

**FIRST AMENDMENT TO THE
CONSOLIDATED SERVICE PLAN
FOR THE
CASCADE METROPOLITAN DISTRICT NOS. 1 & 2**

**(AS IT RELATES TO
CASCADE METROPOLITAN DISTRICT NO. 1 ONLY)**

Prepared for:

Cascade Metropolitan District No. 1

By:

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I. INTRODUCTION

On September 2, 2004, the Board of County Commissioners of El Paso County, Colorado (the "County") approved the Consolidated Service Plan (the "Original Service Plan") for the Cascade Metropolitan District Nos. 1 & 2. In the Original Service Plan, Section 3, "Indebtedness," of Section C, "Financial Plan Analysis," requires that District No. 1 (the "District") have a maximum authorized indebtedness of \$2,000,000.00 and that any proposed increase in this maximum amount of authorized indebtedness shall be considered a material modification of the Original Service Plan. In order to finance, construct, install, repair and replace certain water infrastructure serving its customers and to refinance outstanding indebtedness incurred by the District to take advantage of lower interest rates and more advantageous lending terms, as evidenced in the Engineer's Estimate of Costs and the Financial Plan, attached hereto as **Exhibits A** and **B**, respectively, the District requests that the Original Service Plan be modified to increase the maximum authorized indebtedness of District No. 1. Additionally, the District seeks to redefine the meaning of "indebtedness" as referenced herein. The following Section C(3) shall supersede and replace in its entirety the corresponding Section C(3) in the Original Service Plan as it relates to District No. 1. The Financial Plan, attached hereto as Exhibit B, shall supplement the Financial Plan Analysis contained in Exhibits M and N of the Original Service Plan.

II. REPLACEMENT OF SECTION C(3) "INDEBTEDNESS"

District No. 1: In order to replace and modernize the existing water system, to refinance existing financial obligations and to construct a water treatment plant, water revenue bonds, certificates of participation, installment purchase agreements or other financial obligations may be issued in an amount approved by the Board of Directors of District No. 1, subject to the authority and limitations of the Special District Act and this Service Plan. This debt will not be general obligation debt of District No. 1 and no tax revenue from District No. 1 will be pledged to the retirement of this debt. These obligations shall be secured only by fees, rates, tolls, penalties or other charges. For purposes of this Service Plan, the total estimated capital costs of such facilities and improvements shown in Exhibit A is \$4,060,000.00. District No. 1 shall have a maximum authorized indebtedness of \$5,000,000.00. Any proposed increase in this maximum amount of authorized indebtedness shall be considered a material modification of this Service Plan requiring the prior approval of the Board of County Commissioners of El Paso County. The imposition by District No. 1 of a mill levy shall also be considered a material modification of this Service Plan requiring the prior approval of the Board of County Commissioners of El Paso County.

III. CONCLUSION

Notwithstanding the provisions contained herein, the Consolidated Service Plan of Cascade Metropolitan District Nos. 1 & 2 shall be unchanged. This Service Plan Amendment is respectfully submitted to the Board of County Commissioners by Cascade Metropolitan District No. 1.

EXHIBIT A
Engineer's Estimate of Costs (& Map of Improvements)

**Cascade Metropolitan District #1
Interim System Progress Report
January 13, 2015**

The Cascade Metropolitan District #1 initiated a system assessment and study to address elements of a settlement agreement with Colorado Springs Utilities and also define needed system improvements. The assessment is mapping the system, assessing the adequacy of the system, determining fire flows, and generally determining potential upgrades necessary to bring the system to within a reasonable semblance comparable with CSU requirements.

Over the years other preliminary assessments have been completed and some upgrades performed. The full draft assessment will be completed on or about the end of January with possible final modifications being made in concert review with CSU during February.

The mapping is near completion and much of the modeling has been completed as well as condition inventory. For the purpose of projecting potential costs, general nature of improvements and nature of funding needs; we have completed this interim report which includes the Mapping of the anticipated district inclusion election and overall estimated improvements.

Summary of Preliminary Conclusions:

- 1). Much of the system is rather old and has at times had water accountability issues. The accountability issues have been related to both metering issues and actual water loss.
- 2). Service pressures for domestic use are generally good to excellent and expected to be adequate in the future as well.
- 3). Fire flows have significant variability due to limitations in line sizes in certain areas. There are a few areas that do have fire flows that approach or exceed 1500 GPM but in an overall sense fire flows are generally less than 1000 GPM and considered rural level not urban level.
- 4). Water rights are renewable and exceed current and future planned needs.
- 5). System mapping is nearly complete and is being produced using the CSU FIMS base. Mapping was accomplished through a few known as-builts, old mapping, and field measurements taken using operator directive and locations. The system mapping cannot be considered true as-built drawings in most cases but is the best reasonably attainable without excavating lines.
- 6). System inventory is also near complete and is based on the same level of information.

- 7). The system includes a single tank that “floats on the system” and provides for emergency, fire, and equalizing storage. The tank has 150,000 gallons of capacity and provides for reasonable fire storage (This would provide approximately 1250 GPM for 2 hour duration). The tank is in fair condition and is in need of re-coating.
- 8). System Condition. Overall distribution system is fair to poor, primarily due to age and material—although it continues to be operational.
 - Substantial portions of the system exceed 50 years in age and some portions are approaching 100 years old.
 - Line sizes are generally not up to typical urban sizing (minimum 8 inches)
 - While many lines are PVC, the materials in many places are somewhat lower quality than current standards. (CSU is DR-14; although most urban system are DR-18).
 - Numerous lines are older galvanized pipe and tend to be highly tuberculated. It is likely that this creates aesthetic issues with water quality in some areas.

9). System Improvements:

The major portion of the system improvements are related to distribution lines. The needs have been categorized into three areas; high priority, secondary priority and moderate priority. Depending on the exact resolution on CSU conversion, the exact improvements may vary slightly. However in overall sense this preliminary assertion is reasonable for funding evaluation.

The totals within each category are;

Projected Costs for Upgrade and Replacements

<i>Line Replacements/Repairs</i>	<i>Budget</i>
Category A (highest priority)	
Area 4 (Park/Praire)	\$ 133,600
Area 5 (Rampart Terrace)	\$ 246,750
Area 9 (2” Pyramid Connection)	\$ 52,500
Area 1 (Frontage Road)	\$ 123,300
<u>Area 6 (Martindale/Poplar)</u>	<u>\$ 191,850</u>
Subtotal	\$748,000
15% Contingency	\$112,200
<u> Engineering Construction Oversight, Testing Permitting</u>	<u>\$ 103,225</u>
 Category A Project Budget Costs	\$ 963,424

Category B (secondary priority)

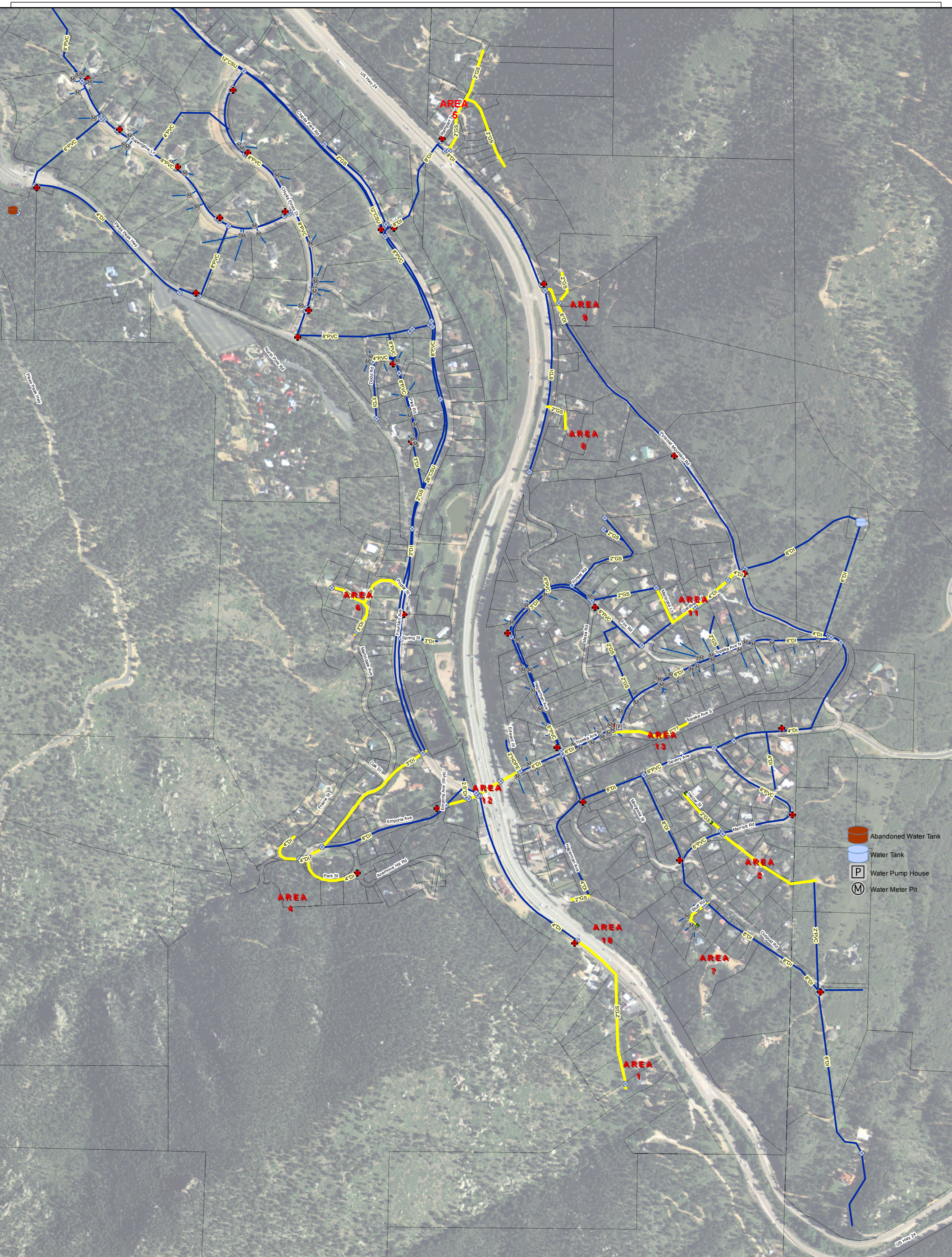
Area 7 (Bluff Rd)	\$ 69,000
Area 3 (Martindale)	\$ 39,178
Area 12 (Highway Crossing)	\$ 407,750
Tank Repair	<u>\$ 313,000</u>
Subtotal	\$ 828,928
15% Contingency	\$ 112,200
<u>Engineering Construction Oversight, Testing Permitting</u>	<u>\$ 103,225</u>
Category B Project Budget Costs	\$ 1,067,659





Category C (Moderate Priority)

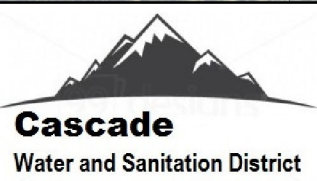
Area 2 (Heiser St)	\$ 178,000
Area 8 (2 Inch High 24)	\$ 45,750
Area 10 (Hageman 2 Inch)	\$ 24,475
<u>Area 11 (Mariposa Gardiner)</u>	<u>\$ 26,800</u>
Subtotal	\$ 275,025
15% Contingency	\$ 112,200
<u>Engineering Construction Oversight, Testing Permitting</u>	<u>\$ 103,225</u>
Category C Project Budget Costs	\$ 354,232

Total Category A plus Category B \$ 2,031,083

Total Category A plus Category B plus Category C \$ 2,385,315



-  Abandoned Water Tank
-  Water Tank
-  Water Pump House
-  Water Meter Pit



SYSTEM IMPROVEMENT AREAS
PRELIMINARY

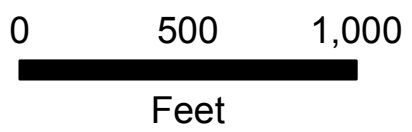


EXHIBIT B
Finance Plan

Cascade Metropolitan District No.1
Water Revenue Refunding and Improvement Bonds
Series 2015 (as of 1/12/2015)
2045 Final Maturity

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Cascade Metropolitan District No.1
Water Revenue Refunding and Improvement Bonds
Series 2015 (as of 1/12/2015)
2045 Final Maturity

Sources & Uses

Dated 06/01/2015 | Delivered 06/01/2015

Sources Of Funds

Par Amount of Bonds..... \$4,060,000.00

Total Sources..... \$4,060,000.00

Uses Of Funds

Total Underwriter's Discount (1.500%)..... 60,900.00

Costs of Issuance..... 75,000.00

Deposit to Debt Service Reserve Fund (DSRF)..... 254,075.00

Deposit to Refinance Current Obligations..... 1,280,644.67

Deposit to Construction Fund..... 2,385,315.00

Rounding Amount..... 4,065.33

Total Uses..... \$4,060,000.00

Cascade Metropolitan District No.1
Water Revenue Refunding and Improvement Bonds
Series 2015 (as of 1/12/2015)
2045 Final Maturity

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2025	Term 1 Coupon	4.250%	4.250%	870,000	100.000%	870,000
12/01/2035	Term 2 Coupon	4.750%	4.750%	1,125,000	100.000%	1,125,000
12/01/2045	Term 3 Coupon	5.250%	5.250%	2,065,000	100.000%	2,065,000
Total	-	-	-	\$4,060,000	-	\$4,060,000

Bid Information

Par Amount of Bonds.....	\$4,060,000.00
Gross Production.....	\$4,060,000.00
Total Underwriter's Discount (1.500%).....	\$(60,900.00)
Bid (98.500%).....	3,999,100.00
Total Purchase Price.....	\$3,999,100.00
Bond Year Dollars.....	\$78,685.00
Average Life.....	19.381 Years
Average Coupon.....	5.0739023%
Net Interest Cost (NIC).....	5.1512995%
True Interest Cost (TIC).....	5.1660032%

Cascade Metropolitan District No.1
Water Revenue Refunding and Improvement Bonds
Series 2015 (as of 1/12/2015)
2045 Final Maturity

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
12/01/2015	150,000	4.250%	99,413	249,413	(2,541)	246,872
12/01/2016	60,000	4.250%	192,450	252,450	(5,082)	247,369
12/01/2017	60,000	4.250%	189,900	249,900	(5,082)	244,819
12/01/2018	65,000	4.250%	187,350	252,350	(5,082)	247,269
12/01/2019	65,000	4.250%	184,588	249,588	(5,082)	244,506
12/01/2020	70,000	4.250%	181,825	251,825	(5,082)	246,744
12/01/2021	75,000	4.250%	178,850	253,850	(5,082)	248,769
12/01/2022	75,000	4.250%	175,663	250,663	(5,082)	245,581
12/01/2023	80,000	4.250%	172,475	252,475	(5,082)	247,394
12/01/2024	85,000	4.250%	169,075	254,075	(5,082)	248,994
12/01/2025	85,000	4.250%	165,463	250,463	(5,082)	245,381
12/01/2026	90,000	4.750%	161,850	251,850	(5,082)	246,769
12/01/2027	95,000	4.750%	157,575	252,575	(5,082)	247,494
12/01/2028	100,000	4.750%	153,063	253,063	(5,082)	247,981
12/01/2029	105,000	4.750%	148,313	253,313	(5,082)	248,231
12/01/2030	110,000	4.750%	143,325	253,325	(5,082)	248,244
12/01/2031	115,000	4.750%	138,100	253,100	(5,082)	248,019
12/01/2032	120,000	4.750%	132,638	252,638	(5,082)	247,556
12/01/2033	125,000	4.750%	126,938	251,938	(5,082)	246,856
12/01/2034	130,000	4.750%	121,000	251,000	(5,082)	245,919
12/01/2035	135,000	4.750%	114,825	249,825	(5,082)	244,744
12/01/2036	140,000	5.250%	108,413	248,413	(5,082)	243,331
12/01/2037	150,000	5.250%	101,063	251,063	(5,082)	245,981
12/01/2038	155,000	5.250%	93,188	248,188	(5,082)	243,106
12/01/2039	165,000	5.250%	85,050	250,050	(5,082)	244,969
12/01/2040	175,000	5.250%	76,388	251,388	(5,082)	246,306
12/01/2041	185,000	5.250%	67,200	252,200	(5,082)	247,119
12/01/2042	195,000	5.250%	57,488	252,488	(5,082)	247,406
12/01/2043	205,000	5.250%	47,250	252,250	(5,082)	247,169
12/01/2044	215,000	5.250%	36,488	251,488	(5,082)	246,406
12/01/2045	480,000	5.250%	25,200	505,200	(259,157)	246,044
Total	\$4,060,000	-	\$3,992,400	\$8,052,400	(409,061)	\$7,643,339