall consist of all Allowed unsecured Claims of nonpriority Creditors of the District that are not included in the Class 2.

2.4 Class 4 - RAN Claim. This Class shall consist of all Allowed Claims of the registered or beneficial owners of the RANs.

2.5 Class 5 - Litigation Claims. This Class shall consist of all Allowed Litigation Claims and all other Claims that are or could have been raised in the Bankruptcy Court Litigation.

ARTICLE III

Provisions for Treatment of Classes of Claims Under the Plan

The District shall object to the allowance of Claims filed with the Court with respect to which the District disputes liability in whole or in part. All objections shall be litigated to Final Order or otherwise settled with Court approval. Any Disputed Claim may be estimated by the Court at any time for purposes of voting or making distributions under the Plan.

The Allowed Claims classified in Article II shall be treated and satisfied as follows:

3.1 Class 1 - Administrative Claims. All Class 1 Administrative Claims, to the extent not previously paid, shall be paid in full in cash, except to the extent the holder of any such Claim has agreed to a different treatment of such Claim, within ten (10) days after the Court allows Administrative Claims pursuant to § 943 (b)(3) of the Code. Attorneys for the Funds have agreed that to the extent that they file applications with the Court for the payment of fees and expenses pursuant to Section 503 (b)(3) of the Code, which after notice and a hearing, have been approved, the payment of such fees and expenses shall not exceed a total of \$100,000 from the Accounts. This Class is not impaired by the Plan.

3.2 Class 2 - Bondholders. Each Class 2 Creditor shall receive the Plan Distribution with respect to Class 2 Creditors. Additionally, Class 2 Creditors who have held Series 1985 and/or Series 1986 Bonds since prior to July 30, 1991 may elect the voluntary Additional Liquidity Option on the Class 2 Ballot. In the event that any such Class 2 Creditor does not elect the Additional Liquidity Option on the Class 2 ballot, such Class 2 Creditor shall only receive the Plan Distribution with respect to Class 2 Creditors. Distributions received by Class 2 Creditors from payments in any other Class will not reduce their claims for purposes of the distribution in Class 2. This Class is impaired by the Plan.

3.3 Class 3 - General Unsecured Creditors. Each Creditor in Class 3 shall receive a Pro Rata distribution of an amount of cash equal to the amount of such Class 3 Allowed Claim multiplied by 12.5%. This Class is impaired by the Plan.

3.4 Class 4 - RAN Claim. The holders of Class 4 Claims are holders or beneficial owners of the RANs. Holders of Claims in Class 4 shall receive a Pro Rata distribution of \$100. This Class is impaired by the Plan.

3.5 Class 5 - Litigation Claims. Each Class 5 Creditor shall receive the Plan Distribution with respect to Class 5 Creditors. Additionally, Class 5 Creditors who have held Series 198 7 Bonds since prior to July 30, 1991 may elect the voluntary Additional Liquidity Option on the Class 5 Ballot. In the event that any such Class 5 Creditor does not elect the Additional Liquidity Option on the Class 5 ballot, such Class 5 Creditor shall only receive the Plan Distribution with respect to Class 5 Creditors. Distributions received by Class 5 Creditors from payments in any other Class will not reduce their claims for purposes of the distribution in Class 5. This Class is impaired by the Plan.

ARTICLE IV

Means for Implementation of the Plan

4.1 Plan Distribution.

a. Initial Cash Payment. On or about the Effective Date, or as soon thereafter as may be practicable, the District shall deposit the Accounts in the Bond Defeasance Fund with the Disbursing Agent. The Disbursing Agent shall distribute the moneys in the Accounts to pay Allowed Claims as follows: (i) payment in full of all Allowed Administrative Claims not previously paid; (ii) cash equal to 12.5% of each Allowed Class 3 Claim (iii) \$100 to Allowed Class 4 Claims; (iv) after payment of Allowed Claims in Classes 1, 3, and 4, a Pro Rata distribution of 60% of the moneys remaining in the Accounts to Allowed Class 5 Claims; and (v) the balance of the moneys in the Accounts, to Allowed Class 2 Claims on a Pro Rata basis.

The initial cash payments contemplated herein shall be made in accordance with Section 4.1.e.

b. New Bonds. On the Effective Date, the District shall issue New Bonds in the principal amount of \$12,665,000. The District shall issue the New Bonds in two series, Series A and Series B. Each Class 2 Creditor shall receive New Bonds in an aggregate principal amount equal to fifty percent (50%) of the principal amount of Bonds held by such Class 2 Creditor of which New Bonds, \$2,533,000 in principal amount shall be Series A New Bonds and \$10,132,000 in principal amount shall be Series B New Bonds.

c. Defeasance And Discharge Of Bonds. Upon the issuance and delivery of the New Bonds and the District's initial cash payment as provided in Section 4.1.a, the Bonds shall be deemed defeased and shall be discharged and the District's obligations thereunder shall be forever discharged.

d. Limitation on Payments. Notwithstanding any provision in this Plan to the contrary, the present value of the total payments under the provisions of this Plan shall not exceed the present value of the total payments originally required to be made on the Bonds. For purposes of this Plan the present value of the payments under this Plan shall be calculated as of the Effective Date with a discount rate of 10.19%.

e. Tender of Bonds. It shall be a condition to receiving any distributions under the Plan that any Bondholder shall surrender such securities, or satisfactory evidence thereof, to the Disbursing Agent which shall deliver the same to the District for cancellation. By tendering their securities, Bondholders consent to the Plan and agree that the sole source of repayment of their Allowed Claims from the District shall be from the District cash distributions set forth in Section 4.1.a and the New Bonds.

4.2. Additional Liquidity Option.

a. Creation of the Escrow Fund. The District and KSGH have executed the Escrow Agreement, and have established the Escrow Fund for payment of 1) Electing Series 1985 or 1986 Bondholders who elected the Additional Liquidity Option on the Class 2 Ballot pursuant to the procedures set forth Section 4.2.a(i) of this Plan; and 2) Electing Series 1987 Bondholders who elected the Additional Liquidity Option on the Class 5 Ballot pursuant to the procedures set forth in Section 4.2.a(ii) of this Plan. The Escrow Fund is divided into two separate and distinct accounts, resulting in a Class 2 Escrow Account and a Class 5 Escrow Account.

The Escrow Fund is maintained by the Escrow Agent pursuant to the Escrow Agreement and is held in an eligible public depository for purposes of the Colorado Public Deposit Protection Act, § 11-10.5-101, et seq., C.R.S. All costs of the Escrow Fund, including the compensation of the Escrow Agent and reimbursement for its expenses, shall be paid by KSGH.

The Escrow Agent shall administer the moneys deposited in the Escrow Fund pursuant to this Plan and the Escrow Agreement, and shall distribute all cash proceeds, less any interest accumulated up to the Confirmation Date, to the Disbursing Agent for distribution to Series 1985 or 1986 Bondholders and Electing Series 1987 Bondholders as provided in Sections 4.2.a(i) and 4.2.a(ii) herein. All interest which accumulates in the Escrow Fund up to the Confirmation Date and any remaining moneys in the Escrow Fund shall revert back to KSGH after the distribution of the moneys in the Class 2 Escrow Account to the Series 1985 or 1986 Bondholders and the moneys in the Class 5 Escrow Account to Electing Series 1987 Bondholders.

(i) Class 2 Escrow Account. On or before the date on which the Court enters its order approving the District's Disclosure Statement, KSGH will fund the Class 2 Escrow Account in the amount of \$3,340,130 to provide for payment to Series 1985 or 1986 Bondholders who have (1) held their Bonds since prior to July 30, 1991, (2) elected the Additional Liquidity Option on the Class 2 ballot and (3) delivered executed Assignments on or before the date which is thirty (30) days after the Effective Date. Each electing Bondholder who has met these three conditions shall receive a distribution from the Class 2 Escrow Account equal to 21.1% of the face amount of such Series 1985 or 1986 Bondholder's Bonds in exchange for his executed Assignment and tender of his Bonds to the Disbursing Agent.

(ii) Class 5 Escrow Account. On or before the date on which the Court enters its order approving the District's Disclosure Statement, KSGH will fund the Class 5 Escrow Account in the amount of \$989,900 to provide for payment to Class 5 Creditors who have (1) held their Bonds since prior to July 30, 1991, (2) elected the Additional Liquidity Option on the Class 5 ballot and (3) delivered executed Assignments on or before the date which is thirty (30) days after the Effective Date. Each electing Bondholder who has met these three conditions shall receive a distribution from the Class 5 Escrow Account equal to 10.42% of the face amount of such Series 1985 or 1986 Bondholder's Bonds in exchange for his executed Assignment and tender of his Bonds to the Disbursing Agent.

(iii). Unless otherwise waived by KSGH, in its sole discretion, the Additional Liquidity Option will be available only if holders of at least \$14,410,000 of principal amount of Bonds meet the requirements for and elect the Additional Liquidity Option and deliver Assignments to the Disbursing Agent.

b. Escrow Distributions. Provided that the requirements of Section 4.2.a (iii) have been met or waived by KSGH, the Escrow Agent shall distribute moneys in the Escrow Fund to Electing Series 1985 or 1986 Bondholders and Electing Series 1987 Bondholders who, within sixty days after the date the Court enters its initial Order of Confirmation, deliver to the Disbursing Agent an executed Assignment and surrender of all Bonds held by such Electing Series 1985 or 1986 Bondholder or Electing Series 1987 Bondholder. Within thirty days after the Disbursing Agent receives an executed Assignment and Bonds from such Series 1985 or 1986 Bondholder or Electing Series 1987 Bondholder, the Disbursing Agent shall notify the Escrow Agent and the Escrow Agent shall distribute moneys from the Escrow Fund to such Electing Series 1985 or 1986 Bondholder or Electing Series 1987 Bondholder. Upon receipt of the surrendered Bonds and Assignments, the Disbursing Agent shall deliver such surrendered Bonds to the District for cancellation and shall deliver the

assignments to KSGH once the requirements of Section 4.2 a(iii) have been met or waived by KSGH. By tendering their Bonds and executed Assignments to the Disbursing Agent, Series 1985 or 1986 Bondholders and Electing Series 1987 Bondholders agree that repayment for their Bonds and their executed Assignment shall be limited to the Plan Distribution and Additional Liquidity Option.

Any Series 1985 or 1986 Bondholder or Electing Series 1987 Bondholder who fails to surrender his or her Bonds and/or execute the Assignment by the date which is thirty (30) days after the Effective Date shall be deemed to have waived his or her election of the Additional Liquidity Option and shall receive the Plan Distribution.

c. Distributions on the Effective Date. Nothing contained herein shall delay the Plan Distribution on the Effective Date to holders of Allowed Class 2 and or Class 5 Claims who have tendered their Bonds as provided in Section 4.1.e hereof.

4.3 Purposes of New Bonds. The New Bonds shall be issued for the purposes of paying a portion of the payment for the Bonds.

4.4 Terms of New Bonds. The New Bonds shall be issued in accordance with the terms and provisions set forth in the Resolution attached hereto as Exhibit A. Sections 408, 409 and 510 of the Resolution are included in this Plan as if restated herein.

4.5. Cancellation of Unpaid Taxes. Pursuant to this Plan, all due and unpaid taxes owing from the 881 mill levy certified by the District in Certification Year 1989 which are due and payable to the District in Collection Year 1990 shall be released, forgiven and forever discharged by the District pursuant to Section 32-1-1404, C.R.S., as amended; provided, however, that all Tax Revenues and other revenues heretofore collected by the District as a result of such 881 mill levy shall remain the property of the District and not subject to return to any source of collection.

4.6 Certification of Tax Levy. The foregoing provisions of this Plan are hereby declared to be the certification of the Board of Directors of the District to the Board of County Commissioners to El Paso County, Colorado, showing the aggregate amount of mills to be levied for the purpose aforesaid by the Board of County Commissioners from time to time, as required by law. In the event that the District fails to certify the Mill Levy in any year, this Plan shall be deemed to be the certification of the Board of Directors of the District.

4.7 Appropriations. The amounts necessary to pay all costs and expenses incidental to the implementation of this Plan and the District's bankruptcy case, including the issuance of the New Bonds and the interest on the New Bonds and to pay the principal thereof as provided by this Plan are hereby appropriated for said purposes, and such amounts as appropriated for each year shall also be included in the Annual Budget and the appropriation resolutions to be adopted and passed by the Board of Directors of the District in each year, respectively, until the New Bonds have been fully paid, satisfied, and discharged as provided in in the Resolution.

4.8 Actions Required. It shall be the duty of the Board of Directors of the District, annually, at the time and in the manner provided by law, or as may be altered pursuant to this Court approved Plan in accordance with Section 32-1-1404, C.R.S., as amended, to levy other District taxes, if such action shall be necessary to effectuate the provisions of this Plan, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of funding the Debt Service Fund, the Defeasance Fund, and the Redemption Fund for the payment of the interest on and principal of the New Bonds as hereinabove specified.

4.9 Collection Procedures. Taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado and as provided in this Plan, and when collected said taxes shall be paid to the District as provided by law;

provided, however, that in accordance with Section 32-1-1404, C.R.S., as amended, this Court approved Plan may adapt and alter the procedures provided in the statutes of Colorado to the levy, certification, and collection of general taxes. In addition to the adaptations and alterations previously described herein, this Plan includes the following adaptations and alterations to the Colorado statutes for the levy, certification, and collection of the ad valorem taxes of the District.

(i) Section 29-1-301, C.R.S., as amended, shall be adapted and altered to allow the District to certify a Mill Levy for revenues greater than the amount of revenue that was levied in the preceding year plus five and one-half percent which will be used by the District for purposes other than for the payment of bonds, contractual obligations approved by a majority of the qualified electors, expenses incurred in the reappraisal of classes, or for the payment of capital expenditures.

4.10 Direction to Take Authorizing Action. The appropriate officers of the District and members of the Board of Directors are hereby authorized and directed to take all other actions necessary or appropriate to effectuate the provisions of this Plan.

4.11 Repealer. All acts, orders, resolutions, or parts thereof, of the District that are inconsistent or in conflict with this Plan are hereby repealed to the extent only of such inconsistency or conflict and to the extent not in conflict with the prohibitions contained within Section 903 of the Code.

4.12 Additional Acts. All corporate documents required by applicable non-bankruptcy law shall be drafted and filed pursuant to the terms and conditions of this Plan in accordance with terms of this Plan and applicable non-bankruptcy law.

ARTICLE V

Identification of Impaired Classes and Right to Vote on the Plan

5.1 Unimpaired Classes. Creditors in Class 1 of the Plan are unimpaired and are not entitled to vote on the Plan.

5.2 Impaired Classes. Creditors in Class 2, Class 3, Class 4, and Class 5 are impaired and are entitled to vote to accept or reject the Plan. The amendments made to the Second Amended Plan by this Plan affect only Classes 2, 4 and Class 5, consequently the acceptance of the Second Amended Plan by Class 3 Creditors shall be deemed to be an acceptance of this Plan by such Creditors.

5.3 Voting on the Plan. All Creditors in Class 2, Class 3, Class 4, and Class 5 are impaired and entitled to vote to accept or reject the Plan. Solely with respect to the election of the Additional Liquidity Option, a holder with a Claim arising from the ownership of Bonds of more than one Series may make an election regarding the treatment of its Claims related to the Additional Liquidity Option and need not elect its different series consistently. Voting shall be pursuant to the provisions of the Code and the Bankruptcy Rules, and a class shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of such class actually voting. Only Creditors which have been scheduled by the District as undisputed and neither contingent nor unliquidated or Creditors who are unscheduled but have filed a Claim to which no objection has been filed shall be entitled to vote on the Plan, unless such Creditor shall have any such Disputed Claim temporarily allowed and estimated for purposes of voting pursuant to § 502 of the Code, prior to the time ballots must be returned.

Only Creditors which have been scheduled by the District as undisputed and neither contingent nor unliquidated or Creditors who are unscheduled but have filed a Claim to which no objection has been filed shall be entitled to vote on the Plan, unless such Creditor shall have any such Disputed Claim temporarily allowed and estimated for purposes of voting pursuant to § 502 of the Code, prior to the time ballots must be returned.

5.4 Cram Down. In the event that any one of Class 2, Class 4, and Class 5 shall fail to accept the Plan in accordance with § 1129(b) of the Code, the District reserves the right to request that the Court confirm the Plan. The District, in its sole discretion, may modify the Plan pursuant to § 1127 of the Code to obtain such Confirmation.

ARTICLE VI

Provisions for Assumption or Rejection of Executory Contracts

Except for the specifically assumed executory contracts of the District listed on Exhibit B to the Disclosure Statement, all other executory contracts and unexpired leases between the District and any other party which have not been assumed or rejected prior to the Confirmation Date of the Plan are hereby rejected as of the Confirmation Date, in accordance with § 365 of the Code. Holders of Claims arising from the rejection of an executory contract or unexpired lease on the Confirmation Date under this section shall have, without the need for further notice, thirty (30) days after the Confirmation Date in which to file a claim arising from such rejection, after which such Claim shall thereafter be forever barred.

ARTICLE VII

General Provisions

7.1 Scope of Plan. The Court, pursuant to 11 U.S.C. § 903, shall not restrict in any way the District's exercise of its powers granted to it by the State of Colorado.

7.2 Nothing herein contained shall prevent the District from taking any action as may be necessary to the enforcement of any cause of action which may exist on behalf of the District and which may not have been enforced or prosecuted by the District prior to the Effective Date.

7.3 The District may modify the Plan at any time prior to confirmation, and such Plan, as modified, shall become the Plan, pursuant to 11 U.S.C. §§ 942, 901, and 1127(d). Upon confirmation, the District may, with approval of the Court, so long as it does not materially and adversely affect the interests of the creditors, remedy any defect or omission or reconcile any inconsistencies in the Plan, or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effects of the Plan.

ARTICLE VIII

Retention of Jurisdiction

From and after the Effective Date, the District shall not be subject to the jurisdiction of the Court without express written consent of the District; provided however, the Court shall retain jurisdiction over this Chapter 9 case for the following purposes:

8.1 To hear and determine any and all objections to the allowance of Claims.

8.2 To hear any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Code or the Plan.

8.3 To hear and determine any and all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of the Plan.

8.4 To hear and determine any and all applications that may be pending on the Effective Date.

8.5 To consider any modifications of the Plan, to remedy any defect or omission or to reconcile any inconsistency in the Plan or in other orders of the Court, including the Order of Confirmation.

8.6 To hear and determine any application to sell the District's property free and clear of liens.

8.7 To consider and act on the compromise and settlement of any Claim.

8.8 To issue orders in aid of the successful implementation of the Plan as contemplated by § 945 of the Code.

8.9 To determine other matters as may be set forth in the Order of Confirmation or which may arise in connection with the Plan as contemplated by § 945 of the Code.

ARTICLE IX

Miscellaneous Provisions

9.1 Discharge of the District. The rights afforded in the Plan and the treatment of all Creditors herein shall be in exchange for and in complete satisfaction, discharge and release of all Claims of any nature whatsoever, including any interest accrued on the Bonds from and after the Petition Date, against the District or any of its assets or properties. Except as provided in this Plan, upon the Effective Date, all such Claims shall be satisfied, discharged and released in full. All persons shall be permanently enjoined and precluded from asserting against the District or its assets or properties, any other or further Claims based on any act or omission, transaction of other activity of any kind or nature that occurred prior to the Effective Date.

9.2 Exculpation. Neither the District, nor any of its officers, directors, employees, agents or professional advisors shall have or incur any liability to any Creditor or other person for any act or omission in connection with or by virtue of being a proponent or supporter, or in connection with or arising out of their administration of the Plan, except for willful misconduct or gross negligence; and in all respects, shall be entitled to rely upon advice of their professional advisors with respect to their duties and responsibilities under the Plan.

9.3 Committee Termination. The Bondholders' Committee shall terminate on the Effective Date.

9.4 Severability. If any provision of this Plan shall be held or deemed to be or shall, in fact be illegal, inoperative or unenforceable or not feasible, the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

9.5 Captions. The captions or headings in this Plan are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Plan.

DATED this 23rd day of December, 1991.

COLORADO CENTRE METROPOLITAN DISTRICT,
DEBTOR,

By:



President

ATTORNEY FOR DEBTORS:

CALKINS, KRAMER, GRIMSHAW & HARRING, P.C.

James S. Bailey, Jr., Esq.

Pamela A. Gibson, Esq.

1700 Lincoln Street, Suite 3800

Denver, Colorado 80203

(303) 839-3800

EXHIBIT "D"

TO THE FOURTH AMENDED DISCLOSURE STATEMENT

COLORADO CENTRE METROPOLITAN DISTRICT
COLORADO SPRINGS, COLORADO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 1990.

COLORADO CENTRE METROPOLITAN DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 1990

	<u>Page</u>
Independent Auditors' Report	1-2
Combined Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	3-4
Combined Statement of Revenue, Expend- itures and Changes in Fund Balance - All Governmental Fund Types	5
Combined Statement of Revenue, Expendi- tures and Changes in Fund Balance - Budget and Actual, All Governmental Fund Types	6-8
Combined Statement of Revenue, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	9
Combined Statement of Cash Flows - Enterprise Funds	10
Notes to Financial Statements	11-35
Supplemental Information:	
Enterprise Funds	
Combining Balance Sheet	36-37
Combining Statement of Revenue, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	38
Combining Statement of Cash Flows	39
Budgetary Information	
Schedule of Sources and Uses Compared to Budget - Water Fund	40
Schedule of Sources and Uses Compared to Budget - Wastewater Fund	41

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO IN BANKRUPTCY

JAN 7 1992

BRADFORD L. BOLTON
BY
DEPUTY CLERK

In re:

COLORADO CENTRE METROPOLITAN
DISTRICT, a quasi-municipal
corporation

Case No. 89 B 16410 J
Chapter 9

Debtor(s).

**AMENDED ORDER APPROVING DISCLOSURE STATEMENT AND
FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS
OF PLAN, COMBINED WITH NOTICE THEREOF**

A Fourth Amended Disclosure Statement, under Chapter 9 of the Bankruptcy Code, having been filed by the Debtor on December 23, 1991, referring to the Plan of Reorganization under Chapter 9 of the Code filed by Debtor, and

It having been determined after hearing on notice that the Disclosure Statement contains adequate information:

IT IS ORDERED AND NOTICE IS HEREBY GIVEN that:

A. The Fourth Amended Disclosure Statement, filed by the Debtor on DECEMBER 23, 1991, is approved.

B. MARCH 9, 1992, is fixed as the last day for filing written acceptances or rejections of the Plan referred to above.

C. MARCH 9, 1992, is fixed as the last day for filing objections to confirmation.

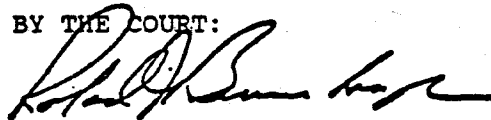
D. Within ten days after the entry of this Order, the Plan and the Disclosure Statement approved by the Court shall be transmitted by mail to creditors, equity security holders and other parties in interest as provided in Rule 3017(d), by the Debtor on or before JANUARY 24, 1992.

E. The proponent of the Plan will transmit appropriate forms for acceptance or rejection. Said mailing shall be accomplished by proponent of the Plan.

F. Hearing on confirmation of the Plan is scheduled for MARCH 17, 1992, at the hour of 9:00 A.M. in Courtroom B, U.S. Bankruptcy Court, U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado 80202-2508.

DATED this 7th day of January, 1992.

BY THE COURT:



Roland J. Brumbaugh
United States Bankruptcy Judge

NOTICE OF ENTRY ON DOCKET

Notice is hereby Given that Pursuant to Rule 9022,
F.R.B.P., the Foregoing Order of Judgment was

Entered on 1/8/92

By S. D. Myers



HOELTING & COMPANY, INC. • CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Centre
Metropolitan District
Colorado Springs, Colorado

We were engaged to audit the accompanying general purpose financial statements of Colorado Centre Metropolitan District (in reorganization under Chapter 9 of the United States Bankruptcy Code since December 5, 1989 - see Note 1) as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to report on these general purpose financial statements based on our audit.

As discussed in Note 1, the general purpose financial statements have been prepared on a going concern basis, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business. Also, such general purpose financial statements do not purport to reflect or provide for the consequences of the proceedings under the United States Bankruptcy Code. In particular, such general purpose financial statements do not purport to show (a) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (b) as to liabilities, the amounts that may be allowed for claims or contingencies, or the status and priority thereof; or (c) as to operations, the effect of any changes that may be made in the District's activities. The outcome of these matters is not presently determinable.

As also discussed in Note 1, conditions exist which raise substantial doubt about the District's ability to continue as a going concern. Development of land within the District has been minimal in 1988, 1989 and 1990, and a substantial portion of the land within the District has been deeded back to a financial institution and remains undeveloped. The lack of development has resulted in an inadequate tax base and, consequently, the District has experienced cash flow deficiencies and has defaulted on certain bond agreements by failing to make required principal and interest payments (see Note 7). As a result of these events, the District has filed for protection from its creditors under Chapter 9 of the United States Bankruptcy Code. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COMBINED FINANCIAL STATEMENTS

COLORADO CENTRE METROPOLITAN DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1990

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash unrestricted	\$ 67	\$ -0-	\$ -0-
Cash restricted	-0-	3,344	3,194
Cash with County Treasurer	67,099	-0-	-0-
Investments - unrestricted	208,588	24,609	-0-
Investments - restricted	-0-	-0-	2,227,980
Accounts receivable - net	13,813	-0-	-0-
Property taxes receivable	154,756	-0-	-0-
Prepaid expenses	5,095	-0-	-0-
Due from other funds	109,305	-0-	2,968
Property, plant and equipment	-0-	-0-	-0-
Accumulated depreciation	-0-	-0-	-0-
Deposits	-0-	-0-	28,686
Unamortized bond issuance costs	-0-	-0-	-0-
Amount to be provided for retirement of general long-term debt	-0-	-0-	-0-
Total Assets	<u>\$ 558,723</u>	<u>\$ 27,953</u>	<u>\$2,262,828</u>
LIABILITIES AND FUND EQUITY			
<u>Liabilities</u>			
Accounts payable	\$ 1,893	\$ -0-	\$ 75,978
Accrued interest payable	-0-	682,883	-0-
Due to other funds	400	10,595	2,435
Deferred revenue	154,756	-0-	-0-
Deposits	602	-0-	-0-
General obligation bonds payable	-0-	-0-	-0-
Revenue anticipation bonds payable	-0-	-0-	-0-
Total Liabilities	<u>\$ 157,651</u>	<u>\$ 693,478</u>	<u>\$ 78,413</u>
<u>Commitments and Contingencies</u>			
<u>Fund Equity (Deficit)</u>			
Contributed capital	\$ -0-	\$ -0-	\$ -0-
Investment in general fixed assets	-0-	-0-	-0-
Retained earnings	-0-	-0-	-0-
Fund balance:			
Unreserved	401,072	(665,525)	2,184,415
Total Fund Equity (Deficit)	<u>\$ 401,072</u>	<u>\$ (665,525)</u>	<u>\$2,184,415</u>
Total Liabilities and Fund Equity (Deficit)	<u>\$ 558,723</u>	<u>\$ 27,953</u>	<u>\$2,262,828</u>

The accompanying notes are an integral part of these statements.

Proprietary
Fund Types

Enterprise	Account Groups		Totals (Memo- randum Only)
	General Fixed Assets	General Long-term debt	
\$ 27,215	\$ -0-	\$ -0-	\$ 27,282
-0-	-0-	-0-	6,538
-0-	-0-	-0-	67,099
29,123	-0-	-0-	262,320
3,651,981	-0-	-0-	5,879,961
18,510	-0-	-0-	32,323
-0-	-0-	-0-	154,756
12,574	-0-	-0-	17,669
-0-	-0-	-0-	112,273
7,326,871	7,947,574	-0-	15,274,445
(469,724)	-0-	-0-	(469,724)
4,300	-0-	-0-	32,986
415,747	-0-	-0-	415,747
-0-	-0-	12,492,644	12,492,644
<u>\$11,016,597</u>	<u>\$ 7,947,574</u>	<u>\$12,492,644</u>	<u>\$34,306,319</u>
\$ 14,843	\$ -0-	\$ -0-	\$ 92,714
873,891	-0-	-0-	1,556,774
98,843	-0-	-0-	112,273
-0-	-0-	-0-	154,756
6,293	-0-	-0-	6,895
13,738,000	-0-	11,592,000	25,330,000
831,898	-0-	900,644	1,732,542
<u>\$15,563,768</u>	<u>\$ -0-</u>	<u>\$12,492,644</u>	<u>\$28,985,954</u>
\$ 2,390,068	\$ -0-	\$ -0-	\$ 2,390,068
-0-	7,947,574	-0-	7,947,574
(6,937,239)	-0-	-0-	(6,937,239)
-0-	-0-	-0-	1,919,962
<u>\$(4,547,171)</u>	<u>\$ 7,947,574</u>	<u>\$ -0-</u>	<u>\$ 5,320,365</u>
<u>\$11,016,597</u>	<u>\$ 7,947,574</u>	<u>\$12,492,644</u>	<u>\$34,306,319</u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE--ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1990

	General Fund	Debt Service Fund	Capital Projects Fund	Combined Totals (Memorandum Only)
REVENUE				
Property taxes	\$ 59	\$ 23,680	\$ -0-	\$ 23,739
Specific owner- ship taxes	424,158	-0-	-0-	424,158
Intergovernmental revenue	86,546	-0-	-0-	86,546
Charge for services:				
Lighting usage	9,353	-0-	-0-	9,353
Interest	5,766	1,388	441,948	449,102
Miscellaneous	180	-0-	484	664
Total Revenue	\$ 526,062	\$ 25,068	\$ 442,432	\$ 993,562
EXPENDITURES				
General government	\$ 16,978	\$ 354	\$ 285,748	\$ 303,080
Public works	8,800	-0-	-0-	8,800
Public safety	146,906	-0-	-0-	146,906
Culture and recreation	475	-0-	-0-	475
Capital outlay	-0-	-0-	2,340	2,340
Total Expenditures	\$ 173,159	\$ 354	\$ 288,088	\$ 461,601
Excess (deficiency) of revenue over expenditures	<u>\$ 352,903</u>	<u>\$ 24,714</u>	<u>\$ 154,344</u>	<u>\$ 531,961</u>
OTHER FINANCING SOURCES				
Operating transfers in (out)	\$ 292,337	\$ -0-	\$ -0-	\$ 292,337
Contributions from private sources	44,776	-0-	-0-	44,776
Total Other Financing	\$ 337,113	\$ -0-	\$ -0-	\$ 337,113
Excess (deficiency) of revenues over expenditures and other sources (uses)	\$ 690,016	\$ 24,714	\$ 154,344	\$ 869,074
Fund balance (deficit), January 1	(288,944)	(690,239)	2,030,071	1,050,888
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 401,072	\$ (665,525)	\$ 2,184,415	\$ 1,919,962

The accompanying notes are an integral part of these statements.

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COLORADO CENTRE METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1990

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUE			
Local property taxes	\$ -0-	\$ 59	\$ 59
Specific ownership taxes	-0-	424,158	424,158
Intergovernmental revenue	-0-	86,546	86,546
Charges for services:			
Lighting usage	7,200	9,353	2,153
Interest	-0-	5,766	5,766
Miscellaneous	-0-	180	180
Total Revenue	\$ 7,200	\$ 526,062	\$ 518,862
EXPENDITURES			
General government	\$ 47,719	\$ 16,978	\$ 30,741
Public works	32,000	8,800	23,200
Public safety	139,000	146,906	(7,906)
Culture and recreation	-0-	475	(475)
Capital outlay	-0-	-0-	-0-
Debt service:			
Principal	-0-	-0-	-0-
Interest	-0-	-0-	-0-
Total Expenditures	\$ 218,719	\$ 173,159	\$ 45,560
Excess (deficiency) of revenues over expend- itures	\$ (211,519)	\$ 352,903	\$ 564,422
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	\$ (102,000)	\$ 292,337	\$ 394,337
Contributions from private sources	360,000	44,776	(315,224)
Total Other Financing Sources (Uses)	\$ 258,000	\$ 337,113	\$ 79,113
Excess (deficiency) of revenues over expend- itures and other sources (uses)	\$ 46,481	\$ 690,016	\$ 643,535
Fund balance (deficit), January 1	(184,120)	(288,944)	(104,824)
FUND BALANCE (DEFICIT), DECEMBER 31	\$ (137,639)	\$ 401,072	\$ 538,711

The accompanying notes are an integral part of these statements.

Debt Service Fund

Capital Projects Fund

Debt Service Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,657,764	\$ 23,680	\$(5,634,084)	\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	1,388	1,388	-0-	441,948	441,948
-0-	-0-	-0-	-0-	484	484
<u>\$ 5,657,764</u>	<u>\$ 25,068</u>	<u>\$(5,632,696)</u>	<u>\$ -0-</u>	<u>\$ 442,432</u>	<u>\$ 442,432</u>
\$ 6,900	\$ 354	\$ 6,546	\$ -0-	\$ 285,748	\$ (285,748)
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	44,400	2,340	42,060
587,200	-0-	587,200	-0-	-0-	-0-
<u>1,212,061</u>	<u>-0-</u>	<u>1,212,061</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 1,806,161</u>	<u>\$ 354</u>	<u>\$ 1,805,807</u>	<u>\$ 44,400</u>	<u>\$ 288,088</u>	<u>\$ (243,688)</u>
<u>\$ 3,851,603</u>	<u>\$ 24,714</u>	<u>\$(3,826,889)</u>	<u>\$ (44,400)</u>	<u>\$ 154,344</u>	<u>\$ 198,744</u>
<u>\$(3,858,430)</u>	<u>\$ -0-</u>	<u>\$ 3,858,430</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>44,400</u>	<u>-0-</u>	<u>44,400</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 44,400</u>	<u>\$ -0-</u>	<u>\$ (44,400)</u>
\$ (6,827)	\$ 24,714	\$ 31,541	\$ -0-	\$ -0-	\$ 154,344
780	(690,239)	(691,019)	2,198	2,030,071	2,027,873
<u>\$(6,047)</u>	<u>\$(665,525)</u>	<u>\$(659,478)</u>	<u>\$ 2,198</u>	<u>\$2,184,415</u>	<u>\$ 2,182,217</u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1990

	Combined Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Local property taxes	\$ 5,657,764	\$ 23,739	\$(5,634,025)
Specific ownership taxes	-0-	424,158	424,158
Intergovernmental revenue	-0-	86,546	86,546
Charges for services:			
Lighting usage	7,200	9,353	2,153
Interest	-0-	449,102	449,102
Miscellaneous	-0-	664	664
Total Revenue	\$ 5,664,964	\$ 993,562	\$(4,671,402)
EXPENDITURES			
General government	\$ 54,619	\$ 303,080	\$ (248,461)
Public works	32,000	8,800	23,200
Public safety	139,000	146,906	(7,906)
Culture and recreation	-0-	475	(475)
Capital outlay	44,400	2,340	42,060
Debt service:			
Principal	587,200	-0-	587,200
Interest	1,212,061	-0-	1,212,061
Total Expenditures	\$ 2,069,280	\$ 461,601	\$ 1,607,679
Excess (deficiency) of revenues over expend- itures	\$ 3,595,684	\$ 531,961	\$(3,063,723)
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	\$(3,960,430)	\$ 292,337	\$ 4,252,767
Contributions from private sources	404,400	44,776	(359,624)
Total Other Financing Sources (Uses)	\$(3,556,030)	\$ 337,113	\$ 3,893,143
Excess (deficiency) of revenues over expend- itures and other sources (uses)	\$ 39,654	\$ 869,074	\$ 829,420
Fund balance (deficit), January 1	(181,142)	1,050,888	1,232,030
FUND BALANCE (DEFICIT), DECEMBER 31	\$ (141,488)	\$ 1,919,962	\$ 2,061,450

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 ENTERPRISE FUNDS
 COMBINED STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 DECEMBER 31, 1990

OPERATING REVENUE

Water sales	\$ 52,027
Sewer fees	<u>24,490</u>
 Total Operating Revenue	 <u>\$ 76,517</u>

OPERATING EXPENSES

Water expenses	\$ 116,503
Sewer expenses	45,475
General and adminis- trative expenses	63,553
Depreciation	126,614
Amortization	<u>38,532</u>
 Total Operating Expenses	 <u>\$ 390,677</u>

Net Operating Loss	\$ <u>(314,160)</u>
--------------------	---------------------

NON-OPERATING REVENUES (EXPENSES)

Property taxes	\$ 28,595
Interest income	814
Transfer to General Fund	<u>(292,337)</u>
Total Non-Operating Revenue	<u>\$ (262,928)</u>

Net Loss	\$ (577,088)
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Retained earnings (deficit), January 1, restated	<u>(6,360,151)</u>
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RETAINED EARNINGS (DEFICIT) DECEMBER 31	<u><u>\$(6,937,239)</u></u>
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The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 ENTERPRISE FUNDS
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 1990

Cash flows from operating activities:

Net loss	\$ (577,088)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	165,146
(Increase) decrease in assets:	
Accounts receivable	476
Property taxes receivable	32,764
Prepaid expenses	1,268
Due from other funds	292,337
Increase (decrease) in liabilities:	
Trade accounts payable	6,465
Due to other funds	98,843
Deferred revenue	(32,764)
Customer deposits	(2,083)
	\$ (14,636)

Cash flows from capital and related financing activities:

Increase in contributed capital	\$ <u>44,070</u>
Net cash provided by capital and related financing activities	\$ <u>44,070</u>
Increase in cash and cash equivalents	\$ 29,434
Cash and cash equivalents, beginning of year	<u>3,678,885</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,708,319</u>

The accompanying notes are an integral part of these statements

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Colorado Centre Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized to develop and provide certain services to Colorado Centre. Colorado Centre is a planned 4,000 acre mixed use real estate development located in El Paso County, Colorado. The District has purchased water rights, and has constructed a water distribution system, a sanitary and storm sewer collection system, roadways, signs and other improvements.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units.

B. Basis of Presentation

The financial statements have been prepared on a going concern basis, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course business. In recent years, the El Paso County economy has been depressed causing a slow down in real estate development activities. As a result, development of the land within the District has occurred at a much slower rate than originally expected when the District was formed. Because the District's primary sources of revenue are property taxes levied on property within the District and water and sewer tap fees collected on property developed within the District, the District has historically experienced cash flow deficiencies. The District has historically relied primarily on funds provided by the developers, Foothills Development Corporation and Aries Properties, Inc. (Aries), as well as Western Savings and the Resolution Trust Corporation, due to their ownership of the majority of land within the District, to sustain operations and fund required bond payments. During 1989, the land then owned by Aries was deeded back to its lender and remains in various stages of development. The lender was subsequently placed under the supervision of Federal government regulators. Consequently, Aries was unable to continue providing funds to the District. Because of the discontinuation of funding, the District defaulted on its general obligation bonds on December 1, 1989 by failing to make required principal and interest payments totalling \$1,868,506. The District filed for protection under Chapter 9 of the United States Bankruptcy Code on December 5, 1989. As a result of the transfer of the land to the lender, a majority of the members of the District's Board of Directors, who were employed by Aries, lost their employment, resigned and were replaced by newly elected members. These factors, among others, indicate that the District may be unable to continue as a going concern.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The financial statements do not include any adjustments relating to the recoverability of recorded asset amounts or the amounts of liabilities that might be necessary should the District be unable to continue as a going concern. The District's continuation as a going concern is primarily dependent on its ability to successfully develop a plan of reorganization under Chapter 9 of the United States Bankruptcy Code. Any such plan could possibly include significant concessions on the part of existing bondholders and other creditors as well as landowners within the District. The ultimate outcome of this reorganization and the resulting effect on the District's financial statements is not presently determinable.

In addition, in February 1990, officials of the District discovered that certain documents had not been filed with the El Paso County Clerk and Recorder for inclusion of certain property located within the boundaries of the District. Aries Properties, Inc. had an interest in such property and certain of its employees comprised the District's Board of Directors. Pursuant to Colorado statutes, only individuals who are registered to vote in Colorado and who either reside in or have an interest in real property located within a district are qualified to be directors of such district. Therefore, certain of the directors of the District who served on the board between 1986 and the dates that such directors resigned in 1990, may not have been properly qualified. In February, 1990, the District Court for the Fourth Judicial District ordered the inclusion of this property into the district said order being nunc pro tunc to 1985. On June 6, 1990, the District's Board of Directors ratified certain past acts taken or authorized by the District's previous directors at Board meetings on December 5, 1989 and on subsequent dates. The potential consequences for the District which may result from the legal status of the previous directors and any adjustments to the financial statements that might result from the outcome of this uncertainty are presently unknown.

C. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

For financial reporting purposes, in conformity with GASB standards, the District includes all funds, account groups, agencies, boards and commissions that are controlled by or are dependent on the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any debts that may occur, or receipt of significant subsidies from the District. However, there are no "component unit entities" as defined in NCGA Statement 7 where the District had to consider whether to include or exclude specific entities from the financial reporting entity. Therefore, the financial reporting entity does not include any component units.

D. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND TYPES

General Fund

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

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (continued)

Debt Service Fund

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

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUND TYPES

Proprietary funds are used to account for ongoing activities, in a manner which is similar to that often found in the private sector. These funds are accounted for on a cost of services or "capital maintenance" measurement focus. Reported fund equity is segregated into contributed capital and retained earnings components. Operating statements present increases and decreases in net total assets.

Enterprise Funds

The Water and Wastewater Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

E. Fixed Assets and Long-term Liabilities

The accounting and reporting treatment applied to a fund's fixed assets is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheet. Therefore, fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fixed Assets and Long-term Liabilities (continued)

Public domain ("infrastructure") general fixed assets, consisting of certain improvements including roads, curbs and gutters, streets and sidewalks and drainage systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are:

Water tank	25 years
Water distribution system	40 years
Wastewater collection system	40 years

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Basis of Accounting (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measureable and available). "Measureable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The District reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

G. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting (continued)

- 2) Public hearings are conducted by the District to obtain taxpayer comments.
- 3) Prior to December 15, the budget is legally approved.
- 4) Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- 5) Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.
- 6) Budgets for the General, Debt Service and Capital Projects Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) The budget for the Water and Wastewater Funds are prepared on a basis of accounting other than generally accepted accounting principles. The primary differences are, that contributed capital and bond proceeds are treated as a budget source and capital expenditures and principal payments are treated as a budget use.
- 8) Budgeted amounts are as originally adopted.
- 9) All annual appropriations lapse at the end of the year.

H. Restricted Cash and Investments

Restricted cash and investments represents designated proceeds from the bonds issued and tap fees collected, which are restricted solely for the purpose of paying principal and interest on the bonds when due.

I. Investments

Investments are stated at cost.

J. Receivables

All receivables are reported at their gross value, reduced by the estimated portion that is expected to be uncollectable.

K. Bond Issuance Costs

Bond issuance costs are amortized over the life of the bond issue using the straight-line method.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not material. Therefore, a liability of these benefits has not been reflected in these financial statements.

M. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources, are recorded to reserve that portion of the applicable appropriation, has not been utilized in the District's accounting procedures.

N. Contributed Capital

Contributed capital represents those amounts paid by the major developer within the District as a contribution in aid of construction and as a subsidy for operating expenses. Contributed capital also represents amounts paid by property owners within the District for the right to connect to the District's water and sewer system.

O. Capitalized Interest Costs

Interest costs during construction have been capitalized and added to the cost of the related assets. Interest costs incurred subsequent to the date of substantial completion are charged to expense.

P. Statement of Cash Flows

For purposes of the statement of cash flows, the Water and Wastewater Funds consider all legally liquid investments with a maturity of three months or less when purchased to be cash equivalents.

There was no interest paid in the Water and Wastewater Funds in 1990.

Q. Total Columns on Combined Statements - Overview

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

EXHIBIT "A"

TO THE FOURTH AMENDED PLAN FOR ADJUSTMENT OF DEBTS

COLORADO CENTRE METROPOLITAN DISTRICT

EL PASO COUNTY
COLORADO

NEW BONDS
SERIES 1992 A AND
SERIES 1992 B

NEW BOND RESOLUTION

WHEREAS, Colorado Centre Metropolitan District (the "District"), in the County of El Paso and the State of Colorado (the "State"), is a quasi-municipal corporation and political subdivision organized under and pursuant to the Constitution and laws of the State; and

WHEREAS, the members of the board of directors (the "Board") have been duly elected or appointed and qualified; and

WHEREAS, the District has heretofore issued its Refunding and Building Bonds in the original principal amount of \$9,990,000, of which \$9,470,000 remains outstanding, its General Obligation Bonds, Series 1986 in the original principal amount of \$6,300,000, all of which remains outstanding and its General Obligation Bonds, Series 1987 in the original principal amount of \$9,500,000, all of which remain outstanding (collectively, the "Prior Bonds"); and

WHEREAS, the District has filed a voluntary bankruptcy petition under Chapter 9 of Title 11, United States Code and an Order for Relief has been entered; and

WHEREAS, in order to adjust its debts, the Board has determined that it is necessary to adjust the Prior Bonds; and

WHEREAS, the Board is authorized to issue bonds for the purpose of adjustment of the District's debts as described in its Plan; and

WHEREAS, the District's Plan for Adjustment of Debts (the "Plan") approved by the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Court"), requires the District to issue its Bonds, Series 1992 A in an aggregate principal amount of \$3,000,000 (the "Series A Bonds") and the Series 1992 B Bonds in an aggregate principal amount of \$9,665,000 (the "Series B Bonds") (collectively, the "New Bonds"); and

WHEREAS, such issuance will be accomplished by delivering to each holder of the Prior Bonds a principal amount of New Bonds in accordance with the Plan; and

WHEREAS, the New Bonds will constitute an irrevocable lien upon the Pledged Revenues (as defined below), and, except for the Prior Bonds, the District has never pledged nor in any way hypothecated any of the revenues which constitute the Pledged Revenues, with the result that the Pledged Revenues may now be pledged lawfully and irrevocably for the payment of the New Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO CENTRE METROPOLITAN DISTRICT, IN THE COUNTY OF EL PASO AND STATE OF COLORADO:

ARTICLE 1

SHORT TITLE, DEFINITIONS, INTERPRETATION AND EFFECTIVE DATE

Section 101. Short Title. This resolution shall be known as and may be cited as the 1992 New Bond Resolution (the "Resolution").

Section 102. Meanings and Constructions.

A. Definitions. The terms in this Section defined for all purposes of this Resolution and of any Resolution amendatory hereof, supplemental hereto or relating hereto, and of any instrument or document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified, provided, however, in the case of any perceived or actual conflict between anything in this Resolution and the Plan, the Plan shall control:

"Act" shall mean, collectively Title 32, Article 1, Part 11, and Title 31, Article 35, Part 4, and Title 11, Article 56, Part 1, Colorado Revised Statutes, as amended, as the same are modified by Title 32, Article 1, Part 14, Colorado Revised Statutes, as amended.

"Annexation Agreement" shall mean the Annexation Agreement dated September 23, 1988, between the City, various individuals, corporations, partnerships and the District, to the extent that the District owned property in the area annexed.

"Annual Budget" shall mean the yearly budget of the District, adopted pursuant to C.R.S. § 29-1-101, et seq., which includes the District operating expenses and all debt payments for the succeeding calendar year.

"Annual Installment" for any Collection Year shall mean , with respect to the New Bonds on a December 31 of such year, an amount equal to the sum of (i) all rates and charges arising out of the Existing Facilities, other than Tap Fees, collected by such date during such year by the District and (ii) the amount of Tax Revenues collected during such year under the Maximum Mill Levy as provided in Section 4.06 less the deposits in the Collection Years 1992-1996 of the portion thereof in the Reserve Fund in accordance with Section 4.04 and less the amount of all Operation and Maintenance Expenses for such Collection Year; provided, however, in any Collection Year in which there are more than 1,500 single family residences in the District, the Annual Installment shall mean the Tax Revenues from the Maximum Mill Levy, and all Tax Revenues from the Maximum Mill Levy in such years and all subsequent Collection Years thereafter shall be deposited, as received, in the Debt Service Fund.

"Board" shall mean the board of directors of the District, or its successor in functions, if any.

"Bond Register" shall mean the register maintained by the Paying Agent with respect to the New Bonds pursuant to this Resolution.

"Capital Costs" shall mean all costs of acquiring, constructing or installing Facilities including, without limitation, (i) all incidental costs incurred in connection therewith such as architectural, engineering, supervisory and legal fees and expenses, (ii) all costs of acquiring interests in real property necessary therefor, (iii) any reserves for operation, maintenance or repair of the Facilities and (iv) any reserves for capital improvements or replacements (including, without limitation, any allowance for any major repairs, renewal or maintenance items with respect to the Facilities of a type not recurring annually or at shorter intervals).

"Certification Year" shall mean each calendar year in which a Mill Levy is to be certified by the District to the El Paso County Board of County Commissioners for taxes to be collected during the following Collection Year.

"City" shall mean the City of Colorado Springs, Colorado.

"Collection Year" shall mean the calendar year next following any Certification Year, during which the District shall be entitled to collect and receive ad valorem property tax revenues generated by the certification of a Mill Levy in such Certification Year.

"Confirmation Date" shall mean the date on which the Court Order confirming the Plan in accordance with Chapter 9 has become a Final Order.

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

"Debt Service Fund" shall mean the Debt Service Fund created pursuant to Section 401 of this Resolution.

"Developer" shall mean the owner of any vacant, unimproved or unbuilt property within the District.

"Developer Owned Property" shall mean the vacant, unimproved or unbuilt property within the District owned by a Developer which will be subject to the Development Levy. In the event that a Developer constructs one or more buildings or installs improvements upon such previously vacant, unimproved or unbuilt property in accordance with such standards as the District may establish from time to time, such property shall not be subject to the Development Levy in the Certification Year next following the construction of such buildings or installation of such improvements.

"District" shall mean Colorado Centre Metropolitan District, and any municipal corporation succeeding to the rights and obligations of Colorado Centre Metropolitan District, including, without limitation, any municipal corporation with which Colorado Centre Metropolitan District is consolidated.

"Effective Date" shall mean the date which is thirty (30) days after the Confirmation Date.

"Existing Facilities" shall mean all Facilities which existed on December 31, 1991.

"Facilities" means all improvements and facilities for the provision of urban services, including facilities for the provision of potable water, irrigation water, supply, treatment, storage, main transmission and distribution systems and facilities; sanitary sewer treatment facilities and trunk or interceptor sewers; flood and surface drainage and detention facilities; arterial street improvements, including, not by way of limitation, curbs, gutters, culverts, sidewalks, bridges, paving, lighting, parking, grading, landscaping; park and recreation facilities; and transportation services facilities.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States.

"Final Order" shall mean an order or a judgment as to which time to appeal or seek review or rehearing has expired and no appeal for rehearing is pending.

"Interest Rate" shall mean, (a) with respect to the Series A I/Os, 9% per annum, and (b) with respect to the Series B Bonds, 10.19% per annum.

"Mill Levy" shall mean the rate at which taxes are imposed on the assessed value of the real property within the District. A mill equals 1/10th of one cent.

"New Bonds" shall mean the Series A P/Os, Series A I/Os and Series B Bonds issued as part of the Plan and under this Resolution in payment of and exchange for the Prior Bonds.

"Operation and Maintenance Expenses" shall mean all reasonable and necessary current expenses of the District, actually paid during such year, and all expenses of the District, actually paid during such year, for

operating, maintaining and repairing the Existing Facilities, including, without limitation, at the District's option (except as limited by contract or otherwise by law):

- (a) Engineering, auditing, legal and other overhead expense of the district directly related to the administration, operation and maintenance of the Existing Facilities,
- (b) Insurance and surety bond premiums,
- (c) Any taxes, assessments or other charges which may be lawfully imposed on the District or its income or operations of the Facilities under its control and amounts required to be accumulated for rebate under the United States Tax Code,
- (d) Ordinary and current rentals of equipment or other property,
- (e) Expenses in connection with the issuance of the New Bonds,
- (f) The expenses and compensation of the Paying Agent or other fiduciary hereunder or otherwise,
- (g) Contractual services, professional services required by the Plan or this Resolution, salaries, labor and the cost of materials and supplies used for current operations, and
- (h) All other administrative, general and commercial expenses; but
 - (i) Excluding Capital Costs, and
 - (ii) Excluding any allowance for depreciation or amortization.

"Outstanding," when used with reference to the New Bonds or portions thereof as of any particular date, means all New Bonds or portions thereof theretofore and thereupon being authenticated and delivered:

- a. Except any New Bond or portion thereof canceled by the District or by the Paying Agent or otherwise on the District's behalf at or before such date;
- b. Except any New Bond or portion thereof in lieu of or in substitution for which another New Bond shall have been authenticated and delivered pursuant to this Resolution.
- c. Except for any portion of any Series B Bond which has been prepaid under Section 301(c)(4) as reflected on the records of the Paying Agent.
- d. Except for the portion of the Series A P/O or Series A I/Os which will be paid from the liquidation of Federal Securities held under Section 302(d).
- e. Any New Bonds held by the District shall not be deemed to be Outstanding for purpose of consents hereunder or for any other purpose provided herein.

"Owner" or "Registered Owner," when used in conjunction with any New Bond shall mean the person whose name on such bond is registered as shown on the Bond Register.

"Paying Agent" or "Bond Registrar" shall mean First Interstate Bank of Denver, National Association or any successor under the "Paying Agent and Registrar Agreement".

"Payment Date" shall mean January 1 and July 1 of each calendar year, commencing July 1, 1992.

"Plan" shall mean the Plan for Adjustment of Debts confirmed by the United States Bankruptcy Court for the District of Colorado in Case No. 89 B 16410 J under an order which has become a Final Order.

"Pledged Revenues" shall have the meaning given in Section 402.

"Property" shall mean all real property and improvements lying within the District's boundaries.

"Rebate Fund" shall mean the New Bond Rebate Fund created pursuant to Section 401 hereof.

"Reserve Fund" shall mean the District Reserve Fund created by Section 401 hereof.

"Series A I/O" shall mean a Registered Only Coupon, in substantially the form set forth as Exhibit B attached hereto, evidencing a portion of the interest on the Series A Bonds, due and payable to the Registered Owner thereof on each Payment Date.

"Series A P/O" shall mean a Registered Principal Only Bonds, in substantially the form set forth as Exhibit A attached hereto, evidencing a portion of the principal amount of the Series A Bonds.

"Series B Bond" shall mean a fully registered Bond, in substantially the form set forth on Exhibit C attached hereto.

"Tap Fees" shall mean the water and sewer tap fees collected by the District from property owners connected to the water and wastewater facilities of the District for payment of the principal and interest on the New Bonds as provided in the Plan and this Resolution.

"Tax Code" shall mean the Internal Revenue Code of 1986, as amended to the date of delivery of the New Bonds, and the applicable regulations and rulings presently or hereafter promulgated or proposed under the Internal Revenue Code of 1986, as amended to the date of delivery of the New Bonds, or any predecessor thereto.

"Tax Revenues" shall mean the revenues of the District realized as a result of the exercise of its taxing authority.

B. Construction. This Resolution, except where the context by clear implication herein otherwise requires, shall be construed as follows:

1. Words in the singular number include the plural and words in the plural include the singular.
2. Words in the masculine gender include the feminine and the neuter and when the sense so indicates words of the neuter gender refer to any gender.
3. The titles or lead lines applied to articles, sections, subsections, paragraphs and subparagraphs in this Instrument are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Resolution.

Section 103. Successors. Whenever herein the District or the Board is named or is referred to, such provision shall be deemed to include any successors of the District, immediate or intermediate, whether so expressed or not. All the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the District and the Board contained herein shall bind and inure to the benefit of any such successors and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the District, the Board or their respective successors, if any, the possession of

which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

Section 104. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim under or by reason of any covenant, condition or stipulation hereof upon or gives such to any Person, other than the District, the Paying Agent and the Owners of the New Bonds. All the covenants, stipulations, obligations and agreements herein contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Board, the Paying Agent and each Owner of any New Bonds in the event of such a reference.

Section 105. Resolution Irrepealable. After any of the New Bonds are issued, this Resolution shall constitute an irrevocable contract among the District, the Paying Agent and the Owners of the New Bonds and shall be and shall remain irrepealable until the New Bonds shall be fully paid, canceled and discharged or until the District has no further obligation thereby because of the provisions of Section 302(e), except as herein otherwise provided.

Section 106. Repealer. All acts, orders, resolutions, or parts thereof, of the District that are inconsistent or in conflict with the Plan and this Resolution are hereby repealed to the extent only of such inconsistency or conflict and to the extent not in conflict with the prohibitions contained within Section 903 of the Bankruptcy Code.

Section 107. Severability. If any section, subsection, paragraph, clause or other provision of this Instrument for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Resolution.

Section 108. Effective Date. This Instrument shall be in full force and effect after its passage and adoption and upon the occurrence of the Confirmation Date.

ARTICLE 2

BOARD'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF NEW BONDS, NECESSITY OF NEW BONDS, OBLIGATIONS OF DISTRICT

Section 201. Authority for this Resolution. This Resolution is adopted by virtue of the Act and as part of the Plan; and the District has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the District in accordance with the Act and the Plan and has determined that the total payment under the Plan in respect of the Prior Bonds and the payment of principal and interest on the New Bonds is less than the present value of the Prior Bonds on the Confirmation Date.

Section 202. Necessity of New Bonds. The Board hereby determines and declares it is necessary and for the best interests of the District and the inhabitants thereof that the District issue the New Bonds.

Section 203. Resolution to Constitute Contract. In consideration of the acceptance of the New Bonds by the owners of the Prior Bonds and those who shall own the New Bonds from time to time, the provisions hereof shall be deemed to be and shall constitute contracts among the District, the Paying Agent and the Owners from time to time of the New Bonds.

Section 204. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection and security of the Owners of any and all the Outstanding New Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the New Bonds over any other thereof

except as otherwise specifically provided herein for a difference between the Series A P/Os, the Series A I/Os and the Series B Bonds.

Section 205. Character of Bonds. All the New Bonds, together with any interest accruing thereon, shall be payable and collectible solely out of the Pledged Revenues; the owners thereof may not look to any general or other fund of the District for the payment of principal of and interest on the New Bonds, nor give rise to a pecuniary liability of the District or a charge against its general credit or taxing powers except to the extent of the taxes required by the Plan and this Resolution to be imposed by the District.

Section 206. Satisfaction of Claims. Except as provided in the Plan and this Resolution, no recourse shall be had against the District, any member of the Board, or any officer, agent or employee of the District, any member of the Board, or any officer, agent or employee of the District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, for payment of the New Bonds or any claim based thereon or otherwise upon this Resolution or any other instrument pertaining thereto, or for any claim, which has been or might be asserted, arising directly or indirectly out of the issuance, purchase, or sale of the Prior Bonds, all such liability, if any, being specially waived and released in consideration of the issuance of the New Bonds and by virtue of the acceptance of the New Bonds in exchange for the Prior Bonds.

Section 207. Incontestable Recital in Bonds. Pursuant to the Act, each of the New Bonds shall recite that it is issued by the District pursuant to the Plan and under the authority of the Act. Such recital shall conclusively impart full compliance with all of the provisions and limitations thereof, and each New Bond issued containing such recital shall be incontestable for any cause whatsoever after the delivery of such New Bond for value.

ARTICLE 3

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF NEW BONDS

Section 301. Terms of New Bonds.

a. Registered New Bonds. The Series A Bonds shall be in an original aggregate principal amount of \$3,000,000 and issued as fully registered Series A P/Os bonds in denominations of \$1000, and any integral multiple thereof, or in such smaller denominations necessary upon the original issuance thereof, and as registered Series A I/Os representing the interest payments due on each Payment Date such \$1,000 principal amount, and any integral multiple thereof, or in such smaller denominations necessary upon the original issuance thereof. The Series B Bonds will be issued in an original aggregate amount of \$9,665,000 as fully registered bonds in denominations of \$1,000, and any integral multiple thereof, or in such smaller denominations necessary upon the original issuance thereof. Unless the District shall otherwise direct, the Series A P/Os and Series A I/Os shall be numbered separately from 1 upward, with the number of each preceded by "EAP-" and "EAI-", respectively, and the Series B Bonds shall be numbered separately from 1 upward, with the number of each Series B Bonds preceded by "EB-".

b. Maturity and Interest Rate. The Series A P/Os and Series B Bonds shall be dated as of January 1, 1992. The Series A P/Os shall mature on January 1, 2027, and shall bear interest at the Interest Rate which shall be represented by the Series A I/Os, which shall represent the right to receive interest from the most recent date to which interest has been paid, or if no interest has been paid, from January 1, 1992, payable on each Payment Date with the final interest payment due on January 1, 2027. The Series B Bonds shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from January 1, 1992, payable on each Payment Date to January 1, 2032. The Series B Bonds shall mature on January 1, 2032 and shall accrue interest at the Interest Rate.

c. Application to Interest and Principal. Amounts deposited in the Debt Service Fund shall be applied on each Payment Date as follows:

(1) Payment of Series A I/Os. First to make payments on the Series A I/Os of any amount of accrued and unpaid interest (including that due on such Payment Date) in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest.

(2) Escrow for Series A P/Os. Second, to purchase Federal Securities with a maturity date as near as possible to December 31, 2026 which shall be held as a separate account and used only to pay the Series A P/Os. When the funds to be generated from such Federal Securities as they become due are sufficient to pay (assuming no reinvestment of funds) in full all Series A P/Os when they become due no further purchase shall be made under this Section 301(c)(2).

(3) Payment of Series B Interest. Third, the balance of any funds held on any Payment Date shall be used to pay any accrued and unpaid interest (including as of such Payment Date) on the Series B Bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest.

(4) Prepayment. Fourth to the prepayment or payment of principal of the Series B Bonds. In the case of a prepayment in part of the principal of the Series B Bonds, such payment shall be made pro rata to all holders of Series B Bonds without the necessity of delivering the Bonds to the Paying Agent, the Paying Agent shall keep records reflecting the prepayments made which shall be binding for all purposes under the Resolution and the Series B Bonds.

d. Defeasance. The District may at any time pay to the Paying Agent cash not otherwise required by the Resolution to be paid into the Debt Service Fund to be used to defease the Series A P/Os, the Series A I/Os or to prepay the Series B Bonds. The Paying Agent shall use such funds in accordance with the instruction of the District, providing, however, that the District cannot instruct the Paying Agent to make prepayment of principal on the Outstanding Series B Bonds at any time when there is any accrued or unpaid interest on the Outstanding Series B Bonds. At any time when the Paying Agent under Section 301(c)(2) and this Section has purchased Federal Securities sufficient to generate funds as they become due (assuming no reinvestment of funds) in full to pay all Series A P/Os when they become due, the Series A P/Os shall be deemed defeased and no longer Outstanding for purposes of this Resolution and the Federal Securities so held shall be deemed pledged solely to the payment of the Series A P/Os and used only for this purpose. On any Payment Date when all accrued interest on the Series A I/Os has been paid and the Paying Agent has applied funds received under the Subsection (d) to purchase Federal Securities sufficient to generate funds as of each subsequent Payment Date to pay the interest due on such Date under this Series A I/Os (assuming no reinvestment of funds), the Series A I/Os shall be deemed defeased and no longer Outstanding for purposes of this Resolution and the Federal Securities so held shall be deemed pledged solely to the payment of the Series A I/Os and shall be used only for that purpose.

e. No Default. As long the District has made all deposits required to be made by it in the Debt Service Fund and has complied in all material respects with the provisions of Article 4, the New Bonds shall not be considered in default if the District fails to make any payment thereon. The District shall not be in default hereunder for a failure to collect any Tax Revenues required to be certified hereunder as long as it has certified the Mill Levy for such tax to the County Treasurer of El Paso County. No interest shall accrue on the Series A P/Os and the Series B Bonds after their stated maturity. No interest shall accrue on any overdue interest on the Series B Bonds or the Series A I/Os. However, any amounts of principal and interest remaining unpaid on the New Bonds shall remain due and owing until deemed fully paid and discharged under the next sentence of this Section. Notwithstanding any other provisions of this Resolution or contained on the Bonds, (i) if by January 1, 2032, the District does not contain 1,500 single-family residences within its boundary, the

District shall have no further obligation to make any additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the Debt Service Fund (including any amounts pledged to the payment of the Series A P/Os or the Series A I/Os) or from funds pledged hereunder which it has received prior to January 1, 2032 (or if the District has not complied with this Resolution, which would have been received by such date if the District had complied with this Resolution) and its obligations under this Resolution shall terminate and the New Bonds shall be deemed fully paid and discharged and (ii) after January 1, 2042, the District shall have no further obligation to make any additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the Debt Service Fund or from funds pledged hereunder which it has received prior to January 1, 2042 (or if the District has not complied with this Resolution, which would have been received by such date if the District had complied with this Resolution) and its obligation under this Resolution shall terminate and the New Bonds shall be deemed fully paid and discharged.

f. Payment. Principal and interest shall be payable on the New Bonds only to the extent of funds in the Debt Service Fund, which amount shall be applied on each Payment Date as provided in Section 301(c). Subject to the foregoing, payment of Series A P/Os and the final payment of principal on the Series B Bonds shall be made to registered Owners upon surrender thereof to the Paying Agent at the principal office of First Interstate Bank of Denver, in Denver, Colorado, or its successor. Payment of interest represented by any Series A I/Os or due on any Series B Bond (including interest due on a preceding Payment Date) shall be made by check or draft mailed by the Paying Agent on or before each Payment Date to the registered Owner thereof as shown on the Bond Register at the close of business on the fifteenth (15th) day of the calendar month next preceding the Payment Date (the "Record Date"), at his or her address as it last appears on the Bond Register at the close of business on such day, irrespective of any transfer or exchange of such New Bond subsequent to such Record Date and prior to such Payment Date. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent. Prepayment of principal on any Series B Bond shall be made to the registered Owner as shown on the Bond Register at the close of business on the Record Date preceding the Payment Date.

Section 302. Paying Agent and Bond Registrar. The principal of and interest on the New Bonds shall be paid in accordance with the terms of a "Paying Agent and Registrar Agreement" between the District and the Paying Agent.

Section 303. Form and Execution of New Bonds.

a. The New Bonds shall be signed with the manual or facsimile signature of the President of the District, sealed with a manual or facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary of the District. Should any officer whose manual or facsimile signature appears on the New Bonds cease to be such officer before delivery of the New Bonds to a purchaser, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

b. The New Bonds shall be in substantially the forms set forth in Exhibits A, B and C hereto.

Section 304. Authentication. No New Bonds shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such New Bonds substantially in the forms set forth in Exhibits A, B and C, respectively, shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such New Bond shall be conclusive evidence that such New Bond has been authenticated and delivered under this Plan. The Bond Registrar's certificate of authentication on any New Bond shall be deemed to have been executed by it if signed by an authorized officer of signatory of the Bond Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the New Bonds issued hereunder.

Section 305. Delivery of the New Bonds. Upon the Effective Date of the Plan and this Resolution, or as soon thereafter as is practicable, the District shall execute the New Bonds and deliver them to the Bond Registrar, and the Bond Registrar shall authenticate the New Bonds and deliver them as provided in the Plan.

a. The Bond Registrar shall maintain the books of the District for the registration of ownership of each New Bond as provided in this Plan. New Bonds may be transferred upon the registration books upon delivery of the New Bonds to the Bond Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the District and the Bond Registrar, duly executed by the owner of the New Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such New Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any New Bond shall be effective until entered on the registration books.

b. In all cases of the transfer of a New Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of transferee or transferees a new fully registered New Bond or New Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount (or right to interest in the case of Series A P/Os) which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Resolution. The Bond Registrar shall charge the owner of such New Bond for every such transfer of a New Bond, an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer.

c. The District and Bond Registrar shall not be required to issue or transfer any New Bonds during a period beginning on the Record Date and ending at the close of business on the ensuing Payment Date.

d. New Bonds delivered upon any transfer shall be valid general obligations of the District, evidencing the same debt as the New Bonds surrendered, shall be governed by this Plan, and shall be entitled to all of the security and benefits hereof to the same extent as the New Bonds surrendered.

e. The District and the Bond Registrar may deem and treat the registered owner of any New Bond as the absolute owner thereof for all purposes, whether or not such New Bond shall be overdue, and any notice to the contrary shall not be binding upon the District or the Bond Registrar.

Section 307. Destruction of New Bonds. Whenever any Outstanding New Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Plan, and upon payment of the principal amount and interest represented thereby, or whenever any outstanding New Bond shall be delivered to the Bond Registrar for transfer pursuant to the provisions hereof, such New Bond shall be canceled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Bond Registrar to the District.

Section 308. Lost New Bonds. Any New Bond that is lost, stolen, destroyed, or mutilated may be replaced or paid by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement New Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by the Bond Registrar.

ARTICLE 4

DISTRICT COVENANTS AND PLEDGE OF REVENUES

Section 401. Creation of Accounts. The District hereby establishes and creates the following special and separate accounts:

A. The Debt Service Fund;

B. The Reserve Fund; and

C. The New Bond Rebate Fund.

The Reserve Fund shall be held by the District in separate and special accounts in the name of the District. The Debt Service Fund and the Rebate Fund shall be held by the Paying Agent.

Section 402. Pledge Securing the New Bonds. The Tap Fees as provided in Section 409 hereof, the Tax Revenues to be used to pay the Annual Installment, Tax Revenues from the Development Levy and all moneys and securities paid or to be paid to or held or to be held by the Paying Agent under this Resolution, other than amounts on deposit in the Rebate Fund to the extent such amounts are required to be paid to the United States, are hereby pledged to secure the payment of the New Bonds (the foregoing property is referred to herein as the "Pledged Revenues"). This pledge shall be valid and binding from and after the Confirmation Date and the property and other moneys hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, filing or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice thereof.

Section 403. Debt Service Fund. The Debt Service Fund shall be held and applied by the Paying Agent in accordance with this Resolution. The District shall make all deposits required by this Resolution into the Debt Service Fund. The District may apply any other funds or revenues that may be in the treasury of the District, and available for that purpose, to the payment of the interest on or principal of the New Bonds.

Section 404. Reserve Fund. The District shall deposit in the Reserve Fund, moneys retained by the District for the purpose of making necessary repairs and improvements to the District's Facilities or to provide for the payment of any other expenses of the District to the extent funds are not otherwise available. Commencing in the Collection Year 1991 to and including 1995, the Reserve Fund shall be increased by an amount equal to the amount of Tax Revenues raised by a 2 Mill Levy. Thereafter, the District, in its sole discretion, may levy such additional mill levies for purposes of replenishing the Reserve Fund. Interest earned on moneys in the Reserve Fund may be retained in the Reserve Fund or used by the District for any other District purpose; provided, however, moneys in the Reserve Fund shall not exceed \$500,000 and any interest accumulated thereafter shall be deposited in the Debt Service Fund for the payment of principal of and interest on the New Bonds; provided further that after December 1, 2000, the District may increase the Reserve Fund each year by an amount equal to \$25,000.

Section 405. Deposits of Annual Installments and Other Amounts.

a. On or before each December 31 commencing December 31, 1992, the District shall deposit into the Debt Service Fund an amount equal to the Annual Installment for such year.

b. The District shall deposit into the Debt Service Fund, as received, all Tax Revenues collected attributable to the Development Levy and Tap Fees collected by the District.

Section 406. Maximum Mill Levy. For the purpose of paying the interest on and principal of the New Bonds as the same become due and payable, respectively, and payment for District operations, maintenance and deposits to the Reserve Fund, the District has certified or shall certify a Mill Levy to the Board of County Commissioners of El Paso County, Colorado, of 22 mills on all the taxable property in the District in each Certification Year beginning 1990 to and including 1995 and due in the following Collection Year, and, thereafter, as long as any New Bond is Outstanding, the District shall for each Certification Year certify a Mill Levy of 20 mills on all taxable property in the District due in the following Collection Year (the "Maximum Mill Levy"). The Maximum Mill Levy may be used only for payment of the Annual Installment. In the event that the assessed valuation within the District for any Certification Year is less than the assessed valuation for Certification Year 1990, the District shall increase the Maximum Mill Levy by the amount of mills

necessary to raise an equivalent amount of Tax Revenues as would be raised by the Maximum Mill Levy imposed on property within the District with an assessed valuation equal to that in Certification Year 1990.

In the event that substantially all of the property within the District, as determined by the Board, shall be annexed to the City of Colorado Springs, Colorado, the District may reduce such Maximum Mill Levy by 2 mills for the first Certification Year after such property is annexed and may further reduce such Mill Levy by an additional 1 mill for each of the next three Certification Years thereafter. In no event will the Maximum Mill Levy be less than 15 mills.

Section 407. Additional Taxes. Nothing contained in the Plan or this Resolution shall prohibit the District, in the sole discretion of its Board of Directors, from certifying a higher Mill Levy for any legal purpose.

Section 408. Development Levy. To the extent permitted by law, the District shall also certify a 100 Mill Levy applicable to all Developer Owned Property other than platted residential Developer Owned Property pursuant to Sections 32-1-1006 and 1404, C.R.S., as amended, and the Plan (the "Development Levy") commencing in Certification Year 1992 and each year thereafter so long as the New Bonds remain Outstanding. The Development Levy shall be applied uniformly upon all Developer Owned Property other than platted residential Developer Owned Property and shall be in addition to the Maximum Mill Levy set forth in Section 404. All Tax Revenues and other proceeds resulting from the Development Levy collected by or due to the District from the Effective Date to and including January 1, 2032 shall be deposited, as received in the Debt Service Fund for payment on the New Bonds. This is not in substitution for anything contained in the Annexation Agreement with the City of Colorado Springs.

Section 409. Tap Fee Pledge. Water Tap Fees for each single-family equivalent shall be set by the District on January 1 of each year. The District covenants and agrees to impose Tap Fees for residential units in an amount no less than \$3,500, which amount shall increase by 5% in each year thereafter unless the Board determines that such increase would make property in the District less competitive for development. Notwithstanding the foregoing, the District may reduce the above for tap fees for commercial development if in the Board's judgment, such reduction would result in more rapid commercial development in the District. All fees derived from Tap Fees before City service shall be deposited in the Debt Service Fund and pledged to the payment of the principal and interest on the New Bonds. As of the date of this Resolution, it is unknown how many properties will be developed before City lines are available to serve the property in the District. Those single-family equivalents which are connected to the District facilities and whose fees have been paid at the time City water becomes available to that area of the District shall not be charged an additional fee except for water used or, if required by the Annexation Agreement, upgrades which are necessary to make the facilities meet City standards. All single-family equivalent units connected after City water is available in the District and which are in the area where City water is provided will be charged the full City fees that are required for like equivalents at the City ordinance rates in effect at that time. Any surcharges to be imposed by the District will be established as provided by the Annexation Agreement, collected by the District and used for payment of the New Bonds.

Notwithstanding the foregoing, the District shall not be required to allow the city to collect Tap Fees as provided in this Resolution if the City does not consent to the District's assumption of the Annexation Agreement.

All fees or charges required by the City for connection to any City utility service at the time City utility service is available shall be paid pursuant to the Annexation Agreement, including, as applicable, City ordinances, regulations and policies in effect at the time of the request for utility connection.

Section 410. Water and Wastewater Revenues. The District has established and covenants to maintain and enforce a schedule of rates for the use of the water and wastewater facilities of the District in 1991 and thereafter which is 60% greater than the rates for the use of the water and wastewater facilities imposed by the District in 1990. Each year for five (5) years thereafter the District covenants and agrees to increase its schedule of rates for the use of water and wastewater facilities of the District by an amount equal to five percent

(5%) over the amount of the rates for the preceding year and further covenants and agrees to raise rates or levy additional mills to raise revenues by an amount necessary to pay any increases in the Operation and Maintenance Expenses from the preceding year. Thereafter, the District shall, at a minimum, increase its rates or other revenues by an amount equal to the amount necessary to pay any increases in Operation and Maintenance Expenses from the preceding year. Notwithstanding the foregoing, the District shall not be obligated to maintain a schedule of rates for the use of the Existing Facilities in excess of that necessary to raise revenues sufficient to pay Operation and Maintenance Expenses. Nothing contained herein shall limit the District's ability to impose differing rates, fees and charges for non-residential uses of the District's water and wastewater services to one or more new customers, which in the District's discretion are beneficial to the District.

Section 411. Certification of Tax Levy. The foregoing provisions of this Resolution are hereby declared to be the certification of the Board of Directors of the District to the Board of County Commissioners to El Paso County, Colorado, showing the aggregate amount of mills to be levied for the purpose aforesaid by the Board of County Commissioners from time to time, as required by law. In the event that the District fails to certify the Mill Levy in any year, this Resolution shall be deemed to be the certification of the Board of Directors of the District.

Section 412. Appropriations. The amounts necessary to pay all costs and expenses incidental to the implementation of this Resolution are hereby appropriated for said purposes, and such amounts as appropriated for each year shall also be included in the Annual Budget and the appropriation resolutions to be adopted and passed by the Board of Directors of the District in each year, respectively, until the New Bonds have been fully paid, satisfied, and discharged as provided in Section 301(e) hereof.

Section 413. Actions Required. It shall be the duty of the Board annually, at the time and in the manner provided by law, or as may be altered pursuant to the Plan to levy other District taxes, if such action shall be necessary to effectuate the provisions of the Plan and this Resolution, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of funding the Debt Service Fund and the Rebate Fund for the payment of the interest on and principal of the New Bonds as hereinabove specified.

Section 414. Collection Procedures. Taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado and as provided in the Plan and this Resolution, and when collected said taxes shall be paid to the District as provided by law and the Plan.

Section 415. Direction to Take Authorizing Action. The appropriate officers of the District and members of the Board are hereby authorized and directed to take all other actions necessary or appropriate to effectuate the provisions of the Plan and this Resolution.

Section 416. Equivalent Mill Levies. In the event that any statutory provision is enacted that alters the manner in which the District may impose its levy, the amount of revenues which a mill will produce, or the manner in which assessed valuation of land within the District is determined, the District shall impose a mill levy different from the mill levies set forth herein in order to carry out the provisions of the Plan and this Resolution.

ARTICLE 5

MISCELLANEOUS PROTECTIVE COVENANTS

Section 501. Corporate Existence. The District shall maintain its corporate identity and existence so long as any New Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the District and to collect the available revenue as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding New Bond.

Section 502. Tax Covenants. The District covenants for the benefit of the Owners of the New Bonds from and after the date of issue of the New Bond that it will not take any action or omit to take any action with respect to the New Bonds, any other funds of the District if such action or omission (i) would cause the interest on the New Bonds to lose any exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the New Bonds to lose any exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted net book income and adjusted current earnings adjustments applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the New Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the New Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

The District shall deposit moneys into the Rebate Fund to the extent necessary to comply with the above provisions of this Section. Such deposits shall be accounted for as Operation and Maintenance Expenses. The District shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States at the address provided in the federal tax exemption certificate to be delivered by the District at the time of delivery of the New Bonds concerning compliance with the requirements of the Tax Code in relation to the District's covenants under this Section, and at the times and in the amounts set forth in such federal tax exemption certificate. Upon receipt by the District of an opinion of nationally recognized bond counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be on deposit therein pursuant to the provisions of such federal tax exemption certificate, such excess shall be paid by the Paying Agent to the District and shall be deposited in the Debt Service Fund.

Section 503. Limitation on Additional Debt.

- a. Notwithstanding the approval of the electors of the District at elections held for that purpose prior to the Petition Date, for the issuance of general obligation Bonds for District purposes, the District covenants that, so long as property within the District is annexed to the City, the District will not issue additional general obligation debt without the prior approval of the City, which approval shall not be unreasonably withheld. In the event that the District desires to issue additional general obligation debt, it shall present evidence satisfactory to the City that:
 - b. The District has, or will have the financial ability to discharge the proposed indebtedness;
 - c. Other forms of financing, such as revenue bonds and assessment lien based bonds, are not feasible or otherwise not in the best interest of the District and/or the City;
 - d. The improvements to be constructed by the District are designed, constructed and warranted in accordance with the standards and specifications of the City;
 - e. The District will not levy, charge or collect a sales tax; and
 - f. The City is not directly or indirectly liable for repayment of any of the indebtedness.

The City may impose other conditions on any approval of the proposed general obligation debt as a matter of City-wide uniform policy, including consideration of whether the additional debt will have an adverse impact upon the financial ability of the City or other governmental entities to enter into bonded indebtedness.

Notwithstanding the foregoing, the District shall not be required to comply with the provisions in this Section if the City does not consent to the District's assumption of the Annexation Agreement.

Section 504. Parity Bonds. The District shall not issue bonds or other securities reflecting debt of the District while any New Bonds remain outstanding unless the New Bonds are secured on a parity with such bonds or other securities.

Section 505. Conditions Precedent. Upon the date of issuance of any New Bonds, all conditions, acts and things required by this Resolution and the Plan for the issuance of such New Bond shall have happened and have been performed.

PASSED, ADOPTED AND SIGNED this _____ day of _____,
1992.

Chairman, Board of Directors

(SEAL)

Attest:

Secretary

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EXHIBIT "A"

TO THE NEW BOND RESOLUTION

(FORM OF SERIES A REGISTERED P/O)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF EL PASO

COLORADO CENTRE METROPOLITAN DISTRICT,
EL PASO COUNTY, COLORADO
NEW BONDS, SERIES 1992A

No. _____

\$ _____

Dated As Of

January 1, 1992

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

Colorado Centre Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision organized under and pursuant to the Constitution and laws of the State of Colorado, in the County of El Paso and State of Colorado, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, upon presentation and surrender hereof at the office of First Interstate Bank of Denver, in Denver, Colorado located at 633 17th Street, Denver, Colorado 80202, or at the office of its successor, under the Paying Agent and Registrar Agreement, (the "Paying Agent"), the principal amount specified above on the Maturity Date specified above. Interest on such principal amount is not payable to the Registered Owner hereof, such interest is payable to the Registered Owners of the Series A Registered I/Os (as hereinafter defined) issued to evidence such interest, or registered assigns thereof. This Registered P/O is part of the above-captioned issuance of obligations which consists of \$3,000,000 in principal amount of the Series A Registered P/Os, the Series A Registered Interest Only Coupons (the "Registered I/Os") and \$9,665,000 in principal amount of fully registered Series 1992B Bonds (the "Series B Bonds") (collectively, the "1992 Bonds"). AMOUNTS PAYABLE IN RESPECT OF THE 1992 BONDS ARE DUE ONLY TO THE EXTENT THERE ARE PLEDGED REVENUES (AS HEREINAFTER DEFINED) ON DEPOSIT IN THE DEBT SERVICE FUND (AS HEREINAFTER DEFINED) AND SUCH PLEDGED REVENUES SHALL BE APPLIED ON EACH PAYMENT DATE AS PROVIDED IN THE BOND RESOLUTION. Reference is hereby made to the Bond Resolution (the "Resolution"). Under the Resolution, the amounts in the Debt Service Fund are to be applied in the following order to the extent available on January 1 and July 1 of each calendar year, commencing July 1, 1992 (a "Payment Date"). First to make payments on the Registered I/Os of any amount of accrued and unpaid interest (including that due on such Payment Date) in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Second, to purchase Federal Securities with a maturity date as near as possible to January 1, 2027 which shall be held as a separate account and used only to pay the Registered P/Os. When the funds to be generated from such Federal Securities as they become due are sufficient to pay (assuming no reinvestment of funds) in full all Registered P/Os when they come due, no further purchase shall be made. Third, to the payment of any accrued and unpaid interest (including as of such Payment Date) on the Series B Bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Fourth, to the prepayment or payment of principal of the

Series B Bonds. No interest shall accrue on this Bond after January 1, 2027, and if this Bond is not paid by such date and the District does not contain 1,500 single-family residences by such date, and in any event after January 1, 2042, the District shall have no further Obligation except as provided in the Resolution and this Bond shall be deemed fully paid and discharged, all as provided in the Resolution.

[To be printed on back of the Registered P/Os]

The 1992 Bonds are issued by the District for the purpose of adjustment of the District's debts according to the Plan for Adjustment of Debts confirmed by the United States Bankruptcy Court for the District of Colorado in Case No. 89 B 16410 J (the "Plan"), and under Title 32, Article 1, Part 11, Title 31, Article 35, Part 4, Title 11, Article 56, Part 1, Colorado Revised Statutes, as amended, as the same are modified by Title 32, Article 1, Part 14, Colorado Revised Statutes, as amended (collectively, the "Act"). This Registered P/O is issued by the District pursuant to the Plan and under the authority of the Act. This recital conclusively imparts full compliance with all the provisions and limitations of the Plan and the Act, and this Bond issued containing such recital is incontestable for any cause whatsoever after the delivery of this Bond for value. The Registered P/Os are issued pursuant to the Plan, the Act and a resolution duly adopted by the Board (the "Resolution"). A copy of the Resolution is on file at the office of the District in _____, Colorado and at the office of the Paying Agent.

This Registered P/O is payable and collectible solely from the Pledged Revenues (as defined in the Resolution), which Pledged Revenues are pledged to the payment of the 1992 Bonds. Payment of the 1992 Bonds and the interest thereon shall be made from, and as security for such payment there is pledged pursuant to the Resolution, a special account identified as the "Colorado Centre Metropolitan District, Colorado 1992 Debt Service Fund" (the "Debt Service Fund"), into which the District covenants to pay the Pledged Revenues. The 1992 Bonds are secured by a lien on the Pledged Revenues which constitutes an irrevocable and first lien on such Pledged Revenues.

THE OWNER HEREOF MAY NOT LOOK TO ANY GENERAL OR OTHER FUND OF THE DISTRICT FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THIS BOND, NOR DOES THIS BOND GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, EXCEPT AS SPECIFICALLY PROVIDED IN THE PLAN AND THE RESOLUTION. THIS BOND IS PAYABLE AND COLLECTIBLE SOLELY OUT OF AND SECURED BY AN IRREVOCABLE PLEDGE OF THE PLEDGED REVENUES.

Reference to the Resolution and any and all modifications and amendments thereof and to the Act is made for a description of the nature and extent of the security for the 1992 Bonds, the funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Registered Owners of the 1992 Bonds with respect thereto, the terms and conditions upon which the 1992 Bonds are issued, the relative priorities of the holders of the Registered P/Os, the Registered I/Os and the Series B Bonds, and a statement of rights, duties, immunities and obligations of the District and the Paying Agent.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of the Pledged Revenues and other obligations of the District under the Resolution may be discharged at or before the maturity or prepayment of the 1992 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution. If provision is made for the payment of this Registered P/O in accordance with the Resolution, this Registered P/O shall no longer be deemed Outstanding under the Resolution, shall cease to be entitled to the benefits of the Resolution and shall thereafter be payable solely from the funds provided for such payment.

The Registered P/Os are issuable solely as fully Registered Series A P/O Bonds in denominations of \$1,000 and any integral multiple thereof, or such smaller denomination necessary on the original issuance thereon, and are

exchangeable, upon the surrender thereof at the office of the Paying Agent, for an equal aggregate principal amount of Registered P/Os of other authorized denominations.

This Registered P/O is fully transferable by the registered Owner hereof in person or by his or her duly authorized attorney on the registration records of the District kept at the office of the Paying Agent upon surrender of this Registered P/O to the Paying Agent together with a duly executed written instrument of transfer satisfactory to the Paying Agent. Upon such transfer, a new Registered P/O of authorized denomination or denominations of the same aggregate principal amount will be issued to the transferee in exchange for this Registered P/O, subject to the terms and conditions set forth in the Resolution. The District and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment and for all other purposes, whether or not such New Bond is overdue, and any notice to the contrary shall not be binding on the District or the Paying Agent.

[To be printed on front of 1992 Bonds]

It is hereby certified, recited and declared that upon the issuance of this Bond all conditions, acts and things required by the Resolution and the Plan for the issuance of this Bond shall have happened and have been performed.

The Act provides that neither the members of the Board nor any person executing the 1992 Bonds shall be liable personally on the 1992 Bonds by reason of the issuance thereof.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the certificate of authentication hereon has been duly executed by the Paying Agent.

IN WITNESS WHEREOF, Colorado Centre Metropolitan District, Colorado has caused this Bond to be signed with the manual or facsimile signature of the President of the District, and to be attested by the manual or facsimile signature of the Secretary of the District and has caused the facsimile of the seal of the District to be affixed hereon, all as of the date written above.

COLORADO CENTRE METROPOLITAN DISTRICT,
COLORADO

By: (Facsimile Signature)
President

(FACSIMILE SEAL)

Attest:

(Facsimile Signature)
Secretary of the District

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

Date of authentication: _____

This Series A Registered P/O is one of the 1992 Bonds described in the within-mentioned Resolution.

as Paying Agent

By: (Manual Signature)
Authorized Representative

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____
the within Bond and hereby irrevocably constitutes and appoints _____, attorney
to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the
premises.

Signature

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond
in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT "B"

TO THE NEW BOND RESOLUTION

(FORM OF SERIES A REGISTERED I/O COUPON)

REGISTERED I/O RELATING TO

STATE OF COLORADO

COUNTY OF EL PASO

COLORADO CENTRE METROPOLITAN DISTRICT,
EL PASO COUNTY, COLORADO
NEW BONDS, SERIES 1992A

No. _____

\$ _____

Dated As Of
January 1, 1992

REGISTERED OWNER:

DOLLARS

Colorado Centre Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision organized under and pursuant to the Constitution and the laws of the State of Colorado, in the County of El Paso and State of Colorado, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, upon January 1 and July 1 of each calendar year, commencing July 1, 1992 and terminating January 1, 2032, ("Payment Date") the sum of \$ _____, representing a portion of the interest payable on the Registered P/Os (as hereinafter defined). Payment shall be made by First Interstate Bank of Denver ("Paying Agent") on or before each Payment Date to the Registered Owner hereof as shown on the Bond Register at the close of business on the 15th day of the calendar month preceding such Payment Date (the "Record Date").

This Registered I/O is part of the above-captioned issuance of obligations which consists of the \$3,000,000 in principal amount of Series A Registered Principal Only Bonds (the "Registered P/Os), the Series A Registered I/Os and \$9,665,000 in principal amount of fully registered Series 1992 B Bonds (the "Series B Bonds") (collectively, the "1992 Bonds"). AMOUNTS PAYABLE IN RESPECT OF THE 1992 BONDS ARE DUE ONLY TO THE EXTENT THERE ARE PLEDGED REVENUES (AS HEREINAFTER DEFINED) ON DEPOSIT IN THE DEBT SERVICE FUND (AS HEREINAFTER DEFINED) AND SUCH PLEDGED REVENUES SHALL BE APPLIED ON EACH PAYMENT DATE AS PROVIDED IN THE BOND RESOLUTION. Reference is hereby made to the Bond Resolution (the "Resolution"). Under the Resolution, the amounts in the Debt Service Fund are to be applied in the following order to the extent available on a Payment Date. First to make payments on the Registered I/Os of any amount of accrued and unpaid interest (including that due on such Payment Date) in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Second, to purchase Federal Securities with a maturity date as near as possible to January 1, 2027 which shall be held as a separate account and used only to pay the Registered P/Os. When the funds to be generated from such Federal Securities as they become due are sufficient to pay (assuming no reinvestment of funds) in full all Registered P/Os when they come due, no further purchase shall be made. Third, to the payment of any accrued and unpaid interest (including as of such Payment Date) on the Series B Bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Fourth, to the prepayment or payment of principal of the Series B Bonds.

No interest shall accrue on this Registered I/O at any time whether before or after it is due after January 1, 2027, and if this Bond is not paid by such date and the District does not contain 1,500 single-family residences by such date, and in any event after January 1, 2042, the District shall have no further obligation except as provided in the Resolution and this Bond shall be deemed fully paid and discharged, all as provided in the Resolution.

[To be printed on back of the Registered I/Os]

The 1992 Bonds are issued by the District for the purpose of adjustment of the District's debts according to the Plan for Adjustment of Debts confirmed by the United States Bankruptcy Court for the District of Colorado in Case No. 89 B 16410 J (the "Plan") and under Title 32, Article 1, Part 11, Title 31, Article 35, Part 4, Title 11, Article 56, Part 1, Colorado Revised Statutes, as amended, as the same are modified by Title 32, Article 1, Part 14, Colorado Revised Statutes, as amended (collectively, the "Act"). This Registered I/O is issued by the District pursuant to the Plan and under the authority of the Act. This recital conclusively imparts full compliance with all the provisions and limitations of the Plan and the Act, and this Bond issued containing such recital is incontestable for any cause whatsoever after the delivery of this Bond for value. The Registered I/Os are issued pursuant to the Plan and a resolution duly adopted by the Board (the "Resolution"). A copy of the Resolution is on file at the office of the District in _____, Colorado and at the office of the Paying Agent.

This Registered I/O is payable and collectible solely from the Pledged Revenues (as defined in the Resolution), which Pledged Revenues are pledged to the payment of the 1992 Bonds. Payment of the 1992 Bonds and the interest thereon shall be made from, and as security for such payment there is pledged, pursuant to the Resolution, a special account identified as the "Colorado Centre Metropolitan District, Colorado 1992 Debt Service" (the "Debt Service Fund"), into which the District covenants to pay the Pledged Revenues. The 1992 Bonds are secured by a lien on the Pledged Revenues which constitutes an irrevocable and first lien on such Pledged Revenues.

THE OWNER HEREOF MAY NOT LOOK TO ANY GENERAL OR OTHER FUND OF THE DISTRICT FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THIS BOND, NOT DOES THIS BOND GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, EXCEPT AS SPECIFICALLY PROVIDED IN THE PLAN AND THE RESOLUTION. THIS BOND IS PAYABLE AND COLLECTIBLE SOLELY OUT OF AND SECURED BY AN IRREVOCABLE PLEDGE OF THE PLEDGED REVENUES.

Reference to the Resolution and any and all modifications and amendments thereof and to the Act is made for a description of the nature and extent of the security for the 1992 Bonds, the funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Registered Owners of the 1992 Bonds with respect thereto, the terms and conditions upon which the 1992 Bonds are issued, the relative priorities of the holders of the Registered P/Os, the Registered I/Os and the Series B Bonds, and a statement of rights, duties, immunities and obligations of the District and the Paying Agent.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of the Pledged Revenues and other obligations of the District under the Resolution may be discharged at or before the maturity or prepayment of the 1992 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution. If provision is made for the payment of this Registered I/O in accordance with the Resolution, this Registered I/O shall no longer be deemed Outstanding under the Resolution, shall cease to be entitled to the benefits of the Resolution and shall thereafter be payable solely from the funds provided for such payment.

This Registered I/O is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration records of the District kept at the office of the Paying Agent upon surrender of this Registered I/O to the Paying Agent together with a duly executed written instrument of transfer satisfactory

to the Paying Agent. Upon such transfer, a new Registered I/O of authorized denomination or denominations representing the same aggregate right to payment will be issued to the transferee in exchange for this Registered I/O, subject to the terms and conditions set forth in the Resolution. A TRANSFER OF THIS BOND SHALL BE A TRANSFER OF ALL ACCRUED AND UNPAID INTEREST REPRESENTED HEREBY AND NO TRANSFEROR SHALL HAVE ANY RIGHT TO RECEIVE ANY SUCH ACCRUED AND UNPAID INTEREST WHICH MAY THEREAFTER BE PAID. The District and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment and for all other purposes, whether or not such New Bond is overdue, and any notice to the contrary shall not be binding on the District or the Paying Agent.

[To be printed on front of 1992 Bonds]

It is hereby certified, recited and declared that upon the issuance of this Bond all conditions, acts and things required by the Resolution and the Plan for the issuance of this Bond shall have happened and have been performed.

The Act provides that neither the members of the Board nor any person executing the 1992 Bonds shall be liable personally on the 1992 Bonds by reason of the issuance thereof.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the certificate of authentication hereon has been duly executed by the Paying Agent.

IN WITNESS WHEREOF, Colorado Centre Metropolitan District, Colorado has caused this Bond to be signed with the manual or facsimile signature of the President of the District, and to be attested by the manual or facsimile signature of the Secretary of the District and has caused the facsimile of the seal of the District to be affixed hereon, all as of the date written above.

COLORADO CENTRE METROPOLITAN DISTRICT,
COLORADO

By: (Facsimile Signature)
President

(FACSIMILE SEAL)

Attest:

(Facsimile Signature)
Secretary of the District

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

Date of authentication: _____

This Series A Registered I/O Coupon is one of the 1992 Bonds described in the within-mentioned Resolution.

as Paying Agent

By: _____ (Manual Signature)

Authorized Representative

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Signature

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT "C"

TO THE NEW BOND RESOLUTION

(FORM OF SERIES B REGISTERED BOND)

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF EL PASO

COLORADO CENTRE METROPOLITAN DISTRICT,
EL PASO COUNTY, COLORADO
NEW BONDS, SERIES 1992B

No. _____

\$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>
10.19%	January 1, 2032	January 1, 1992

REGISTERED OWNER:

PRINCIPAL AMOUNT:¹

DOLLARS

Colorado Centre Metropolitan District (the "District"), a public body politic and corporate organized and existing under and by virtue of the laws of the State of Colorado, in the County of El Paso and State of Colorado, for value received, acknowledges itself indebted and hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above on the Maturity Date specified above upon presentment and surrender hereof at the office of First Interstate Bank of Denver, in Denver, Colorado located at 633 17th Street, Denver, Colorado 80202, or at the office of its successor, under the Paying Agent and Registrar Agreement (the "Paying Agent"), and to pay to the Registered Owner, from such sources, interest thereon from the date hereof on the principal amount from time to time represented hereby as such may from time to time be reduced by prepayment of principal until maturity at the interest rate specified above, on July 1 and January 1 of each calendar year, commencing July 1, 1992 ("Payment Date"). Payment of interest shall be made by check mailed by the Paying Agent on or before each Payment Date to the Registered Owner thereof as shown on the Bond Register at the close of business on the 15th day of the calendar month next preceding such Payment Date (the "Record Date").

This Registered 1992 Series B Bond (the "Series B Bond") is part of the above-captioned issuance of obligations which consists of \$3,000,000 in principal amount of Series A Registered Principal Payment Only Coupons (the "Registered P/Os"), the Series A Registered Interest Only Coupons (the "Registered I/Os") and \$9,655,000 in principal amount of fully registered Series B Bonds (collectively, the "1992 Bonds"). AMOUNTS PAYABLE IN RESPECT OF THE 1992 BONDS ARE DUE ONLY TO THE EXTENT THERE ARE PLEDGED

¹Because prepayments of principal are to be reflected on the records of the Paying Agent, the principal amount hereof may have been reduced, and any potential purchaser should check with the Escrow and Paying Agent to determine the amount, if any, of prepayment.

REVENUES (AS HEREINAFTER DEFINED) ON DEPOSIT IN THE DEBT SERVICE FUND (AS HEREINAFTER DEFINED) AND SUCH PLEDGED REVENUES SHALL BE APPLIED ON EACH PAYMENT DATE AS PROVIDED IN THE BOND RESOLUTION. Reference is hereby made to the Bond Resolution (the "Resolution"). Under the Resolution, the amounts in the Debt Service Fund are to be applied in the following order to the extent available on a Payment Date. First to make payments on the Registered I/Os of any amount of accrued and unpaid interest (including that due on such Payment Date) in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Second, to purchase Federal Securities with a maturity date as near as possible to January 1, 2027 which shall be held as a separate account and used only to pay the Registered P/Os. When the funds to be generated from such Federal Securities as they become due are sufficient to pay (assuming no reinvestment of funds) in full all Registered P/Os when they come due, no further purchase shall be made. Third, to the payment of any accrued and unpaid interest (including as of such Payment Date) on the Series B Bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest. Fourth, to the prepayment or payment of principal of the Series B Bonds. IN THE CASE OF A PREPAYMENT IN PART OF THE PRINCIPAL OF THE SERIES B BONDS, SUCH PAYMENT SHALL BE MADE PRO RATA TO ALL HOLDERS OF SERIES B BONDS AS SHOWN ON THE BOND REGISTER ON THE RECORD DATE PRECEDING THE PAYMENT DATE WITHOUT THE NECESSITY OF DELIVERING THE BONDS TO THE PAYING AGENT, THE PAYING AGENT SHALL KEEP RECORDS REFLECTING THE PREPAYMENTS MADE WHICH SHALL BE BINDING FOR ALL PURPOSES UNDER THE RESOLUTION AND THE SERIES B BONDS. No interest shall accrue on this Bond after January 1, 2032, and if this Bond is not paid by such date and the District does not contain 1,500 single-family residences by such date, and in any event after January 1, 2042, the District shall have no further obligation except as provided in the Resolution and this Bond shall be deemed fully paid and discharged, all as provided in the Resolution.

[To be printed on back of the Series B Bonds]

The 1992 Bonds are issued by the District for the purpose of adjustment of the District's debts according to the Plan for Adjustment of Debts confirmed by the United States Bankruptcy Court for the District of Colorado in Case No. 89 B 16410 J (the "Plan") and under Title 32, Article 1, Part 11, Title 31, Article 35, Part 4, Title 11, Article 56, Part 1, Colorado Revised Statutes, as amended, as the same are modified by Title 32, Article 1, Part 14, Colorado Revised Statutes, as amended (collectively, the "Act"). This Series B Bond is issued by the District pursuant to the Plan and under the authority of the Act. This recital conclusively imparts full compliance with all the provisions and limitations of the Plan and the Act, and this Bond issued containing such recital is incontestable for any cause whatsoever after the delivery of this Bond for value. The Series B Bonds are issued pursuant to the Plan, the act and a resolution which was duly adopted by the Board (the "Resolution"). A copy of the Resolution is on file at the office of the District in _____, Colorado and at the office of the Paying Agent.

This Series B Bond is payable and collectible solely from the Pledged Revenues (as defined in the Resolution), which Pledged Revenues are pledged to the payment of the 1992 Bonds. Payment of the 1992 Bonds and the interest thereon shall be made from, and as security for such payment there is pledged, pursuant to the Resolution, a special account identified as the "Colorado Centre Metropolitan District, Colorado 1992 Debt Service Fund" (the "Debt Service Fund"), into which the District covenants to pay the Pledged Revenues. The 1992 Bonds are secured by a lien on the Pledged Revenues and constitute an irrevocable and first lien on such Pledged Revenues.

THE OWNER HEREOF MAY NOT LOOK TO ANY GENERAL OR OTHER FUND OF THE DISTRICT FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THIS BOND, NOR DOES THIS BOND GIVE RISE TO A PECUNIARY LIABILITY OF THE DISTRICT OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, EXCEPT AS SPECIFICALLY PROVIDED IN THE RESOLUTION. THIS BOND IS PAYABLE AND COLLECTIBLE SOLELY OUT OF AND SECURED BY AN IRREVOCABLE PLEDGE OF THE PLEDGED REVENUES.

Reference to the Resolution and any and all modifications and amendments thereof and to the Act is made for a description of the nature and extent of the security for the 1992 Bonds, the funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Registered Owners of the 1992 Bonds with respect thereto, the terms and conditions upon which the 1992 Bonds are issued, the relative priorities of the holders of the Registered P/Os, the Registered I/Os and the Series B Bonds, and a statement of rights, duties, immunities and obligations of the District and the Paying Agent.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of the Pledged Revenues and other obligations of the District under the Resolution may be discharged at or before the maturity or prepayment of the 1992 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution. If provision is made for the payment of this Series B Bond in accordance with the Resolution, this Series B Bond shall no longer be deemed Outstanding under the Resolution, shall cease to be entitled to the benefits of the Resolution and shall thereafter be payable solely from the funds provided for such payment.

The Series B Bonds are issuable solely as fully registered Series B Bonds in denominations of \$1,000 and any integral multiple thereof, or such smaller denomination necessary up to the original issuance thereof, and are exchangeable, upon the surrender thereof at the office of the Paying Agent, for an equal aggregate principal amount of Series B Bonds of other authorized denominations.

This Series B Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration records of the District kept at the office of the Paying Agent upon surrender of this Series B Bond to the Paying Agent together with a duly executed written instrument of transfer satisfactory to the Paying Agent. Upon such transfer, a new Series B Bond of authorized denomination or denominations of the same aggregate principal amount will be issued to the transferee in exchange for this Series B Bond, subject to the terms and conditions set forth in the Resolution. A TRANSFER OF THIS BOND SHALL BE A TRANSFER OF ALL ACCRUED AND UNPAID INTEREST HEREON AND NO TRANSFEROR SHALL HAVE ANY RIGHT TO RECEIVE ANY SUCH ACCRUED AND UNPAID INTEREST WHICH MAY THEREAFTER BE PAID. The District and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment and for all other purposes, whether or not such New Bond is overdue, and any notice to the contrary shall not be binding on the District or the Paying Agent.

[To be printed on front of 1992 Bonds]

The Series B Bonds are subject to prepayment of principal in whole or in part on any Payment Date, if there are sufficient funds to do so. Any principal prepayment shall be made pro rata on the principal amount of all the then outstanding Series B Bonds. Prepayments of Principal shall be reflected on the records of the Paying Agent and therefore the principal amount represented hereby at any time may be less than the stated amount hereof.

It is hereby certified, recited and declared that upon the issuance of this Bond all conditions, acts and things required by the Resolution and the Plan for the issuance of this Bond shall have happened and have been performed.

The Act provides that neither the members of the Board nor any person executing the 1992 Bonds shall be liable personally on the 1992 Bonds by reason of the issuance thereof.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the certificate of authentication hereon has been duly executed by the Paying Agent.

IN WITNESS WHEREOF, Colorado Centre Metropolitan District, Colorado has caused this Bond to be signed with the manual or facsimile signature of the President of the District, and to be attested by the manual or

facsimile signature of the Secretary of the District and has caused the facsimile of the seal of the District to be affixed hereon, all as of the date written above.

COLORADO CENTRE METROPOLITAN DISTRICT,
COLORADO

By: (Facsimile Signature)
President

(FACSIMILE SEAL)

Attest:

 (Facsimile Signature)
Secretary of the District

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

Date of authentication: _____

This Series B Bond is one of the 1992 Bonds described in the within-mentioned Resolution.

as Paying Agent

By: _____ (Manual Signature)
Authorized Representative

(FORM OF ASSIGNMENT)

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Signature

Dated: _____

Signature Guaranteed:

Address of transferee:

Social Security or other tax identification number of transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

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EXHIBIT "B"

TO THE FOURTH AMENDED DISCLOSURE STATEMENT

DISTRICT CONTRACTS

EL PASO COUNTY AGREEMENTS

a) Road Improvements Agreement. Dated June 13, 1985, between the District and El Paso County relating to the construction and maintenance of Marksheffle Boulevard. This agreement was superseded by the terms of the Annexation Agreement pursuant to which Marksheffle Road was donated to the City of Colorado Springs. It is the District's position that it has no further obligations under the Road Improvement Agreement. To the extent the District has any future obligation, the District intends to reject this Agreement and/or the Road Improvement Agreement is rejected.

b) Public Improvements Agreement. Dated December 5, 1985, concerning required public improvements of Colorado Centre Foreign Trade Zone and Business Park Filings Nos. 1 and 2, final asphaltic lift and maintenance of drainage facilities and payment of drainage fees. The portion of this agreement relating to maintenance of roads was also superseded by the terms of the Annexation Agreement and the District has no further obligations to maintain the roads as required by this Agreement. Since this agreement was executed, detention ponds have been constructed by the District. It is the District's position that to the extent that this Agreement obligates the District to pay drainage fees in the future, and that based upon current law and the Jimmy Camp Creek Mater Basin Study completed by the District (the "Study"), none will be incurred as the releases from the detention ponds are less than historic levels.

c) Intergovernmental Agreement Number 3. Dated May 22, 1986, concerning Horizon View Drive, Morning Sun I Subdivision, construction and maintenance of drainage facilities and payment of fees. The only remaining obligation under this agreement is the District's agreement to pay drainage fees. It is the District's position that, under current law and as indicated by the Study, the District will not owe any drainage fees in the future.

d) Subdivision Improvement Agreement. Recorded December 10, 1987, concerning Morning Sun II Subdivision. This agreement requires the District to make certain public improvements, most of which have been completed. The remaining District obligation under the agreement is to install bank stabilization measures to Jimmy Camp Creek. The District intends to reject this agreement as the value of the land affected by this improvement is significantly less than the cost of installing the improvements. It is the District's position that the County is not damaged by this rejection.

e) Law Enforcement Services Agreement. This is an agreement dated August 22, 1988, between the County and the City entered into pursuant to the Annexation Agreement. The District has no obligation under this agreement.

f) Road Maintenance Agreement. This is an agreement dated September 13, 1988, between the County and the City entered into pursuant to the Annexation Agreement. The District has no obligations under this agreement.

g) Service Plan. Dated June 8, 1983 is not a contract and does not create any contractual obligations of the District for the benefit of the County or any other third party.

STATE BOARD OF LAND COMMISSIONERS

Dated January 13, 1986, between the District, the State Board of Land Commissioners, El Paso County, and Foothills Development Corporation (the "Developer"), requiring the District and the Developer to pursue the construction of a roadway at one of two alternate locations described in the agreement, provide direct access to the State property at the time such roadway is completed, and seek approval by the appropriate governmental entities of a new interchange/intersection. The necessary traffic study was completed and paid for by the Developer and conceptual approval by the Powers Boulevard Task Force of Alternate location 1 was obtained. Approval by El Paso County, the City of Colorado Springs and the City of Fountain has not been received. The District plans to assume the agreement. The District anticipates that the obligation to pay the planning and legal costs associated with pursuing the new intersection and construction of the roadway will be borne by the successor to the Developer.

WATER AND WASTEWATER AGREEMENTS.

a) Agreement dated May 1989, between the District and Widefield Homes Water Company ("Widefield") pursuant to which Widefield agrees to provide and the District agrees to purchase up to 632 acre-feet of water per year. Pursuant to the Agreement, six years after the date of the agreement, the District must purchase all 632 acre-feet of water or permanently release Widefield from its obligation to deliver that amount which is greater than the amount the District elects to purchase. For example, if in the sixth year the District purchases 500 acre-feet of water, 132 acre-feet of water is permanently released and Widefield is not required to deliver more than 500 acre-feet. The District anticipates that it will assume this agreement.

b) Agreement dated March 15, 1989, between the District and Widefield for the provision of wastewater treatment services by Widefield to the District until Lower Fountain provides those services to the District. The District anticipates that it will assume this agreement.

c) Sewage Treatment and Disposal Agreement between the District and Lower Fountain Sewage Disposal District ("Lower Fountain"), dated March 12, 1988. Lower Fountain was created to provide sewage disposal and wastewater treatment to entities located within the Jimmy Creek Basin, which includes the District. At the present time, Lower Fountain facilities have not been completed and provides no services to the District. The District currently owes no funds to Lower Fountain. In the future, the District may have additional financial obligations to Lower Fountain. While the District's failure to make any such payments will result in its loss of past payments and rights to be serviced, no other damages will result. The District anticipates that it will assume this agreement.

CITY OF COLORADO SPRINGS.

a) Annexation Agreement.

Dated September 23, 1988, between the City of Colorado Springs (the "City"), various individuals, corporations, partnerships and the District, to the extent that it owned property in the area annexed. Pursuant to this agreement, land within the District was annexed to the City. The agreement provides for the construction, maintenance and payment of certain public improvements and public services provided to the property subject to the agreement. Pursuant to this agreement, the District was to "restructure" its outstanding debt from a mill levy debt to an assessment lien debt within one year and seventy-five days after the agreement was executed. Prior to the end of that deadline, the District filed its petition seeking relief under Chapter 9. It is the District's position that the Plan provides a restructuring of its debt in a manner which satisfies the intent of the parties. The Annexation Agreement requires the District to pledge the Tap Fees, which are currently pledged to the payment of the Bonds, to the City following the restructuring contemplated thereby. In addition, and as required by the Annexation Agreement, the District has and will continue to staff the southern area fire station

within the District until January 2, 1992. The District has no other financial obligations under the agreement. The District anticipates that it will assume the Annexation Agreement.

b) Water Tank Lease.

The District has assumed a lease with the City for real property on which the District constructed its water storage tank.

OTHER AGREEMENTS.

Agreement dated November 30, 1987 between the District and M.D.C. Corporation ("MDC") pursuant to which the MDC agreed to purchase and District agreed to provide water and sewer taps. At the time of final platting of all or any of Parcel B (as defined in the agreement) the District agreed to provide a commitment to the County guaranteeing sufficient water and sewer capacities to service MDC's plats, and to the extent that the county requires additional assurances the District agreed to use its best effort to provide such assurance. In order for MDC to receive final platting of Parcel B, the District would be required to make extensive drainage improvements which are far in excess of the land affected by such improvements. Consequently the District anticipates that it will reject this agreement. The damage which result to MDC from this rejection is less than the \$400,000 in tap fees currently owed by MDC to the District.

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BUDGET FOR FISCAL YEAR 1992

GOVERNMENTAL FUNDS

	OPERATIONS								RESTRICTED							
	GENERAL FUND				RESERVE FUND				CAPITAL PROJECTS				DEBT SERVICE			
	1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget	REF
Beginning Balance:	(\$288,944)	\$401,072	\$461		\$0	\$0	\$429,532		\$2,030,071	\$2,184,415	\$1,899,415		(\$7,356)	\$17,358	\$25,405	
Revenues:																
Taxes:	\$424,217	\$142,500	\$153,000	A	\$0	\$11,500	\$8,260	C	\$0	\$0	\$0		\$23,680	\$0	\$0	
Inter-Gov. Rev.:	\$86,546	\$825	\$700		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Charges for Serv.:	\$9,353	\$10,800	\$10,800		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Licenses & Permits:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Miscellaneous:	\$5,946	\$17,500	\$5,000		\$0	\$0	\$15,000		\$442,432	\$115,000	\$25,000		\$1,388	\$4,800	\$1,000	
Total Revenues:	\$526,062	\$171,625	\$171,500		\$0	\$11,500	\$23,260		\$442,432	\$115,000	\$25,000		\$25,068	\$4,800	\$1,000	
Expenses:																
General Government:	\$16,978	\$10,000	\$28,645		\$0	\$0	\$230,813	D	\$285,748	\$600,000	\$3,574,586	F	\$354	\$5,100	\$35,000	H
Public Works:	\$8,800	\$9,000	\$11,580		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Public Safety:	\$146,906	\$150,000	\$184,235		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Culture & Recreation:	\$475	\$850	\$870		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Capital Outlay:	\$0	\$0	\$15,840		\$0	\$0	\$0		\$2,340	\$0	\$0		\$0	\$0	\$0	
Debt Service:																
Principal:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Interest:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Total Expenses:	\$173,139	\$169,850	\$241,170		\$0	\$0	\$230,813		\$288,088	\$600,000	\$3,574,586		\$354	\$5,100	\$35,000	
Oth. Financ'g Sources:																
Transfers In:	\$292,337	\$0	\$69,209	B	\$0	\$418,032	\$0		\$0	\$200,000	\$3,630,171	G	\$0	\$8,347	\$28,393	I
Transfers Out:	\$0	(\$532,256)	\$0		\$0	\$0	(\$221,979)	J	\$0	\$0	\$0		\$0	\$0	\$0	
Cont. Private Sources:	\$44,776	\$129,870	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Total Other:	\$337,113	(\$402,386)	\$69,209		\$0	\$418,032	(\$221,979)		\$0	\$200,000	\$3,630,171		\$0	\$8,347	\$28,393	
Ending Balance:	\$401,072	\$461	\$0		\$0	\$429,532	\$0		\$2,184,415	\$1,899,415	\$0		\$17,358	\$25,405	\$0	

TO THE FOURTH AMENDED DISCLOSURE STATEMENT

EXHIBIT "C"

BUDGET FOR FISCAL YEAR 1992

PROPRIETARY FUNDS - WATER

	OPERATIONS								RESTRICTED							
	GENERAL FUND				RESERVE FUND				CAPITAL PROJECTS				DEBT SERVICE			
	1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget		1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget	REF
Beginning Balance:	\$57,764	(\$63,012)	\$0		\$0	\$0	\$0		\$403,778	\$405,464	\$405,464		\$0	\$13,953	\$13,953	
Revenues:																
User Charges:	\$52,027	\$71,000	\$65,000	J	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Service Charges:	\$0	\$11,000	\$10,635	J	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Taxes:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$13,953	\$0	\$0	
Miscellaneous Charges:	\$0	\$1,500	\$1,500		\$0	\$0	\$0		\$1,686	\$0	\$0		\$0	\$0	\$0	
Total Revenues:	\$52,027	\$83,500	\$77,135		\$0	\$0	\$0		\$1,686	\$0	\$0		\$13,953	\$0	\$0	
Expenses:																
Administration:	\$42,744	\$30,800	\$76,910		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Source of Supply:	\$116,503	\$32,880	\$40,400		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Transm. & Distrib.:	\$0	\$30,000	\$53,725		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Capital Outlay:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Interest Expense:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Misc. Expenses:	\$1,627	\$0	\$5,000		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Total Expenses:	\$160,874	\$113,680	\$176,035		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Other Revenue Sources:																
Contrib. Priv. Source:	\$29,743	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Taxes:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Interest Income:	\$557	\$0	\$0		\$0	\$0	\$0		\$0	\$62,000	\$0		\$0	\$0	\$0	
Transfers In:	\$0	\$93,192	\$98,900		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Transfers Out:	(\$42,229)	\$0	\$0		\$0	\$0	\$0		\$0	(\$82,000)	(\$405,464)		\$0	\$0	(\$13,953)	
Total Other:	(\$11,929)	\$93,192	\$98,900		\$0	\$0	\$0		\$0	\$0	(\$405,464)		\$0	\$0	(\$13,953)	
Ending Balance:	(\$63,012)	\$0	\$0		\$0	\$0	\$0		\$405,464	\$405,464	\$0		\$13,953	\$13,953	\$0	

BUDGET FOR FISCAL YEAR 1992

PROPRIETARY FUNDS - WASTEWATER

	OPERATIONS								RESTRICTED							
	GENERAL FUND				RESERVE FUND				CAPITAL PROJECTS				DEBT SERVICE			
	1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget		1990 Actual	1991 Est.	1992 Budget	REF	1990 Actual	1991 Est.	1992 Budget	REF
Beginning Balance:	\$297,178	\$6,160	\$0		\$0	\$0	\$0		\$3,232,877	\$3,246,517	\$3,244,707		\$0	\$14,642	\$14,642	
Revenues:																
User Charges:	\$24,490	\$16,000	\$14,850	J	\$0	\$0	\$0		\$0	\$0	\$0		\$14,642	\$0	\$0	
Service Charges:	\$0	\$24,640	\$26,235	J	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Taxes:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Miscellaneous Charges:	\$0	\$3,515	\$2,000		\$0	\$0	\$0		\$13,640	\$0	\$0		\$0	\$0	\$0	
Total Revenues:	\$24,490	\$44,155	\$43,085		\$0	\$0	\$0		\$13,640	\$0	\$0		\$14,642	\$0	\$0	
Expenses:																
Administration:	\$20,809	\$30,000	\$36,055		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Sewage Treatment:	\$45,475	\$22,500	\$26,300		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Collection & Transm.:	\$0	\$10,500	\$32,400		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Capital Outlay:	\$0	\$0	\$2,200		\$0	\$0	\$0		\$0	\$1,810	\$0		\$0	\$0	\$0	
Interest Expense:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Misc. Expenses:	\$13,700	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Total Expenses:	\$79,984	\$63,000	\$96,955		\$0	\$0	\$0		\$0	\$1,810	\$0		\$0	\$0	\$0	
Oth. Revenue Sources:																
Contrib. Priv. Source:	\$14,327	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Taxes:	\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Interest Income:	\$257	\$0	\$0		\$0	\$0	\$0		\$0	\$120,000	\$0		\$0	\$0	\$0	
Transfers In:	\$0	\$12,685	\$53,870		\$0	\$0	\$0		\$0	\$0	\$0		\$0	\$0	\$0	
Transfers Out:	(\$250,108)	\$0	\$0		\$0	\$0	\$0		\$0	(\$120,000)	(\$3,244,707)		\$0	\$0	(\$14,642)	
Total Other:	(\$235,524)	\$12,685	\$53,870		\$0	\$0	\$0		\$0	\$0	(\$3,244,707)		\$0	\$0	(\$14,642)	
Ending Balance:	\$6,160	\$0	\$0		\$0	\$0	\$0		\$3,246,517	\$3,244,707	\$0		\$14,642	\$14,642	\$0	

BUDGET FOR FISCAL YEAR 1992												
NOTES TO THE BUDGET												
Reference:												
A	Tax Revenue forecasted in bankruptcy plan in 1990											\$140,686
	Current Year's assessed valuation equals \$ 4,131,170											
	1992 General Fund's mill levy equals (140,686/4,131,170)(1000) = 34.055											
	Estimated Specific Ownership Tax revenue											\$14,314
												\$155,000
B	Transfer from the Reserve Fund to cover operational deficits of the General Fund											
C	2 Mills worth of repayment to the District for \$50,000 advanced payment made in the bankruptcy settlement.											
D	Amount to be expended in unanticipated or unbudgetable items. This is the Reserve Fund referred to in Section 404 of the Resolution in page 21 of the Disclosure Statement											
E	Subsidies for the Water (\$98,900) and Wastewater (\$53,870) General Funds, and General Government Fund (\$69,209)											
F	Available Construction Funds to settle bankruptcy. This is the money deposited in Colotrust and defined as a portion of the Accounts in the Plan.											
G	Transfers into General Capital Fund to consolidate the monies necessary to settle the bankruptcy of the District.											
H	\$50,000 of this amount are to be used in the settlement of the bankruptcy. This is a portion of the Accounts as defined in the Plan.											
I	Transfers into this fund to consolidate all Debt Funds into one that will satisfy the bankruptcy requirements											
J	Revenue anticipated after a 5% increase in rates as required by bankruptcy plan											

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COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 2 - CASH AND INVESTMENTS

DEPOSITS

Colorado State Statutes govern the entity's deposit of cash. The Public Domain Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to the uninsured deposits.

At December 31, 1990, the carrying amount of the District's deposits were \$33,820 and the bank balances were \$82,220. Of the bank balances, \$82,220 was covered by federal depository insurance.

INVESTMENTS

The District is authorized to invest in: obligations of, or guaranteed by the U.S. Government, the State of Colorado or any political subdivision thereof; obligations evidenced on real property; certain repurchase agreements; and deposits of banks and savings and loan associations appropriately collateralized according to laws of the State of Colorado.

COLOTRUST

At December 31, 1990, the District had invested \$6,142,281 in Colorado Liquid Asset Trust (COLOTRUST) which is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes according to State Statutes. These funds operate in a similar manner to money market funds and each share is equal in value to \$1.00.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST.

Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1990 consisted of the following:

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>
Accounts receivable	\$ 44,199	\$ 11,725	\$ 6,968
Less allowance for doubtful accounts	<u>(30,386)</u>	<u>(102)</u>	<u>(81)</u>
Net	<u>\$ 13,813</u>	<u>\$ 11,623</u>	<u>\$ 6,887</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables balances at December 31, 1990 were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 109,305	\$ 400
Debt service fund	-0-	10,595
Capital projects fund	2,968	2,435
Water fund	-0-	79,010
Wastewater fund	<u>-0-</u>	<u>19,833</u>
	<u>\$ 112,273</u>	<u>\$ 112,273</u>

NOTE 5 - PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are payable in two installments on February 28 and July 31, or in one installment due April 30. El Paso County bills and collects property taxes for the District. District property tax revenues are accounted for in the General, Debt Service, Water and Wastewater Funds. Property tax revenues are recognized as a receivable and deferred revenue when levied and as a revenue when due for collection in the following year. The combined tax rate for the year ended December 31, 1990 was 881 mills. The District's assessed valuation for 1990 was \$6,421,980.

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

A. A summary of changes in general fixed assets is as follows:

	<u>Balance 12/31/89</u>	<u>Additions (Deletions)</u>	<u>Balance 12/31/90</u>
Roads	\$5,681,846	\$ -0-	\$5,681,846
Signage	93,274	-0-	93,274
Drainage	1,310,359	(400)	1,309,959
Vehicles	215,148	(15,410)	199,738
Furniture and fixtures	24,328	-0-	24,328
Fire station	<u>636,089</u>	<u>2,340</u>	<u>638,429</u>
	<u>\$7,961,044</u>	<u>\$ (13,470)</u>	<u>\$7,947,574</u>

B. A summary of proprietary fund type property, plant and equipment is as follows:

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Water rights/ shares	\$2,365,699	\$ -0-	\$2,365,699
Water tank	301,848	-0-	301,848
Water wells	65,837	-0-	65,837
Water distri- bution system	1,706,318	-0-	1,706,318
Wastewater col- lection system	<u>-0-</u>	<u>2,887,169</u>	<u>2,887,169</u>
	\$4,439,702	\$2,887,169	\$7,326,871
Less accumulated depreciation	<u>(242,497)</u>	<u>\$ (227,227)</u>	<u>\$ (469,724)</u>
Net property, plant and equipment	<u>\$4,197,205</u>	<u>\$2,659,942</u>	<u>\$6,857,147</u>

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT

Summary of changes in long-term debt:

	Balance 12/31/89	Bond Payments	Balance 12/31/90
Water fund	\$ 7,620,844	\$ -0-	\$ 7,620,844
Wastewater fund	6,949,054	-0-	6,949,054
Total Enterprise Funds	\$14,569,898	\$ -0-	\$14,569,898
General long-term debt	12,492,644	-0-	12,492,644
 Total Long-term Debt	 \$27,062,542	 \$ -0-	 \$27,062,542

Bonds payable:

Bonds payable at December 31, 1990 are comprised of the following individual issues:

General Obligation Bonds

\$9,990,000 general obligation refunding and building bonds, Series 1985; \$605,000 serial bonds due in annual installments from \$290,000 to \$315,000 through December, 1990, interest at 8.5% to 9.5%; \$2,125,000, 10.5% term bonds due December, 1995; \$6,740,000, 11% term bonds due December, 2003; interest payable semi-annually

\$ 9,470,000

\$6,360,000 general obligation bonds, Series 1986; \$3,110,000 serial bonds due in annual installments from \$300,000 to \$500,000 through December, 1996, interest at 7% to 8.5%; \$3,250,000, 9% term bonds due December, 2001; interest payable semi-annually

6,360,000

\$9,500,000, 10.5% general obligation bonds, Series 1987, due December, 1999; interest payable semi-annually

9,500,000

Subtotal

\$25,330,000

Limited Obligation/Revenue Anticipation Bonds

\$732,542, 12%, revenue anticipation bonds, Series 1988A, due June 1, 2008; interest payable annually on May 31

\$ 732,542

\$1,000,000, 12%, revenue anticipation bonds, Series 1988B, due May 31, 2008; interest payable annually on May 31

1,000,000

Subtotal

\$ 1,732,542

Total Bonds Payable

\$27,062,542

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

The principal amounts shown assume that no redemptions are made prior to maturity other than mandatory sinking fund redemptions. The District has the right, at its option, to redeem the Series 1985 and 1986 bonds maturing on or after December 1, 1992 and 1994, respectively, on December 1, 1991 and 1993 or on any interest payment date thereafter. The District has the right to redeem the Series 1987 bonds on December 1, 1992 or on any interest payment date thereafter.

In December 1989, the District defaulted on the general obligation bonds by failing to make required principal and interest payments totaling \$1,868,506. Pursuant to the bond resolutions, if an event of default occurs as a result of the District's failure to make timely payments of principal or interest on the bonds, the bondholders have the right to file a lawsuit requiring the District to levy adequate taxes each year to make such payments. The bond resolutions do not provide for the acceleration of payment of principal of the bonds and bondholders cannot foreclose on the property within the District or require such property to be sold in order to pay the principal or interest on the bonds. The enforceability of the rights and remedies of the bondholders may be subject to limitations under the United States Bankruptcy Code. The effect of this default on the District's financial statements is not presently determinable.

Authorized - Unissued General Obligation Bonds

In prior years, the electors of the District have authorized the District to issue general obligation bonds in the principal amount of \$76,350,000 for the purpose of financing various major capital projects and facilities. Bonds issued against this authorization through 1989 total \$25,850,000, leaving a balance of \$50,500,000 authorized but unissued general obligation bonds as of December 31, 1989.

Revenue Anticipation Bonds Payable

During an October 27, 1988 meeting, the Board of Directors of the District authorized the issuance of the 1988A and 1988B Revenue Anticipation Bonds. These bonds were issued to evidence the District's obligation to Aries Property, Inc. of amounts advanced to the District for the payment of operating expenses and expenditures and for the payment of bond interest. These bonds are limited obligation bonds, payable out of and secured by a pledge of certain revenues anticipated to be received by the District in connection with the sale, or other transfer, of all or any substantial portion of the District's property.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Revenue Anticipation Bonds Payable (continued)

The District's attorney has indicated that these revenue bonds were issued in accordance with Colorado Revised Statutes and that these bonds constitute special limited obligations of the District, not a general obligation of the District and the pledge of security is solely from the sale proceeds of District assets and property. The "anticipated" future sale proceeds of these assets were to be used to retire this debt. The sale proceeds were to come from the proceeds of the bonds issued by a Public Building Authority. It had been the plan of the District and Aries Properties, Inc. to convert the general obligation debt of the District to assessment lien debt of the Building Authority. Approximately 1000 acres of additional land outside the District was to be pledged to help secure the Building Authority debt. Although the City Council of the City of Colorado Springs created the Building Authority, no debt was ever issued.

This plan was never consummated and the status of these "revenue anticipation" bonds is unknown. The security for this debt is undefined and the prospect for immediate or mandatory repayment appears remote.

The District defaulted on the May 31, 1989 interest payments of the Revenue Anticipation Bonds Series 1988A and Series 1988B.

The District has not been able to fund, as required, the various funds required by the bond resolutions.

Interest on the above long-term debt has been accrued to December 5, 1989, the date of the bankruptcy filing.

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Summary of Bond Debt Service Requirements to Maturity:

At December 31, 1990, debt service requirements to maturity, including mandatory sinking fund requirements of bond debt, are as follows:

	General Obligation Series 1985		General Obligation Series 1986	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1989 (Defaulted) \$	290,000	\$ 510,638	\$ 300,000	\$ 269,118
1990 (Defaulted)	315,000	994,450	320,000	517,235
1991	345,000	964,525	340,000	494,035
1992	380,000	928,300	370,000	468,535
1993	420,000	888,400	395,000	439,860
1994	465,000	844,300	425,000	408,260
1995	515,000	795,475	460,000	373,410
1996	570,000	741,400	500,000	335,000
1997	630,000	678,700	545,000	292,500
1998	700,000	609,400	590,000	243,450
1999	780,000	532,400	645,000	190,350
2000	865,000	446,600	705,000	132,300
2001	960,000	351,450	765,000	68,850
2002	1,060,000	245,900	-0-	-0-
2003	1,175,000	129,200	-0-	-0-
Totals	<u>\$ 9,470,000</u>	<u>\$ 9,661,138</u>	<u>\$6,360,000</u>	<u>\$4,232,903</u>

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Summary of Bond Debt Service Requirements to Maturity (continued):

	General Obligation Series 1987		General Obligation All Series	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1989 (Defaulted) \$	-0-	\$ 498,750	\$ 590,000	\$ 1,278,506
1990 (Defaulted)	610,000	997,500	1,245,000	2,509,185
1991	670,000	933,450	1,355,000	2,392,010
1992	730,000	863,100	1,480,000	2,259,935
1993	800,000	786,450	1,615,000	2,114,710
1994	880,000	702,450	1,770,000	1,955,010
1995	960,000	610,050	1,935,000	1,778,935
1996	1,055,000	509,250	2,125,000	1,585,650
1997	1,155,000	398,475	2,330,000	1,369,675
1998	1,260,000	277,200	2,550,000	1,130,050
1999	1,380,000	144,900	2,805,000	867,650
2000	-0-	-0-	1,570,000	578,900
2001	-0-	-0-	1,725,000	420,300
2002	-0-	-0-	1,060,000	245,900
2003	-0-	-0-	1,175,000	129,200
Totals	<u>\$ 9,500,000</u>	<u>\$ 6,721,575</u>	<u>\$25,330,000</u>	<u>\$20,615,616</u>

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Summary of Bond Debt Service Requirements to Maturity (continued):

	<u>Limited Obligation Revenue Anticipation Bonds - 1988A Series</u>		<u>Limited Obligation Revenue Anticipation Bonds - 1988B Series</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1989 (Defaulted) \$	-0-	\$ 87,905	\$ -0-	\$ 120,000
1990 (Defaulted)	-0-	87,905	-0-	120,000
1991	-0-	87,905	-0-	120,000
1992	-0-	87,905	-0-	120,000
1993	-0-	87,905	-0-	120,000
1994	-0-	87,905	-0-	120,000
1995	-0-	87,905	-0-	120,000
1996	-0-	87,905	-0-	120,000
1997	-0-	87,905	-0-	120,000
1998	-0-	87,905	-0-	120,000
1999	-0-	87,905	-0-	120,000
2000	-0-	87,905	-0-	120,000
2001	-0-	87,905	-0-	120,000
2002	-0-	87,905	-0-	120,000
2003	-0-	87,905	-0-	120,000
2004	-0-	87,905	-0-	120,000
2005	-0-	87,905	-0-	120,000
2006	-0-	87,905	-0-	120,000
2007	-0-	87,905	-0-	120,000
2008	732,542	87,905	1,000,000	120,000
Totals	<u>\$ 732,542</u>	<u>\$ 1,758,100</u>	<u>\$1,000,000</u>	<u>\$2,400,000</u>

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Summary of Bond Debt Service Requirements to Maturity (continued):

	Limited Obligation Revenue Anticipation Bonds - All Series		Total Bonds Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	1989 (Defaulted) \$	-0-	\$ 207,905	\$ 590,000
1990 (Defaulted)	-0-	207,905	1,245,000	2,717,090
1991	-0-	207,905	1,355,000	2,599,915
1992	-0-	207,905	1,480,000	2,467,840
1993	-0-	207,905	1,615,000	2,322,615
1994	-0-	207,905	1,770,000	2,162,915
1995	-0-	207,905	1,935,000	1,986,840
1996	-0-	207,905	2,125,000	1,793,555
1997	-0-	207,905	2,330,000	1,577,580
1998	-0-	207,905	2,550,000	1,337,955
1999	-0-	207,905	2,805,000	1,075,555
2000	-0-	207,905	1,570,000	786,805
2001	-0-	207,905	1,725,000	628,205
2002	-0-	207,905	1,060,000	453,805
2003	-0-	207,905	1,175,000	337,105
2004	-0-	207,905	-0-	207,905
2005	-0-	207,905	-0-	207,905
2006	-0-	207,905	-0-	207,905
2007	-0-	207,905	-0-	207,905
2008	1,732,542	207,905	1,732,542	207,905
Totals	<u>\$ 1,732,542</u>	<u>\$ 4,158,100</u>	<u>\$27,062,542</u>	<u>\$24,773,716</u>

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 8 - DEFICIT FUND BALANCE/DEFICIT RETAINED EARNINGS

The Debt Service Fund had a deficit fund balance at December 31, 1990 of \$665,525. The Water and Wastewater funds had deficit retained earnings of \$5,102,287 and \$1,542,615, respectively.

NOTE 9 - CONTRIBUTED CAPITAL

A summary of changes in contributed capital for the year ended December 31, 1990 is as follows:

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Balance, December 31, 1988	\$1,786,210	\$ 559,788	\$ 2,345,998
Other contributions	29,743	14,327	44,070
Balance, December 31, 1990	<u>\$1,815,953</u>	<u>\$ 574,115</u>	<u>\$ 2,390,068</u>

NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended December 31, 1990 is presented below:

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Operating revenues	\$ 52,027	\$ 24,490	\$ 76,517
Depreciation expense	54,733	71,881	126,614
Operating (loss)	(182,395)	(131,765)	(314,160)
Net (loss)	(210,114)	(366,974)	(577,088)
Current capital contributions	29,743	14,327	44,070
Property, plant, and equipment addition	-0-	-0-	-0-
Total assets	4,859,275	6,157,322	11,016,597
Bonds payable	7,620,844	6,949,054	14,569,898
Total equity (deficit)	(3,328,563)	(1,218,608)	(4,547,171)

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Defeased Bonds

During 1985, the District placed proceeds from the 1985 bond issue in an irrevocable refunding escrow account. The monies deposited in the irrevocable escrow account are invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest on Series 1984 General Obligation Bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the defeased bond issue appears remote. Accordingly, the escrow accounts and the defeased bonds payable totaling \$5,155,000 are not included in the District's financial statements.

Leases

The District leases certain land, facilities, equipment and water rights under operating leases. Rental expense under such leases totalled \$15,930 during the year ended December 31, 1990. Future minimum lease payments on such leases with remaining terms in excess of one year are as follows:

1991	\$ 4,836
1992	4,500
1993	4,500
1994	4,500
1995	4,500
Thereafter	<u>58,500</u>
Total	<u>\$ 81,336</u>

Prior to January 1, 1990, the District included in leases the lease of 55 street lights located in the median of Marksheffel Boulevard. The District discontinued the payment on this lease in February, 1990. Lights were disconnected in March. Mountain View Electric Association's claim in bankruptcy court is for a lump sum total of \$180,902. Payment of said amount will be addressed by the bankruptcy court.

Service Contract Agreement

The District has a service contract agreement with Event Medical, Inc. to provide two firefighters/EMT personnel for 24 hours per calendar day. The contract is for \$10,818 per month, to run through January 1, 1992. The Resolution Trust Corporation began reimbursing the District in June of 1990 for the cost of this service. The Resolution Trust Corporation reimbursed the District \$86,546 during 1990. However, it is undetermined as to how long this arrangement will be maintained in the absence of a written agreement.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tap Sales Commitments

In connection with a sale of land to a developer in 1985, the District entered into an agreement with the developer which, as amended, obligated the developer to purchase and the District to sell all water and sewer taps for the land purchased. The number of taps required to be sold is equal to the total number of final platted lots conformed in the land purchased. As of December 31, 1987, the developer was obligated to purchase and the District was obligated to sell an additional 110 taps at a base rate of \$3,673 per tap which rate escalates at a rate of 10% per annum compounded annually. Under the terms of the agreement, as amended, the developer was obligated to purchase the additional 110 taps by July 1, 1988. As of December 31, 1989, the developer had not yet paid for the additional taps. Accordingly, the sales price for such taps, totaling approximately \$400,000, has not been reflected in the financial statements.

Sewage Disposal Agreement

On March 12, 1988, the District entered into a Sewage Treatment and Disposal Agreement with the Lower Fountain Metropolitan Sewage Disposal District (LFMSDD) and certain other entities. The agreement provides for the construction and operation of a regional sewage treatment plant to be used by the District and such entities. Pursuant to the agreement, the construction of the plant is to be funded through either the issuance of bonds by the LFMSDD or pro rata (as defined) contributions by each of the parties to the agreement. It is anticipated that the construction will be funded through pro rata contributions. In addition to the construction costs, each of the parties is to fund its pro rata share of operating and maintenance expenses once the plant is operational. The District's total estimated pro rata share of construction costs is approximately \$3,202,000 including approximately \$337,000 which had been funded through December 31, 1990.

Water Agreement

The District has an agreement for the purchase of water dated May 18, 1989, with Widefield Homes Water District. The District agrees to purchase 632 acre feet of water during the first five years of this agreement. Commencing six years from the date of this agreement, the District shall either annually purchase from Widefield Homes Water District the full 632 acre feet of water (irrespective of whether it is able to use same), or permanently release from this agreement that amount of water which it does not seek to purchase from Widefield Homes Water District during the sixth calendar year or any subsequent year of this agreement. Whereupon the amount of water shall be permanently reduced by the number of acre feet which the District does not seek to purchase from Widefield Homes Water District.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Annexation

In an agreement dated September 25, 1988, the Colorado Springs City Council approved the annexation of a portion of the land within the District (approximately 3,000 acres) into the City of Colorado Springs (the City). Pursuant to the terms of the annexation agreement, the District's outstanding bonds were required to be restructured. If Annexor failed to restructure the bonds within the time required by the agreement, Annexor would have to petition to de-annex the land from the City. The District and Annexor have been unable to restructure the outstanding bonds as required by the annexation agreement. In addition, the District defaulted on the outstanding bonds by failing to make required payments in December 1989, and subsequently filed for protection from its creditors under Chapter 9 of the United States Bankruptcy Code. The effects of these events on the annexation and the District's ability to fulfill its obligations, if any, under the annexation agreement are not presently determinable.

NOTE 12 - ECONOMIC DEPENDENCY

A primary source of revenue during 1990 has been specific ownership taxes that became available to the District as a result of the added mill levy required by the District to service the bonded debt. During 1990, the District received \$424,158 from specific ownership tax, making it the District's single largest revenue source, other than interest income. The passing of Colorado Senate Bill 90-186 will, beginning in 1991, result in the loss of a significant revenue source for the District. Section 2(d) of the bill in summary states "that an insolvent taxing district which has increased its mill levy for the purpose of paying for maturing bonds of the District, interest on bonds of the District, or prior deficiencies of the District shall not be entitled to receive any larger proportion of the specific ownership taxes collected in the county in which such District is located as the result of such increase in the District's mill levy."

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 13 - RELATED PARTY TRANSACTIONS

The following transactions have occurred between the District and related parties:

During October 1986, Aries Colorado Centre, Ltd. purchased the majority of the land located within the District from Foothills Development Corporation. Aries Properties, Inc. later purchased the land from Aries Colorado Centre, Ltd. and was involved in the construction, development and marketing of Colorado Centre. Aries Properties, Inc. advanced funds to the District to cover operating deficits and bond interest payments. The District issued Limited Obligation Revenue - Anticipation Bonds to evidence its obligation to repay funds advanced by Aries Properties, Inc. From 1986 to 1990, certain directors of the District were also employees of Aries Colorado Centre, Ltd., Aries Properties, Inc. or of other affiliated companies.

The District has an agreement with Aries Colorado Centre, Ltd. (ACCL) to lease, with an option to purchase, certain water rights for a period up to 10 years. The agreement provides for rental rates that increase 9% per annum compounded annually. The rate for 1989 was \$.65 per 1,000 gallons actually delivered to the District. The District also has the option, through June, 1994 to purchase additional water rights at an amount that will be increased 9% per annum compounded annually. The option price at December 31, 1989 was \$2,897,674. As of December 31, 1989, no water has been delivered to the District under this agreement. The interests of ACCL under the agreement were assigned to Aries Properties, Inc. and were subsequently conveyed to Western Savings.

The District also had an agreement with ACCL to lease, with an option to purchase, certain additional water rights for a period of eight years. In 1986, the District mutually agreed with ACCL that quarterly lease payments, commencing with the December 1986 payment, would be held in abeyance by the District pending resolution of the annexation proposals submitted by ACCL to the City. The District and ACCL also agreed that if the property within the District was annexed into the City of Colorado Springs, the lease agreement would be terminated. In August 1988, the annexation was approved by the City of Colorado Springs. As a result, no liability or expense has been recorded by the District relating to amounts originally due in 1988 or 1987. The effect of this lease on the District, if certain land is de-annexed is not determinable.

COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1990

NOTE 14 - SUBSEQUENT EVENTS

Property Taxes

Current status of property tax revenues has been affected by the declaration of bankruptcy by the District. Pursuant to Chapter 9 of the U.S. Bankruptcy Code, the enforcement of lien for non-payment of assessed taxes by taxpayers has been stayed. The future of collections from this source will be a subject of the District's reorganization plans.

Default on Bond Payments

The District has defaulted in 1991, on the following bond interest payments:

	<u>Date Pay-</u> <u>ment Due</u>	<u>Principal</u>	<u>Interest</u>
General Obligation			
Bond Issue:			
Series 1985	06-01-91	\$ -0-	\$ 482,263
Series 1986	06-01-91	-0-	100,768
Series 1987	06-01-91	-0-	466,725
		<u>-0-</u>	<u>466,725</u>
Subtotal		\$ -0-	\$1,049,756
		<u>-0-</u>	<u>\$1,049,756</u>
Revenue Anticipation			
Bond Issue:			
Series 1988A	05-31-91	\$ -0-	\$ 87,905
Series 1988B	05-31-91	-0-	120,000
		<u>-0-</u>	<u>120,000</u>
Subtotal		\$ -0-	\$ 207,905
		<u>-0-</u>	<u>\$ 207,905</u>
Total		\$ -0-	\$1,257,661
		<u>-0-</u>	<u>\$1,257,661</u>

Bankruptcy Rulings

A plan for adjustments of debts and a disclosure statement for debtor's plan for adjustment of debts was filed with the United States Bankruptcy Court on January 14, 1991. Amended plans for adjustments of debts and disclosure statements for debtor's plan for adjustment of debts were filed with the United States Bankruptcy Court on May 8, 1991 and July 17, 1991.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

NOTE 15 - COMPLIANCE WITH STATE STATUTES

The District may not be in compliance with certain provisions of the Colorado Statutes as noted below:

- A. Certain members of the District's Board of Directors may not have been qualified to serve as directors because they may not have had an interest in real property located within the boundaries of the District. This was the result of certain documents not being filed with the El Paso County Clerk and Recorder for the inclusion of certain property located within the boundaries of the District to be included in the District.
- B. Expenditures of the Capital Projects Fund exceeded the amount budgeted as this fund was charged with certain bankruptcy expenditures.

NOTE 16 - STATEMENT OF CASH FLOWS

For the year ended December 31, 1990, the District changed its method of reporting from a statement of changes in financial position to a statement of cash flows.

SUPERSEDED

INTERMEDIATE

COMBINING FINANCIAL STATEMENTS

ENTERPRISE FUNDS

COLORADO CENTRE METROPOLITAN DISTRICT
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 YEAR ENDED DECEMBER 31, 1990

ASSETS

<u>Current Assets</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Combined Totals (Memorandum Only)</u>
Cash, unrestricted	\$ 66	\$ 27,149	\$ 27,215
Investments - unrestricted	14,830	14,293	29,123
Investments - restricted	405,464	3,246,517	3,651,981
Accounts receivable - net	11,623	6,887	18,510
Prepaid expenses	<u>10,254</u>	<u>2,320</u>	<u>12,574</u>
 Total Current Assets	 <u>\$ 442,237</u>	 <u>\$ 3,297,166</u>	 <u>\$ 3,739,403</u>
 <u>Fixed Assets</u>			
Property, plant and equipment	\$ 4,439,702	\$ 2,887,169	\$ 7,326,871
Less: accumulated depreciation	<u>(242,497)</u>	<u>(227,227)</u>	<u>(469,724)</u>
 Net Fixed Assets	 <u>\$ 4,197,205</u>	 <u>\$ 2,659,942</u>	 <u>\$ 6,857,147</u>
 <u>Other Assets</u>			
Deposits	\$ 4,300	\$ -0-	\$ 4,300
Unamortized bond issuance costs - net	<u>215,533</u>	<u>200,214</u>	<u>415,747</u>
 Total Other Assets	 <u>\$ 219,833</u>	 <u>\$ 200,214</u>	 <u>\$ 420,047</u>
 Total Assets	 <u>\$ 4,859,275</u>	 <u>\$ 6,157,322</u>	 <u>\$11,016,597</u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 YEAR ENDED DECEMBER 31, 1990

LIABILITIES AND EQUITY

<u>Current Liabilities</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Combined Totals (Memorandum Only)</u>
Accounts payable	\$ 6,663	\$ 8,180	\$ 14,843
Accrued interest payable	476,862	397,029	873,891
Due to other funds	79,010	19,833	98,843
Customer deposits	<u>4,459</u>	<u>1,834</u>	<u>6,293</u>
 Total Current Liabilities	 <u>\$ 566,994</u>	 <u>\$ 426,876</u>	 <u>\$ 993,870</u>
 General obligation bonds payable	 \$ 6,989,000	 \$ 6,749,000	 \$13,738,000
 Revenue anticipation bonds payable	 <u>631,844</u>	 <u>200,054</u>	 <u>831,898</u>
 Total Long-term Liabilities	 <u>\$ 7,620,844</u>	 <u>\$ 6,949,054</u>	 <u>\$14,569,898</u>
 <u>Commitments and Contingencies</u>			
 <u>Equity</u>			
Contributed capital	\$ 1,815,953	\$ 574,115	\$ 2,390,068
Retained earnings (deficit)	<u>(5,144,516)</u>	<u>(1,792,723)</u>	<u>(6,937,239)</u>
 Total Equity	 <u>\$ (3,328,563)</u>	 <u>\$ (1,218,608)</u>	 <u>\$ (4,547,171)</u>
 Total Liabilities and Equity	 <u>\$ 4,859,275</u>	 <u>\$ 6,157,322</u>	 <u>\$11,016,597</u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 DECEMBER 31, 1990

	<u>Water Fund</u>	<u>Wasterwater Fund</u>	<u>Combined Totals (Memorandum Only)</u>
<u>OPERATING REVENUE</u>			
Water sales	\$ 52,027	\$ -0-	\$ 52,027
Sewer fees	<u>-0-</u>	<u>24,490</u>	<u>24,490</u>
Total Operating Revenue	<u>\$ 52,027</u>	<u>\$ 24,490</u>	<u>\$ 76,517</u>
 <u>OPERATING EXPENSES</u>			
Water expenses	\$ 116,503	\$ -0-	\$ 116,503
Sewer expenses	-0-	45,475	45,475
General and adminis- trative expenses	42,744	20,809	63,553
Depreciation	54,733	71,881	126,614
Amortization	<u>20,442</u>	<u>18,090</u>	<u>38,532</u>
Total Operating Expenses	<u>\$ 234,422</u>	<u>\$ 156,255</u>	<u>\$ 390,677</u>
Net Operating Loss	<u>\$ (182,395)</u>	<u>\$ (131,765)</u>	<u>\$ (314,160)</u>
 <u>NON-OPERATING REVENUES (EXPENSES)</u>			
Property taxes	\$ 13,953	\$ 14,642	\$ 28,595
Interest income	557	257	814
Transfer to General fund	<u>(42,229)</u>	<u>(250,108)</u>	<u>(292,337)</u>
Total Non-Operating Revenue (Expenses)	<u>\$ (27,719)</u>	<u>\$ (235,209)</u>	<u>\$ (262,928)</u>
Net Loss	\$ (210,114)	\$ (366,974)	\$ (577,088)
Retained earnings (deficit), January 1,	<u>(4,934,402)</u>	<u>(1,425,749)</u>	<u>(6,360,151)</u>
RETAINED EARNINGS (DEFICIT) DECEMBER 31	<u><u>\$(5,144,516)</u></u>	<u><u>\$(1,792,723)</u></u>	<u><u>\$(6,937,239)</u></u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
ENTERPRISE FUNDS
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1990

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Combined Totals (Memorandum Only)</u>
Cash flows from operating activities:			
Net loss	\$ (210,114)	\$ (366,974)	\$ (577,088)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	75,175	89,971	165,146
(Increase) decrease in assets:			
Accounts receivable	322	154	476
Property taxes receivable	15,977	16,787	32,764
Prepaid expenses	370	898	1,268
Due from other funds	42,229	250,108	292,337
Increase (decrease) in liabilities:			
Trade accounts payable	1,135	5,330	6,465
Due to other funds	79,010	19,833	98,843
Deferred revenue	(15,977)	(16,787)	(32,764)
Customer deposits	(1,414)	(669)	(2,083)
Net cash used by operating activities	<u>\$ (13,287)</u>	<u>\$ (1,349)</u>	<u>\$ (14,636)</u>
Cash flows from capital and related financing activities:			
Increase in contributed capital	\$ 29,743	\$ 14,327	\$ 44,070
Other	<u>59</u>	<u>(59)</u>	<u>-0-</u>
Net cash provided by capital and related financing activities	<u>\$ 29,802</u>	<u>\$ 14,268</u>	<u>\$ 44,070</u>
Increase in cash and cash equivalents	\$ 16,515	\$ 12,919	\$ 29,434
Cash and cash equivalents, beginning of year	<u>402,345</u>	<u>3,275,040</u>	<u>3,677,385</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 418,860</u>	<u>\$3,287,959</u>	<u>\$3,706,819</u>

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 SCHEDULE OF SOURCES AND USES COMPARED TO BUDGET
 WATER FUND
 YEAR ENDED DECEMBER 31, 1990

	Budget	Actual	Variance Favorable (Unfavorable)
<u>WATER FUND BUDGET SOURCES - (NON-GAAP)</u>			
Property taxes	\$ -0-	\$ 13,953	\$ 13,953
Water sales	68,000	52,027	(15,973)
Interest income	-0-	557	557
Total Revenues	\$ 68,000	\$ 66,537	\$ (1,463)
Transfer in	1,583,127	-0-	(1,583,127)
Contributed capital	-0-	29,743	29,743
Total Water Fund Budget Sources	\$1,651,127	\$ 96,280	(\$1,554,847)
<u>WATER FUND BUDGET USES - (NON-GAAP)</u>			
Water expenses	\$ 113,417	\$ 116,503	\$ (3,086)
General and administrative expenses	19,222	42,744	(23,522)
Depreciation	53,720	54,733	(1,013)
Amortization	19,791	20,442	(651)
Debt service payments	1,518,127	-0-	1,518,127
Transfer to General Fund	-0-	42,229	(42,229)
Total Water Fund Budget Uses	\$1,724,277	\$ 276,651	\$1,447,626

The accompanying notes are an integral part of these statements.

COLORADO CENTRE METROPOLITAN DISTRICT
 SCHEDULE OF SOURCES AND USES COMPARED TO BUDGET
 WASTEWATER FUND
 YEAR ENDED DECEMBER 31, 1990

	Budget	Actual	Variance Favorable (Unfavorable)
<u>WASTEWATER FUND BUDGET SOURCES - (NON-GAAP)</u>			
Property taxes	\$ -0-	\$ 14,642	\$ 14,642
Sewer sales	23,000	24,290	1,490
Interest income	-0-	257	257
Transfer in	2,377,303	-0-	(2,377,303)
Total Revenues	\$2,400,303	\$ 39,389	(\$2,360,914)
Contributed capital	-0-	14,327	14,327
Total Water Fund Budget Sources	\$2,400,303	\$ 53,716	(\$2,346,587)
<u>WASTEWATER FUND BUDGET USES - (NON-GAAP)</u>			
Sewer expenses	\$ 69,217	\$ 45,475	\$ 23,742
General and administra- tive expenses	24,802	20,809	3,993
Depreciation	72,181	71,881	300
Amortization	25,945	18,090	7,855
Debt service payments	2,305,303	-0-	2,305,303
Transfer from General Fund	-0-	250,108	(250,108)
Total Water Fund Budget Uses	\$2,497,448	\$ 406,363	\$2,091,085

The accompanying notes are an integral part of these statements.

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EXHIBIT "E"

TO THE FOURTH AMENDED DISCLOSURE STATEMENT

June 4, 1991

**RTC STATEMENT OF POLICY REGARDING THE
PAYMENT OF STATE AND LOCAL PROPERTY TAXES**

After considering (1) the powers granted to it under the Constitution and Federal law, (2) its obligation to maximize recoveries from the disposition of financial institutions and their assets, and (3) the potential effect of its actions upon state and municipal tax schemes, the Resolution Trust Corporation (the "Corporation") has issued the following policy statement to provide guidance as to how it will administer its statutory responsibilities in this area.

A. SCOPE AND APPLICABILITY

This policy statement generally applies to the Corporation when it is liquidating assets in its corporate or receivership capacities. The policy statement generally does not apply when the Corporation is acting (1) as conservator; (2) with respect to special asset pools covered by assistance transactions where the Corporation does not retain ownership; or (3) with respect to a subsidiary of a receivership.

B. TAXES

Payment of Taxes: The Corporation will pay its proper tax obligations when they come due. Furthermore, the Corporation will pay claims for delinquencies as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs. The Corporation may decline to pay property tax claims in situations where abandonment of its interest in the property is appropriate.

Owned Real Property: Owned real property of the Corporation is subject to state and local real property taxes, if those taxes are assessed according to the property's value. The Corporation is immune from real property taxes assessed on other bases.

Secured Interests in Real Property: Real property which is subject to a security or lien interest is subject to ad valorem taxes and taxes assessed on other bases.

Personal Property: The Corporation is immune from all forms of personal property taxation on owned personal property.

Other Related Taxes: The Corporation is immune from taxes other than ad valorem real property taxes. Taxes on sales, transfers, or other dispositions of Corporation property are generally in the nature of excise taxes which are levied on the transaction and not on the property (although the calculation of the amount of tax may be based on the property's sale price); the Corporation is immune from such taxes.

C. INTEREST AND PENALTIES

Interest: The Corporation will pay claims for interest on delinquent taxes properly owed at the rate provided under state law. The Corporation will generally follow a state's own characterization as to whether a delinquency charge constitutes a penalty, but will reserve its right to challenge any charge (or portion thereof) called interest that is demonstrably a penalty.

Penalties: The Corporation is not liable for any amounts in the nature of fines or penalties. The Corporation will not pay, nor recognize liens for, such amounts. The Corporation will not pay attorneys' fees or other similar costs that may be imposed under state law in connection with the resolution of tax disputes.

D. TAX LIENS

General Principles: If any property taxes (including interest) on Corporation owned property are secured by a valid lien (in effect before the property became owned by the Corporation), the Corporation will pay these claims. With respect to property not owned by the Corporation, but in which the Corporation has a lien interest, any property taxes (including interest) secured by a valid lien with priority over the Corporation's lien interest will be paid. However, if abandonment of its interest in the property is appropriate, the Corporation may elect not to pay such claims.

Foreclosure: No property of the Corporation is subject to levy, attachment, garnishment, foreclosure, or sale without the Corporation's consent. Furthermore, a lien for taxes and interest may attach, but the Corporation will not permit a lien or security interest held by it to be eliminated by foreclosure without the Corporation's consent.

Sale of Tax Liens: In cases in which a tax lien has been sold to a private party under state law, if (1) the tax lien has priority over the Corporation's lien, and (2) the Corporation desires to eliminate the tax lien purchaser's interest, the Corporation will pay the amount required by state law to satisfy such interest (other than any fees or penalties specifically imposed to redeem such interest). If the tax lien does not have priority, the Corporation will take whatever action is necessary to ensure that its interest is satisfied first.

E. CHALLENGES TO ASSESSMENTS

The Corporation is only liable for state and local taxes which are based on the value of the property during the period for which the tax is imposed, notwithstanding the failure of any person, including prior record owners, to challenge an assessment under the procedures available under state law. In the exercise of its business judgment, the Corporation may challenge assessments which do not conform with the statutory provisions, and during the challenge will generally pay tax claims based on the assessment level deemed appropriate.

The Corporation will generally limit challenges to the current and immediately preceding taxable years and to the pursuit of previously filed tax protests. However, the Corporation may, in the exercise of its business judgment, challenge any prior taxes and assessments provided that (1) the Corporation's records (including appraisals, offers or bids received for the purchase of the property, etc.) indicate that the assessed value is clearly excessive, (2) a successful challenge will result in a substantial savings to the Corporation, (3) the challenge will not unduly delay the sale of the property, and (4) there is a reasonable likelihood of a successful challenge.

F. DISPUTE AND NOTIFICATION PROCEDURES

Disputes: The Corporation will attempt to advise taxing authorities of its statutory rights and resolve all tax disputes as taxes become due. In order to dispose of property subject to disputed tax claims, the Corporation may, as business judgment dictates, enter into agreements with taxing authorities, title companies, or prospective purchasers which provide for the disputed amounts to be held in escrow. When the closing of a transaction is threatened because of disputed tax amounts, the Corporation may, as business judgment dictates, elect to pay the disputed tax claims under protest. In all such cases the Corporation shall reserve its legal rights to a refund of such disputed amounts and may pursue, through litigation if necessary, a reimbursement of the disputed amounts and any attendant costs, expenses and interest.

Notification: The Corporation will attempt to notify state and local taxing authorities of the existence of an interest in property which the Corporation believes to be within the authority's jurisdiction.

G. SUBSIDIARIES AND CONSERVATORSHIPS

For the present, the Corporation has determined not to assert Federal tax immunity on behalf of state-chartered corporations, the stock of which is wholly or partially owned by the Corporation acting in any of its capacities. Additionally, for the present, the Corporation will not assert Federal tax immunity for conservatorships or special asset pools covered by assistance transactions where the Corporation does not retain ownership. However, a conservatorship of a newly-formed institution is not liable for any obligations not specifically assumed from a receiver (as in a "pass-through receivership"). In this situation, the de novo institution may not be liable for any penalties assessed prior to the "pass-through receivership," but would be liable for any penalties assessed after the establishment of the de novo institution. Finally, when acting in these capacities, current and prior assessments may be challenged to the extent permitted by state law.

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