



RESOLUTION NO. 2004-05

SPRING VALLEY METROPOLITAN DISTRICT NO. 2
TAP FEE RESOLUTION

WHEREAS, Spring Valley Metropolitan District No. 2, Elbert County, Colorado (the "District"), is a quasi-municipal corporation and political subdivision of the State of Colorado. The District's boundaries are described in the legal description attached hereto as **Exhibit A**, which legal description may be amended from time to time, pursuant to the inclusion and/or exclusion of property into or from the District; and

WHEREAS, the District is authorized pursuant to Section 32-1-1001(1)(j)(I), C.R.S. to fix fees and penalties for services or facilities provided by the District and pursuant to Section 32-1-1006(1)(g), C.R.S., to fix and from time to time to increase or decrease tap fees; and

WHEREAS, the District is empowered to provide street, water, sanitary sewer, park and recreation, safety protection, transportation, mosquito control, television relay and translation, and limited fire protection services and facilities and other improvements and services within its service area; and

WHEREAS, the District's Service Plan provides that the District or Spring Valley Metropolitan District No. 1 ("District No. 1") may finance, design, construct and install certain water and sanitary sewer facilities (the "Improvements") to serve the inhabitants of District No. 1 and District No. 2; and

WHEREAS, property located within the boundaries of the District described on **Exhibit A** ("Property"), attached hereto and incorporated herein, will be benefited by the Improvements; and

WHEREAS, pursuant to the terms of that certain Regional Facilities Agreement between the District and District No. 1 dated September 18, 2002, District No. 1 has agreed to construct, operate and maintain some of the Improvements and District No. 2 has agreed to finance some of the costs of the Improvements; and

WHEREAS, District No. 1 has, by resolution, imposed a combined water and sewer tap fee (the "District No. 1 Tap Fee") on all of the property within its service area, which includes the Property, to provide revenue for construction, operation and maintenance for the Improvements; and

WHEREAS, the District acknowledges that it will be benefited if District No. 1 constructs, operates and maintains some of the Improvements; and

WHEREAS, the District anticipates that it will issue bonds (the "Bonds") to finance some of the costs the Improvements; and

WHEREAS, the District will pledge to the repayment of the Bonds the Capital Component, as defined herein, of the revenues derived from the first five hundred fourteen (514) tap fees paid to the District; and

WHEREAS, in consideration of District No. 1's agreement to construct, operate and maintain some of the improvements, the District will credit any property owner who pays a District No. 1 Tap Fee to District No. 1 as having made payment of the District's tap fee as set forth hereunder.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SPRING VALLEY METROPOLITAN DISTRICT NO. 2, ELBERT COUNTY, COLORADO, AS FOLLOWS:

1. The Board has determined, and does hereby determine that it is in the best interests of the District and its inhabitants for the District to exercise its statutory power by establishing a tap fee (the "Tap Fee") on all of the real property within the District's boundaries.
2. The Tap Fee shall be assessed for each combined water and sewer tap issued within the District upon the individual property owner receiving service.
3. The Tap Fee for Dwelling Units shall be imposed at the rate of \$15,500 per Lot and shall consist of the following components: (a) a water re-use component of \$500 ("Water Reuse Component"); (b) a capital construction/financing component of \$13,000 ("Capital Component"); and (c) an operations/maintenance component of \$2,000 ("Operations/Maintenance Component").

For purposes of this Resolution, a "Lot" means a lot as shown on a recorded final plat for real property within the District's boundaries which has been subdivided for the construction of a Dwelling Unit, and a "Dwelling Unit" means a single-family, detached residential building intended for occupancy by one or more individuals and consisting of one self-contained living unit. The Tap Fee for any uses other than Dwelling Units shall be determined by the District on a case-by-case basis.

4. The Tap Fee (inclusive of all components thereof) shall increase by 2% on January 1 of each year beginning on January 1, 2005.
5. The Tap Fee, with respect to any Lot, is due on or before the date of issuance of a building permit by Elbert County, Colorado, for such Lot.
6. If and to the extent a property owner or user within the District pays the Tap Fee to the District, the District will (i) provide such owner a written receipt of payment for such District Tap Fee, (ii) enter a written credit for payment of the Tap Fee to such owner on the District's books and records, and (iii) record a release of the applicable real property from the District's statutory lien in the Elbert County, Colorado, real property records.
7. If and to the extent a property owner or user within the District pays the District No. 1 Tap Fee to District No. 1 and presents to the District a receipt evidencing such payment, of the District No. 1 Tap Fee, the District will (i) enter a written credit for payment of the Tap Fee



to such owner on the District's books and records, (ii) provide such owner with a written receipt evidencing such credit for payment of the Tap Fee and (iii) record a release of the applicable real property from the District's statutory lien in the Elbert County, Colorado, real property records; provided, however, that a condition precedent to the District's obligation to enter such written credit for payment, provide such written receipt and record such release from the District's statutory lien shall be District No. 1's remittance to the District of the dollar equivalent of the Capital Component so long as the sum of (x) the number of Tap Fees paid to the District plus (y) the number of District No. 1 Capital Component remittances is less than five hundred fourteen (514).

8. Any unpaid Tap Fees shall constitute a statutory and perpetual lien against the applicable real property pursuant to Section 32-1-1001(1)(j)(I), C.R.S., such lien being a charge imposed for the provision of the services and facilities to the property. The lien shall be perpetual in nature as defined by the laws of the State of Colorado on the property and shall run with the land. This Resolution shall be recorded in the offices of the Clerk and Recorder of Elbert County, Colorado.

9. Failure to make payment of the Tap Fees due hereunder shall constitute a default in the payment of such Tap Fees. Upon a default, interest shall accrue on such total amount of Tap Fees due at the rate of 10% per annum and the District shall be entitled to institute such remedies and collection proceedings as may be authorized under Colorado law, including but not limited to foreclosure of its perpetual lien. The defaulting property owner shall pay all costs, including attorneys' fees, incurred by the District in connection with the foregoing. In foreclosing its lien, the District will enforce the lien only to the extent necessary to collect unpaid fees, interest and costs.

10. The District may enter into agreements ("Tap Fee Agreements") with a developer and/or builder that commit such developer and/or builder to pay an aggregated amount of Tap Fees based upon the estimated number of Dwelling Units to be built upon a specific parcel of real property within the District prior to the final determination and approval by the County of the actual number of Dwelling Units to be constructed on such parcel. In such case, the Tap Fee for each Dwelling Unit within the parcel shall be the quotient of (i) the aggregate Tap Fees for such parcel and (ii) the total number of Dwelling Units that the County approves for construction on the parcel, which may result in a Tap Fee for each Dwelling Unit within the parcel of more than or less than \$15,500.

11. Judicial invalidation of any of the provisions of this Resolution or of any paragraph, sentence, clause, phrase or word herein, or the application thereof in any given circumstances, shall not affect the validity of the remainder of this Resolution, unless such invalidation would act to destroy the intent or essence of this Resolution.

12. This Resolution shall take effect immediately upon its adoption and approval.

13. Inquiries pertaining to the Tap Fees may be directed to the District's Manager at: 141 Union Blvd., Suite 150, Lakewood, CO 80228, (303) 987-0835.



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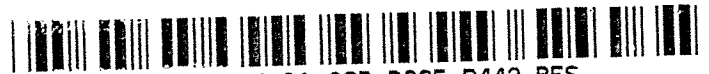
RESOLUTION APPROVED AND ADOPTED on October 26th, 2004.

SPRING VALLEY METROPOLITAN DISTRICT
NO. 2

Ronald R. Heggemeier, President

Attest:

Maral F. Heggemeier, Secretary



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EXHIBIT A

LEGAL DESCRIPTION



METROPOLITAN DISTRICT NO. 2
PROPERTY DESCRIPTION

A PARCEL OF LAND BEING SECTION 33, TOGETHER WITH A PARCEL OF LAND SITUATED IN SECTION 32 OF TOWNSHIP 6 SOUTH AND BEING THE W1/2 OF SECTION 4, TOWNSHIP 7 SOUTH, RANGE 64 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ELBERT, STATE OF COLORADO; SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 33, A 3-1/4" ALUMINUM CAP L.S.#10377 IN PLACE, THE POINT OF BEGINNING; THENCE N 89°52'37" W ALONG THE SOUTHERLY LINE OF SAID SECTION 33 A DISTANCE OF 2619.44 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 33, ALSO BEING THE NORTH QUARTER CORNER OF SECTION 4, A 2" ALUMINUM CAP L.S. #23032 IN PLACE; THENCE LEAVING SAID SOUTHERLY LINE S 00°34'31" W ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 4 A DISTANCE OF 5212.97 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 4, A 3-1/4" ALUMINUM CAP L.S. #10377 IN PLACE; THENCE N 89°59'14" W ALONG THE SOUTHERLY LINE OF SAID SECTION 4 A DISTANCE OF 2598.61 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 4, A 2-1/2" ALUMINUM CAP L.S. #10377 IN PLACE; THENCE N 00°25'06" E ALONG THE WESTERLY LINE OF SAID SECTION 4 A DISTANCE OF 2635.25 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 4, A 3-1/4" ALUMINUM CAP L.S. #10377 IN PLACE; THENCE CONTINUING ALONG SAID WESTERLY LINE N 00°16'16" E A DISTANCE OF 2582.64 FEET TO THE NORTHWEST CORNER OF SAID SECTION 4, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 32, A 3-1/4" ALUMINUM CAP L.S. #10377 IN PLACE; THENCE N 89°37'37" W ALONG THE SOUTHERLY LINE OF SAID SECTION 32 A DISTANCE OF 2653.62 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 32, A 2-1/2" ALUMINUM CAP L.S. #6935 IN PLACE; THENCE CONTINUING ALONG SAID SOUTHERLY LINE N 89°38'02" W A DISTANCE OF 82.39 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY COUNTY ROAD 17-21; THENCE LEAVING SAID SOUTHERLY LINE ALONG SAID RIGHT-OF-WAY THE FOLLOWING NINE (9) COURSES:

1. N06°14'25"E A DISTANCE OF 670.27 FEET
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2,450.00 FEET AND A CENTRAL ANGLE OF 12°38'51" A DISTANCE OF 540.81 FEET (CHORD BEARS N12°33'51"E 539.72 FEET)
3. N18°53'16"E A DISTANCE OF 378.31 FEET
4. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 3,050.00 feet AND A CENTRAL ANGLE OF 04°53'18" A DISTANCE OF 260.22 FEET (CHORD BEARS N21°19'55"E 260.14 FEET)
5. N23°25'34"E A DISTANCE OF 1,607.92 FEET
6. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 725.00 FEET AND A CENTRAL ANGLE OF 48°06'03" A DISTANCE OF 608.65 FEET (CHORD BEARS N46°46'53"E 590.93 FEET)
7. N70°49'54"E A DISTANCE OF 598.65 FEET



8. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,030.00 FEET AND A CENTRAL ANGLE OF 70°28'07" A DISTANCE OF 1,266.81 FEET (CHORD BEARS N35°35'51"E 1,188.46 FEET)
9. N00°21'47"E A DISTANCE OF 436.03 FEET TO A POINT ON THE NORTHERLY LINE OF SAID SECTION 32; THENCE LEAVING SAID RIGHT-OF-WAY S 89°36'48" E ALONG SAID NORTHERLY LINE A DISTANCE OF 44.00 FEET TO THE NORTHEAST CORNER OF SAID SECTION 32, A 2-1/2" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE S 89°36'42" E ALONG THE NORTHERLY LINE OF SECTION 33 A DISTANCE OF 2634.04 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 33, A 2-1/2" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE CONTINUING ALONG THE NORTHERLY LINE OF SAID SECTION 33 S 89°37'14" E A DISTANCE OF 2635.58 FEET TO THE NORTHEAST CORNER OF SAID SECTION 33, A 2-1/2" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE S 00°49'33" W ALONG THE EASTERLY LINE OF SAID SECTION 33 A DISTANCE OF 2633.18 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 33, A 2-1/2" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE CONTINUING ALONG THE EASTERLY LINE OF SAID SECTION 33 S 00°49'31" W A DISTANCE OF 2633.20 FEET TO THE POINT OF BEGINNING; SAID PARCEL CONTAINING A GROSS ACREAGE OF 1,149.591 ACRES, MORE OR LESS.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL THE SPRING VALLEY GOLF COURSE, AS SHOWN IN RECEPTION NO. 353734 OF THE ELBERT COUNTY CLERK AND RECORDER'S OFFICE; RESULTING IN A NET ACREAGE OF 84.416 ACRES LYING WESTERLY OF SAID GOLF COURSE AND 838.395 ACRES LYING EASTERLY OF SAID GOLF COURSE.

EXCEPTING FROM

A PARCEL OF LAND SITUATED IN SECTION 33, TOWNSHIP 6 SOUTH, RANGE 64 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ELBERT, STATE OF COLORADO, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 33, A 2 1/4" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE S77°10'21"W, A DISTANCE OF 1,138.81 FEET TO THE POINT OF BEGINNING; THENCE S20°33'00"W A DISTANCE OF 98.35 FEET; THENCE S26°56'28"E A DISTANCE OF 404.85 FEET; THENCE S07°47'10"E A DISTANCE OF 633.65 FEET; THENCE S01°28'41"E A DISTANCE OF 820.62 FEET; THENCE S17°12'42"W A DISTANCE OF 501.85 FEET; THENCE S09°56'36"E A DISTANCE OF 927.93 FEET; THENCE S18°18'55"E A DISTANCE OF 747.54 FEET; THENCE S01°30'30"E A DISTANCE OF 208.07 FEET; THENCE S45°50'53"E A DISTANCE OF 206.30 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 360.00 FEET AND A CENTRAL ANGLE OF 40°25'50" A DISTANCE OF 254.03 FEET (CHORD BEARS 64°22'02"W 248.79 FEET); THENCE N25°15'08"W A DISTANCE OF 265.24 FEET; THENCE N82°39'48"W A DISTANCE OF 251.14 FEET; THENCE



N39°32'12"W A DISTANCE OF 369.61 FEET; THENCE N12°00'16"W A DISTANCE OF 484.20 FEET; THENCE N09°56'36"W A DISTANCE OF 860.48 FEET; THENCE N75°11'25"W A DISTANCE OF 238.33 FEET; THENCE S83°35'23"W A DISTANCE OF 411.53 FEET; THENCE S32°04'44"W A DISTANCE OF 156.17 FEET; THENCE N16°10'37"W A DISTANCE OF 68.33 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 605.00 FEET AND A CENTRAL ANGLE OF 19°11'09" A DISTANCE OF 202.59 FEET (CHORD BEARS N06°35'03"W 201.64 FEET); THENCE N03°00'32"E A DISTANCE OF 571.68 FEET; THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 845.00 FEET AND A CENTRAL ANGLE OF 04°12'08" A DISTANCE OF 61.97 FEET (CHORD BEARS N00°54'28"E 61.96 FEET); THENCE S79°57'09"E A DISTANCE OF 648.93 FEET; THENCE N69°15'27"E A DISTANCE OF 167.79 FEET; THENCE N17°35'05"E A DISTANCE OF 179.03 FEET; THENCE N01°10'03"W A DISTANCE OF 467.46 FEET; THENCE N19°38'37"W A DISTANCE OF 325.46 FEET; THENCE N01°59'58"E A DISTANCE OF 675.03 FEET; THENCE N39°24'35"W A DISTANCE OF 166.59 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 400.00 FEET AND A CENTRAL ANGLE OF 19°23'30" A DISTANCE OF 135.38 FEET (CHORD BEARS N53°45'28"E 134.73 FEET); THENCE N63°27'12"E A DISTANCE OF 43.48 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 420.00 FEET AND A CENTRAL ANGLE OF 49°35'39" A DISTANCE OF 363.55 FEET (CHORD BEARS N88°15'02"E 352.30 FEET), TO THE POINT OF BEGINNING. SAID PARCEL CONTAINS 67.782 ACRES, MORE OR LESS.

EXCEPTING

A PARCEL OF LAND SITUATED IN SECTION 33, TOWNSHIP 6 SOUTH, RANGE 64 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ELBERT, STATE OF COLORADO, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 33, A 2 1/4" ALUMINUM CAP L.S. #7361 IN PLACE; THENCE S64°49'28"W, A DISTANCE OF 4,455.40 FEET TO THE POINT OF BEGINNING; THENCE S57°02'21E A DISTANCE OF 600.35 FEET; THENCE S84°04'52"E A DISTANCE OF 672.43 FEET; THENCE N87°41'15"E A DISTANCE OF 522.07 FEET; THENCE S03°00'32"W A DISTANCE OF 416.30 FEET; THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 675.00 FEET AND A CENTRAL ANGLE OF 11°31'16" A DISTANCE OF 135.73 FEET (CHORD BEARS S02°45'06"E 135.50 FEET); THENCE S87°41'15"W A DISTANCE OF 524.07 FEET; THENCE N84°04'52"W A DISTANCE OF 1048.51 FEET; THENCE N22°38'46"W A DISTANCE OF 132.99 FEET; THENCE N22°38'46"W A DISTANCE OF 435.56 FEET; THENCE N33°08'27"W A DISTANCE OF 361.44 FEET TO THE POINT OF BEGINNING. SAID PARCEL CONTAINING 20.749 ACRES, MORE OR LESS.

NET ACREAGE FOR METROPOLITAN DISTRICT NO. 2 EQUALS 834.280 ACRES, MORE OR LESS.