

AMENDMENT NO. 1 TO
AMENDED SERVICE PLAN OF PURGATORY METROPOLITAN DISTRICT
FOR LA PLATA / SAN JUAN SUBDISTRICT AREA

SECTION I
INTRODUCTION

Section 1.1 Original and Amended Service Plans. The Purgatory Water and Sanitation District was established on July 8, 1969 by Order and Decree of the District Court for La Plata County for the purpose of furnishing water and sanitation services to the Purgatory Ski Area, now known as the "Durango Mountain Resort ("DMR"), located within La Plata County, Colorado. The original Service Plan of the Purgatory Water and Sanitation District had previously been approved by the Board of County Commissioners of La Plata County on April 8, 1968. By resolution of its Board of Directors adopted on March 25, 1982, and approved by the District Court on June 11, 1982, the Purgatory Water and Sanitation District was converted to a metropolitan district, was renamed the Purgatory Metropolitan District ("District"), and was authorized to furnish multiple public services, including water, sanitation, drainage, streets, safety protection, park and recreation, television relay and translation, transportation and mosquito control in accordance with the provision of Article 1 of Title 32, C.R.S. (the "Special District Act"). The Amended Service Plan of the District dated July 1982 (the "Amended Service Plan") had previously been approved by the Board of County Commissioners of La Plata County and now governs and controls the provision of services by the District. The District's boundaries are currently located wholly within La Plata County, and other than the Hermosa Cliffs Fire District, which provides fire protection service to DMR, there are no other special districts located within or adjacent to the District.

Section 1.2 Development Agreement. Following extensive public hearings and negotiations, the Boards of County Commissioners of La Plata County and San Juan County (collectively, the "Counties"), the District and the owners of developable property within or contiguous to DMR entered into the Development Agreement dated August 22, 2002 (the "Development Agreement"). The Development Agreement generally regulates and provides for all land use development within DMR, including development areas within each of the Counties, significant portions of which have not yet been included within the boundaries of the District.

More specifically, Section 9 of the Development Agreement and Section 4.12 of the DMR Land Use Regulations (attached to the Development Agreement) require that any property developed within DMR must first be included into the District. Section 5.7 of the DMR Land Use Regulations also provides that all new development within DMR will pay for all costs of infrastructure improvements necessitated by or associated with such development, which may be funded in part from capital fees charged by the District.

In effect, the Counties have previously approved (i) the inclusion of all development property within DMR into the District, (ii) the extension and completion of all infrastructure improvements needed to serve such development, and (iii) the imposition of rates, fees, charges and taxes by the District as necessary to fund the construction, operation and maintenance of such infrastructure improvements.

Section 1.3 Purgatory Metropolitan District La Plata / San Juan Subdistrict. In order to provide the expanded level of infrastructure improvements and services which will be needed to serve all development property within DMR and to comply fully with the requirements of the Development Agreement and the DMR Land Use Regulations that growth within DMR will pay for the costs of any necessary infrastructure improvements, the Board of Directors of the District has, pursuant to Section 32-1-1101(1)(f) C.R.S., established the Purgatory Metropolitan District La Plata / San Juan Subdistrict (“Subdistrict”) by Resolution adopted on June 18, 2007, a copy of which is attached as Exhibit 1 and incorporated herein. In accordance with the provisions of the Special District Act, different rates, fees, charges and taxes may be imposed within the Subdistrict to provide the infrastructure improvements and services needed for development to occur within the Subdistrict Area (as defined in Section 1.4).

Section 1.4 Service Area of District and Subdistrict. The Subdistrict is composed of three principal areas, containing approximately 612 acres, as follows:

- (a) the DMR development area within La Plata County presently included within the boundaries of the District containing approximately 245 acres, which includes portions of Purgatory Village, Tacoma Village, Base Camp Village and Engineer Village and which also constitutes the original boundaries of the Subdistrict (the “Original La Plata Subdistrict Area”);
- (b) the DMR development area within La Plata County not presently included within the boundaries of the District, containing approximately 214 acres, which includes portions of Purgatory Village, Tacoma Village, Base Camp Village, Engineer Village Grayrock Village and Boyce Lake Village (the “La Plata Inclusion Subdistrict Area”); and
- (c) the DMR development area within San Juan County not presently included within the boundaries of the District containing approximately 153 acres, which includes portions of Grayrock Village and Boyce Lake Village (the “San Juan Inclusion Subdistrict Area” and together with the Original La Plata Subdistrict Area and the La Plata Inclusion Subdistrict Area, the “Subdistrict Area”).

A legal description of the Subdistrict Area is attached as Exhibit 2 and incorporated herein. A map depicting the boundaries of the District and the Subdistrict Area,

including each of the Original La Plata Subdistrict Area, the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area, is attached as Exhibit 3 and incorporated herein. The service area of the District in its entirety (the “Service Area”) shall include all property within the District at present and all property within the Subdistrict Area included into the District in the future.

Section 1.5 Inclusion of La Plata and San Juan Inclusion Subdistrict Areas. In accordance with the requirements of the Development Agreement and the Payment Agreement (as defined in Section 1.7), all undeveloped property within the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area will be included into the District and the Subdistrict before any development occurs. Inclusions into the District will be processed in accordance with Section 32-1-401, C.R.S. Before any inclusion of property within the San Juan Inclusion Subdistrict Area is processed, the District shall provide notice to the Board of County Commissioners of San Juan County and take such other action as may be required by San Juan County in accordance with Section 32-1-207(2), C.R.S. and Section 32-1-1101(1)(f)(I), C.R.S. Any inclusion of property within the La Plata Inclusion Subdistrict Area or the San Juan Inclusion Subdistrict Area into the District and the Subdistrict and the extension of infrastructure improvements and services to such property shall not be deemed a material modification of the Amended Service Plan or this Amendment No. 1 for purposes of Section 32-1-207, C.R.S.

Section 1.6 Amendment No. 1 to Amended Service Plan. The District has submitted this Amendment No. 1 to the Amended Service Plan (“Amendment No. 1”) because the Amended Service Plan did not anticipate the extension of the infrastructure improvements and services, or the costs thereof, that must be provided within the Subdistrict Area. Neither the inclusion of the La Plata Inclusion Subdistrict Area or the San Juan Inclusion Subdistrict Area into the District, particularly after consideration of the inclusion requirements set forth in the Development Agreement, nor the creation of the Subdistrict to better implement the requirements of the Development Agreement, by themselves, necessitate the filing of an amendment of the Amended Service Plan under the Special District Act. The District is, however, of the opinion that the approval of this Amendment No. 1 by the Board of County Commissioners of La Plata County is required in order to undertake the financing, acquisition, construction, completion, operation and maintenance of the various infrastructure improvements and services within the Service Area, as one more fully described in Sections III – VII herein. At this time, San Juan County has no jurisdiction over the District, the Amended Service Plan or this Amendment No. 1 pursuant to the Special District Act, because the District has no territory in San Juan County. When any property in the San Juan Inclusion Subdistrict Area is included into the District, San Juan County may then consider the sufficiency of this Amendment No. 1 with respect to such included property pursuant to Section 32-1-207(2), C.R.S. This Amendment No. 1 relates primarily to the provision of infrastructure improvements and services within the Subdistrict Area, although all property within the developed areas of the District will also be benefitted thereby to a lesser degree. To the

extent that any provision of the Amended Service Plan is altered, modified or supplemented by the provisions of this Amendment No. 1, La Plata County shall be deemed to have approved such modification, and no other amendment of the Amended Service Plan itself will be processed or required pursuant to the Special District Act.

Section 1.7 Need for Additional Facilities and Services within Subdistrict Area.

At present, there are some District facilities within the Subdistrict Area, but such facilities are not sufficient to serve all new development within the Subdistrict Area as contemplated in the Development Agreement. The Development Agreement and the DMR Land Use Regulations approved by both Counties recognize a significant need for the extension and completion of major infrastructure improvements within, and the provision of new street, safety protection, water, sanitation, drainage and parks and recreation services by the District to the Subdistrict Area in order to serve new development within DMR. Approximately 1,649 new residential units and 410,000 square feet of new commercial space (see Section II) are authorized within the Subdistrict Area by the Development Agreement and the DMR Land Use Regulations, all of which must, according to the terms of the Development Agreement, be served through the facilities of the District. The District and Durango Mountain Land Company, LLC and Purgatory Village Land, LLC (together, the "Land Companies"), the principal developers of the development property within DMR, have recently entered into the Master Payment Agreement dated March 4, 2008 (the "Payment Agreement"), a copy of which is attached as Exhibit 4 and incorporated herein, and which among other matters (as more fully discussed in Section 7.2) provides that the District and the Land Companies will cooperate to fund and complete the major infrastructure improvements needed within the Subdistrict Area. As required by Section 32-1-203(2) and (2.5), C.R.S., the District should be authorized to provide services and facilities within the Subdistrict Area for the following reasons:

- (a) there is sufficient existing and projected need for organized service in the Subdistrict Area:
- (b) the existing service in the Subdistrict Area is inadequate for present and projected needs;
- (c) adequate service is not, and will not be available to the Subdistrict Area through the Counties or other existing special districts within a reasonable time or on a comparable basis (and no new special district will be organized);
- (d) the facility and service standards of the District are compatible with the standards of the Counties as set forth in the Development Agreement and the DMR Land Use Regulations (as more fully discussed in Sections III – VI); and

- (e) this Amendment No. 1 is in compliance with the Master Plan of the Counties as set forth in the Development Agreement and the DMR Land Use Regulations.

Section 1.8 Financing for Facilities and Services within Subdistrict Area. As more fully discussed in Section VII, the District and the Land Companies have agreed under the Payment Agreement to cooperate in the funding, financing and completion of the major infrastructure improvements needed within the Subdistrict Area. The creation of the Subdistrict will, following voter approval, allow the District to impose an incremental property tax levy of 15 mills (the “Subdistrict Tax Levy”) only within the Subdistrict Area, which, together with that portion of the District’s current property tax levy for general operations that was formerly used for debt repayment purposes at the voter-approved rate of 21.325 mills (the “District Tax Levy,” and together with the Subdistrict Tax Levy, the “Tax Levies”), will provide sufficient funding to finance, construct, enlarge and expand (i) the District’s water treatment, storage and distribution facilities, (ii) its wastewater treatment and collection facilities, (iii) certain road and stormwater drainage facilities, and (iv) certain park and recreation improvements. System development fees will also be paid by the Land Companies and other developers to augment the District’s finances and to pay for the infrastructure improvements, some of which will be funded and completed by the Land Companies and then reimbursed by the District from system development fee reserves in accordance with the terms of the Payment Agreement. As required by Section 32-1-203(2) and (2.5), C.R.S., the District should be authorized to provide services and facilities within the Subdistrict Area for the following reasons:

- (a) the District is capable of providing economical and sufficient service to the Subdistrict Area in accordance with the terms of the Development Agreement, the Payment Agreement and the Financial Plan as more fully discussed in Section VII;
- (b) the District and Subdistrict will have the financial ability to discharge all proposed indebtedness on a reasonable basis as set forth in the Financial Plan; and
- (c) the financing and extension of services and facilities within the Subdistrict Area by the District is in substantial compliance with the provisions of the Development Agreement and the DMR Land Use Regulations previously approved by the Counties.

SECTION II DEVELOPMENT IN SUBDISTRICT

Section 2.1 Land Use and Development in Subdistrict. The Comprehensive Development Plan as set forth in the Development Agreement and the DMR Land Use Regulations approved by each of the Counties governs all land use and development

within DMR. If not expressly regulated under the Comprehensive Development Plan, the provisions of the master plan and the land use, subdivision, development, building, fire or other regulations of La Plata County or San Juan County, as applicable, will control land use and development within DMR. More specifically, the Comprehensive Development Plan, including the Development Agreement, the DMR Land Use Regulations and the Master Plan incorporated in the Development Agreement, provides for a wide mix of residential, commercial, recreational, open space, accessory and public infrastructure to be located within village clusters in the Subdistrict Area as shown on the DMR master plan map attached as Exhibit 5 and incorporated herein. The Subdistrict Area comprises 612 acres of land, of which 245 acres is located in the Original La Plata Subdistrict Area, 214 acres is located in the La Plata Inclusion Subdistrict Area, and 153 acres is located in the San Juan Inclusion Subdistrict Area. Among other uses, 1,649 new residential units and 410,000 square feet of new commercial space are currently planned for development within the Subdistrict Area. None of the Land Companies' property within the LaPlata Inclusion Subdistrict Area or the San Juan Inclusion Subdistrict Area may be developed until it has been included into the District and the Subdistrict in accordance with the requirements of the Development Agreement. Development within the Subdistrict Area is expected to occur in phases over a period of at least 20 years.

Section 2.2 Population of Subdistrict. The estimated overnight population within the Subdistrict Area at full build-out is 6,000 people.

Section 2.3 Assessed Valuation in Subdistrict. The current assessed valuation of all property within the Original La Plata Subdistrict Area is approximately \$11,900,000; the current assessed valuation of all property within the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area is approximately \$6,300,000; and the total current assessed valuation of all property within the Subdistrict Area is approximately \$18,230,000. The future assessed valuation of all property within the Subdistrict Area at full build-out, which is anticipated to occur in 2030, is estimated to be \$128,000,000.

SECTION III STREET IMPROVEMENTS AND TRAFFIC AND SAFETY PROTECTION FACILITIES

Section 3.1 Authority. In accordance with the Special District Act and the Amended Service Plan, the District has the power and authority to provide street and roadway improvements, including without limitation culverts, bridges, parking and drainage facilities, sidewalks, lighting, landscaping, entrance features, undergrounding of utilities, traffic and safety control devices, signs and signalization, security and other related improvements, facilities, equipment, land and easements (collectively, the "Street Improvements"). The District will acquire, construct, install, operate and maintain Street Improvements necessary for the Subdistrict Area.

Section 3.2 Design Criteria and Standards. All Street Improvements within the Subdistrict Area and the District generally will be constructed and completed in conformance with (i) the provisions of the Development Agreement and the DMR Land Use Regulations and (ii) all requirements, design criteria, standards, codes and regulations of the District, the Counties, the Colorado Department of Transportation and other State or local agencies (collectively, the “Design Standards”), as applicable.

Section 3.3 Preliminary Survey and Description of Street Improvements. As required by the provisions of the Development Agreement and the DMR Land Use Regulations, a Master Plan for roadways in the Subdistrict Area has been developed. This Master Plan, titled Street/Road Master Plan dated February 28, 2003, requires that a systematic road system be built to provide vehicular and pedestrian circulation in an efficient, safe, balanced network of facilities. It is anticipated that approximately 7 miles of new, asphalt paved roads, along with related facilities such as bridges, intersections, underpasses, turnarounds, etc, will be built as part of this system. The road system will be built in phases as required for new development and by the provisions in the Development Agreement and the DMR Land Use Regulations. Road design and construction will adhere to the requirements of (i) the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards. The Street Improvements to be constructed and/or upgraded by the District and the Land Companies are estimated to cost \$15,000,000 (based upon current construction costs).

SECTION IV WATER FACILITIES AND IMPROVEMENTS

Section 4.1 Authority. In accordance with the Special District Act and the Amended Service Plan, the District has the power and authority to provide water facilities and improvements, including without limitation water supply, treatment and storage facilities, transmission and distribution systems and other related improvements, facilities, equipment, land and easements (collectively, the “Water Improvements”). The District will acquire, construct, install, operate and maintain Water Improvements necessary for the Subdistrict Area.

Section 4.2 Design Criteria and Standards. All Water Improvements within the Subdistrict Area and the District generally will be constructed and completed in conformance with (i) the provisions of the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards, as applicable.

Section 4.3 Preliminary Survey and Description of Water Improvements. As required by the provisions of the Development Agreement and the DMR Land Use Regulations, a Master Plan for water supply and distribution facilities and improvements in the Subdistrict Area has been developed. This Master Plan, titled Water Master Plan and dated February 28, 2003, requires the development of additional potable water supply and a related distribution system to furnish potable water within the Subdistrict Area. It is anticipated that additional water supply will be provided from both ground water wells

and surface water delivered through an aquaduct that crosses the property. Distribution of this water supply is anticipated to be handled through a series of storage tanks (totaling approximately 3,000,000 gallons), main lines and service lines. It is also anticipated that an enlargement of the water treatment plant will be required. The Water Improvements will be constructed in accordance with the provisions of (i) the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards. All Water Improvements to be constructed by the District and the Land Companies are estimated to cost \$11,000,000 (based upon current construction costs).

SECTION V
SANITATION AND STORM DRAINAGE
FACILITIES AND IMPROVEMENTS

Section 5.1 **Authority**. In accordance with the Special District Act and the Amended Service Plan, the District has the power and authority to provide sanitation and storm drainage facilities and improvements, including without limitation wastewater treatment facilities, stormwater detention and treatment facilities, lift stations, sanitary and stormwater sewers and collection systems, and other related improvements, facilities, equipment, land and easements (collectively, the “Sanitation Improvements”). The District will acquire, construct, install, operate and maintain Sanitation Improvements necessary for the Subdistrict Area.

Section 5.2 **Design Criteria and Standards**. All Sanitation Improvements within the Subdistrict Area and the District generally will be constructed and completed in conformance with (i) the provisions of the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards, as applicable.

Section 5.3 **Preliminary Survey and Description of Sanitation Improvements**. As required by the provisions of the Development Agreement and the DMR Land Use Regulations, a Master Plan for wastewater facilities and improvements in the Subdistrict Area has been developed. This Master Plan, titled Wastewater Master Plan and dated January 8, 2003, requires an expansion of the collection and treatment facilities currently in use in order to serve the Subdistrict Area. Currently, a lagoon style treatment plant provides wastewater treatment and can handle approximately 1,000 EQR’s. This facility will ultimately be reclaimed, and a new state of the art, mechanical wastewater treatment facility will be constructed to provide wastewater treatment for full build-out of the Subdistrict Area. Collection of wastewater in the Subdistrict Area will be handled through a system of mains, service lines, and pumping facilities that will be designed and constructed in accordance with the provisions of (i) the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards. The Sanitation Improvements to be constructed by the District and the Land Companies are estimated to cost \$16,100,000 (based upon current construction costs).

SECTION VI
PARK AND RECREATION FACILITIES
AND OTHER IMPROVEMENTS

Section 6.1 Authority. In accordance with the Special District Act and the Amended Service Plan, the District has the power and authority to provide parks and recreation facilities and improvements, including without limitation parks, open space, trails, bike paths, recreation facilities, community centers, and other related improvements, facilities, equipment, land and easements (collectively, the "Recreation Improvements"). The District will acquire, construct, install, operate and maintain Recreation Improvements necessary for the Subdistrict Area. The District may also exercise all other powers and authorities set forth in the Special District Act, the Amended Service Plan or the Development Agreement within, and provide all facilities, improvements and services related thereto necessary for, the Subdistrict Area.

Section 6.2 Design Criteria and Standards. All Recreation Improvements or any other District facilities and improvements within the Subdistrict Area and the District generally will be constructed and completed in conformance with (i) the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards, as applicable.

Section 6.3 Preliminary Survey and Description of Recreation and Other Improvements. As required by the provisions of the Development Agreement and the DMR Land Use regulations, as well as the Trail and Recreational Uses Master Plan, dated February 28, 2003, the District is responsible for the completion of a 30+/- acre community park along with related recreation facilities to be situated within the park boundaries. The park has been generally located on the east side of Highway 550 from Twilight Lake to the south and the sewer lagoons to the north. As noted above, and as part of the park conceptual plans, the lagoons will be reclaimed and restored once a new wastewater treatment facility is constructed. The DMR Land Use Regulations provide that the park land will be dedicated to the District in phases at defined time frames. A budget of approximately \$3,700,000 is projected to develop the community park as the land is dedicated over three phases. The park will be the centerpiece of a community wide system of trails and recreational opportunities contemplated in the Trail and Recreational Uses Master Plan. All Recreation Improvements will be constructed in accordance with the provisions of (i) the Development Agreement and the DMR Land Use Regulations and (ii) the Design Standards. The Recreation Improvements to be constructed by the District and the Land Companies are estimated to cost \$3,700,000 (based upon current construction costs).

SECTION VII
FINANCIAL PLAN

Section 7.1 General. The District, in cooperation with the Land Companies, will fund and/or finance the acquisition, construction and completion of the Street

Improvements, the Water Improvements, the Sanitation Improvements and the Recreation Improvements (collectively, the “Infrastructure Improvements”) as development progresses within the Subdistrict Area and the full scope and extent of the Infrastructure Improvements are finalized in accordance with the provisions of the Development Agreement, the DMR Land Use Regulations and the Payment Agreement. The total costs (with contingencies) of the Infrastructure Improvements to be constructed by the District and the Land Companies are estimated to be \$50,000,000 (based upon current construction costs) and are tabulated in Exhibit 6 attached hereto and incorporated herein. Certain aspects of the financial plan as set forth in this Section VII (the “Financial Plan”) will require electoral approval at the biennial election of the District to be held on May 6, 2008. This Section VII describes the nature, basis, methods of funding, and financing associated with the issuance of District and/or Subdistrict bonds, notes and other multiple-fiscal year financial obligations to be incurred in connection with the acquisition, construction, completion, operation and maintenance of the Infrastructure Improvements. The Financial Plan will be finalized, coordinated and implemented by the Board of Directors in general conformance with the provisions set forth in this Section VII. Any bond financing plan or other financing or funding agreement that generally conforms with or improves the pro forma model of the Financing Plan, as set forth in Exhibit 7 attached hereto and incorporated herein, will require no further review, action or approval of either of the Counties.

Section 7.2 Payment Agreement. The District and the Land Companies have entered into the Payment Agreement in order to (i) facilitate the financing and completion of the Infrastructure Improvements, (ii) provide for the inclusion of all of the Land Companies’ property within the Subdistrict Area into the District and the Subdistrict, and (iii) establish a process and source of payment for qualifying Infrastructure Improvements to be completed by the Land Companies and transferred to the District for ownership, operation and maintenance, the costs of which Infrastructure Improvements will be reimbursed to the Land Companies when funds are available to the District. As more fully set forth in the Payment Agreement, the District or the Subdistrict intends to issue bonds secured by a pledge of the District Tax Levy and the incremental Subdistrict Tax Levy to finance major Infrastructure Improvements, such as the expansions of the water and wastewater treatment facilities and the installation of major streets and recreation facilities, which will benefit users throughout the Service Area. System development fees (initially in the amount of \$15,754) will be imposed throughout the Subdistrict Area to generate additional revenue for funding Infrastructure Improvements. After at least \$1,500,000 has been accumulated in a capital reserve account from the collection of any revenue from the Tax Levies not needed to pay debt service on District bonds, or when any system development fees have been received, the District will, as such revenue becomes available, reimburse the Land Companies for the actual costs of any qualifying Infrastructure Improvements that have been completed and transferred to the District in accordance with the provisions of the Payment Agreement.

Section 7.3 District and Subdistrict Debt and Financial Obligations. At present, the District has no outstanding debt. The Subdistrict or the District will issue general obligation bonds in the approximate aggregate principal amount of \$13,500,000 at such time as an adequate tax base exists in the District and the Subdistrict and the Infrastructure Improvements are needed for development within the Subdistrict Area, which is projected to occur in 2012. The District will seek voter authorization at the May 2008 election among other matters to (i) incur general obligation or revenue debt, including bonds, notes and other multiple-fiscal year financial obligations, in both the District and the Subdistrict, (ii) impose the District Tax Levy in the District and the Subdistrict Tax Levy only in the Subdistrict for among other purposes the repayment of District or Subdistrict debt, and (iii) approve the financial obligations under the Payment Agreement. The approximate amount of authorization for bonded indebtedness requested for each category of the Infrastructure Improvements will be as follows: Street Improvements - \$5,750,000, Water Improvements - \$7,500,000, Sanitation Improvements - \$14,000,000, and Recreation Improvements - \$4,500,000; provided, however, that the District and the Subdistrict will not issue general obligation bonds to fund the Infrastructure Improvements in an aggregate principal amount in excess of \$31,750,000 without first obtaining the approval of La Plata County and, if applicable, San Juan County. The total principal amount of voter authorization exceeds the expected aggregate principal amount of District bonds in order to allow for unforeseen contingencies and increases in construction costs due to inflation and to cover bond issuance costs, including capitalized interest, reserve funds, credit enhancement, discounts, legal and underwriting fees. Additional voter authorization will be requested to reimburse the costs of the qualifying Infrastructure Improvements to the Land Companies from available revenue of the District (other than bond proceeds) in accordance with the Payment Agreement.

The District or the Subdistrict may issue limited or unlimited tax general obligation, revenue or refunding bonds. Each series of bonds issued by the District or the Subdistrict shall mature in not more than 30 years from the date of issuance. The maximum interest rate for any bonds or notes shall be 10% per annum (the rate assumed in the Financial Plan in Exhibit 7 is 6%), and the maximum discount rate shall be 3%. The exact interest rate and discount for any bonds will be determined at the time that bonds are sold and will reflect market conditions at the time of sale. Any general obligation bonds issued by the District or the Subdistrict, together with any outstanding general obligation bonds previously issued without any limitation upon the rate of tax levy, the aggregate principal amount of which is greater than 50% of the District's and/or the Subdistrict's assessed valuation and not otherwise in compliance with the provisions of Section 32-1-1101(6), C.R.S., shall be issued only as limited tax general obligation bonds repayable from a tax levy which shall not exceed any statutory or voter-approved rate. The District and the Subdistrict shall comply with all applicable limitations under the Special District Act, State and federal laws relating to the issuance of bonds, including TABOR and rules and regulations of the Securities and Exchange Commission, Treasury Department, Internal Revenue Service and Colorado Division of Securities.

Section 7.4 Property Taxes. The current property tax levy of the District is 27.313 mills, of which 21.325 mills (the District Tax Levy) will, if approved by District voters, be used to support (i) capital improvements and (ii) debt repayment for Infrastructure Improvements, as well as general operations. The remaining portion of the District's current property tax levy (5.988 mills) will be used for operating purposes. An incremental tax levy of 15 mills will, if approved by Subdistrict voters, be imposed only in the Subdistrict. All District tax levies, in addition to the Subdistrict Tax Levy, will be imposed in the Subdistrict in accordance with the requirements of the Special District Act. Any tax levy of the District or the Subdistrict, including without limitation the Tax Levies, may be adjusted from time to time by the Board of Directors to take into account legislative or constitutionally imposed adjustments in the assessed valuation of property within the District and the Subdistrict or the method of calculation of such valuation (as of the date of the Amended Service Plan), so that to the extent possible the actual revenue generated by such tax levy is neither diminished nor enhanced as a result of such change. Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation. All of the tax levies of the District and the Subdistrict shall be subject to any statutory or TABOR limitation.

Section 7.5 Rates, Fees and Charges. The District has established or will establish a system of rates, fees and charges within the Service Area, which will be applicable within the Subdistrict, for all services and facilities furnished therein. Rates, fees and charges are determined by the Board of Directors based upon the costs of operating, maintaining, repairing and replacing the District's facilities and providing services within the Service Area. All rates, fees and charges are subject to any limitations under the Special District Act.

Section 7.6 Financial Plan. A pro forma model of the Financial Plan showing the projected issuance of District bonds is attached hereto as Exhibit 7 and incorporated herein. The pro forma model includes the estimated property tax revenue of the District and the Subdistrict and revenue available from system development fees, specific ownership taxes and other sources. The pro forma model projects the issuance of District or Subdistrict bonds and anticipated debt repayment, including both District or Subdistrict bonds and reimbursements to the Land Companies. The development assumptions and absorptions for DMR were provided by the Land Companies. At full build-out, the District tax levy is projected to be 27.313 mills (which is the same as the current District Tax Levy), and the Subdistrict Tax Levy is projected to be 15 mills. The pro forma model sets forth one bond financing scenario in which the District will issue one series of bonds in 2012 totaling approximately \$13,500,000. The interest rate on the bonds is projected at 6%. Alternate bond financing plans that generally conform with or improve the pro forma model set forth in Exhibit 7, including without limitation multiple series of bonds or bonds supported with credit enhancement, may also be implemented by the District or the Subdistrict without any further review, approval or action by the Counties. As confirmed by the letter from Piper Jaffray (the District's investment

banker) attached hereto as Exhibit 8 and incorporated herein, the pro forma model of the Financial Plan demonstrates that, at the projected levels of development within DMR, the District and the Subdistrict will have the ability to finance a portion of the Infrastructure Improvements and to reimburse the Land Companies for their costs of completing the qualifying Infrastructure Improvements as anticipated in the Development Agreement and the Payment Agreement and will also have the financial ability to discharge all District and Subdistrict debt on a reasonable basis.

SECTION VIII
CONCLUSION

This Amendment No. 1 relating to the financing, construction, extension and completion of the Infrastructure Improvements and the provision of services to the Subdistrict Area conforms with the corresponding provisions of the Development Agreement as previously approved by the Counties, and for this reason should be approved. Except as provided herein, the Amended Service Plan shall remain in full force and effect. Further, the various terms and limitations set forth herein establish that this Amendment should be approved because:

- (a) there is sufficient existing and projected need for organized service in the Subdistrict Area;
- (b) the existing service in the Subdistrict Area is inadequate for present and projected needs;
- (c) adequate service is not, and will not be available to the Subdistrict Area through the Counties or other existing special districts within a reasonable time or on a comparable basis (and no new special district will be organized);
- (d) the facility and service standards of the District are compatible with the standards of the Counties as set forth in the Development Agreement and the DMR Land Use Regulations (as more fully discussed in Sections III – VI);
- (e) this Amendment No. 1 is in substantial compliance with the Master Plan of the Counties as set forth in the Development Agreement and the DMR Land Use Regulations;
- (f) the District and the Subdistrict are capable of providing economical and sufficient service to the Subdistrict Area in accordance with the terms of the Development Agreement, the Payment Agreement and the Financial Plan as more fully discussed in Section VII;

- (g) the District and the Subdistrict will have the financial ability to discharge all proposed indebtedness on a reasonable basis as set forth in the Financial Plan; and
- (h) the financing and extension of services and facilities within the Subdistrict Area by the District and the Subdistrict is in substantial compliance with the provisions of the Development Agreement and the DMR Land Use Regulations previously approved by the Counties.

EXHIBIT 1
RESOLUTION ESTABLISHING SUBDISTRICT

PURGATORY METROPOLITAN DISTRICT

RESTATED LA PLATA / SAN JUAN SUBDISTRICT RESOLUTION

A RESTATED RESOLUTION OF THE PURGATORY METROPOLITAN DISTRICT DIVIDING THE DISTRICT INTO AREAS CONSISTENT WITH THE SERVICES PROVIDED, AND AUTHORIZING THE LEVY OF PROPERTY TAXES IN ACCORDANCE WITH THE SERVICES, PROGRAMS AND FACILITIES FURNISHED TO SUCH AREAS; REPEALING ALL RESOLUTIONS IN CONFLICT HEREWITH; AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the Purgatory Metropolitan District (the "District") provides water, sanitation, drainage, street, safety protection, park and recreation and related facilities, programs and services within the presently developed areas of the District; and

WHEREAS, the owners of certain undeveloped property located within the District's boundaries in La Plata County and certain contiguous property located in both La Plata County and San Juan County, which has not yet been included into the District, have requested that the District provide an expanded and more costly level of service, programs and facilities to their properties; and

WHEREAS, §32-1-1101(1)(f), C.R.S., authorizes the Board of Directors of the District (the "Board") to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein; and

WHEREAS, notice of a public meeting of the Board to consider the division of the District into areas consistent with the services, programs and facilities furnished therein has been given and published in accordance with §32-1-1101(1.5)(a), C.R.S. and §32-1-103(15), C.R.S.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PURGATORY METROPOLITAN DISTRICT:

Section 1. Findings and Determinations. The Board hereby finds and determines that:

- a. the area specified in Exhibit A attached hereto and incorporated herein (the "Original La Plata Subdistrict Area"), is located entirely within the District's boundaries and will be included within the original boundaries of the Subdistrict (as defined herein);
- b. the area specified in Exhibit B attached hereto and incorporated herein (the "La Plata Inclusion Subdistrict Area") is located entirely within La Plata County; some of

this area is not presently included within the District's boundaries but all of the area is expected to be included within the District and the Subdistrict over time;

c. the area specified in Exhibit C attached hereto and incorporated herein (the "San Juan Inclusion Subdistrict Area") is located entirely within San Juan County and is not presently included within the District's boundaries but is expected to be included within the District and the Subdistrict over time. (The Original La Plata Subdistrict Area, the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area are hereinafter collectively referred to as the "Subdistrict Area")

d. the owners of property within the Subdistrict Area have requested that the District provide an expanded and more costly level of service, programs and facilities within the Subdistrict Area and have agreed to pay a higher amount of property taxes, fees and charges in order to finance, complete and fund the provision of such facilities, programs and services;

e. all of the facilities to be financed, acquired, constructed, installed, operated and maintained within the Subdistrict Area are improvements that the District is authorized to provide and also are more expansive and costly in nature than the existing facilities within the District, justifying the division of the District into the area designated as the Subdistrict Area;

f. pursuant to §32-1-1101(1)(f)(I), C.R.S., the facilities, programs and services furnished to properties in the Subdistrict Area may be used by other residents of the District, and the fees charged for such use shall be the same fees charged to persons residing within the Subdistrict Area;

g. the District has received the written consent of the owners of each single parcel of land, if any, having a valuation for assessment constituting twenty-five percent (25%) or more of the total valuation of assessment of all real property to be included within the boundaries of the Original La Plata Subdistrict Area;

h. the District has received the written consent of the owners of each single parcel of land, if any, owned by a corporate entity and having a valuation for assessment constituting five percent (5%) or more of the total valuation of assessment of all real property to be included within the boundaries of the Original La Plata Subdistrict Area;

i. the property within the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area is not presently included within the District, but all statutory requirements set forth in §32-1-1101(1.5), C.R.S. shall be complied with before such property is included within the District and the Subdistrict;

j. the division of the District into the Subdistrict Area will allow the financing, construction and operation of the various services, programs and facilities

required to serve such area, which will confer a general benefit on all properties within the Subdistrict Area;

k. the division of the District into the Subdistrict Area will serve a public use and will promote the health, prosperity, security and general welfare of all inhabitants of the District as well as the Subdistrict Area itself; and

l. the proposed Subdistrict Area, including the Original La Plata Subdistrict Area, the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area, should be so designated in accordance with statutory requirements.

These findings and determinations of the Board are final and conclusive on all parties in interest, whether appearing or not.

Section 2. Designation of Subdistrict. The Board, by this Resolution, hereby finds that it has full jurisdiction under §32-1-1101(1)(f), C.R.S. to adopt this Resolution and that the Subdistrict Area is hereby designated and shall be known as the “Purgatory Metropolitan District La Plata / San Juan Subdistrict Area” (the “Subdistrict”), by which in all proceedings it shall hereafter be known.

Section 3. Subdistrict Boundaries. A map of the District indicating the boundaries of the Subdistrict is attached hereto as Exhibit D and incorporated herein. Initially, only the Original La Plata Subdistrict Area shall be included within the Subdistrict. The La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area, in whole or in part, may be included within the Subdistrict at any time by processing the inclusion of such property with the Board pursuant to §32-1-401, C.R.S., subject to any limitations in §32-1-1101(1.5), C.R.S.

Section 4. Subdistrict Operating Tax Levy. Subject to the approval of a ballot issue submitted to the eligible electors of the Subdistrict as of the date of such election, the Board will determine the amount of money necessary to be raised by taxation for operating purposes within the Subdistrict, taking into consideration other applicable sources of Subdistrict revenue, including various tap fees, connection fees, service charges, certain investment income and any other sources of operating revenue that have been appropriated for expenditure, and will fix a different rate of levy against all of the taxable property within the Subdistrict in addition to any other property taxes of the District that will supply funds for the payment of the costs of operating and maintaining the services, programs and facilities furnished in the Subdistrict.

Section 5. Subdistrict Improvements and Tax Levy. Subject to the approval of a ballot issue submitted to the eligible electors in the Subdistrict as of the date of such election, it is the intent of the Board to issue general obligation and/or revenue bonds to finance the acquisition and construction of all improvements and facilities needed within the Subdistrict Area. For the purpose of paying the principal of and interest on such

bonds, and after taking into consideration other applicable sources of Subdistrict revenue, including various tap fees, connection fees, availability of service charges, capital investment fees, and any other sources of revenue that have been appropriated for expenditure, the Board will fix a different rate of levy for property tax purposes against all of the taxable property within the Subdistrict in addition to any other property taxes of the District that will provide funds for the payment of the costs of acquiring, constructing and completing the improvements and facilities furnished in the Subdistrict.

Section 6. Notification to Board of County Commissioners. The Board shall provide notification in the form attached hereto as Exhibit E of the division of the District into areas consistent with the services and facilities provided therein and the designation of the Subdistrict to the Board of County Commissioners of La Plata County, Colorado (the "La Plata BOCC"), which La Plata BOCC may by statute elect to treat the Board's actions under this Resolution as a material modification of the District's Service Plan in accordance with §32-1-207(2), C.R.S. Prior to the inclusion of any property within the San Juan Inclusion Subdistrict Area into the Subdistrict, the Board shall provide similar notification to the Board of County Commissioners of San Juan County, Colorado.

Section 7. Severability. If any section, subsection, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall in no manner affect any remaining provisions of this Resolution, the intent being that the same are severable.

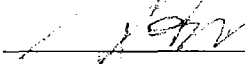
Section 8. Amendment. The terms and provisions of this Resolution may be amended from time to time by resolution of the Board, subject to any limitations in the Special District Act, more particularly Section 32-1-1101(1)(f), C.R.S.

Section 9. Repeal of Inconsistent Resolutions. All resolutions, orders, bylaws or regulations of the District, or parts thereof, inconsistent with this Resolution are hereby repealed to the extent only of such inconsistency.

Section 10. Repeal of Resolution. This Resolution is repealed in its entirety effective at 11:59 p.m. on November 30, 2009, if any ballot issue to authorize debt within the Subdistrict required under the provisions of Section 5 hereof has not been approved by the electors of the Subdistrict eligible to vote at such election. This Resolution shall also be repealed in its entirety in the event a Master Payment Agreement for Dedicated and Accepted Infrastructure Costs is not executed on or before November 30, 2008.

ADOPTED this 18th day of June, 2007.

Purgatory Metropolitan District

By , Chairman

Attest:

, Secretary

Exhibit A
Original La Plata Subdistrict Area

Parcels J.1, J.2, J.3, J.4, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "J", PROJECT NO. 2004-0300, according to the plat thereof filed for record March 25, 2005 as Reception No. 905376. *[Alpenglow]*

Tract I and Tract II, Durango Mountain Resort, Purgatory Village Area "N," Project number 2006-0207, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on August 31, 2006, in the real estate records of La Plata County, Colorado at Reception Number 941153. *[The Summit]*

Lot I.1, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299. *[Peregrine Point Phase I]*

Lot G.1, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867. *[Purgatory Lodge Phase I]*

Units C-1 to C-4 and R-314 and R-403 of Kendall Mountain Condominiums, Lot 7A of Phase 1, Purgatory Village P.U.D., according to the plat filed for record December 20, 1985 as Reception No. 525615. *[Kendall Units]*

Lots C.1-C.5, H.1-H.10, G.1-G.8, F.1-F.12, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 2, FINAL PLAT, PROJECT NO. 2006-0300, according to the plat thereof filed for record September 19, 2006 as Reception No. 942320. *[Twilight Cabins]*

Lot A.1, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2003-207, according to the plat thereof filed for record October 27, 2005, as Reception No. 921246. *[Black Bear Phase I]*

Lot A.2, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0187, according to the plat thereof filed for record October 27, 2005, as Reception No. 921246. *[Black Bear Phase II]*

LOT A.3, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0188, according to the plat thereof filed for record October 27, 2005, as Reception No. 921249. *[Black Bear Phase III]*

ENGINEER VILLAGE, PHASE 1, PROJECT NO. 2003-208, according to the plat thereof filed for record October 30, 2003 as Reception No. 871323.

ENGINEER VILLAGE, PHASE 2, FINAL PLAT, PROJECT NO. 2005-0160, according to the plat thereof filed for record October 13, 2005 as Reception No.920188.

ENGINEER VILLAGE, PHASE 3, FINAL PLAT, PROJECT NO. 2006-0014, according to the plat thereof filed for record March 24, 2006 as Reception No. 930269.

DURANGO MOUNTAIN RESORT, DOUBLE DIAMOND ESTATES PHASE I, PROJECT NO. 2007-0289, according to the plat thereof filed for record December 11, 2007, as Reception No. 969145.

Exhibit B
La Plata Inclusion Subdistrict Area

Lot I.2 and I.3, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299.

Lot G.2 and G.3, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867.

Lot 2R, Durango Mountain Resort, Purgatory Village Area G, Project number 2005-0004, according to the plat thereof filed for record on December 1, 2005 as Reception No. 923420.

Lot 3RA and 4RA, Durango Mountain Resort, Purgatory Village Area "I", Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006 as Reception No. 929299.

Lot B.1, B.2, B.3, B.4, B.5, E.1 and E.2, Durango Mountain Resort, Tacoma Village Unit 2 Final Plat, Project No. 2006-0300, according to the plat thereof filed for record on September 19, 2006 as Reception No. 942320.

Tract D, Purgatory Resort Subdivision Exemption, Project 2000-041, according to the plat thereof filed for record on May 1, 2000 as Reception No. 785618.

SECT, TWN, RNG: 24-39-9, Remainder Parcel, Durango Mountain Resort, Purgatory Village Area N, Bulk Parcel Exemption Plan, Project No. 2006-0207, according to the plat thereof filed for record August 31, 2006 as Reception No. 941153. [*Northern Parcel*]

SECT, TWN, RNG: 24-39-9 W1/2NE1/4 [*Northern Parcel*]

SECT, TWN, RNG: 24-39-9 W1/2NE1/4NE1/4, NW1/4SE1/4NE1/4, N1/2SW1/4SE1/4NE1/4, N1/2SW1/4SW1/4SE1/4NE1/4, SE1/4SW1/4SE1/4NE1/4 [*Northern Parcel*]

Exhibit C
San Juan Inclusion Subdistrict Area

Township 39 North, Range 9 West, N.M.P.M., San Juan County, Colorado:

Section 13: SW1/4NW1/4NW1/4NE1/4, SW1/4NW1/4NE1/4,
SW1/4SE1/4NW1/4NE1/4, SW1/4NE1/4, W1/2W1/2SE1/4NE1/4,
W1/2W1/2E1/2SE1/4, W1/2SE1/4

EXHIBIT 2
LEGAL DESCRIPTION OF SUBDISTRICT AREA

EXHIBIT 2

Original La Plata Subdistrict Area

Parcels J.1, J.2, J.3, J.4, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "J", PROJECT NO. 2004-0300, according to the plat thereof filed for record March 25, 2005 as Reception No. 905376. [*Alpenglow*]

Tract I and Tract II, Durango Mountain Resort, Purgatory Village Area "N," Project number 2006-0207, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on August 31, 2006, in the real estate records of La Plata County, Colorado at Reception Number 941153. [*The Summit*]

Lot I.1, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299. [*Peregrine Point Phase I*]

Lot G.1, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867. [*Purgatory Lodge Phase I*]

Units C-1 to C-4 and R-314 and R-403 of Kendall Mountain Condominiums, Lot 7A of Phase 1, Purgatory Village P.U.D., according to the plat filed for record December 20, 1985 as Reception No. 525615. [*Kendall Units*]

Lots C.1-C.5, H.1-H.10, G.1-G.8, F.1-F.12, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 2, FINAL PLAT, PROJECT NO. 2006-0300, according to the plat thereof filed for record September 19, 2006 as Reception No. 942320. [*Twilight Cabins*]

Lot A.1, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2003-207, according to the plat thereof filed for record October 17, 2003, as Reception No. 870276. [*Black Bear Phase I*]

Lot A.2, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0187, according to the plat thereof filed for record October 27, 2005, as Reception No. 921246. [*Black Bear Phase II*]

LOT A.3, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0188, according to the plat thereof filed for record October 27, 2005, as Reception No. 921249. [*Black Bear Phase III*]

ENGINEER VILLAGE, PHASE 1, PROJECT NO. 2003-208, according to the plat thereof filed for record October 30, 2003 as Reception No. 871323.

ENGINEER VILLAGE, PHASE 2, FINAL PLAT, PROJECT NO. 2005-0160, according to the plat thereof filed for record October 13, 2005 as Reception No.920188.

ENGINEER VILLAGE, PHASE 3, FINAL PLAT, PROJECT NO. 2006-0014, according to the plat thereof filed for record March 24, 2006 as Reception No. 930269.

DURANGO MOUNTAIN RESORT, DOUBLE DIAMOND ESTATES PHASE I, PROJECT NO. 2007-0289, according to the plat thereof filed for record December 11, 2007, as Reception No. 969145.

La Plata Inclusion Subdistrict Area

Lot I.2 and I.3, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299.

Lot G.2 and G.3, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867.

Lot 2R, Durango Mountain Resort, Purgatory Village Area G, Project number 2005-0004, according to the plat thereof filed for record on December 1, 2005 as Reception No. 923420.

Lot 3RA and 4RA, Durango Mountain Resort, Purgatory Village Area "I", Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, CORRECTION PLAT, according to the plat thereof filed for record on November 28, 2007 as Reception No. 968449.

Durango Mountain Resort, Purgatory Village Areas "L" and "M", Project No. 2007-0114, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on November 28, 2007 as Reception No. 968450.

Lot B.1, B.2, B.3, B.4, B.5, E.1 and E.2, Durango Mountain Resort, Tacoma Village Unit 2 Final Plat, Project No. 2006-0300, according to the plat thereof filed for record on September 19, 2006 as Reception No. 942320.

Tract D, Purgatory Resort Subdivision Exemption, Project 2000-041, according to the plat thereof filed for record on May 1, 2000 as Reception No. 785618.

LOT A.4, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 2, FINAL PLAT, PROJECT NO. 2006-0300, according to the plat thereof filed for record September 19, 2006, as Reception No. 942320. *[Black Bear Phase IV]*

SECT, TWN, RNG: 24-39-9, Remainder Parcel, Durango Mountain Resort, Purgatory Village Area N, Bulk Parcel Exemption Plan, Project No. 2006-0207, according to the plat thereof filed for record August 31, 2006 as Reception No. 941153. *[Northern Parcel]*

SECT, TWN, RNG: 24-39-9 W1/2NE1/4 *[Northern Parcel]*

SECT, TWN, RNG: 24-39-9 W1/2NE1/4NE1/4, NW1/4SE1/4NE1/4, N1/2SW1/4SE1/4NE1/4, N1/2SW1/4SW1/4SE1/4NE1/4, SE1/4SW1/4SE1/4NE1/4 *[Northern Parcel]*

Unit I-Phase D of Tacoma Village & Tract B of Engineer Village, Windom Peak Subdivision, FINAL PLAT, Project No. 2005-0097, according to the plat thereof filed for record on July 19, 2005 at Reception No. 913673.

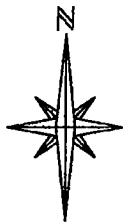
San Juan Inclusion Subdistrict Area





Township 39 North, Range 9 West, N.M.P.M., San Juan County, Colorado:

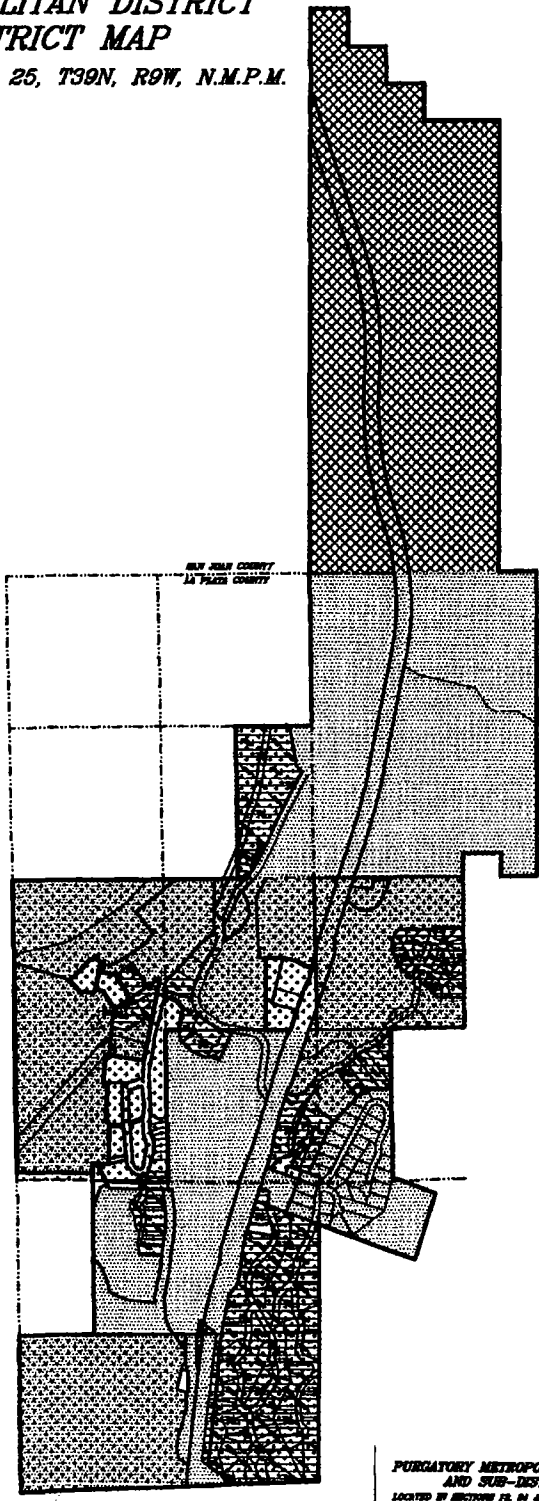
Section 13: SW1/4NW1/4NW1/4NE1/4, SW1/4NW1/4NE1/4, SW1/4SE1/4NW1/4NE1/4, SW1/4NE1/4, W1/2W1/2SE1/4NE1/4, W1/2W1/2E1/2SE1/4, W1/2SE1/4

EXHIBIT 3
MAP OF DISTRICT AND SUBDISTRICT AREA

**PURGATORY METROPOLITAN DISTRICT
AND SUB-DISTRICT MAP**
LOCATED IN SECTIONS 13, 24 & 25, T39N, R9W, N.M.P.M.



-  **Current District**
-  **La Plata County
Original Sub-District
Inclusion Area**
-  **La Plata County
Sub-District
Inclusion Area**
-  **San Juan County
Sub-District
Inclusion Area**



**PURGATORY METROPOLITAN DISTRICT
AND SUB-DISTRICT MAP**
LOCATED IN SECTIONS 13, 24 & 25, T39N, R9W, N.M.P.M.

**PINNACLE
SURVEYING, INC.**
P.O. BOX 1663
SARASOTA, FL 34231
(941) 554-0563

DATE: 2/7/98	SCALE: 1"=1000'
REV: 2/9/98	DRAWN BY: ELC
CHECKED BY: JTB	
PROJECT NO: 02-001	SHEET 1 OF 1
OWNER: Purgatory Metropolitan District	

EXHIBIT 4
MASTER PAYMENT AGREEMENT

**MASTER PAYMENT AGREEMENT FOR DEDICATED AND ACCEPTED
INFRASTRUCTURE COSTS**

PURGATORY METROPOLITAN DISTRICT

This **MASTER PAYMENT AGREEMENT FOR DEDICATED AND ACCEPTED INFRASTRUCTURE COSTS** ("Agreement") is entered into on this 4th day of March, 2008, by and between the Purgatory Metropolitan District, (hereinafter referred to as the "District") and Durango Mountain Land Company, LLC, a Colorado limited liability company, and Purgatory Village Land, LLC (hereinafter collectively referred to as "Developer").

RECITALS

A. District and Developer have outlined and agreed to a long term capital plan that provides for the construction and installation of necessary infrastructure to serve both existing and future properties within the District; and

B. The long term capital plan and this Agreement provide financing and payment mechanisms that are intended to assure that necessary infrastructure can be constructed when needed while providing for the future financial stability of the District, including providing funds for District replacement, maintenance and repair of District facilities and minimum cash reserves; and

C. As part of the capital plan, the Developer has agreed to include its properties in a new subdistrict, and to subject those properties to an increased mill levy in order to provide adequate revenues to finance and pay for the infrastructure. Developer has further agreed, so long as this Agreement remains in effect, to the District's system development fee structure and to forego any right it may have to form a separate district to serve its development properties; and

D. Developer has, and will continue, to design and construct certain infrastructure for the Water System, Sanitary Sewer System, Storm Sewer System and Roads ("Infrastructure") within the proposed La Plata / San Juan Subdistrict area of the District (the "Subdistrict") as described in the Resolution of the Board of Directors of the District attached hereto as Exhibit A; and

E. It is the intention of the Developer to dedicate, and the intention of the District to accept, this Infrastructure as it is completed; and

F. Developer will initially pay the cost of the certain Infrastructure for the District, and the District will collect revenues to pay for the cost of certain Infrastructure, in part to repay the Developer for the costs of Qualifying Infrastructure, pursuant to the terms set forth herein; and

G. District and Developer have agreed to support any and all necessary ballot measures required to properly approve this Agreement and the long term capital plan, and the District has agreed to submit such measures for voter approval.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, including but not limited to the consideration set forth in the Recitals above and Article 3 below, and other good and sufficient consideration, the parties agree as follows.

COVENANTS AND AGREEMENTS

ARTICLE I QUALIFYING INFRASTRUCTURE

1.1 Dedication and Acceptance of Infrastructure by the District. Any Infrastructure that is to be considered for payment under the terms of this Agreement shall have been dedicated to and accepted by the District by the mutual execution of an Agreement of Final Dedication and Acceptance— in the form attached hereto as Exhibit B, following completion of such Qualifying Infrastructure which has been preapproved in accordance with Section 2.1.

1.2 Infrastructure Qualifying for Payment. Qualifying Infrastructure is that Infrastructure that is being constructed to directly support the development anticipated by or required by the Durango Mountain Resort Development Agreement dated August 22, 2002, recorded in La Plata County, Colorado at Reception No. 836596 and recorded in San Juan County, Colorado at Reception No. 142061, as amended, or other such items as mutually agreed upon by the District and Developer. The timing of the installation of the Qualifying Infrastructure shall be determined by Developer, unless otherwise mutually agreed to by Developer and District.

1.3 Definition of Infrastructure Qualifying for Payment. The following Infrastructure meeting the criteria of Section 1.1 and 1.2 shall be considered Qualifying Infrastructure. All capitalized terms used herein are as defined in the District's current Rules and Regulations.

a. **Water System Mains** – all pipe, piping, system of piping, line or conduit used as a conduit in the District's Water System. This includes all valves, tees, pressure reducing systems, hydrants and other appurtenances directly connected to a Water Main. Unless otherwise designated by the District Board of Director's ("Board"), only lines six inches (6") or greater in diameter shall be considered a Water Main.

b. **Sanitary Sewer System Mains** - all pipe, piping, system of piping, line or conduit used as a conduit in the District's Sanitary Sewer System. This includes all manholes, lift stations, clean outs and other appurtenances directly connected to a Sewer Main. Unless otherwise designated by the District Board of Director's ("Board"), only lines eight inches (8") or greater in diameter shall be considered a Sewer Main.

c. **Storm Sewer System** – any pipe, equipment, ditches, swales, detention basins or other related facilities dedicated and accepted by the District used for collecting, pumping and disposition of storm drainage into the Storm Sewer System.

d. **Roads** – any road dedicated to and accepted by the District.

1.4 Definition of Costs Qualifying for Payment. Unless otherwise authorized by the Board, only the following costs of Qualifying Infrastructure shall be eligible for Payment under this Agreement.

a. **Water System Mains** – the hard cost of materials and installation of Water System Mains. This includes the cost of trenching, pipe installation, back filling, compaction and costs of all materials and labor directly associated with installation of the Water Main and related appurtenances. Specifically excluded are one hundred percent (100%) of costs associated with Developer or builder homesite pad mass grading that is not necessary for Water System Main construction and any soft costs including but not limited to design, approval, engineering, testing and legal.

b. **Sanitary Sewer System Mains** – the hard cost of materials and installation of Sanitary Sewer System Mains. This includes the cost of trenching, pipe installation, back filling, compaction and costs of all materials and labor directly associated with installation of the Sanitary Sewer Main and related appurtenances. Specifically excluded are one hundred percent (100%) of costs associated with Developer or builder homesite pad mass grading that is not necessary for Sanitary Sewer System Main construction and any soft costs including but not limited to design, approval, engineering, testing and legal.

c. **Storm Sewer System** – the hard cost of materials and installation of Storm Sewer Systems. This includes the cost of trenching, pipe installation, back filling, compaction and costs of all materials and labor directly associated with installation of the Storm Sewer Systems and related appurtenances. Specifically excluded are one hundred percent (100%) of costs associated with Developer or builder homesite pad mass grading that is not necessary for Storm Sewer System construction and any soft costs including but not limited to design, approval, engineering, testing and legal.

d. **Roads** – the hard cost of materials and installation of Roads dedicated to and accepted by the District. This includes the cost of Road subgrade, Class 6 base material (or such other material as may be approved by the District) and installation, asphalt, shouldering and guardrails, and regulatory signage and lighting. Specifically excluded are one hundred percent (100%) of any costs associated with Developer or builder homesite pad mass grading that is not necessary for road construction and any soft costs including but not limited to design, approval, engineering, testing and legal.

ARTICLE II PAYMENT PROCESS

2.1 Process for Requesting Payment of Costs for Qualifying Infrastructure. The Developer shall take the following actions to make a request for the payment of costs for Qualifying Infrastructure (“Developer Reimbursement Payment(s)”):

a. For each new Project, an “Engineer’s Estimate” for Qualifying Infrastructure shall be provided to the District for review and approval. This Engineer’s Estimate will be submitted in conjunction with the execution of the District’s normal Development Improvements Agreement, and the execution of the Development Improvements Agreement shall constitute approval of the Qualifying Infrastructure, including the costs thereof. The Engineer’s Estimate will be in sufficient detail for the District to clearly identify the components of Qualifying Infrastructure by category (i.e., Water Main System, Sanitary Sewer System, Storm Sewer System, or Roads). The Engineer’s Estimate will identify information such as length of pipe, type of pipe, valves, manholes, tees, lift stations, type of material, tons of asphalt, etc., in sufficient detail so that the District can reasonably analyze and approve proposed costs on a line item basis. The Engineer’s Estimate shall include a contingency line item not to exceed ten percent (10%) of the total estimated costs for a project. This Engineer’s Estimate for Qualifying Infrastructure, including the contingency, shall establish the *maximum* line item amounts of Developer Reimbursement Payment to be provided by the District for each project, subject to acceptable adjustments to line items as provided for in Section 2.1.c below.

b. The Developer shall install the Qualifying Infrastructure per the terms of the Project's approved plans, Development Improvements Agreement and the District's Rules and Regulations and Codes and Standards as they then currently apply.

c. Upon Completion of construction or installation, the Developer shall execute and deliver an Acceptance and Final Dedication Agreement and prepare a Final Cost Worksheet for each Project to the District. Upon District execution of the Acceptance and Final Dedication Agreement and approval of the Final Cost Worksheet, the costs included in the Final Cost Worksheet shall be the costs payable by the District. The Final Cost Worksheet shall include acceptable adjustments to the Engineer's Estimate including District approved changes to the original scope of work and allocation of the contingency as required to fund actual cost increases over line items set forth in the Engineer's Estimate. The District will not consider any costs reasonably attributed to the following: costs associated with remediation of incorrectly or poorly installed Infrastructure or additional costs occurring as the result of poorly managed projects. Upon approval of the Final Cost Worksheet, the Developer shall invoice the District, in writing, for these costs. Payment of this invoice shall be subject to the terms and conditions provided for in Section 3 below. Under no circumstances will the District reimburse the Developer for costs exceeding the maximum line item costs, including contingency, established in the Final Cost Worksheet.

d. For projects in process or already completed prior to the execution of this Agreement, the Developer shall only be required to complete the requirements set forth in Section 2.1.c above.

e. The Developer shall request payments no more than twice annually. Developer Reimbursement Payments shall be made as set forth in Section 3.3 and 3.4 of this Agreement. In the event that the amount of a proper request for Developer Reimbursement Payments exceeds the amount then available from the District, such amounts (or a portion thereof) payable pursuant to Section 3.3 of this Agreement shall be paid by the District to the Developer within 90 days of such funds being received by the District. Payments provided for under Section 3.4 shall be paid pursuant to the terms of Section 3.4, to the extent that funds are available.

ARTICLE III CAPITAL PLAN AND PAYMENTS

3.1 Capital Plan.

a. Both the Developer and District acknowledge and agree that the District has developed and adopted a long term capital finance plan, the current 2007 version of which is attached hereto and incorporated herein by reference (the "Capital Plan"), that sets forth projected revenues and costs related to District capital projects over a 20 +/- year period. This Capital Plan will be revised annually by the Board with input from the Developer as required by the Board to reflect new known data and revised projections. The Capital Plan sets forth the anticipated District capital expenditures and sets forth a schedule of anticipated Developer Reimbursement Payments pursuant to the terms below.

b. The Capital Plan calls for the District to establish and maintain a "Minimum Reserve" of i) \$500,000 at all times; and ii) \$1,500,000 at the time of the first bond issuance, and such Minimum Reserve must be in place prior to the District making any payments to the Developer under Section 3.3 b or 3.4 a -b below. The Minimum Reserve shall be as set forth above unless the Minimum Reserve is required to be modified by any applicable law.

c. Cash and cash equivalents of the District after debt service, after annual District expenditures as set forth in the Capital Plan, and above the Minimum Reserve shall be defined as the District "Surplus." The Surplus shall not include funds received from bond financing.

3.2 **Agreements.** As more particularly set forth or anticipated in the Capital Plan, the parties mutually agree as follows:

a. Developer agrees to include, as phases are platted, its developable land into 1) the District pursuant to the terms of the Development Agreement, and 2) the anticipated Subdistrict being formed in conjunction herewith.

b. The District agrees to include, as phases are platted, the developable land into 1) the District pursuant to Section 32-1-401, C.R.S. and the Development Agreement, and 2) the anticipated Subdistrict being formed in conjunction herewith.

c. The parties mutually agree, to the extent permitted by law, to support such ballot measures that are necessary to implement the Capital Plan.

d. Subject to voter approval, the District agrees to issue bonds under commercially reasonable terms as determined by the District and as defined in subsection e below, at such time and in such amount(s) anticipated in the Capital Plan, subject to the pace of actual development, the physical need for the facilities and regulatory requirements. Subject to the foregoing requirements and the requirement of commercially reasonable terms, the District agrees to issue bonds in an amount equal to 100% of the total costs of the facilities to be funded by bond proceeds, subject to modifications required by bond underwriters or other financial institutions providing the bond financing. The facilities anticipated to be funded by bond issuance(s) include but are not limited to, the wastewater treatment plant, water supply treatment facilities and/or water supply development. In the event the Board elects to bond the highway underpass facility, park and recreational facilities or any other facilities, the amount of such bond(s) need not be 100% of the cost of those facilities.

If the District has excess funds above and beyond the Minimum Reserve required in this agreement, and if Developer Reimbursement Payments from the Developer Reimbursement Payment Account as required by this Agreement are current, the District, at its discretion, may elect to reduce the amount of required bond indebtedness to be issued by the amount of these excess funds.

e. The District and the Developer agree to select a Bond Underwriter. Developer agrees to negotiate in good faith with the Bond Underwriter and the District regarding any requested credit enhancements, and further agrees to provide, consistent with Developer's Financial Capabilities, any reasonable, market competitive credit enhancements that may be requested as part of the bond issuance. For purposes of determining the credit enhancements required under this subsection e, the enhancements shall be of the form and type required to provide bond terms no less favorable to the District than those terms that would have been available to the District if this Agreement were not in place.

f. Except as set forth elsewhere in this Agreement, Developer agrees that it is not entitled to Developer Reimbursement Payments from the millage revenue generated by the District or Subdistrict. The District agrees that the millage revenue will be used for the purposes set forth in the Capital Plan, including establishing the Minimum Reserve and Surplus, and specifically including pledging the millage revenues to debt service in conjunction with the issuance of the bonds, to the extent required by the Bond Underwriters.

g. So long as there exists infrastructure remaining to be completed, or Developer Reimbursement Payments that remain unpaid, then the District agrees not to seek or support a reduction in the mill levy. Notwithstanding the above, in the event development has been abandoned (defined as five consecutive years without a new subdivision being platted within Durango Mountain Resort), if Developer Reimbursement Payments are current, the District may seek a reduction in the mill levy.

h. So long as there exists infrastructure remaining to be completed, or Developer Reimbursement Payments that remain unpaid, then the District agrees not to seek or support a reduction in the amount of the System Development Fee (defined below). The Developer may request that the District increase the System Development Fee in the event such is necessary to effectuate the terms of this Agreement. Any such increase shall be at the discretion of the Board.

i. The parties acknowledge that the Capital Plan is based on projections and shall be updated no less than annually to reflect present actual data, including financing and construction costs ("Updates"). Except for these required Updates, the District agrees not to make a material change to the Capital Plan that would have the effect of reducing, delaying or preventing any Developer Reimbursement Payments under Section 3.3.a.

j. It is the intention of the parties that, subject to the terms of this Agreement and availability of funds, that the District pay the Developer in full for those amounts expended for Qualifying Infrastructure under this Agreement. The parties expressly agree to act in good faith in the interpretation and execution of this Agreement, and further agree not to take actions for the purpose of defeating the duties and obligations of this Agreement and the Capital Plan.

3.3 Conditionally Required Payments.

a. The District will set aside 100% of the System Development Fees (as defined in the District's Rules and Regulations - currently \$15,754.00 per tap) collected from properties that are being developed pursuant to or otherwise included in the Durango Mountain Resort Development Agreement described in Section 1.2 above. The amount set aside each year shall be deposited and held in a Developer Reimbursement Payment Account for the specific purpose of funding Developer Reimbursement Payments per the terms of this Agreement. So long as a request for Developer Reimbursement Payment otherwise qualifies under this Agreement, and unless necessary for debt service for capital improvements specifically contemplated by the Capital Plan or required for emergency circumstances as reasonably determined by the District, Developer shall be entitled to payment ("Conditionally Required Payment(s)") from the Developer Reimbursement Payment Account so long as and to the extent such funds exist and so long as the Developer has an outstanding balance of unpaid Developer Reimbursement Payments.

b. After the Bonds are issued, at such time as the Surplus reaches and remains \$1,500,000.00 above the Minimum Reserve of \$1,500,000.00 (total of \$3,000,000) ("Excess Surplus"), and unless necessary for debt service for capital improvements specifically contemplated by the Capital Plan, for the Minimum Reserve or required for emergency circumstances as reasonably determined by the District, Developer shall be entitled to Developer Reimbursement Payments from the Excess Surplus. Any such Developer Reimbursement Payment shall not exceed the total amount of revenue attributable to the 15 mills collected from properties within the Subdistrict for that particular year, and such amounts shall be paid to the Developer as a Conditionally Required Payment, so long as and to the extent such funds exist and so long as the Developer has an outstanding balance of unpaid Developer Reimbursement Payments.

3.4 Discretionary Payments

a. To the extent actual property tax and other available revenues have funded the capital expenditures (including debt service and the Minimum Reserve) identified in the Capital Plan on a cumulative basis through a given year and there is a Surplus available, this Surplus shall also be available for Developer Reimbursement Payments. After review of the District's audited financial statements for each fiscal year, the District will evaluate the availability of any Surplus in such fiscal year to fund Developer Reimbursement Payments. The District will take into consideration the financial position of the District in the then current fiscal year and the projected financial position represented in the Capital Plan. To the extent the District's Capital Plan reasonably reflects that Surplus funds are available for Developer Reimbursement Payments, the District will consider additional Developer Reimbursement Payments on outstanding Developer invoices to the extent monies are available per the terms of this Section 3.

b. Upon application by Developer, and at the discretion of the Board, the Board may commit to make such Developer Reimbursement Payments a Conditionally Required Payment if all or portion of the amount to be reimbursed under this section is obligated to be spent on agreed to mountain, village, or community improvements, as mutually agreed upon by the Developer and District. In the event such improvements are constructed or installed by Developer in advance of any Surplus funds being available, and if approved by the Board, otherwise discretionary Developer Reimbursement Payments under Article 3.4a shall become non-discretionary and shall be paid at such time as Surplus funds become available as Conditionally Required Payments.

c. The amount of any payments under Section 3.4 b above shall be payment for Qualified Infrastructure only, but shall not exceed the approved cost of the agreed to mountain, village or community improvements. **[Note: The mountain, village or community improvements are not Qualified Infrastructure and the expenses related thereto are not subject to reimbursement under this Agreement.]**

d. The parties acknowledge that the Capital Plan is based on projections and shall be updated no less than annually to reflect present actual data, including financing and construction costs. Except for these required Updates, the District agrees not to make a material change to the Capital Plan that would have the effect of reducing, delaying or preventing any Developer Reimbursement Payments for approved projects as set forth in this Section 3.4 b. Notwithstanding the above, if a balance is or becomes due and owing on Developer Reimbursement Payments, and the District desires to make its own improvements outside of what is already included in the Capital Plan, and such improvements would otherwise constitute a material change to the Plan, the District shall be entitled to make such improvements subject to an agreement with Developer as to the percentage or amount of the Surplus that would be paid to Developer for amounts that are or become due and owing. If no such agreement can be reached, the parties hereby agree to split the Surplus 50/50 until the PMD improvements are paid for.

ARTICLE IV DEFAULT AND REMEDIES

4.1 Developer Default. In the event of a default under this Agreement by Developer, including but not limited to the provisions in Section 3.2 above, the District shall be entitled to any remedy available at law or in equity, including specific performance. Without limiting the foregoing, the District shall be entitled to withhold any payments otherwise required under Section 3.3 and 3.4, until such time as any default is cured.

4.2 District Default. In the event of a default by the District, including but not limited to Section 3.2 above, the Developer shall be entitled to any remedy available at law or in equity, including specific performance. Without limiting the foregoing, if the District violates its obligations in 3.2d, g and h above, and such violation causes a material impact to Developer's ability to be paid in accordance with this Agreement, the Developer shall immediately be entitled to its payments under Section 3.3 and 3.4 without regard to the amount of the Minimum Reserve. In the event the District refuses to issue voter approved bonds as anticipated in the Capital Plan, and such bonds are available under commercially reasonable terms and consistent with this Agreement, and such bonded indebtedness is necessary to implement the Capital Plan, Developer shall immediately be entitled, from all Subdistrict revenues under the Capital Plan, to Conditionally Required Payments and other damages (to the extent Developer is damaged by such action).

ARTICLE V MISCELLANEOUS

5.1 No Third Party Beneficiaries. This Agreement is between the District and the Developer and shall not inure to the benefit of any third-party beneficiaries, and no other parties may apply for payment under this Agreement. In the event any Infrastructure is installed by third parties, Developer, on behalf of such third parties, may apply for payment and Developer shall be obligated to pass through such funds to the appropriate third party, subject to any terms of the contract between Developer and the third party.

5.2 Assignment. Notwithstanding the above, this Agreement may be assigned by Developer to a successor Master Developer that obtains ownership of all or substantially all of Developer's assets.

5.3 Additional Documents. The parties mutually agree to execute any and all documents that are necessary to effectuate the terms of this Agreement.

5.4 Written Waiver. No change in or addition to, or waiver or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

5.5 Binding Agreement. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and each of their respective successors and assigns.

5.6 Litigation and Fees. In the event any controversy, claim or dispute between the parties hereto, arising out of or relating to this Agreement or the breach thereof, results in arbitration or litigation, the prevailing party in such proceedings shall be entitled to recover from the losing party its reasonable expenses, including attorneys' fees, and costs. In addition to the foregoing, the prevailing party shall be entitled to its reasonable fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment.

5.7 Contingent Obligation. The obligations under this Agreement are contingent upon, and shall be null and void at the election of either party, in the event that the anticipated Subdistrict is not formed, or in the event that the necessary ballot measures to effectuate the purposes of this Agreement and the Capital Plan are not passed. The anticipated Subdistrict shall ratify and become a party to this Agreement upon satisfaction of the contingencies in Section 5.7.

5.8 Term. This Agreement shall remain in full force and effect until such time as all Developer Reimbursement Payments have been made, or until 40 years after the execution of this Agreement pursuant to C.R.S. 11-57-207(1)(a), whichever is earlier.

5.9 No Individual Liability. None of the members of the District Board or Developer, or officers or agents of the District or Developer, shall be liable personally with respect to the covenants, stipulations, promises, agreements or obligations of this Agreement. All such covenants, stipulations, promises, agreements and obligations of the District or Developer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the District or Developer, and not of any member, director, officer, employee, servant, owner or other agent of the District or Developer in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant, owner or other agent of the District.

EXECUTED as of the date and year first above written.

Attest:

By [Signature]
Secretary

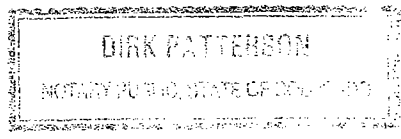
PURGATORY METROPOLITAN DISTRICT
By: [Signature]
President

STATE OF COLORADO)
) ss.
COUNTY OF La Plata)

The foregoing MASTER PAYMENT AGREEMENT FOR DEDICATED AND ACCEPTED INFRASTRUCTURE COSTS was acknowledged before me this 4th day of March, 2008, by DOUG SIMUNSON as President and by JOHN OGIER as Secretary of _____ Purgatory Metropolitan District.

Witness my hand and official seal.

My commission expires: 6/7/2011



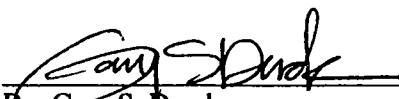
[Signature]
Notary Public

DEVELOPER:

DURANGO MOUNTAIN LAND COMPANY,
LLC, A Colorado Limited Liability Company

[Signature]
By: Gary S. Derck
Its: President and CEO

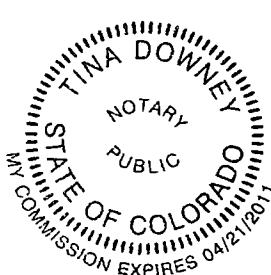
PURGATORY VILLAGE LAND, LLC
A Colorado Limited Liability Company


By: Gary S. Derck
Its: President and CEO

STATE OF COLORADO)
) ss.
COUNTY OF La Plata)

The foregoing **MASTER PAYMENT AGREEMENT FOR DEDICATED AND ACCEPTED INFRASTRUCTURE COSTS** was acknowledged before me this 5th day of March, 2008, by Gary S. Derck as President and CEO of Durango Mountain Land Company, LLC and Purgatory Village Land, LLC, Colorado limited liability companies.

Witness my hand and official seal. My commission expires: 4-21-08



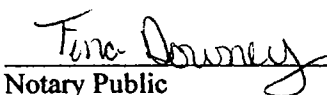

Notary Public

EXHIBIT A
RESOLUTION ESTABLISHING SUBDISTRICT

PURGATORY METROPOLITAN DISTRICT

RESTATED LA PLATA / SAN JUAN SUBDISTRICT RESOLUTION

A RESTATED RESOLUTION OF THE PURGATORY METROPOLITAN DISTRICT DIVIDING THE DISTRICT INTO AREAS CONSISTENT WITH THE SERVICES PROVIDED, AND AUTHORIZING THE LEVY OF PROPERTY TAXES IN ACCORDANCE WITH THE SERVICES, PROGRAMS AND FACILITIES FURNISHED TO SUCH AREAS; REPEALING ALL RESOLUTIONS IN CONFLICT HERewith; AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the Purgatory Metropolitan District (the "District") provides water, sanitation, drainage, street, safety protection, park and recreation and related facilities, programs and services within the presently developed areas of the District; and

WHEREAS, the owners of certain undeveloped property located within the District's boundaries in La Plata County and certain contiguous property located in both La Plata County and San Juan County, which has not yet been included into the District, have requested that the District provide an expanded and more costly level of service, programs and facilities to their properties; and

WHEREAS, §32-1-1101(1)(f), C.R.S., authorizes the Board of Directors of the District (the "Board") to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein; and

WHEREAS, notice of a public meeting of the Board to consider the division of the District into areas consistent with the services, programs and facilities furnished therein has been given and published in accordance with §32-1-1101(1.5)(a), C.R.S. and §32-1-103(15), C.R.S.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PURGATORY METROPOLITAN DISTRICT:

Section 1. Findings and Determinations. The Board hereby finds and determines that:

a. the area specified in Exhibit A attached hereto and incorporated herein (the "Original La Plata Subdistrict Area"), is located entirely within the District's boundaries and will be included within the original boundaries of the Subdistrict (as defined herein);

b. the area specified in Exhibit B attached hereto and incorporated herein (the "La Plata Inclusion Subdistrict Area") is located entirely within La Plata County; some of

this area is not presently included within the District's boundaries but all of the area is expected to be included within the District and the Subdistrict over time;

c. the area specified in Exhibit C attached hereto and incorporated herein (the "San Juan Inclusion Subdistrict Area") is located entirely within San Juan County and is not presently included within the District's boundaries but is expected to be included within the District and the Subdistrict over time. (The Original La Plata Subdistrict Area, the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area are hereinafter collectively referred to as the "Subdistrict Area")

d. the owners of property within the Subdistrict Area have requested that the District provide an expanded and more costly level of service, programs and facilities within the Subdistrict Area and have agreed to pay a higher amount of property taxes, fees and charges in order to finance, complete and fund the provision of such facilities, programs and services;

e. all of the facilities to be financed, acquired, constructed, installed, operated and maintained within the Subdistrict Area are improvements that the District is authorized to provide and also are more expansive and costly in nature than the existing facilities within the District, justifying the division of the District into the area designated as the Subdistrict Area;

f. pursuant to §32-1-1101(1)(f)(I), C.R.S., the facilities, programs and services furnished to properties in the Subdistrict Area may be used by other residents of the District, and the fees charged for such use shall be the same fees charged to persons residing within the Subdistrict Area;

g. the District has received the written consent of the owners of each single parcel of land, if any, having a valuation for assessment constituting twenty-five percent (25%) or more of the total valuation of assessment of all real property to be included within the boundaries of the Original La Plata Subdistrict Area;

h. the District has received the written consent of the owners of each single parcel of land, if any, owned by a corporate entity and having a valuation for assessment constituting five percent (5%) or more of the total valuation of assessment of all real property to be included within the boundaries of the Original La Plata Subdistrict Area;

i. the property within the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area is not presently included within the District, but all statutory requirements set forth in §32-1-1101(1.5), C.R.S. shall be complied with before such property is included within the District and the Subdistrict;

j. the division of the District into the Subdistrict Area will allow the financing, construction and operation of the various services, programs and facilities

required to serve such area, which will confer a general benefit on all properties within the Subdistrict Area;

k. the division of the District into the Subdistrict Area will serve a public use and will promote the health, prosperity, security and general welfare of all inhabitants of the District as well as the Subdistrict Area itself; and

l. the proposed Subdistrict Area, including the Original La Plata Subdistrict Area, the La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area, should be so designated in accordance with statutory requirements.

These findings and determinations of the Board are final and conclusive on all parties in interest, whether appearing or not.

Section 2. Designation of Subdistrict. The Board, by this Resolution, hereby finds that it has full jurisdiction under §32-1-1101(1)(f), C.R.S. to adopt this Resolution and that the Subdistrict Area is hereby designated and shall be known as the “Purgatory Metropolitan District La Plata / San Juan Subdistrict Area” (the “Subdistrict”), by which in all proceedings it shall hereafter be known.

Section 3. Subdistrict Boundaries. A map of the District indicating the boundaries of the Subdistrict is attached hereto as Exhibit D and incorporated herein. Initially, only the Original La Plata Subdistrict Area shall be included within the Subdistrict. The La Plata Inclusion Subdistrict Area and the San Juan Inclusion Subdistrict Area, in whole or in part, may be included within the Subdistrict at any time by processing the inclusion of such property with the Board pursuant to §32-1-401, C.R.S., subject to any limitations in §32-1-1101(1.5), C.R.S.

Section 4. Subdistrict Operating Tax Levy. Subject to the approval of a ballot issue submitted to the eligible electors of the Subdistrict as of the date of such election, the Board will determine the amount of money necessary to be raised by taxation for operating purposes within the Subdistrict, taking into consideration other applicable sources of Subdistrict revenue, including various tap fees, connection fees, service charges, certain investment income and any other sources of operating revenue that have been appropriated for expenditure, and will fix a different rate of levy against all of the taxable property within the Subdistrict in addition to any other property taxes of the District that will supply funds for the payment of the costs of operating and maintaining the services, programs and facilities furnished in the Subdistrict.

Section 5. Subdistrict Improvements and Tax Levy. Subject to the approval of a ballot issue submitted to the eligible electors in the Subdistrict as of the date of such election, it is the intent of the Board to issue general obligation and/or revenue bonds to finance the acquisition and construction of all improvements and facilities needed within the Subdistrict Area. For the purpose of paying the principal of and interest on such

bonds, and after taking into consideration other applicable sources of Subdistrict revenue, including various tap fees, connection fees, availability of service charges, capital investment fees, and any other sources of revenue that have been appropriated for expenditure, the Board will fix a different rate of levy for property tax purposes against all of the taxable property within the Subdistrict in addition to any other property taxes of the District that will provide funds for the payment of the costs of acquiring, constructing and completing the improvements and facilities furnished in the Subdistrict.

Section 6. Notification to Board of County Commissioners. The Board shall provide notification in the form attached hereto as Exhibit E of the division of the District into areas consistent with the services and facilities provided therein and the designation of the Subdistrict to the Board of County Commissioners of La Plata County, Colorado (the "La Plata BOCC"), which La Plata BOCC may by statute elect to treat the Board's actions under this Resolution as a material modification of the District's Service Plan in accordance with §32-1-207(2), C.R.S. Prior to the inclusion of any property within the San Juan Inclusion Subdistrict Area into the Subdistrict, the Board shall provide similar notification to the Board of County Commissioners of San Juan County, Colorado.

Section 7. Severability. If any section, subsection, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall in no manner affect any remaining provisions of this Resolution, the intent being that the same are severable.

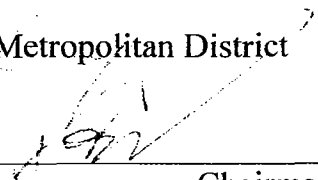
Section 8. Amendment. The terms and provisions of this Resolution may be amended from time to time by resolution of the Board, subject to any limitations in the Special District Act, more particularly Section 32-1-1101(1)(f), C.R.S.

Section 9. Repeal of Inconsistent Resolutions. All resolutions, orders, bylaws or regulations of the District, or parts thereof, inconsistent with this Resolution are hereby repealed to the extent only of such inconsistency.

Section 10. Repeal of Resolution. This Resolution is repealed in its entirety effective at 11:59 p.m. on November 30, 2009, if any ballot issue to authorize debt within the Subdistrict required under the provisions of Section 5 hereof has not been approved by the electors of the Subdistrict eligible to vote at such election. This Resolution shall also be repealed in its entirety in the event a Master Payment Agreement for Dedicated and Accepted Infrastructure Costs is not executed on or before November 30, 2008.

ADOPTED this 18th day of June, 2007.

Purgatory Metropolitan District

By 

IKE, Chairman

Attest:

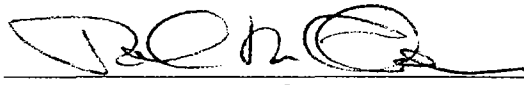

_____, Secretary

Exhibit A
Original La Plata Subdistrict Area

Parcels J.1, J.2, J.3, J.4, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "J", PROJECT NO. 2004-0300, according to the plat thereof filed for record March 25, 2005 as Reception No. 905376. [*Alpenglow*]

Tract I and Tract II, Durango Mountain Resort, Purgatory Village Area "N," Project number 2006-0207, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on August 31, 2006, in the real estate records of La Plata County, Colorado at Reception Number 941153. [*The Summit*]

Lot I.1, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299. [*Peregrine Point Phase I*]

Lot G.1, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867. [*Purgatory Lodge Phase I*]

Units C-1 to C-4 and R-314 and R-403 of Kendall Mountain Condominiums, Lot 7A of Phase 1, Purgatory Village P.U.D., according to the plat filed for record December 20, 1985 as Reception No. 525615. [*Kendall Units*]

Lots C.1-C.5, H.1-H.10, G.1-G.8, F.1-F.12, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 2, FINAL PLAT, PROJECT NO. 2006-0300, according to the plat thereof filed for record September 19, 2006 as Reception No. 942320. [*Twilight Cabins*]

Lot A.1, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2003-207, according to the plat thereof filed for record October 27, 2005, as Reception No. 921246. [*Black Bear Phase I*]

Lot A.2, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0187, according to the plat thereof filed for record October 27, 2005, as Reception No. 921246. [*Black Bear Phase II*]

LOT A.3, DURANGO MOUNTAIN RESORT, TACOMA VILLAGE, UNIT 1, FINAL PLAT, PROJECT NO. 2005-0188, according to the plat thereof filed for record October 27, 2005, as Reception No. 921249. [*Black Bear Phase III*]

ENGINEER VILLAGE, PHASE 1, PROJECT NO. 2003-208, according to the plat thereof filed for record October 30, 2003 as Reception No. 871323.

ENGINEER VILLAGE, PHASE 2, FINAL PLAT, PROJECT NO. 2005-0160, according to the plat thereof filed for record October 13, 2005 as Reception No.920188.

ENGINEER VILLAGE, PHASE 3, FINAL PLAT, PROJECT NO. 2006-0014, according to the plat thereof filed for record March 24, 2006 as Reception No. 930269.

DURANGO MOUNTAIN RESORT, DOUBLE DIAMOND ESTATES PHASE I, PROJECT NO. 2007-0289, according to the plat thereof filed for record December 11, 2007, as Reception No. 969145.

Exhibit B
La Plata Inclusion Subdistrict Area

Lot I.2 and I.3, Durango Mountain Resort, Purgatory Village Area "I," Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006, in the real estate records of La Plata County, Colorado at reception number 929299.

Lot G.2 and G.3, DURANGO MOUNTAIN RESORT, PURGATORY VILLAGE AREA "G", RESUBDIVISION BULK PARCEL EXEMPTION PLAT, PROJECT NO. 2005-0275, according to the plat thereof filed for record April 20, 2006 as Reception No. 931867.

Lot 2R, Durango Mountain Resort, Purgatory Village Area G, Project number 2005-0004, according to the plat thereof filed for record on December 1, 2005 as Reception No. 923420.

Lot 3RA and 4RA, Durango Mountain Resort, Purgatory Village Area "I", Project number 2005-0250, BULK PARCEL EXEMPTION PLAT, according to the plat thereof filed for record on March 8, 2006 as Reception No. 929299.

Lot B.1, B.2, B.3, B.4, B.5, E.1 and E.2, Durango Mountain Resort, Tacoma Village Unit 2 Final Plat, Project No. 2006-0300, according to the plat thereof filed for record on September 19, 2006 as Reception No. 942320.

Tract D, Purgatory Resort Subdivision Exemption, Project 2000-041, according to the plat thereof filed for record on May 1, 2000 as Reception No. 785618.

SECT, TWN, RNG: 24-39-9, Remainder Parcel, Durango Mountain Resort, Purgatory Village Area N, Bulk Parcel Exemption Plan, Project No. 2006-0207, according to the plat thereof filed for record August 31, 2006 as Reception No. 941153. *[Northern Parcel]*

SECT, TWN, RNG: 24-39-9 W1/2NE1/4 *[Northern Parcel]*

SECT, TWN, RNG: 24-39-9 W1/2NE1/4NE1/4, NW1/4SE1/4NE1/4, N1/2SW1/4SE1/4NE1/4, N1/2SW1/4SW1/4SE1/4NE1/4, SE1/4SW1/4SE1/4NE1/4 *[Northern Parcel]*

Exhibit C
San Juan Inclusion Subdistrict Area

Township 39 North, Range 9 West, N.M.P.M., San Juan County, Colorado:

Section 13: SW1/4NW1/4NW1/4NE1/4, SW1/4NW1/4NE1/4,
SW1/4SE1/4NW1/4NE1/4, SW1/4NE1/4, W1/2W1/2SE1/4NE1/4,
W1/2W1/2E1/2SE1/4, W1/2SE1/4

PURGATORY METROPOLITAN DISTRICT - CAPITAL PLAN
SUMMARY OF ALL REVENUES AND EXPENDITURES
2007

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
Revenues																								
Operating Revenue	581,047	478,388	514,086	602,421	687,044	751,820	816,201	886,731	1,017,263	1,139,948	1,220,888	1,328,228	1,390,714	1,501,177	1,615,222	1,711,628	1,855,940	1,971,507	2,075,338	2,236,888	2,334,784	2,480,937	26,326,620	
Capital Revenue	2,242,850	1,075,971	1,565,591	2,830,037	2,180,456	2,026,851	2,899,324	2,077,850	4,194,239	3,065,152	3,180,122	3,999,639	3,463,114	4,129,159	4,110,241	3,719,601	3,274,689	4,129,339	4,959,652	4,639,661	4,894,613	4,754,789	73,777,611	
Total Revenue	2,823,911	1,482,348	2,060,587	3,590,778	2,815,476	2,774,791	3,625,725	3,776,671	5,211,980	4,235,704	4,389,293	4,907,844	4,816,628	5,630,377	5,725,743	5,489,429	7,110,008	6,096,846	6,981,970	7,086,549	7,319,497	7,215,706	104,886,563	
Expenditures																								
Operating Expenses	508,686	543,378	473,209	601,314	562,644	738,076	643,574	1,031,744	981,246	1,169,903	1,120,832	1,377,334	1,298,035	1,483,319	1,381,681	1,686,991	1,489,041	1,837,942	1,905,624	1,993,141	1,771,197	2,198,121	26,326,620	
Capital Expenses	275,839	2,848,624	1,115,518	2,694,132	2,482,389	4,390,096	7,877,912	5,491,787	3,177,369	2,093,202	1,086,562	2,241,439	2,867,966	3,146,439	3,129,761	2,107,377	3,864,635	4,218,305	3,679,794	2,056,844	366,860	596,029	61,569,316	
Total Expenses	784,523	3,192,002	1,988,727	3,285,446	3,094,980	5,118,882	8,321,486	6,523,531	4,098,613	3,263,106	2,207,194	3,718,774	4,174,001	4,629,758	4,511,442	3,804,369	5,349,676	6,056,246	5,285,408	4,049,985	2,128,057	2,794,150	87,877,936	
Debt Service																								
Bond Proceeds	0	0	0	0	0	13,900,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13,900,000	
Debt Service Payment	0	0	0	0	0	490,366	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	980,730	16,182,846	
Bonding Costs	0	0	0	0	0	500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500,000	
Total Debt Service	0	0	0	0	0	12,909,634	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(980,730)	(3,182,846)	
NET CASH FLOW	2,139,388	(1,699,654)	472,941	245,332	(219,504)	10,185,489	(5,679,520)	(3,727,620)	172,217	(8,162)	1,201,348	208,310	(337,353)	7,258	293,541	703,310	788,672	(940,161)	415,601	2,039,704	4,210,620	3,440,795	13,856,022	
Beginning Cash Balance-Capital	621,038																							621,038
CUMULATIVE CASH FLOW	2,760,426	1,060,773	1,534,613	1,779,946	1,660,441	11,725,940	6,046,420	2,321,800	2,494,017	2,485,855	3,687,203	3,895,613	3,557,560	3,564,818	3,798,378	4,501,688	5,290,360	4,350,200	4,765,801	6,805,705	11,016,325	14,457,121	14,457,121	

**PURCHASING METROPOLITAN DISTRICT - CAPITAL PLAN
CAPITAL IMPROVEMENTS SUMMARY**

SCENARIO A

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL	
Revenues																									
Special Development Fees	798,182	409,634	591,405	1,728,214	969,141	991,698	892,224	1,098,295	2,122,084	874,347	803,454	1,024,010	724,694	1,298,899	1,039,764	614,405	1,748,694	563,513	913,732	1,026,010	945,240	464,743	22,668,053	758,182	
Special Development Fees	1,052,630	409,634	591,405	1,728,214	969,141	991,698	892,224	1,098,295	2,122,084	874,347	803,454	1,024,010	724,694	1,298,899	1,039,764	614,405	1,748,694	563,513	913,732	1,026,010	945,240	464,743	22,668,053	758,182	
Total Cap Fund	1,850,812	819,268	1,182,810	3,456,428	1,938,282	1,983,396	1,784,448	2,196,590	4,244,168	1,748,694	1,606,908	2,048,020	1,449,388	3,420,983	2,079,528	1,228,810	3,497,388	1,127,026	1,827,464	2,052,020	1,890,480	929,486	25,336,106	8,346,364	
Expenditures																									
New distribution infrastructure	0	2,287,798	891,405	1,728,214	848,141	861,668	882,224	1,098,295	2,122,084	874,347	803,454	1,024,010	724,694	1,298,899	1,039,764	614,405	1,748,694	563,513	913,732	1,026,010	945,240	464,743	22,668,053	758,182	
PMD Infrastructure - BONDED	0	20,000	50,000	500,000	800,000	2,232,000	4,900,000	2,252,000	500,000	500,000	0	30,000	323,000	500,000	500,000	0	375,000	1,000,000	1,000,000	1,000,000	500,000	0	16,950,000	0	
PMD Infrastructure - NON - BONDED	285,000	334,500	414,500	345,500	517,000	848,500	1,152,000	1,078,000	287,000	390,000	154,500	288,500	408,000	408,000	232,000	220,500	182,000	430,500	364,500	289,000	127,000	0	2,460,000	9,287,000	
PMD - Initial	285,000	334,500	414,500	345,500	517,000	848,500	1,152,000	1,078,000	287,000	390,000	154,500	288,500	408,000	408,000	232,000	220,500	182,000	430,500	364,500	289,000	127,000	0	2,460,000	9,287,000	
PMD - Infill	260,000	358,150	439,750	362,900	517,000	848,500	1,152,000	1,078,000	287,000	390,000	154,500	288,500	408,000	408,000	232,000	220,500	182,000	430,500	364,500	289,000	127,000	0	2,460,000	9,287,000	
County Treasurer Fees	10,839	15,899	29,285	32,017	38,590	42,500	48,904	52,285	58,389	62,500	70,000	78,635	85,294	96,694	98,437	102,478	108,483	115,825	118,489	122,533	127,449	0	1,660,592	0	
PMD Total	275,839	380,298	522,113	555,918	1,053,195	3,719,138	6,795,688	4,483,931	1,055,304	1,218,695	282,898	521,897	1,281,095	1,422,885	1,203,910	446,039	1,019,362	2,480,224	2,441,728	2,081,830	356,890	598,028	34,891,789	10,948,592	
TOTAL REVENUE SOURCES	2,042,844	1,416,941	1,844,501	2,983,337	2,199,422	2,922,441	2,898,624	2,877,940	4,194,296	3,096,766	3,189,726	3,898,638	3,428,114	4,129,199	4,110,521	3,779,801	5,274,468	4,129,339	4,896,438	4,898,861	4,894,673	4,784,798	76,777,811	10,948,592	
TOTAL EXPENDITURES	2,042,844	1,416,941	1,844,501	2,983,337	2,199,422	2,922,441	2,898,624	2,877,940	4,194,296	3,096,766	3,189,726	3,898,638	3,428,114	4,129,199	4,110,521	3,779,801	5,274,468	4,129,339	4,896,438	4,898,861	4,894,673	4,784,798	76,777,811	10,948,592	
Cash flow before debt services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt service																									
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bond issue costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt service - financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt service as % of Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt service - financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt service - financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt service - financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cash flow after debt services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Existing Cash Reserve	2,087,025	(1,532,694)	432,583	244,225	(353,904)	10,151,654	(5,948,148)	(3,994,807)	36,189	21,792	1,101,613	278,436	(625,613)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
Commutative	2,087,025	1,055,400	1,488,383	1,732,899	1,379,726	11,430,388	5,681,211	2,888,694	2,122,172	2,144,844	3,246,177	3,222,813	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	

PINNACULAR METROPOLITAN DISTRICT - CAPITAL PLAN
 INVESTMENT DEVELOPMENT REFERENCE FEE REVENUE DETAIL

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

Assessed Valuation and Fee Expenses		Year													
Base		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Commercial (per SF)	7.00%	2,108,400	489,840	3,804,120	3,083,940	4,222,732	5,042,484	5,929,464	6,887,004	7,916,664	8,918,064	9,990,864	11,134,864	12,349,664	13,636,064
Executive Offices	7.00%	2,208,000	188,880	2,628,000	2,142,240	2,772,000	3,261,600	3,818,400	4,442,400	5,133,600	5,891,600	6,716,800	7,610,400	8,572,400	9,603,200
Standard Homes	7.00%	4,720,000	330,400	4,162,400	3,451,200	2,886,400	2,357,600	1,863,200	1,393,600	898,400	372,800	80,800	21,600	6,400	1,600
Other Assessed Values	7.00%	4,724,200	330,820	4,167,020	3,455,020	2,890,220	2,360,820	1,866,420	1,396,020	900,020	376,420	81,820	22,220	6,820	1,620
Multi-Children Mill Levy (at \$1.00)	21.32%	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320	21,320
Property Fee Revenue - Mill Product	16.00%	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Income Tax Revenue - Mill Product	15.00%	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Mill Levy (over \$1,000)	3%	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Assessed Values - Vertical Land		1,420,000	150,720	1,570,720	1,720,720	1,870,720	2,020,720	2,170,720	2,320,720	2,470,720	2,620,720	2,770,720	2,920,720	3,070,720	3,220,720
Property Fee Revenue - Vertical Land		88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108	88,108
Assessed Values - Premier Plaza		48,500,000	67,500,000	86,500,000	105,500,000	124,500,000	143,500,000	162,500,000	181,500,000	200,500,000	219,500,000	238,500,000	257,500,000	276,500,000	295,500,000
Market Value	3%	1,500,000	1,545,000	1,590,000	1,635,000	1,680,000	1,725,000	1,770,000	1,815,000	1,860,000	1,905,000	1,950,000	1,995,000	2,040,000	2,085,000
Assessed Value (Market Value x 120%)		1,800,000	1,974,000	2,108,000	2,202,000	2,316,000	2,430,000	2,544,000	2,658,000	2,772,000	2,886,000	3,000,000	3,114,000	3,228,000	3,342,000
Mill Levy	13.75%	247,500	270,975	289,800	305,250	320,700	336,150	351,600	367,050	382,500	397,950	413,400	428,850	444,300	459,750
Property Fee Revenue - Premier Plaza		261,465	280,214	297,209	311,509	326,109	340,709	355,309	370,109	385,109	399,909	414,509	429,309	444,109	458,909
TOTAL TAX REVENUES		468,838	636,084	808,716	1,087,422	1,320,732	1,512,284	1,662,872	1,781,512	1,878,096	1,961,712	2,032,464	2,091,264	2,138,112	2,173,104

PLANNING METROPOLITAN DISTRICT - CAPITAL PLAN
 CAPITAL IMPROVEMENTS - DEVELOPER EXPENDITURES

Estimated Water Cost
 Estimated Sewer Cost
 Assumed Road Cost

2010
 100
 175

WATER
 Cost
 Per LF

YEAR COLLECTED

2004-2007

EV & T
 EVII
 TVI
 TVII
 Area II and ext
 Aftershow ext

4,000
 2,600
 2,000
 2,000
 200

100
 100
 100
 100
 100

400,000
 260,000
 205,000
 205,000
 20,000

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029

Total

12,150

1,215,000

2008

Area C PI
 Water Loop to EV
 Total

800
 2,750
 3,550

100
 100
 100

80,000
 275,000
 355,000

80,000
 275,000

2009

EV IV and TVII
 Area C II and ext

3,800
 2,000

100
 100

380,000
 200,000

380,000

2011

Area H
 Park Blvd
 Old Entry
 North Tremons
 Grandex ext
 Bayou Lake
 Total

1,300
 1,800
 2,800
 3,300
 4,000
 14,400
 30,000

100
 100
 100
 100
 100
 100

130,000
 180,000
 280,000
 330,000
 400,000
 1,440,000
 3,000,000

695,000 320,000 645,000 390,000 648,000 32,500 459,000 92,500 459,000 143,333 282,500 280,000 143,333 32,500 280,000 143,333 280,000 143,333

2004-2007

EV & I
 EVII
 TVI
 TVII
 Aftershow ext
 Total

3,440
 2,600
 720
 3,000
 150
 10,860

100
 100
 100
 100
 100

344,000
 260,000
 72,000
 300,000
 10,860

344,000 260,000 72,000 300,000 10,860 695,000 320,000 645,000 390,000 648,000 32,500 459,000 92,500 459,000 143,333 282,500 280,000 143,333 32,500 280,000 143,333

2008

Area C PI
 Vehicle Maintenance
 Park Lodge
 Total

500
 500
 500
 1,500

100
 100
 100
 100

50,000
 50,000
 50,000
 150,000

50,000 50,000 50,000

2009

EV IV and TVII
 TV III

2,100
 880

100
 100

210,000
 88,000

210,000 88,000

2010

Area C II and ext

2,010

100

201,000

201,000

2011

Garage Lodge
 Area H
 Campsite
 Base Camp
 Old Entry

520
 400
 1,000
 2,100
 1,800

100
 100
 100
 100
 100

50,000
 40,000
 100,000
 210,000
 180,000

50,000 40,000 100,000 210,000 180,000

2012

Area C II and ext

2,010

100

201,000

201,000

2013

Area C II and ext

2,010

100

201,000

201,000

2014

Area C II and ext

2,010

100

201,000

201,000

2015

Area C II and ext

2,010

100

201,000

201,000

PLANNING METROPOLITAN DISTRICT - CAPITAL PLAN

2007

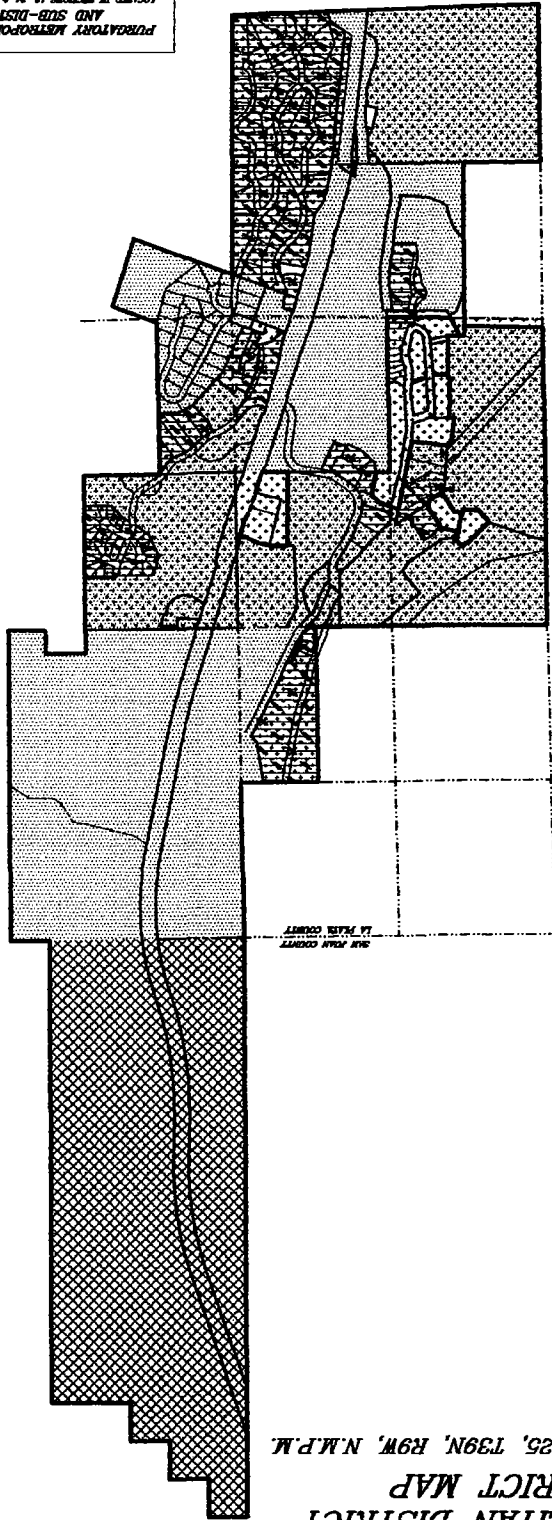
PURVISOR METROPOLITAN DISTRICT - CAPITAL PLAN
 CAPITAL IMPROVEMENTS - DEVELOPER EXPENDITURES





	PEOPLE	WATER	YEAR COLLECTED											TOTAL													
			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
Assumed Water Cost	100																										
Assumed Sewer Cost	175																										
Assumed Road Cost	175																										
North Tarranta	5,200	100	520,000																								
Geyrock	5,500	100	550,000																								
Boysd Lake	14,400	100	1,440,000																								
TOTAL	30,900		3,090,000																								
	48,100		4,810,000	418,000	400,000	350,000	348,000	201,000	518,000	50,000		598,000			548,000	183,333	105,000	288,000	183,333		430,000	183,333					4,810,000
			ROADS																								
			Cost																								
			Per LF																								
			Cost																								
2004-2007																											
EV & II	3,800	175	673,750																								
TV I	2,400	175	427,500																								
TV II	2,600	175	455,000																								
Total	9,800		1,871,250																								
2008																											
Area C PI	800	175	140,000																								
Full City Stnd ent	250	175	43,750																								
Total	1,050		183,750																								
2009																											
EV IV	2,100	175	367,500																								
TV III	1,700	175	297,500																								
Total	3,800		665,000																								
2010																											
Area C I	1,000	175	175,000																								
Parti Lobby AC II	1,000	175	182,500																								
Area C Emerg Ac	1,300	131	170,625																								
Total	3,400		528,125																								
2011																											
Geyrock	600	175	105,000																								
Chilwell	1,000	175	175,000																								
Chilwell	2,100	175	367,500																								
Undertakes	3,000	175	525,000																								
North Tarranta	3,000	175	525,000																								
Geyrock	1,700	175	297,500																								
Chilwell	1,000	175	175,000																								
Chilwell	1,300	131	170,625																								
Geyrock - emerg Ac	1,300	131	170,625																								
TOTAL	23,100		6,484,625	743,750	516,250	695,000	666,000	538,125	718,500	105,000		654,500			654,500	382,282	2,500,000	382,000	221,667		584,500	221,667					8,843,716
TOTAL ALL IMPROVEMENTS	38,800		9,843,716	1,724,776	1,238,230	1,890,000	1,833,000	728,125	1,923,800	188,000	32,800	1,708,000			32,800	1,685,600	718,888	2,887,200	888,000	646,333	32,800	1,210,600	848,333				19,503,736

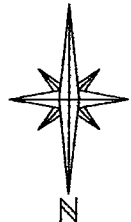
EXHIBIT D
MAP OF SUBDISTRICT

PURGATORY METROPOLITAN DISTRICT
 AND SUB-DISTRICT MAP
 LOCATED IN SECTIONS 13, 24 & 25, T39N, R9W, N.M.P.M.

PINNACLE SURVEYING, INC.
 DATE 3/7/08
 SCALE 1" = 400'
 DRAWN BY J.C.
 CHECKED BY T.A.
 PROJECT NO. 07-001 SHEET 1 OF 1
 DANVILLE, CO 8122
 (303) 854-0525



- 
 San Juan County Sub-District Inclusion Area
- 
 La Plata County Sub-District Inclusion Area
- 
 La Plata County Original Sub-District Inclusion Area
- 
 Current District



PURGATORY METROPOLITAN DISTRICT
 AND SUB-DISTRICT MAP
 LOCATED IN SECTIONS 13, 24 & 25, T39N, R9W, N.M.P.M.

EXHIBIT B
AGREEMENT OF FINAL DEDICATION AND ACCEPTANCE

**AGREEMENT OF FINAL DEDICATION AND ACCEPTANCE
PURGATORY METROPOLITAN DISTRICT**

This Agreement is entered into on this _____ day of _____, 20____, by and between the Purgatory Metropolitan District, (hereinafter referred to as the "District") and Durango Mountain Land Company, LLC, a Colorado limited liability company (hereinafter referred to as "Developer").

RECITALS

WHEREAS, a Service Plan, which may be amended from time to time, has been adopted by the District, pursuant to §§32-1-201, *et seq.*, C.R.S., which has received all required governmental approvals (the "Service Plan"); and

WHEREAS, the District was formed in part, for the purpose of acquisition, construction, installation, maintenance and operation of water, sanitation and street improvements and related facilities, within and without the boundaries of the District (the "Public Infrastructure"), in accordance with the Service Plan; and

WHEREAS, the Developer and District executed the _____ Final Plat recorded at the offices of the La Plata County Clerk and Recorder as reception No. _____, ("Final Plat"); and

WHEREAS, pursuant to that Final Plat, a Development Improvements Agreement ("DIA") by and between the District and the Developer dated _____, was executed and recorded at the offices of the La Plata County Clerk and Recorder as reception No. _____. Pursuant to that DIA, the Developer has completed the improvements as provided for in that agreement ("Improvements") and wishes to dedicate them to the District pursuant to Section 4 of Exhibit A to the DIA; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and sufficient consideration, the parties agree to the terms hereinafter set forth.

COVENANTS AND AGREEMENTS

1. Public Infrastructure Work.

a. The Developer hereby certifies that the Improvements are complete and that such improvements conform to the plans and specifications approved by the District, the Purgatory Metropolitan District Codes and Standards, as well as the District Rules and Regulations and other requirements adopted by the District.

b. Any Public Infrastructure improvements dedicated or conveyed to the District shall be by bill of sale or other dedication instrument acceptable to the District, shall be unencumbered, and shall be accompanied by the conveyance of unencumbered easements and

rights-of-way necessary for the convenient repair, replacement or maintenance of the improvements in conformance with the requirements of the District, unless previously conveyed. The easements and rights-of-way conveyed or to be conveyed shall also conform to the requirements of the District's engineer and the District's Codes and Standards, Rules and Regulations.

c. As a condition of this Agreement, the Developer certifies that it has performed the obligations and provided the documents required by the Final Acceptance Checklist attached hereto as Exhibit A.

d. As a condition to the conveyance, dedication or other transfer of any Improvements to the District for ownership maintenance and repair, Developer has provided the District with a financial guarantee, to secure performance of warranty obligations against defects in materials, workmanship, construction and installation of the facilities or improvements. The expiration of this financial guarantee shall be no sooner than thirty days after the Warranty Period expiration date as defined in this section. This financial guarantee has been presented in a form and amount acceptable to the District.

e. For purposes of establishing the Warranty Period, the Developer and District hereby agree that the date of substantial completion of this Project is _____ and the Warranty Period expiration date ("Expiration Date") is _____, subject to any claims made during the warranty period. The Expiration Date is subject to any claims made by the District based upon the failure to properly complete all items required in the Final Acceptance Checklist under the heading "Final Dedication and Acceptance (expiration of Warranty Period)". Provided that all of the terms and conditions of this Agreement and the Final Acceptance Checklist are satisfied, the final warranty inspection has been completed without discovery of any defects, or any such discovered defects have been cured, the District, upon written request by the Developer, shall acknowledge the termination of the Warranty Period and release the applicable financial guarantees after the Expiration Date.

2. **Reimbursement Costs.** Certain costs of the Improvements incurred by the Developer may qualify for reimbursement by the District. Any reimbursement shall be in accordance with and subject to District's reimbursement policy. The Developer and District agree to enter into a separate Reimbursement Agreement for any costs of the Improvements qualifying for reimbursement pursuant to such reimbursement policy.

3. **Dedication and Acceptance.** Per the terms and conditions of this Agreement, Developer hereby dedicates and District hereby accepts, the Improvements which are itemized and delineated on Exhibit B hereto attached, the contents of which are incorporated by reference herein. The District acknowledges its acceptance of, and hereby accepts, those easements and fee simple rights of way previously dedicated on the above referenced plat recorded at Reception No.

4. **Waiver of Conditions.** The District, at its sole option, may waive any of the conditions set forth in paragraph 1 hereof by written notification to Developer, provided, however,

that such waiver shall not constitute a general waiver of all conditions, nor shall any such waiver prevent the District from enforcing other conditions of Developer required hereunder.

5. **Integrated Agreement and Amendments.** This Agreement and any special terms and conditions appended hereto at the time of execution of this Agreement, as permitted below, *constitute the entire, integrated agreement of the parties hereto. This Agreement, and each and every* of its terms and conditions, may be supplemented or amended only by a mutual written agreement signed by all parties hereto. Special terms and conditions, if any, which are agreed upon by the parties hereto at the time this Agreement is executed shall be reduced to writing in accordance with this paragraph and appended to this Agreement.

6. **Notice.** Any notices, demands, or other communications required or permitted to be given in writing hereunder shall be delivered personally or sent by registered mail, postage prepaid, return receipt requested, addressed to the parties at the addresses set forth above, or at such other address as either party may hereafter or from time to time designate by written notice to the other parties given in accordance herewith. Notice shall be considered given when personally delivered or *mailed and shall be considered received by the party to whom it is addressed on the date of personal* delivery or on the third day after such notice is given by mail.

7. **Assignment.** This Agreement, and each and every of its rights and obligations, may not be assigned except by the mutual written consent of the parties hereto. The District may withhold consent to any assignment in its absolute discretion.

8. **Severability.** If any clause(s) or provision(s) of this Agreement shall be adjudged to be invalid and unenforceable by a court of competent jurisdiction or by operation of any law, such clause(s) or provision(s) shall not affect the validity of this Agreement as a whole, or the validity of the remaining clauses and provisions.

9. **Enforcement.** *This Agreement shall be enforceable according to its terms and conditions under the laws of the State of Colorado. In this regard, the parties hereto agree that this Agreement may be enforced in law or in equity, by decree of specific performance or damages, or pursuant to such other legal and/or equitable relief as may be available under the laws of the State of Colorado.*

10. **Survival of Obligations.** The provisions of this Agreement shall be deemed to survive the transfer of the facilities which are the subject of this Agreement, and shall be binding upon and inure to the benefit of the successors, transferees and permitted assigns of the parties hereto.

11. **Counterpart Execution.** This Agreement may be executed in counterparts, and shall be deemed fully executed by all parties when counterparts hereof have been signed by each of them, whether or not signatures of all parties appear on the original or any one copy of this Agreement..

EXECUTED as of the date and year first above written.

DEVELOPER

_____, LLC
A Colorado Limited Liability Company

By: _____

Its: _____

STATE OF COLORADO)
) ss.
COUNTY OF La Plata)

The foregoing Agreement of Final Dedication and Acceptance was acknowledged before me this ___
day of _____, 20___, by _____ as _____ of
_____, LLC, a Colorado limited liability company.

Witness my hand and official seal. My commission expires: _____

Notary Public

Purgatory Metropolitan District

Attest:

By _____
Secretary

By: _____
President

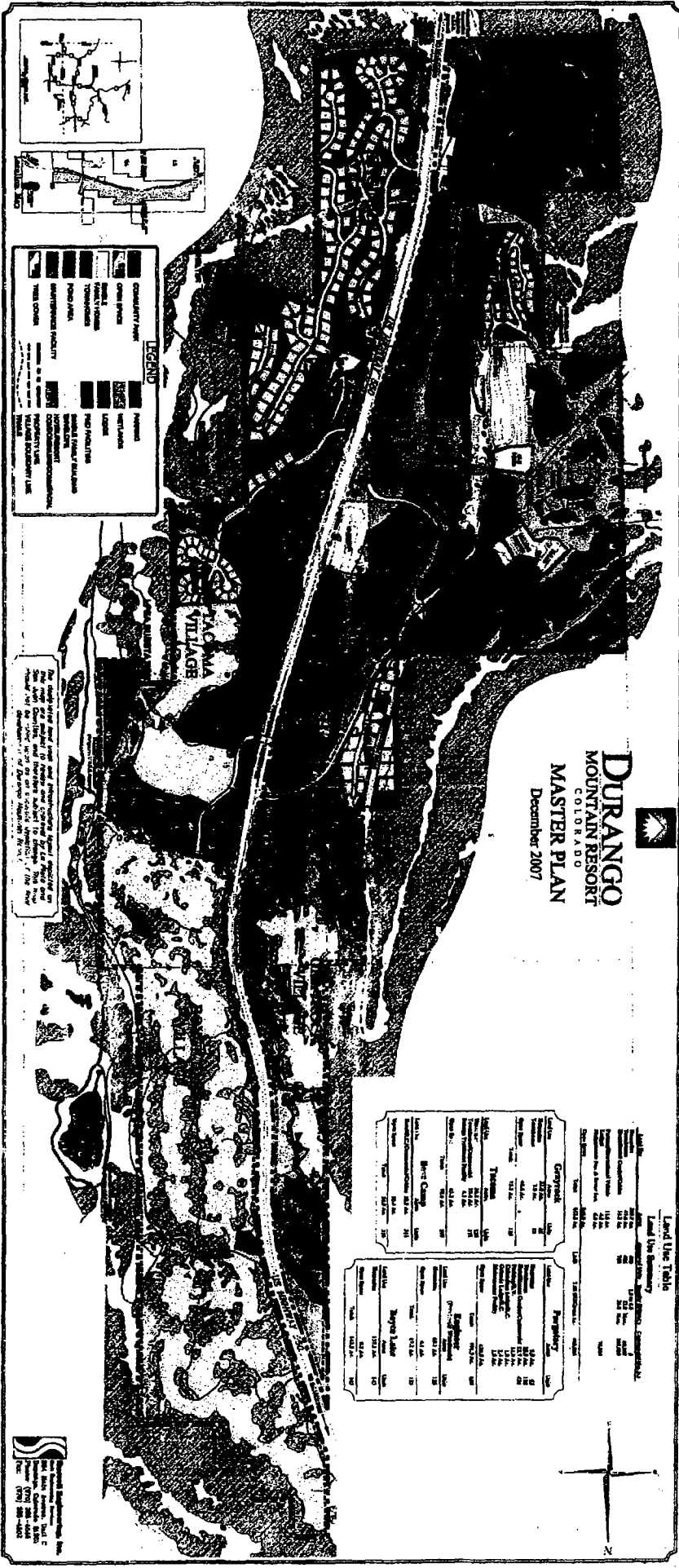
STATE OF COLORADO)
) ss.
COUNTY OF La Plata)

The foregoing Agreement of Final Dedication and Acceptance was acknowledged before me this ___
day of _____, 20___, by _____ as President and by
_____ as Secretary of _____ Purgatory Metropolitan District.

Witness my hand and official seal. My commission expires: _____

Notary Public

EXHIBIT 5
DMR MASTER PLAN MAP



DURANGO
MOUNTAIN RESORT
 COLORADO
MASTER PLAN
 December 2007



LEGEND

CONCRETE DRIVE	ASPHALT DRIVE	PAVED DRIVE	UNPAVED DRIVE
CONCRETE SIDEWALK	ASPHALT SIDEWALK	PAVED SIDEWALK	UNPAVED SIDEWALK
CONCRETE WALKWAY	ASPHALT WALKWAY	PAVED WALKWAY	UNPAVED WALKWAY
CONCRETE TRAIL	ASPHALT TRAIL	PAVED TRAIL	UNPAVED TRAIL
CONCRETE PATH	ASPHALT PATH	PAVED PATH	UNPAVED PATH
CONCRETE BRIDGE	ASPHALT BRIDGE	PAVED BRIDGE	UNPAVED BRIDGE
CONCRETE FENCE	ASPHALT FENCE	PAVED FENCE	UNPAVED FENCE
CONCRETE WALL	ASPHALT WALL	PAVED WALL	UNPAVED WALL
CONCRETE CURB	ASPHALT CURB	PAVED CURB	UNPAVED CURB
CONCRETE UTILITY	ASPHALT UTILITY	PAVED UTILITY	UNPAVED UTILITY
CONCRETE STRUCTURE	ASPHALT STRUCTURE	PAVED STRUCTURE	UNPAVED STRUCTURE
CONCRETE FOUNDATION	ASPHALT FOUNDATION	PAVED FOUNDATION	UNPAVED FOUNDATION
CONCRETE FOUNDATION	ASPHALT FOUNDATION	PAVED FOUNDATION	UNPAVED FOUNDATION
CONCRETE FOUNDATION	ASPHALT FOUNDATION	PAVED FOUNDATION	UNPAVED FOUNDATION

The map is intended to show the general location of the Durango Mountain Resort and is not intended to be used for any other purpose. The map is not a survey and should not be used for any other purpose.

Land Use Table

Category	Area (Acres)	Percentage (%)
Residential	100.00	100.00
Commercial	0.00	0.00
Industrial	0.00	0.00
Public Use	0.00	0.00
Open Space	0.00	0.00
Water	0.00	0.00
Other	0.00	0.00
Total	100.00	100.00

Prepared by: [Firm Name]
 1234 Main Street
 Durango, Colorado 81301
 Phone: (970) 247-1234
 Fax: (970) 247-5678

EXHIBIT 6
SURVEY AND COSTS OF INFRASTRUCTURE IMPROVEMENTS

Exhibit 6
Survey and Costs of Infrastructure Improvements

	Infrastructure Costs
WATER	
Water Master Plan	20,000
Design and construction of new water supply	3,730,000
New Water Storage Tankage	920,000
Upgrade Water Delivery System	175,000
Upgrade existing distribution system	405,000
Upgrade existing supply and treatment facilities	100,000
Contingency @ 10% of itemized subtotal	531,000
Land Company Infrastructure Cost	5,150,000
Water Subtotal	11,031,000
WASTEWATER	
Wastewater Master Plan	50,000
Design and construction of new WWTP	9,200,000
Collection System Equipment	300,000
Upgrade existing collection system	725,000
Upgrade existing treatment facilities	15,000
Contingency @ 10% of itemized subtotal	1,016,500
Land Company Infrastructure Cost	4,810,000
Wastewater Subtotal	16,116,500
ROADS and DRAINAGE	
Equipment	570,000
Contingency @ 10% of itemized subtotal	57,000
Road/Drainage Upgrades	5,000,000
Land Company Infrastructure Cost	9,543,750
Roads Subtotal	15,170,750
Cummulative	
PARKS & RECREATION	
Improvements Fund	3,120,000
Maintenance Equipment	200,000
Contingency @ 10% of itemized subtotal	332,000
P&R Subtotal	3,652,000
ADMINISTRATION	
Vehicle Maint./Admin Facility	600,000
Contingency @ 10% of itemized subtotal	60,000
Capitalized Staff Costs	2,950,500
Admin. - Legal, Audit, Insurance, Etc.	240,000
Administration Subtotal	3,850,500
INFRASTRUCTURE COSTS TOTAL	49,820,750

EXHIBIT 7
FINANCIAL PLAN PRO FORMA

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds
 General Administration Costs Cash Flow

Collection Year	Total Cumulative Assessed Value	Mill Levy	Property Tax Revenue ⁽¹⁾	Specific Ownership Tax ⁽²⁾	Net Tax Revenue	Service Fees	Construction Impact Fees	Interest Income	Total Revenue	Annual General Admin Costs	Annual Surplus/Deficit	Cumulative Surplus/Deficit
12/1/2007	13,828,880	5.9880	79,909	4,795	84,704	300,672	6,500		385,976		385,976	385,976
12/1/2008	13,828,880	5.9880	79,909	4,795	84,704	336,960	10,750		428,164		428,164	813,539
12/1/2009	21,380,660	5.9880	123,546	7,413	130,959	358,975	29,000		500,684		500,684	1,314,223
12/1/2010	28,230,823	5.9880	163,130	9,788	172,917	391,923	14,000		593,840		593,840	1,908,063
12/1/2011	31,239,314	5.9880	180,514	10,831	191,345	470,667	10,500		676,012		676,012	2,584,075
12/1/2012	33,992,465	5.9880	207,980	12,479	220,458	514,995	14,000		745,954		745,954	3,330,029
12/1/2013	40,653,096	5.9880	234,922	14,095	249,018	552,005	16,000		815,023		815,023	4,145,051
12/1/2014	43,877,537	5.9880	253,543	15,213	268,755	599,371	16,000		884,126		884,126	5,029,177
12/1/2015	49,947,482	5.9880	288,618	17,317	305,935	651,703	35,250		994,888		994,888	6,024,065
12/1/2016	54,458,631	5.9880	314,685	18,881	333,566	761,935	16,500		1,112,001		1,112,001	7,136,066
12/1/2017	66,002,614	5.9880	381,591	22,883	404,474	822,606	12,750		1,239,630		1,239,630	8,375,696
12/1/2018	69,868,531	5.9880	403,730	24,224	427,953	874,867	16,250		1,319,071		1,319,071	9,694,767
12/1/2019	76,561,252	5.9880	442,403	26,544	468,947	938,917	11,500		1,419,364		1,419,364	11,114,131
12/1/2020	80,724,339	5.9880	466,460	27,988	494,448	991,298	22,250		1,507,996		1,507,996	12,622,127
12/1/2021	87,913,686	5.9880	508,014	30,481	538,495	1,077,440	16,500		1,652,434		1,652,434	14,274,562
12/1/2022	93,318,306	5.9880	539,232	32,334	571,566	1,149,150	9,750		1,730,486		1,730,486	15,985,048
12/1/2023	102,627,794	5.9880	593,026	35,582	628,608	1,202,366	27,750		1,838,725		1,838,725	17,823,773
12/1/2024	105,462,265	5.9880	609,405	36,564	645,970	1,314,184	11,250		1,971,404		1,971,404	19,815,176
12/1/2025	118,341,888	5.9880	683,829	41,030	724,859	1,376,762	14,500		2,116,121		2,116,121	21,931,297
12/1/2026	120,069,099	5.9880	693,810	41,629	735,438	1,432,012	16,250		2,203,701		2,203,701	24,134,998
12/1/2027	129,871,995	5.9880	720,435	45,027	795,462	1,533,596	15,000		2,346,078		2,346,078	26,481,076
12/1/2028	133,401,800	5.9880	770,852	46,231	817,103	1,617,662			2,444,764		2,444,764	28,925,840
12/1/2029	146,671,402	5.9880	847,529	50,832	898,361				898,361	(898,361)		28,925,840
12/1/2030	150,467,426	5.9880	869,464	52,168	921,632				921,632	(921,632)		28,925,840
12/1/2031	159,495,472	5.9880	921,632	55,298	976,930				976,930	(976,930)		28,925,840
12/1/2032	159,495,472	5.9880	921,632	55,298	976,930				976,930	(976,930)		28,925,840
12/1/2033	169,065,200	5.9880	976,930	58,616	1,035,546				1,035,546	(1,035,546)		28,925,840
12/1/2034	169,065,200	5.9880	976,930	58,616	1,035,546				1,035,546	(1,035,546)		28,925,840
12/1/2035	179,209,112	5.9880	1,035,546	62,133	1,097,678				1,097,678	(1,097,678)		28,925,840
12/1/2036	179,209,112	5.9880	1,035,546	62,133	1,097,678				1,097,678	(1,097,678)		28,925,840
12/1/2037	189,961,659	5.9880	1,097,678	65,861	1,163,539				1,163,539	(1,163,539)		28,925,840
12/1/2038	189,961,659	5.9880	1,097,678	65,861	1,163,539				1,163,539	(1,163,539)		28,925,840
12/1/2039	201,359,338	5.9880	1,163,539	69,812	1,233,351				1,233,351	(1,233,351)		28,925,840
12/1/2040	201,359,338	5.9880	1,163,539	69,812	1,233,351				1,233,351	(1,233,351)		28,925,840
Total	181,625,809	5.9880	1,049,310	62,971	1,112,481				1,112,481	(1,112,481)		28,925,840
			\$21,926,514	\$1,313,591	\$23,240,105						\$28,925,840	

(1) Property Tax Revenue net of 3.50% collection fee.
 (2) Specific Ownership Tax estimated at 6.00% of Property Tax Revenue.

Purgator Metropolitan District
Town of Durango, Colorado
Limited Tax General Obligation Bonds

Schedule of Assessed Valuation

Assessed Value Sub District

Completion Year	Annual Home	Total Homes	Biennial Mkt. Value Reassessment @ 3.00%	Cumulative Market Value	Cumulative Assessed Value ⁽¹⁾	Annual Units	Total Homes	Biennial Mkt. Value Reassessment @ 6.00%	Cumulative Market Value	Cumulative Assessed Value ⁽¹⁾	Annual Absorption (\$9,700)	Cumulative Absorption (\$9,700)	Biennial Mkt. Value Reassessment @ 3.00%	Cumulative Market Value	Cumulative Assessed Value ⁽¹⁾
12/1/2007	10	10	-	8,929,000	712,420	99	99	-	89,819,000	4,911,840	148,000	148,000	-	52,734,729	148,000
12/1/2008	5	15	818,190	13,646,500	1,085,465	21	120	3,700,800	61,730,000	4,911,840	13,000	161,000	-	52,734,729	161,000
12/1/2009	5	20	1,583,635	15,230,135	1,455,465	25	145	3,700,800	79,531,590	6,314,795	15,000	176,000	-	52,734,729	176,000
12/1/2010	14	34	2,025,635	33,769,418	2,687,329	37	182	7,644,695	127,411,578	10,141,962	5,000	181,000	-	52,734,729	181,000
12/1/2011	14	48	4,035,643	80,699,035	6,918,496	51	233	7,644,695	156,440,940	12,452,699	15,000	196,000	-	52,734,729	196,000
12/1/2012	17	65	5,907,481	92,385,938	9,285,938	68	301	10,318,513	171,957,213	13,689,227	15,000	211,000	-	52,734,729	211,000
12/1/2013	17	82	4,151,367	112,008,446	11,200,846	85	386	14,991,679	206,652,392	16,449,230	15,000	226,000	-	52,734,729	226,000
12/1/2014	18	99	6,720,147	140,194,345	14,991,679	103	489	20,349,724	320,533,348	21,514,454	15,000	241,000	-	52,734,729	241,000
12/1/2015	17	117	9,660,329	161,005,478	16,005,478	120	609	24,994,907	380,291,702	25,864,434	15,000	256,000	-	52,734,729	256,000
12/1/2016	19	133	12,784,345	194,385,930	19,435,930	139	748	29,718,817	466,581,792	33,159,210	15,000	271,000	-	52,734,729	271,000
12/1/2017	15	148	16,764,115	213,073,088	21,307,308	154	902	24,994,907	461,597,192	36,798,572	15,000	286,000	-	52,734,729	286,000
12/1/2018	20	168	22,802,266	232,234,049	23,234,049	174	1,076	29,718,817	461,597,192	36,798,572	15,000	301,000	-	52,734,729	301,000
12/1/2019	20	188	16,764,115	279,401,923	22,802,266	194	1,270	29,718,817	491,316,012	39,486,964	15,000	316,000	-	52,734,729	316,000
12/1/2020	20	208	20,710,891	345,181,508	27,476,448	214	1,484	34,765,510	560,725,532	44,634,672	15,000	331,000	-	52,734,729	331,000
12/1/2021	15	243	20,710,891	395,579,468	31,488,126	229	1,713	34,765,510	579,425,161	44,634,672	15,000	346,000	-	52,734,729	346,000
12/1/2022	20	263	25,569,429	426,157,149	33,922,109	249	1,962	41,232,289	687,204,813	54,701,403	15,000	361,000	-	52,734,729	361,000
12/1/2023	18	301	30,209,243	479,816,724	38,193,411	267	2,229	48,379,405	762,485,763	64,693,667	15,000	376,000	-	52,734,729	376,000
12/1/2024	15	316	36,617,239	503,489,055	40,077,229	282	2,511	53,449,303	806,323,415	70,969,674	15,000	391,000	-	52,734,729	391,000
12/1/2025	20	336	36,617,239	567,111,457	41,421,773	302	2,813	53,449,303	890,223,044	70,969,674	15,000	406,000	-	52,734,729	406,000
12/1/2026	15	351	37,724,274	629,237,893	50,087,336	317	3,130	56,656,473	944,274,547	71,164,234	15,000	421,000	-	52,734,729	421,000
12/1/2027	351	351	37,724,274	666,992,167	53,092,576	351	3,581	60,053,861	1,000,931,020	79,674,109	15,000	436,000	-	52,734,729	436,000
12/1/2028	351	351	40,019,530	707,011,697	56,278,131	351	3,932	63,659,213	1,060,986,881	84,454,556	15,000	451,000	-	52,734,729	451,000
12/1/2029	351	351	42,430,702	749,432,399	59,654,819	351	4,283	67,478,766	1,124,656,094	89,521,829	15,000	466,000	-	52,734,729	466,000
12/1/2030	351	351	44,965,944	794,398,343	63,234,108	351	4,634	71,527,492	1,192,124,819	94,891,192	15,000	481,000	-	52,734,729	481,000
12/1/2031	351	351	47,563,901	843,062,243	67,028,155	351	4,985	71,527,492	1,263,652,351	100,586,222	15,000	496,000	-	52,734,729	496,000
12/1/2032	351	351	842,062,243	842,062,243	67,028,155	351	4,985	71,527,492	1,263,652,351	100,586,222	15,000	511,000	-	52,734,729	511,000

(1) Assumed 7.96% residential assessment rate through 2040.
(2) Assumed 29.00% commercial assessment rate through 2040.

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds

Schedule of Assessed Valuation

Completion Year	Number of Vacant Lots (Cumulative)	Average Market Value per lot	Market Value	Cumulative Assessed Value	Cumulative Assessed Value @ 29.0%	Cumulative Market Value	Cumulative Assessed Value
12/1/2007	57	5	285,000	14,250,000	4,132,500	7,310,000	8,562,500
12/1/2008	130	257,500	33,475,000	47,725,000	13,841,250	106,841,250	15,206,925
12/1/2009	125	263,225	32,903,125	80,628,125	23,584,163	135,991,463	17,960,916
12/1/2010	117	273,182	32,062,374	112,690,500	32,881,351	168,872,811	22,271,131
12/1/2011	107	281,377	30,107,561	142,798,061	41,616,587	209,489,398	26,832,242
12/1/2012	110	289,819	31,880,037	174,678,098	50,854,751	260,344,149	33,686,683
12/1/2013	113	298,513	33,731,977	208,409,075	60,579,531	320,923,680	41,766,317
12/1/2014	116	307,468	35,666,542	244,075,617	71,386,014	392,311,694	50,542,465
12/1/2015	123	316,699	38,953,180	283,028,797	82,678,351	474,990,045	61,911,429
12/1/2016	116	326,193	37,838,422	320,867,219	93,051,292	567,941,337	73,802,784
12/1/2017	107	335,979	35,949,763	356,816,982	103,776,017	671,717,354	87,101,449
12/1/2018	102	346,038	35,297,964	392,114,946	113,713,333	785,430,687	101,424,733
12/1/2019	92	356,440	32,792,500	424,907,446	123,223,054	908,653,741	116,546,068
12/1/2020	82	367,133	30,104,941	455,012,387	131,453,593	1,039,107,334	132,999,661
12/1/2021	72	378,147	27,226,615	482,239,002	139,651,311	1,178,758,645	149,602,672
12/1/2022	67	389,492	26,095,934	508,334,936	147,717,133	1,326,475,778	166,419,765
12/1/2023	55	401,177	22,064,714	530,400,650	154,818,188	1,481,293,966	184,637,853
12/1/2024	35	413,212	14,462,417	544,863,067	158,411,081	1,640,705,047	196,822,162
12/1/2025	17	423,608	7,215,341	552,078,408	160,604,244	1,801,309,291	201,218,486
12/1/2026	2	436,377	876,753	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2027	0	451,528	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2028	0	465,074	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2029	0	479,026	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2030	0	493,397	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2031	0	508,199	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2032	0	523,444	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2033	0	539,146	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2034	0	555,322	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2035	0	571,982	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2036	0	589,141	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2037	0	606,816	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2038	0	624,020	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2039	0	641,774	0	552,955,161	161,480,997	1,809,186,044	202,621,483
12/1/2040	0	660,084	0	552,955,161	161,480,997	1,809,186,044	202,621,483
1,532							

(3) Assessed value estimated at a blended assessment rate of 13.90%.

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds

Schedule of Single Family Assessed Valuation (Sub District)

Completion Year	Annual			Cumulative Market Value	Annual			Cumulative Market Value	Annual			Biennial Mkt Value Reassessment @6.00%	Cumulative Market Value		Cumulative Assessed Value ⁽¹⁾
	Homes Complete	Total Homes Completed	Absorption		Homes Complete	Total Homes Completed	Absorption		Homes Complete	Total Homes Completed	Value		Value		
12/1/2007	3	3	3,000,000	3,000,000	7	7	5,950,000	5,950,000	10	10	-	8,950,000	8,950,000	712,420	
12/1/2008	2	5	2,060,000	5,060,000	3	10	2,626,500	8,576,500	5	15	-	13,636,500	13,636,500	1,082,465	
12/1/2009	2	7	2,121,800	7,181,800	3	13	2,705,295	11,281,795	5	20	818,190	19,281,785	1,534,830		
12/1/2010	9	16	9,834,543	17,016,343	5	18	4,644,090	15,925,885	14	34	3,650,418	33,760,418	2,687,329		
12/1/2011	9	25	10,129,579	27,145,922	5	23	4,783,412	20,709,297	14	48	2,025,625	50,699,035	4,033,643		
12/1/2012	10	35	11,592,741	38,738,663	7	30	6,897,681	27,606,978	17	65	4,151,367	69,189,456	5,507,481		
12/1/2013	10	45	11,940,523	50,679,186	7	37	7,104,611	34,711,589	17	82	4,151,367	92,385,938	7,333,922		
12/1/2014	10	55	12,298,739	62,977,925	7	44	7,317,749	42,029,339	17	99	6,720,147	112,002,446	8,915,395		
12/1/2015	11	66	13,934,471	76,912,396	7	51	7,337,282	49,366,621	18	117	9,660,329	140,194,345	11,139,470		
12/1/2016	10	76	13,047,732	89,960,127	7	58	7,763,400	57,330,021	17	134	9,660,329	161,005,478	12,816,036		
12/1/2017	10	86	13,439,164	103,399,291	9	67	10,280,960	67,610,981	19	153	16,764,115	194,385,930	15,473,120		
12/1/2018	5	91	6,921,169	110,320,461	10	77	11,765,969	79,376,969	15	168	20,710,891	213,073,088	16,560,618		
12/1/2019	10	101	14,327,609	124,578,069	10	87	12,118,968	91,495,937	20	188	12,784,385	235,234,049	20,077,830		
12/1/2020	10	111	14,685,337	139,263,407	10	97	12,482,537	103,978,473	20	208	16,764,115	251,738,088	22,440,393		
12/1/2021	10	121	15,125,897	154,389,304	10	107	12,857,013	116,835,486	15	223	20,710,891	272,546,377	25,802,256		
12/1/2022	5	126	7,789,837	162,179,141	10	117	13,442,723	130,278,209	15	238	25,569,429	298,147,636	28,193,411		
12/1/2023	10	136	16,047,064	178,226,205	10	127	13,640,005	143,718,214	20	258	20,710,891	319,428,529	31,488,126		
12/1/2024	10	146	16,328,476	194,554,682	10	137	14,049,205	157,767,419	20	278	25,569,429	345,337,948	33,922,109		
12/1/2025	8	154	13,619,464	208,374,146	10	147	14,470,681	172,238,100	18	301	426,157,149	479,816,724	38,193,411		
12/1/2026	5	159	8,767,530	217,141,676	10	157	14,904,801	187,142,901	15	316	503,489,055	503,489,055	40,077,729		
12/1/2027	10	169	18,061,112	235,202,789	10	167	15,351,945	202,494,847	20	336	567,111,457	567,111,457	45,142,072		
12/1/2028	10	179	18,602,946	253,805,734	5	172	7,906,252	210,401,099	15	351	35,617,239	593,620,654	47,252,204		
12/1/2029	-	179	-	253,805,734	-	172	-	210,401,099	-	351	35,617,239	629,237,893	50,087,336		
12/1/2030	-	179	-	253,805,734	-	172	-	210,401,099	-	351	37,794,274	666,992,167	53,092,576		
12/1/2031	-	179	-	253,805,734	-	172	-	210,401,099	-	351	40,019,530	707,011,697	56,278,131		
12/1/2032	-	179	-	253,805,734	-	172	-	210,401,099	-	351	42,420,702	749,432,399	59,654,819		
12/1/2033	-	179	-	253,805,734	-	172	-	210,401,099	-	351	44,961,944	794,398,343	63,234,108		
12/1/2034	-	179	-	253,805,734	-	172	-	210,401,099	-	351	47,663,901	842,062,243	67,028,155		
12/1/2035	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		
12/1/2036	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		
12/1/2037	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		
12/1/2038	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		
12/1/2039	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		
12/1/2040	-	179	-	253,805,734	-	172	-	210,401,099	-	351	-	842,062,243	67,028,155		

(1) Assumes 7.96% residential assessment rate through 2040.

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds

Schedule of Multi-Family Assessed Valuation (Sub District)

Completion Year	Annual		Annual	Annual		Annual	Annual		Annual	Annual		Biennial Mkt Value @6.00%	Cumulative Market Value	Cumulative Assessed Value ⁽¹⁾	Cumulative Assessed Value ⁽²⁾	
	Complete	Total Homes		Complete	Total Homes		Complete	Total Homes		Complete	Total Homes					Complete
12/1/2007	31	31	\$3	26,500,000	9	9	\$1,400,000	\$5,400,000	37	16	16	\$18,500,000	\$18,500,000	21	120	\$0.00
12/1/2008	69	100	\$3	26,500,000	5	20	3,489,240	8,890,200	19	16	16	8,240,000	26,740,000	21	145	4,913,708
12/1/2010	122	122	\$7	64,199,082	5	30	3,276,381	15,597,831	13	48	48	7,102,726	33,842,726	25	232	6,314,795
12/1/2011	122	122	\$4	44,199,082	9	39	6,200,080	21,800,080	16	80	80	18,008,411	51,851,197	27	269	12,432,962
12/1/2012	122	122	\$4	64,199,082	9	48	6,447,882	28,247,882	16	96	96	9,274,939	61,122,136	29	294	7,644,695
12/1/2013	122	122	\$4	78,593,988	9	48	6,641,319	34,885,199	16	104	104	17,910,784	82,095,983	31	313	10,318,513
12/1/2014	146	146	\$16	14,758,486	10	47	7,680,620	42,565,819	14	148	148	8,609,117	91,275,002	32	341	14,139,679
12/1/2015	210	210	\$20	40,358,633	10	77	7,882,639	50,438,458	14	174	174	21,513,091	112,788,103	34	488	16,199,679
12/1/2016	210	210	\$20	119,494,210	10	87	8,003,498	58,441,956	16	210	210	14,793,080	127,535,036	36	544	20,239,724
12/1/2017	234	234	\$24	136,105,017	10	97	8,305,403	66,747,359	16	228	228	11,007,871	138,543,230	38	594	24,994,907
12/1/2018	234	234	\$24	136,105,017	10	107	8,334,563	75,081,922	16	248	248	11,007,871	149,590,093	40	620	26,994,907
12/1/2019	258	258	\$28	17,622,403	10	117	8,311,202	83,393,124	16	268	268	12,100,718	161,693,842	42	644	29,718,817
12/1/2020	282	282	\$28	18,131,077	10	123	8,311,202	91,704,326	16	288	288	12,100,718	173,804,544	44	664	31,718,817
12/1/2021	306	306	\$36	18,695,609	10	123	8,311,202	100,015,528	16	308	308	12,100,718	185,915,246	46	684	33,718,817
12/1/2022	381	381	\$41	60,176,491	10	123	8,311,202	108,326,730	16	328	328	12,100,718	200,026,948	48	704	35,718,817
12/1/2023	381	381	\$41	20,423,197	10	123	8,311,202	116,637,940	16	348	348	12,100,718	214,137,650	50	724	37,718,817
12/1/2024	403	403	\$43	27,179,795	10	123	8,311,202	124,949,150	16	368	368	12,100,718	228,250,352	52	744	39,718,817
12/1/2025	455	455	\$48	316,590,782	10	123	8,311,202	133,260,354	16	388	388	12,100,718	242,361,056	54	764	41,718,817
12/1/2026	455	455	\$48	316,590,782	10	123	8,311,202	141,571,558	16	408	408	12,100,718	256,472,760	56	784	43,718,817
12/1/2027	479	479	\$50	21,673,335	10	123	8,311,202	149,882,762	16	428	428	12,100,718	270,583,464	58	804	45,718,817
12/1/2028	479	479	\$50	316,590,782	10	123	8,311,202	158,193,966	16	448	448	12,100,718	284,694,168	60	824	47,718,817
12/1/2029	479	479	\$50	316,590,782	10	123	8,311,202	166,505,170	16	468	468	12,100,718	300,804,872	62	844	49,718,817
12/1/2030	479	479	\$50	316,590,782	10	123	8,311,202	174,816,374	16	488	488	12,100,718	316,915,576	64	864	51,718,817
12/1/2031	479	479	\$50	316,590,782	10	123	8,311,202	183,127,578	16	508	508	12,100,718	333,026,280	66	884	53,718,817
12/1/2032	479	479	\$50	316,590,782	10	123	8,311,202	191,438,782	16	528	528	12,100,718	349,136,984	68	904	55,718,817
12/1/2033	479	479	\$50	316,590,782	10	123	8,311,202	199,749,986	16	548	548	12,100,718	365,247,688	70	924	57,718,817
12/1/2034	479	479	\$50	316,590,782	10	123	8,311,202	208,061,190	16	568	568	12,100,718	381,358,402	72	944	59,718,817
12/1/2035	479	479	\$50	316,590,782	10	123	8,311,202	216,372,394	16	588	588	12,100,718	397,469,106	74	964	61,718,817
12/1/2036	479	479	\$50	316,590,782	10	123	8,311,202	224,683,598	16	608	608	12,100,718	413,579,810	76	984	63,718,817
12/1/2037	479	479	\$50	316,590,782	10	123	8,311,202	232,994,802	16	628	628	12,100,718	429,690,514	78	1004	65,718,817
12/1/2038	479	479	\$50	316,590,782	10	123	8,311,202	241,306,006	16	648	648	12,100,718	445,801,218	80	1024	67,718,817
12/1/2039	479	479	\$50	316,590,782	10	123	8,311,202	249,617,210	16	668	668	12,100,718	461,911,922	82	1044	69,718,817
12/1/2040	479	479	\$50	316,590,782	10	123	8,311,202	257,928,414	16	688	688	12,100,718	478,022,626	84	1064	71,718,817

(1) Assumes 7.96% residential assessment rate through 2040

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds

Schedule of Commercial Property Assessed Valuation (Sub District)

Completion Year	Annual		Cumulative		Annual Market Value	Cumulative Market Value		Annual Absorption (Sq. Ft.)	Cumulative Absorption (Sq. Ft.)	Biennial Mkt Value Reassessment @6.00%	Cumulative Market Value	Cumulative Assessed Value ⁽¹⁾
	Absorption (Sq. Ft.)	Absorption (Sq. Ft.)	Market Value	Market Value								
12/1/2007	-	-	-	-	-	-	-	-	-	-	-	-
12/1/2008	13,000	13,000	1,723,963	1,723,963	-	1,723,963	-	13,000	13,000	-	1,723,963	499,949
12/1/2009	15,000	28,000	2,048,863	3,772,826	-	3,772,826	-	15,000	28,000	-	3,772,826	1,094,119
12/1/2010	5,000	33,000	703,443	4,476,269	-	4,476,269	226,370	5,000	33,000	-	4,702,638	1,363,765
12/1/2011	-	33,000	-	4,476,269	-	4,476,269	-	-	33,000	-	4,702,638	1,363,765
12/1/2012	-	33,000	-	4,476,269	-	4,476,269	282,158	-	33,000	-	4,984,796	1,445,591
12/1/2013	-	33,000	-	4,476,269	-	4,476,269	-	-	33,000	-	4,984,796	1,445,591
12/1/2014	-	33,000	-	4,476,269	-	4,476,269	299,088	-	33,000	-	5,283,884	1,534,679
12/1/2015	15,000	48,000	2,375,194	6,851,463	-	6,851,463	-	15,000	48,000	-	6,851,463	1,923,807
12/1/2016	25,000	73,000	4,077,416	10,928,879	-	10,928,879	704,190	25,000	73,000	-	11,736,494	2,221,133
12/1/2017	-	73,000	-	10,928,879	-	10,928,879	-	-	73,000	-	11,736,494	2,221,133
12/1/2018	-	73,000	-	10,928,879	-	10,928,879	-	-	73,000	-	11,736,494	2,221,133
12/1/2019	-	73,000	-	10,928,879	-	10,928,879	746,441	-	73,000	-	12,440,684	3,607,798
12/1/2020	25,000	98,000	4,589,168	15,518,047	-	15,518,047	-	25,000	98,000	-	13,187,125	3,824,266
12/1/2021	-	98,000	-	15,518,047	-	15,518,047	-	-	98,000	-	13,187,125	3,824,266
12/1/2022	-	98,000	-	15,518,047	-	15,518,047	1,066,578	-	98,000	-	14,253,703	5,155,125
12/1/2023	-	98,000	-	15,518,047	-	15,518,047	-	-	98,000	-	14,253,703	5,155,125
12/1/2024	25,000	123,000	5,165,149	20,683,195	-	20,683,195	-	25,000	123,000	-	15,842,870	5,464,432
12/1/2025	-	123,000	-	20,683,195	-	20,683,195	1,508,315	-	123,000	-	17,351,185	5,792,298
12/1/2026	-	123,000	-	20,683,195	-	20,683,195	-	-	123,000	-	17,351,185	5,792,298
12/1/2027	-	123,000	-	20,683,195	-	20,683,195	1,598,814	-	123,000	-	18,950,000	6,111,112
12/1/2028	25,000	148,000	5,813,421	26,496,616	-	26,496,616	-	25,000	148,000	-	19,773,443	6,419,926
12/1/2029	-	148,000	-	26,496,616	-	26,496,616	2,043,549	-	148,000	-	21,817,000	6,714,475
12/1/2030	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	21,817,000	6,714,475
12/1/2031	-	148,000	-	26,496,616	-	26,496,616	2,166,161	-	148,000	-	23,983,161	7,010,636
12/1/2032	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	23,983,161	7,010,636
12/1/2033	-	148,000	-	26,496,616	-	26,496,616	2,296,131	-	148,000	-	26,279,292	7,296,767
12/1/2034	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	26,279,292	7,296,767
12/1/2035	-	148,000	-	26,496,616	-	26,496,616	2,433,899	-	148,000	-	28,713,191	7,570,666
12/1/2036	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	28,713,191	7,570,666
12/1/2037	-	148,000	-	26,496,616	-	26,496,616	2,579,933	-	148,000	-	31,293,124	7,830,600
12/1/2038	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	31,293,124	7,830,600
12/1/2039	-	148,000	-	26,496,616	-	26,496,616	2,734,729	-	148,000	-	34,027,853	8,075,200
12/1/2040	-	148,000	-	26,496,616	-	26,496,616	-	-	148,000	-	34,027,853	8,075,200
	148,000	148,000	26,496,616	26,496,616	-	26,496,616	\$21,816,928	-	148,000	-	140,010,928	34,010,928

(1) Assumes 29.00% residential assessment rate through 2040.

Purgatory Metropolitan District
 Town of Durango, Colorado
 Limited Tax General Obligation Bonds

Schedule of Tap Fee Revenue

12/1/2007	-	2	3	53	5	5	16	63	63	12/1/2007	223,209	210,798	223,713	334,782	118,684	1,111,186
12/1/2008	7.54	2	3	-	5	6	19	38	89	12/1/2008	92,118	86,996	92,326	138,164	50,450	460,054
12/1/2009	8.70	2	3	-	5	5	19	38	127	12/1/2009	133,004	125,609	133,305	199,488	75,027	666,433
12/1/2010	2.90	9	5	69	5	5	13	110	236	12/1/2010	388,667	367,036	389,545	582,946	225,824	1,954,037
12/1/2011	-	9	5	-	5	5	32	54	290	12/1/2011	190,968	180,349	191,399	286,425	114,285	963,425
12/1/2012	-	10	7	-	9	9	32	42	332	12/1/2012	148,806	140,532	149,142	223,188	91,725	753,393
12/1/2013	-	10	7	-	9	9	16	56	388	12/1/2013	198,408	187,376	198,856	297,584	125,969	1,008,193
12/1/2014	-	10	7	24	9	9	30	56	388	12/1/2014	226,752	214,144	227,264	340,096	148,283	1,156,539
12/1/2015	8.70	11	7	64	10	10	14	135	587	12/1/2015	477,242	450,706	478,320	715,796	321,452	2,443,516
12/1/2016	14.50	10	9	-	10	10	34	56	642	12/1/2016	196,637	185,703	197,081	294,927	136,420	1,010,767
12/1/2017	-	10	7	-	10	10	22	51	693	12/1/2017	180,693	170,646	181,101	271,014	129,120	932,574
12/1/2018	-	5	10	24	10	10	16	65	758	12/1/2018	230,295	217,490	230,815	345,410	169,502	1,193,512
12/1/2019	-	10	10	-	10	10	16	79	804	12/1/2019	162,978	153,916	163,346	244,444	123,554	848,238
12/1/2020	14.50	10	10	24	10	10	16	46	883	12/1/2020	278,126	262,661	278,754	417,149	217,172	1,453,861
12/1/2021	-	10	10	24	6	6	16	66	949	12/1/2021	233,838	220,836	234,366	350,724	188,068	1,227,832
12/1/2022	-	5	10	75	-	-	16	39	988	12/1/2022	138,177	130,494	138,489	207,246	114,465	728,871
12/1/2023	-	10	10	75	-	-	16	111	1,099	12/1/2023	394,273	371,406	394,161	589,854	335,559	2,084,253
12/1/2024	14.50	10	10	-	-	-	16	35	1,133	12/1/2024	122,514	115,437	122,510	183,333	107,424	650,937
12/1/2025	-	8	10	24	-	-	16	58	1,191	12/1/2025	205,494	194,068	205,958	308,212	186,015	1,099,747
12/1/2026	-	5	10	50	-	-	16	65	1,256	12/1/2026	230,295	217,490	230,815	345,410	214,720	1,238,730
12/1/2027	-	10	10	24	-	-	16	60	1,316	12/1/2027	212,580	200,760	213,060	318,840	204,149	1,149,389
12/1/2028	14.50	10	5	-	-	-	-	30	1,191	12/1/2028	104,519	98,707	104,755	156,763	103,384	568,127
12/1/2029	-	-	-	-	-	-	-	-	-	12/1/2029	-	-	-	-	-	-
12/1/2030	-	-	-	-	-	-	-	-	-	12/1/2030	-	-	-	-	-	-
12/1/2031	-	-	-	-	-	-	-	-	-	12/1/2031	-	-	-	-	-	-
12/1/2032	-	-	-	-	-	-	-	-	-	12/1/2032	-	-	-	-	-	-
12/1/2033	-	-	-	-	-	-	-	-	-	12/1/2033	-	-	-	-	-	-
12/1/2034	-	-	-	-	-	-	-	-	-	12/1/2034	-	-	-	-	-	-
12/1/2035	-	-	-	-	-	-	-	-	-	12/1/2035	-	-	-	-	-	-
12/1/2036	-	-	-	-	-	-	-	-	-	12/1/2036	-	-	-	-	-	-
12/1/2037	-	-	-	-	-	-	-	-	-	12/1/2037	-	-	-	-	-	-
12/1/2038	-	-	-	-	-	-	-	-	-	12/1/2038	-	-	-	-	-	-
12/1/2039	-	-	-	-	-	-	-	-	-	12/1/2039	-	-	-	-	-	-
12/1/2040	-	-	-	-	-	-	-	-	-	12/1/2040	-	-	-	-	-	-
Total:	86	178	168	479	119	316	1,346	1,346	1,346	Total:	4,768,311	4,503,181	4,779,078	7,151,794	3,501,251	24,703,615

(1) Base rate inflated at 3.00% per year for Park & Rec fees only. Other categories are not inflated.

\$13,500,000

**Purgatory Metropolitan District
Limited Tax General Obligation Bonds
Series 2012**

Sources & Uses

Sources Of Funds

Par Amount of Bonds	\$13,500,000.00
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Total Sources	\$13,500,000.00
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Uses Of Funds

Costs of Issuance	500,000.00
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Proceeds Available for Construction	13,000,000.00
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Total Uses	\$13,500,000.00
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Piper Jaffray & Co.
Public Finance Services

EXHIBIT 8
PIPER JAFFREY LETTER

PiperJaffray.

Suite 1250, 1200 17th Street, Denver, CO 80202
303 820-5848
Piper Jaffray & Co. Since 1895. Member SIPC and NYSE

February 7, 2008

Purgatory Metropolitan District -
La Plata / San Juan Subdistrict Area
PO Box 2501
Durango, CO 81302

Re: Purgatory Metropolitan District – La Plata / San Juan Subdistrict Area
Financial Plan

To Whom It May Concern:

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

Sincerely,

PIPER JAFFRAY & CO.



P. Jonathan Heroux
Managing Director