# SERVICE PLAN

## SKYLAND METROPOLITAN DISTRICT
## GUNNISON COUNTY, COLORADO

JUNE, 1981

PREPARED FOR:

Skyland Properties
A Limited Partnership
P.O. Box 788
Crested Butte, Colorado 81224

PREPARED BY:

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June 10, 1981

Gunnison County Clerk and Recorder
Gunnison County Planning Commission
Gunnison County Commissioners
Gunnison County Courthouse
Gunnison, Colorado 81230

Ladies and Gentlemen:

Please find in the following pages the Service Plan for the proposed Skyland Metropolitan District. The Service Plan has been prepared in accordance with Title 32, Article 1, Part 2 of the Colorado Revised Statues, as amended, commonly cited as the "Special District Control Act". In Accordance with the "Special District Control Act" the Service Plan must be submitted to the County Commissioners for review and approval. Also, a public hearing must be conducted by the County Commissioners at which time the County Planning Commission is required to make a recommendation to the Commissioners on the Service Plan.

Skyland Properties, Ltd., the developers of the Skyland Subdivision, have proposed the formation of a Metropolitan District since the Sketch Plan was submitted to the Planning Commission in November of 1980. Since that time steps have been taken towards the formation of the district including:

1. Newman and Associates, Inc., a Denver based bond underwriting firm, has been retained by Skyland Properties to assist in setting up the district and to serve as underwriter on any future district bond issues.

2. Lamm, Stowe, Braymer, and Wisor, P.C., Denver based bond attorneys, have been retained by Skyland Properties to also assist in setting up the district and to serve as bond council on any future district bond issue.

Both firms have been involved in preparation of the Service Plan and performed a detailed review of the completed document.

The Service Plan should be reviewed in conjunction with the documents submitted as the Preliminary Plan. Much of the information contained in the Preliminary Plan documents has not been repeated in the Service Plan, but the Service Plan goes

beyond what was covered in the Preliminary Plan in the areas of financing and operation.

If you have any questions or require additional information, please feel free to contact us.

Sincerely,
NIELSON -DRAGOS ENGINEERS

Jeffrey W. Dragos

Jeffrey W. Dragos, P.E.

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SKYLAND METROPOLITAN DISTRICT


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# SERVICE PLAN

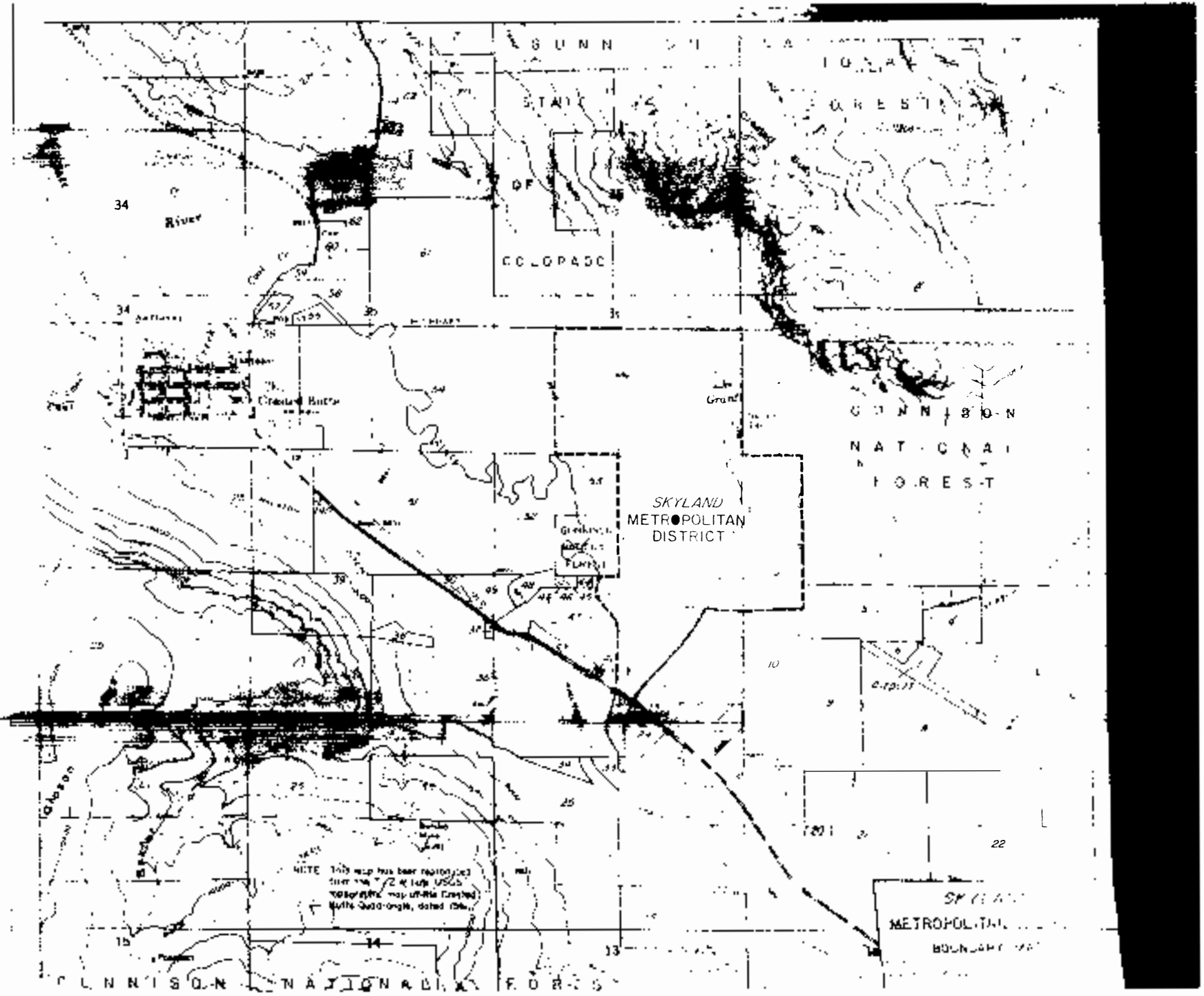
# SKYLAND METROPOLITAN DISTRICT

## I. INTRODUCTION AND PURPOSE

The Service Plan presented herein has been prepared in accordance with Title 32, Article 1, Part 2, of the Colorado Revised Statutes, as amended, generally referred to as the "Special District Control Act", which governs the creation of special districts. In accordance with the "Special District Control Act", a service plan must be prepared and submitted to the Gunnison County Comissioners for review and approval. A Metropolitan District has been proposed as the governing body for the proposed Skyland Subdivision. The purpose of the proposed Metropolitan District is to provide for long term ownership, operation, and maintenance of the various services to be provided within SKYLAND and to allow for the sale of tax free municipal bonds in order to help finance the various public improvements which have been proposed.

SKYLAND is proposed to be a multi-use housing and recreational development located approximately 1½ miles south of Crested Butte along Colorado Highway 135. The property, formerly known as the Ruland Ranch, also served for some time as a summer camp known as the Skyland Camp. Gunnison County Road 738 provides access through a portion of the property and along the south boundary of the property to the Gunnison National Forest and the Crested Butte airport.

Please refer to Figure 1, page 2, "METROPOLITAN DISTRICT BOUNDARY MAP", for an overall view of the district in relationship to other properties and features in the area. In addition to the general topography of the area indicated in Figure 1, please note the relationship of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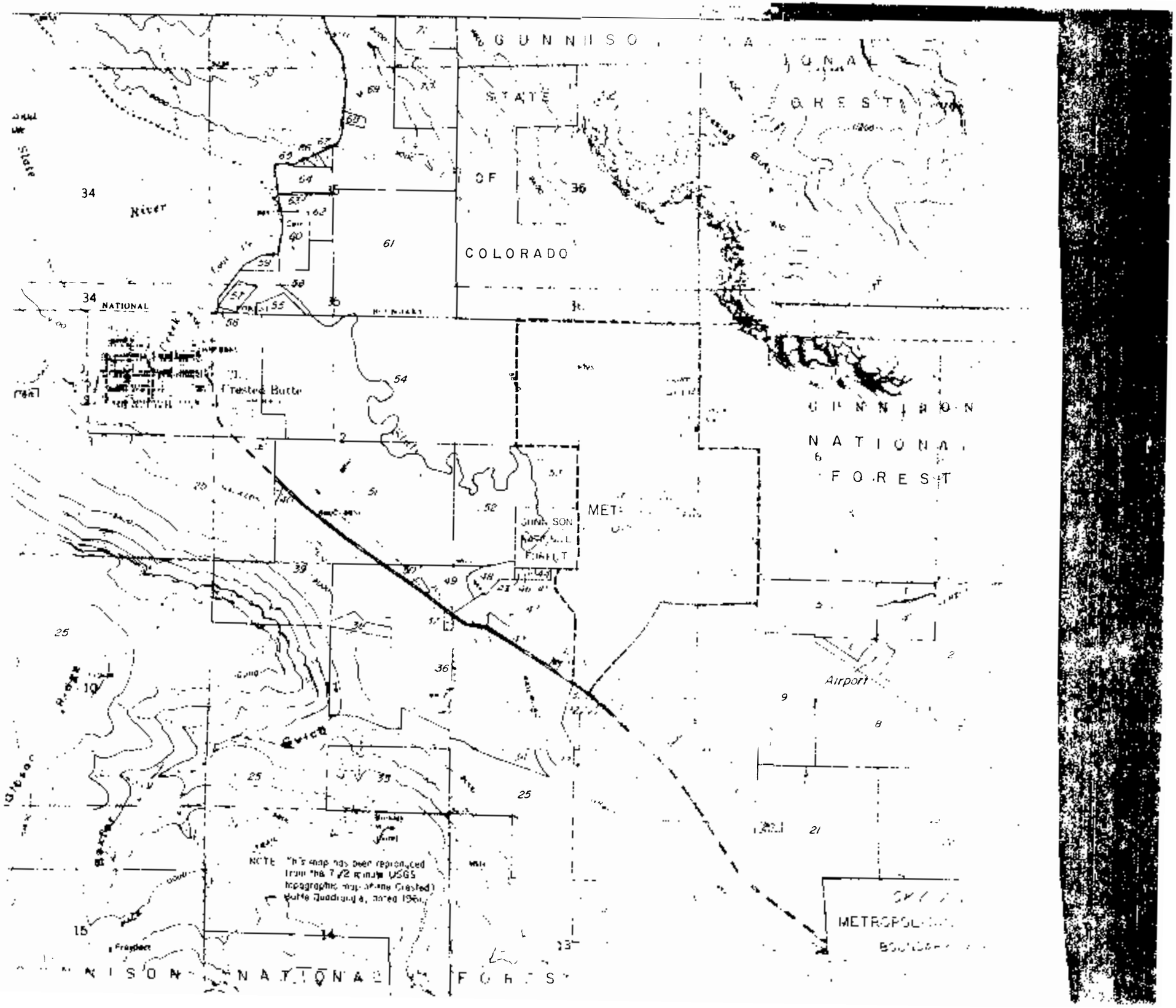
GUNNISON
STATE
OF
COLORADO
GUNNISON
NATIONAL
FOREST
Crested Butte
Airport
METROPOL
NATIONAL
FOREST

Crested Butte, Mount Crested Butte, Colorado Highway 135, Gunnison County Road 738, the Crested Butte Airport, and the Slate River to Skyland. The boundary of the proposed district is identical to the boundary of the proposed Skyland Subdivision.

The property, as proposed for inclusion in the Metropolitan District, contains 586.3 acres. Of the 586 acres, approximately 80% lies in historically irrigated river bottom land with gentle slopes and surface vegetation consisting mostly of meadow hay and some native grasses. The remaining 20% of the property lies on steep to very steep slopes with vegetation consisting of sagebrush, aspen trees, and pine trees. The elevation of the property varies between 8,840 and 9,500 feet above mean sea level. A legal description for the entire 586 acres proposed to be included in the district has been included at the end of this report as Appendix A.

The developers of the Skyland Subdivision, Skyland Properties Ltd., are currently undertaking a land use change review in accordance with the Gunnison County Land Use Resolution. Sketch Plan approval has been secured and Preliminary Plan review is currently underway. In order to satisfy the Preliminary Plan submission requirements of the Land Use Resolution, a number of reports prepared for the various aspects of the proposed development were submitted to Gunnison County on May 1, 1981. Since the various reports previously submitted cover all aspects of the proposed development in great detail, we will not attempt to repeat the information in those reports in this service plan. However, for the readers information we have listed the various available reports as follows:

1. SKYLAND-Preliminary Plan Report, prepared in April, 1981, by Nielson-Dragos Engineers.

2. Subsurface Soil Investigation and Engineering Geology, Skyland Development, Crested Butte, Colorado, prepared on February 27, 1981 by Rocky Mountain Geotechnical, and updated on March 31, 1981.

3. SKYLAND-Preliminary Plan-Drainage and Floodplain, prepared in April, 1981, by Nielson-Dragos Engineers.

4. SKYLAND-Preliminary Plan-Roadway Improvements, prepared in April, 1981, by Nielson-Dragos Engineers.

5. SKYLAND-Preliminary Plan-Water System Master Plan, prepared in April, 1981, by Nielson-Dragos Engineers.

6. SKYLAND-Preliminary Plan-Sanitary Sewer Master Plan, prepared in April, 1981, by Nielson-Dragos Engineers.

7. SKYLAND-Financial Analysis and Fiscal Impact Analysis, prepared on January 28, 1981, by Community Services Collaborative, and updated in April, 1981.

8. Preliminary Draft: Declaration of Protective Covenants, prepared in April, 1981, by Nielson-Dragos Engineers, in conjunction with Community Services Collaborative.

9. Preliminary Draft: Design Guidelines, prepared in April 1981, by Nielson-Dragos Engineers in conjunction with Community Services Collaborative.

The variety of land uses proposed for the Skyland Subdivision include single family lots, duplex lots, multifamily tracts, an employee housing tract, a small commercial area, a clubhouse - recreation center, a lodge - convention center, and a complete eighteen hole golf course. Included in a pocket at the end of this report as Figure 2, is the

Preliminary Plan, on which the proposed Skyland Subdivision layout and land uses have been shown. Figure 2 is a detailed drawing of the Skyland Subdivision, at a scale of one inch equals 200 feet with contour lines at 2 foot intervals in the background. The proposed development has been broken down into three phases or filings with Phase I consisting of the entire eighteen hole golf course and the remainder of the proposed land uses divided approximately evenly between Phases II and III. Proposed land uses conforming with the Preliminary Plan have been summarized in Table 1 on pages 6 and 7.

Based on the proposed land uses, a population estimate at 100% occupancy has been calculated in Table 2 on page 8. The projected population estimate has been used to size the various utility systems proposed for incorporation into the Skyland Subdivision.

Although it is difficult to predict a buildout schedule for SKYLAND at this time, it is estimated that complete buildout of Phases I and II will occur over the next five to seven years. All basic services including roadways, domestic water, sanitary sewer, electric power, telephone, and cable television will be completed within Phase II during the 1981 and 1982 summer construction seasons. Services will then be expanded or extended to serve Phase III in approximately 1987 or 1988.

TABLE

LAND USE

| LAND USE | PHASE I | PHASE II | PHASE III | TOTAL |
|---|---|---|---|---|
| Single Family | | 40 lots<br>43.47 acres | 41 lots<br>48.54 acres | 81 lots<br>92.01 acres |
| Duplex | | 17 lots<br>11.81 acres | 13 lots<br>10.60 acres | 30 lots<br>22.41 acres |
| Multi-Family | | 250 units<br>5 tracts<br>33.09 acres | 250 units<br>4 tracts<br>28.74 acres | 500 units<br>9 tracts<br>61.83 acres |
| Employee Housing | | 100 units<br>1 tract<br>9.66 acres | | 100 units<br>1 tract<br>9.66 acres |
| Commercial | | 100,000 gross square feet, 20 employee housing units, 12.34 acres | | 100,000 gross square feet, 20 employee housing units, 12.34 acres |
| Clubhouse - Recreation Center | | 4.75 acres | | 4.75 acres |
| Lodge-Convention Center | | | 50 units<br>3.79 acres | 50 units<br>3.79 acres |
| Golf Course | 207.47 acres | | | 207.47 acres |
| Roads | | 13,419 feet<br>25.24 acres | 7,944 feet<br>15.07 acres | 21,363 feet<br>40.31 acres |
| Other Open Space | | 52.29 acres | 63.85 acres | 116.14 acres |

TABLE I (CONT'D)

LAND :

| LAND USE | PHASE I | PHASE II | PHASE III | TOTAL |
|---|---|---|---|---|
| Maintenance | | 0.72 acres | - | 0.72 acres |
| Sewage Treatment and Storage | | 14.92 acres | | 14.92 acres |
| TOTAL AREA | 207.47 acres | 208.28 acres | 170.60 acres | 586.35 acres |

TABLE 2

POPULATION ESTIMATE

| | |
|---|---|
| Phase II | |
| 25[illegible] multifamily units @ 3 persons/unit | 750 |
| 1[illegible] employee housing units @ 2 persons/unit | 240 |
| [illegible] duplex lots with 2 units/lot @ 3 persons/unit | 102 |
| 4[illegible] single family lots with 1 unit/lot @ 3.5 persons/unit | 140 |
| [illegible] Course Clubhouse and Recreation Center 5 persons | 5 |
| Subtotal - Phase II | 1,237* |
| Phase III | |
| 250 multifamily units @ 3 persons/unit | 750 |
| 1[illegible] duplex lots with 2 units/lot @ 3 persons/unit | 78 |
| [illegible] single family lots with 1 unit/lot @ 3.5 persons/unit | 144 |
| [illegible] overnight lodge units @ 2 persons/unit | 100 |
| Subtotal - Phase III | 1,072 |
| TOTAL POPULATION | 2,309* |

*Population estimates for the commercial area have not been included in these totals, except for the 20 employee housing units with a population equivalent of 40.

## II. FACILITIES TO BE CONSTRUCTED

Facilities to be constructed within the boundary of the proposed district or extended to serve the proposed district include roadway and drainage improvements, a central domestic water system, a central sanitary sewer system, electric power, telephone, cable television, an eighteen hole golf course, a dam improvement at the existing Lake Grant, other recreational features, a combination fire station and district office building, and a maintenance shop. Some of these facilities will be financed directly by the developer, Skyland Properties, and others are proposed to be financed through general obligation bond sales by the Skyland Metropolitan District.

### A. Roadways

Roadways proposed for construction within the district will consist of paved streets, designed for easy snow removal and a long life with minimal maintenance requirements. A separate report entitled "Skyland-Preliminary Plan-Roadway Improvements" has been prepared and considers the soil conditions affecting roadway design, roadway geometry and grades, total roadway lengths, and estimated construction costs. Estimated construction costs for roadways total $1,058,000 for Phase II and $623,000 for Phase III. These estimated costs take into account excavation, embankment, subbase, base course, prime coat, hot bituminous pavement, shoulders, drainage ditches, seeding and planting. Also, cost totals include a thirty (30) percent contingency: 15% for estimated engineering, legal, and administration fees; and 15% as a contingency to cover cost overruns, interest on monies borrowed for construction, and construction items which may have been neglected during the planning stages. Roadway improvements required at the intersection of Colorado Highway 135 and Gunnison County Road 138, in order to provide acceleration, deceleration,

and left turn lanes have been estimated to cost $150,000.

B. Drainage

Drainage improvements proposed within the district will consist of roadside ditches, roadway and driveway culverts, channel improvements, and pipe underdrains. A separate report entitled "Skyland - Preliminary Plan - Drainage and Floodplain" has been prepared and considers flood flows, culvert locations and capacities, and channel improvements. Estimated construction costs for drainage improvements total $123,000 for Phase II and $30,000 for Phase III. These estimated costs include provision for all materials and installation costs and also include the 30% contingency factor noted above.

C. Water System

Skyland Metropolitan District will be served by a central water system supplied by high quality springs located on the property. The system has been planned to provide an excellent volume and quality of water for domestic, lawn irrigation and fire protection purposes, with low operation and maintenance requirements. A water production facility will gather water produced by the springs, provide for disinfection through chlorination, and pump the disinfected water to an underground concrete water storage reservoir. The reservoir will gravity feed a distribution system consisting of underground ductile iron pipelines and copper service lines. A separate pumping system and smaller water storage reservoir will serve the upper pressure zone. Fire protection will be provided throughout the district through storage, adequately sized mains, and properly spaced fire hydrants.

A separate report entitled "Skyland - Preliminary Plan - Water System Master Plan" has been prepared which presents detailed information on all components of the proposed water

ystem including water rights, production, storage and distribution. Estimated construction costs for the water system total $1,533,000 for Phase II and $854,000 for Phase III. These estimated costs include provision for all materials and installation costs required for the complete water system and also include the 30% contingency factor noted above.

D. Sewer System

Skyland Metropolitan District will also be served by a central sewage collection and treatment system. The collection system will consist of underground sewer mains and service laterals, all designed and constructed in accordance with standard engineering practice and Colorado Department of Health Regulations. Treatment will be accomplished by means of aerated lagoons, winter storage, and slow rate land application to the golf course. A separate report entitled "Skyland - Preliminary Plan - Sanitary Sewer Master Plan" has been prepared and presents detailed information on all components of the proposed sewer system including system layout, quantities of flow, and expected levels of treatment.

Permission has been secured from the Colorado Water Quality Control Commission to construct the sewage treatment facility proposed. Estimated construction costs for the sewer system total $1,983,000 for Phase II and $474,000 for Phase III. These estimated costs include provision for all materials and installation costs required for the complete sewer system and also include the 30% contingency factor noted above.

E. Electric Power

Electric power service will be provided to and within the Skyland Metropolitan District by Gunnison County Electric Association, Inc., of Gunnison. Arrangements are

eing made at this time so work can begin on the extension f power service during the 1981 construction season. All power lines will be installed underground within roadway rights-of-way or designated easements. Estimated construction costs for electric power service total $200,000 for Phase II and $100,000 for Phase III.

F. Telephone

Telephone service will be provided to and within the Skyland Metropolitan District by Mountain States Telephone. Arrangements are being made at this time so work can begin on the extension of telephone service during the 1981 construction season. All telephone lines will be installed underground within roadway rights-of-way or designated easements. Estimated construction costs for telephone service total $530,000 for Phase II and $250,000 for Phase III.

G. Cable Television

Cable television service will be provided to and within the Skyland Metropolitan District by Crested Butte Cable. Extension of cable television service is also scheduled to begin during the 1981 construction season. Cable television lines will also be installed underground within roadway rights-of-way or designated easements. Estimated construction costs for cable television service total $180,000 for Phase II and $100,000 for Phase III.

H. Golf Course

A complete eighteen hole golf course with a driving range and putting green is proposed for incorporation into the Skyland Metropolitan District. Construction of the course should begin during the 1981 construction season with completion of construction scheduled for fall of 1982. However, due to the lag time between construction and actual

of play, the course will not be ready for play until spring of 1984 at the earliest. The golf course is an integral part of the entire development layout; therefore only two roadway crossings will be encountered in eighteen holes of play. Please refer to the Preliminary Plan, Figure 2, in the pocket at the end of this report, for a schematic of the golf course. Estimated Construction costs for the complete eighteen hole course total $1,620,000. As noted previously, the golf course has been designated as Phase I, with construction of the entire course scheduled for 1981-1982. Upon completion of construction of the course, a golf course maintenance building will be constructed and equipment required for maintenance and operation of the course will be purchased. The cost of the building and equipment has been estimated at $400,000.

I. Lake Grant Dam

Lake Grant is one of the most beautiful features of SKYLAND, nestled at the base of Crested Butte Mountain with an existing surface area of 23.0 acres and a high water elevation of 9016.4 feet. To enhance the beauty of the lake and to make the lake more functional for recreational purposes, the high water elevation is proposed to be raised to 9026.0 feet, resulting in a surface area of approximately 23.8 acres. To accomplish this, the existing dam will be raised from its current elevation of 9018 feet to 9030 feet. A separate report entitled "Skyland - Preliminary Plan - Drainage and Floodplain" has been prepared and presents detailed information on the proposed dam improvement including hydrology, hydraulics, soil considerations, types of materials, and methods of construction. Estimated construction costs for the dam improvement total $212,000 for the complete installation. The estimated total cost includes the 30% contingency factor noted above.

J. Other Recreational Features

Other recreational features proposed for incorporation into the Skyland Metropolitan District include an equestrian center, tennis courts, pedestrian and equestrian paths, and a beach area at Lake Grant. Specific plans for these improvements have not been developed at this time. However, a preliminary estimate for construction of these features totals $100,000 for Phase II and $100,000 for Phase III.

K. Fire Station and District Office

A combination fire station and district office building is proposed to be constructed on commercial tract C-3, (See Preliminary Plan, Figure 2). Architectural plans for this facility have not been prepared to date but preliminary discussion includes provision for storage of two fire fighting vehicles and 3,000 square feet of office space. A preliminary cost estimate for construction of this facility totals $300,000.

L. Maintenance Shop

A maintenance shop consisting of a garage type building with one small office is proposed to be constructed on the tract designated for maintenance, which is located on Eagle Lane. This area will be used for storage of all maintenance materials and equipment utilized by the district. A preliminary estimate for construction of this facility totals $150,000.

M. District Equipment

Although specific requirements for equipment have not been finalized at this time, it is anticipated that equipment will be required for the maintenance of district owned facilities and fire protection. For fire protection it is proposed that the district purchase a pumper truck

ith the capacity to fight fires within the district itself. equired maintenance equipment will probably include a snow plow, pickup trucks, a backhoe, and other miscellaneous maller equipment. A preliminary cost estimate for the urchase of this equipment totals $400,000.

As noted above, some of these facilities are proposed to be financed directly by the developer, Skyland Properties, Ltd., ith the remainder proposed to be financed through the borrowing power of the Skyland Metropolitan District. Table 3 on page 16 separates the proposed facilities into those which will be financed by Skyland Properties, Ltd., and those which will be financed by the Skyland Metropolitan District. All of the proposed facilities and their estimated costs have been briefly described above with the exception of the required payment to the local school district. Table 4 on pages 17 and 18 summarizes projected costs for all of the proposed facilities. Table 4 has been broken down by the three phases of proposed development and also by area of financial responsibility.

TABLE 3

FINANCIAL RESPONSIBILITY

Facilities to be financed by Skyland Properties, Ltd.

1. Electric Power Service
2. Telephone Service
3. Cable Television Service
4. Golf Course
5. Payment to School District

Facilities to be financed through the Skyland Metropolitan District

1. Roadways
2. Intersection Improvement at Colorado Highway 135
3. Drainage Improvements
4. [illegible]
5. Sewer System
6. Lake Grant Dam
7. Other Recreational Features
8. [illegible] and District Office
9. Maintenance Shop
10. District Equipment

TABLE 4

FACILITIES COST ESTIMATE

.ities to be Financed by Skyland Properties, Ltd.

| .ility | Phase I | Phase II | Phase III | Total |
|---|---|---|---|---|
| .tric Power | | $200,000 | $100,000 | $300,000 |
| . me | | 530,000 | 250,000 | 780,000 |
| l Television | | 180,000 | 100,000 | 280,000 |
| Golf Course | $1,620,000 | | | 1,620,000 |
| Maintenance Shop and Equipment | 400,000 | | | 400,000 |
| ayment to ch ol District | | 44,000 | 32,000 | 76,000 |
| AL ESTIMATED | $2,020,000 | $954,000 | $482,000 | $3,456,000 |

c lities to be Financed Through the Skyland Metropolitan District

| Facility | Phase I | Phase II | Phase III | Total |
|---|---|---|---|---|
| Roads | | $1,058,000 | $623,000 | $1,681,000 |
| Intersection Improvement | | 150,000 | | 150,000 |
| rainage | | 123,000 | 30,000 | 153,000 |
| Potable Water System | | 1,533,000 | 854,000 | 2,387,000 |
| Central Sewer System | | 1,983,000 | 474,000 | 2,457,000 |
| Recreation Park | | 212,000 | | 212,000 |
| Other Recreational Features | | 100,000 | 100,000 | 200,000 |

TABLE 4 (CONT'D)

FACILITIES COST ESTIMATE

Facilities to be Financed Through the Skyland Metropolitan District (Cont'd)

| | Phase I | Phase II | Phase III | Total |
|---|---|---|---|---|
| Fire Station, and District Office | | $ 300,000 | $ | $ 300,000 |
| Maintenance Shop | | 150,000 | | 150,000 |
| District Equipment | | 250,000 | 150,000 | 400,000 |
| TOTAL ESTIMATED | | $5,859,000 | $2,231,000 | $8,090,000 |

## III. SERVICES TO BE PROVIDED BY DISTRICT

Services proposed to be provided by the Skyland Metropolitan District include ownership, operation, and maintenance of roadways, the central water and sewer systems, and other recreational features, ownership of the golf course, fire protection, and at some point in the future, mass transportation to and from the district. Through preliminary discussion with Gunnison County it was determined that Gunnison County was not interested in taking over ownership responsibilities for roadways or the water and sewer systems. Consequently, the decision was made to create a public entity to provide for these services within the Skyland Subdivision.

As discussed above, the developer, Skyland Properties, Ltd., intends to completely finance construction of the proposed golf course and pass ownership along to the Skyland Metropolitan District. Skyland Properties is investigating the feasibility of arranging for the services of a firm which specializes in operating golf courses, intending to make preliminary arrangements for operation of the course, leaving only ownership responsibilities to the Skyland Metropolitan District.

Fire protection within the district will be the complete responsibility of the district. A fire station with fire fighting equipment is proposed and equipment will be manned through a volunteer force.

No specific plan for mass transportation is available at this time. However, it is anticipated that at some point in the future the need may arise for a local bus transportation system which would serve residents of the district. This system may be part of an overall system serving the Crested Butte area.

## IV. FINANCING AND OPERATION

The facilities which have been identified as those which will be financed through the borrowing power of the district will be paid for by the sale of general obligation bonds. Individual bond sales will be timed so monies are available to meet the needs of the proposed development schedule; with the first bond sale scheduled for November, 1981. A second bond sale will follow around May of 1982, with a third sale scheduled for sometime in 1987. As bonds are sold and proceeds spent to construct the various facilities, a debt service will be incurred by the district. A semi-annual payment will be made by the district to bond holders to retire the bonded indebtedness. The debt service will most likely be the greatest periodical expenditure faced by the district. Other district costs will include operation and maintenance costs associated with the central water and sewer systems, roadway maintenance costs including snow removal, maintenance of recreational facilities, operation of the fire protection facilities, and routine operating costs associated with the district offices.

District income will be derived through a variety of sources including capital improvement investment fees, water and sewer system service and availability charges, general property taxes, and possibly payments from the golf course operator.

### A. Bond Issues and Debt Service

As noted above, three separate general obligation bond sales are proposed to finance the district facilities. Table 5 on pages 21 and 22 lists each of the facilities that will be paid for out of the proceeds from the three bond sales and develops total bond issue amounts. The underwriters discount has been calculated at 3% of the total of each bond issue, with the maximum underwriters discount projected not to exceed 5% for any of the three bond issues.

TABLE 5

BOND ISSUES

| Bond Issue #1 - November, 1981 - Phase II Only | |
|---|---|
| Roadways | $ 400,000 |
| [illegible] | 123,000 |
| Central Water System | 875,000 |
| Central Sewer System | 685,000 |
| Lake Grant Dam | 212,000 |
| Net Total Amount Required | $2,295,000 |
| Underwriters Discount | 90,000 |
| Capitalized Interest (2 Yrs) | 720,000 |
| Less Earnings on Capitalized Interest | (105,000) |
| TOTAL - BOND ISSUE #1 | $3,000,000 |

| Bond Issue #2 - May 1982 - Phase II Only - 1981 Dollars | |
|---|---|
| Roadways | $ 658,000 |
| Intersection Improvement | 150,000 |
| Central Water System | 658,000 |
| Central Sewer System | 1,298,000 |
| Other Recreational Features | 100,000 |
| Fire Station and District Office | 300,000 |
| Maintenance Shop | 150,000 |

TABLE 5 (CONT'D)

BOND ISSUES

Bond Issue #2 - May 1982 - Phase II Only - 1981 Dollars (Cont'd)

| | |
|---|---|
| District Equipment | $ 250,000 |
| Net Total Amount Required | $3,564,000 |
| Underwriters Discount | 129,000 |
| Capitalized Interest (2 Yrs) | 1,032,000 |
| Less Earnings on Capitalized Interest | (150,000) |
| Less Interest Earnings During Construction Period | (275,000) |
| TOTAL - BOND ISSUE #2 | $4,300,000 |

Bond Issue #3 - 1987 - Phase III Only - 1981 Dollars

| | |
|---|---|
| [illegible] | $ 623,000 |
| Drainage | 30,000 |
| Central Water System | 854,000 |
| Central Sewer System | 474,000 |
| Other Recreational Features | 100,000 |
| District Equipment | 150,000 |
| Net Total Amount Required | $2,231,000 |
| Underwriters Discount | 81,000 |
| Capitalized Interest (2 Yrs) | 648,000 |
| Less Earnings on Capitalized Interest | (93,000) |
| Less Interest Earnings During Construction Period | (167,000) |
| TOTAL - BOND ISSUE #3 | $2,700,000 |

Also, two years capitalized interest will be withheld from each bond issue to cover the first two years of bond interest. Since capitalized interest will be withheld from the total bond issue, some interest can be earned on these dollars during the first two years, through short-term investments. The potential to earn interest on bond proceeds during the construction period through short-term investments also exists. All of these amounts have been estimated for all three bond issues and included in Table 5. Interest earnings during the construction period have been eliminated from bond issue number one since construction dollars will be spent prior to the bond issue and reimbursement will take place at the time of the bond issue.

In conformance with the overall plan of three separate bond issues, a combined debt service schedule has been developed in Table 6 on page 24. Based on current bond market conditions, an annual interest rate of 12% has been assumed for preparing the debt service schedule. Taking into account the scheduled 1987 bond issue, the maximum projected annual interest rate should not exceed 15% for any of the three bond issues. Also, due to the current unstable condition of the municipal bond market, annual interest rates for the first two bond issues could be slightly higher than the projected 12% rate.

B. District Revenue and Expenditures

Projected district revenues fall into two categories: those revenues that will be used to operate and maintain the various facilities once constructed; and those revenues that will be used to retire bond issue debt service. Operation and maintenance of the water and sewer systems will be financed through system service charges; maintenance of recreational facilities and roadways will be financed through a property tax, as will the fire protection facilities and district offices.

TABLE 6

DEBT SERVICE SCHEDULE

| YEAR | ISSUE #1 $3,000,000 NOVEMBER, 1981 | | ISSUE #2 $4,300,000 MAY, 1982 | | ISSUE # 3 $2,700,000 MAY, 1987 | | TOTAL |
|---|---|---|---|---|---|---|---|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | |
| 1982 | | 360,000 | | 258,000 | | | $ 618,000 |
| 1983 | 45,000 | 360,000 | | 516,000 | | | 921,000 |
| 1984 | 55,000 | 354,600 | 70,000 | 516,000 | | | 995,600 |
| 1985 | 60,000 | 348,000 | 75,000 | 507,600 | | | 990,600 |
| 1986 | 65,000 | 340,800 | 85,000 | 498,600 | | | 989,400 |
| 1987 | 75,000 | 333,000 | 95,000 | 488,400 | | 162,000 | 1,153,400 |
| 1988 | 85,000 | 324,000 | 105,000 | 477,000 | | 324,000 | 1,315,000 |
| 1989 | 95,000 | 313,800 | 120,000 | 464,400 | 45,000 | 324,000 | 1,362,200 |
| 1990 | 105,000 | 302,400 | 135,000 | 450,000 | 45,000 | 318,600 | 1,356,000 |
| 1991 | 115,000 | 289,800 | 150,000 | 433,800 | 55,000 | 313,200 | 1,356,800 |
| 1992 | 130,000 | 276,000 | 170,000 | 415,800 | 60,000 | 306,600 | 1,358,400 |
| 1993 | 145,000 | 260,400 | 190,000 | 395,400 | 65,000 | 299,400 | 1,355,200 |
| 1994 | 165,000 | 243,000 | 210,000 | 372,600 | 75,000 | 291,600 | 1,357,200 |
| 1995 | 185,000 | 223,200 | 235,000 | 347,400 | 85,000 | 282,600 | 1,358,200 |
| 1996 | 205,000 | 201,000 | 265,000 | 319,200 | 95,000 | 272,400 | 1,357,600 |
| 1997 | 230,000 | 176,400 | 295,000 | 287,400 | 105,000 | 261,000 | 1,354,800 |
| 1998 | 260,000 | 148,800 | 330,000 | 252,000 | 120,000 | 248,400 | 1,359,200 |
| 1999 | 290,000 | 117,600 | 370,000 | 212,400 | 130,000 | 234,000 | 1,354,000 |
| 2000 | 325,000 | 82,800 | 415,000 | 168,000 | 150,000 | 218,400 | 1,359,200 |
| 2001 | 365,000 | 43,800 | 465,000 | 118,200 | 165,000 | 200,400 | 1,357,400 |
| 2002 | | | 520,000 | 62,400 | 185,000 | 180,600 | 948,000 |
| 2003 | | | | | 210,000 | 158,400 | 368,400 |
| 2004 | | | | | 235,000 | 133,200 | 368,200 |
| 2005 | | | | | 260,000 | 105,000 | 365,000 |
| 2006 | | | | | 290,000 | 73,800 | 363,800 |
| 2007 | | | | | 325,000 | 39,000 | 364,000 |
| TOTALS | $3,000,000 | $5,099,400 | $4,300,000 | $7,560,600 | $2,700,000 | $4,746,600 | $27,406,600 |

Bond issue debt service will be retired through a combination of capital improvement investment fees, water and sewer system availability charges, and general property taxes. Capital improvement investment fees will take the form of direct payments from lot and tract purchasers collected at the time of a sale closing, collected when connections are made to the water and sewer systems, or a combination of both. In order to help secure the marketability of the general obligation bonds, the developer may have to guarantee that capital improvement investment revenues will meet or exceed the projected schedule. Whether these fees will be collected from the purchaser at the time of a sale closing or collected when connections are made to the water and sewer systems has not been finalized at this time. Once the district is formed, the method of collection and final amounts will be set forth by the District's Board of Directors. Total capital improvement investment fees have been preliminarily set and are listed in Table 7 on page 26.

In accordance with the proposed capital improvement investment fee schedule and assuming a five year buildout period for Phase II and also a five year buildout period for Phase III, annual capital improvement investment revenues have been projected in Table 8 on page 27.

Water and sewer system availability charges will be made to lot and tract owners by the Skyland Metropolitan District on a quarterly basis. Availability charges will begin once water or sewer service is available to serve a lot or tract and will run until such time a connection is made to the water or sewer system. Once a connection is made to the water or sewer system, regular system service charges will begin. Availability charges have been preliminarily set and are listed in Table 9 on page 28.

TABLE 7

CAPITAL IMPROVEMENT INVESTMENT FEES

| r .ract | Amount |
|---|---|
| Family Lot | $12,500 |
| ex Lot | 18,000 |
| Multifamily Tract (For each unit designated on Final Plat) | 6,000 |
| ovee Housing Tract (For each unit gnated on Final Plat) | 2,000 |
| rcial Tract (For each employee ing unit designated on Final Plat) | 2,000 |
| rcial Tract (For each 1,000 gross are feet of commercial space nated on Final Plat) | 2,500 |
| Tract | 50,000 |
| e Tract | 50,000 |

e: These amounts will be paid to the Skyland Metropolitan District by the purchaser of a lot or tract at the time of a sale closing and/or when connections are made to the water and sewer systems.

TABLE 8

PROJECTED ANNUAL CAPITAL IMPROVEMENT INVESTMENT REVENUES

| car | Capital Improvement Investment Revenues |
|---|---|
| 1983 | $575,000 |
| 1984 | 575,000 |
| 1985 | 575,000 |
| 1986 | 575,000 |
| 1987 | 575,000 |
| 1988 | 465,000 |
| 1989 | 465,000 |
| 1990 | 465,000 |
| 1991 | 465,000 |
| 1992 | 465,000 |
| TOTAL REVENUES | $5,200,000 |

TABLE 9

WATER AND SEWER AVAILABILITY CHARGES

| Lot or Tract Served | Quarterly Charges | | |
|---|---|---|---|
| | WATER | SEWER | TOTAL |
| Single Family Lot | $25.00 | $25.00 | $50.00 |
| Duplex Lot | 35.00 | 35.00 | 70.00 |
| Multifamily Tract (For each unit designated on Final Plat) | 15.00 | 15.00 | 30.00 |
| Employee Housing Tract (For each unit designated on Final Plat) | 10.00 | 10.00 | 20.00 |
| Commercial Tract (For each employee housing unit designated on Final Plat) | 10.00 | 10.00 | 20.00 |
| Commercial Tract (For each 1,000 gross square feet of commercial space designated on Final Plat) | 20.00 | 20.00 | 40.00 |
| Clubhouse Tract | 250.00 | 250.00 | 500.00 |
| Lodge Tract (For each lodge unit designated on Final Plat) | 7.50 | 7.50 | 15.00 |

In accordance with the proposed water and sewer availability charges and assuming that all connections will be made to the water and sewer systems over a five year period for Phase II and also over a five year period for Phase III, annual availability revenues have been projected in Table 10 on page 30.

In order to project general property tax revenues or required mill levies, an estimate must be made of projected market values and assessed valuation. The current assessed valuation of the property proposed for incorporation in the Skyland Metropolitan District totals $7,055. However, the current market value is based on the current agricultural use. Once final plat approval is obtained for Phases I and II, the current use will change to residential and commercial, causing an immediate substantial increase in market value and assessed valuation.

Assuming that buildout of units will occur fairly uniformly over a ten year period and that total market values will reflect that level of buildout, an estimate has been made of total market value and assessed valuation for a twenty five (25) year period beginning in 1983. Table 11 on 31 lists the projected total market values and assessed valuation for the entire district. An 18% factor has been used for converting market value to assessed valuation since current State of Colorado regulations call for a 30% factor using 1973 market values. Since the projected market values have been adjusted for inflation and should reflect actual market values in any given year, an 18% assessed valuation factor was determined to be appropriate.

Table 12 on page 32 summarizes revenues and expenditures in an attempt to project estimated mill levy requirements over a twenty five (25) year period beginning in 1983. Please note that the maximum mill levy required throughout

TABLE 10

PROJECTED ANNUAL AVAILABILITY REVENUES

| Year | Availability Revenues (Water & Sewer) |
|---|---|
| 1983 | $ 70,000 |
| 1984 | 56,000 |
| 1985 | 42,000 |
| 1986 | 28,000 |
| 1987 | 14,000 |
| 1988 | 44,000 |
| 1989 | 55,000 |
| 1990 | 26,000 |
| 1991 | 18,000 |
| 1992 | 9,000 |
| TOTAL REVENUES | $362,000 |

TABLE 11

PROJECTED MARKET VALUE AND ASSESSED VALUATION

| | Total Market Value | Total Assessed Valuation |
|---|---|---|
| | $ 60,000 | $ 10,800 |
| | 3,000,000 | 540,000 |
| | 10,000,000 | 1,800,000 |
| | 30,000,000 | 5,400,000 |
| | 50,000,000 | 9,000,000 |
| | 70,000,000 | 12,600,000 |
| | 90,000,000 | 16,200,000 |
| | 110,000,000 | 19,800,000 |
| | 130,000,000 | 23,400,000 |
| | 150,000,000 | 27,000,000 |
| 19 1 | 170,000,000 | 30,600,000 |
| 19 2 | 190,000,000 | 34,200,000 |
| | 200,000,000 | 36,000,000 |
| | 210,000,000 | 37,800,000 |
| 1995 | 220,000,000 | 39,600,000 |
| 996 | 230,000,000 | 41,400,000 |
| | 240,000,000 | 43,200,000 |
| 1998 | 250,000,000 | 45,000,000 |
| | 260,000,000 | 46,800,000 |
| | 270,000,000 | 48,600,000 |
| | 280,000,000 | 50,400,000 |
| | 290,000,000 | 52,200,000 |
| | 300,000,000 | 54,000,000 |
| | 310,000,000 | 55,800,000 |
| | 320,000,000 | 57,600,000 |
| | 330,000,000 | 59,400,000 |
| | 340,000,000 | 61,200,000 |

IS: Total market value calculated assuming a total market value at buildout of $100,000,000 (1983 dollars), a ten year buildout period beginning in 1983, and an inflation factor equal to a 10% increase over 1983 dollars for each year. Assessed valuation calculated using an 18% conversion factor.

CTED MILL LEVIES
CASH FLOW

| Year | Capital Improvement Investment Revenue (from Table 8) | Water & Sewer Availability Revenue (from Table 10) | Assessed Valuation (from Table 11) | Proposed Mill Levy | * Tax Revenue | Bond Proceeds Reserved for Interest Payments | Total Revenues | Operation & Maintenance Costs (Roadways & Recreation) | Total Bond Payment (Principal and Interest) (from Table 6) | Total Expenditures | Annual Surplus Gain/(Loss) | Accumulated Surplus |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981 | $ 0 | $ 0 | $ 10,800 | 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 1982 | 0 | 0 | 540,000 | 0 | 0 | 618,000 | 618,000 | 0 | 618,000 | 618,000 | 0 | 0 |
| 1983 | 575,000 | 70,000 | 1,800,000 | 40.0 | 0 | 876,000 | 1,521,000 | 20,000 | 921,000 | 941,000 | 580,000 | 580,000 |
| 1984 | 575,000 | 56,000 | 5,400,000 | 40.0 | 72,000 | 258,000 | 961,000 | 22,000 | 995,600 | 1,017,600 | ( 56,600) | 523,400 |
| 1985 | 575,000 | 42,000 | 9,000,000 | 40.0 | 216,000 | 0 | 833,000 | 24,000 | 990,600 | 1,014,600 | (181,600) | 341,800 |
| 1986 | 575,000 | 28,000 | 12,600,000 | 40.0 | 360,000 | 0 | 963,000 | 26,000 | 989,400 | 1,015,400 | ( 52,400) | 289,400 |
| 1987 | 575,000 | 14,000 | 16,200,000 | 40.0 | 504,000 | 162,000 | 1,255,000 | 46,000 | 1,153,400 | 1,199,400 | 55,600 | 345,000 |
| 1988 | 465,000 | 44,000 | 19,800,000 | 40.0 | 648,000 | 324,000 | 1,481,000 | 50,000 | 1,315,000 | 1,365,000 | 116,000 | 461,000 |
| 1989 | 465,000 | 35,000 | 23,400,000 | 40.0 | 792,000 | 162,000 | 1,454,000 | 54,000 | 1,362,200 | 1,416,200 | 37,800 | 498,800 |
| 1990 | 465,000 | 26,000 | 27,000,000 | 35.0 | 936,000 | 0 | 1,427,000 | 58,000 | 1,356,000 | 1,414,000 | 13,000 | 511,800 |
| 1991 | 465,000 | 18,000 | 30,600,000 | 35.0 | 945,000 | 0 | 1,428,000 | 62,000 | 1,356,800 | 1,418,800 | 9,200 | 521,000 |
| 1992 | 465,000 | 9,000 | 34,200,000 | 35.0 | 1,071,000 | 0 | 1,545,000 | 66,000 | 1,358,400 | 1,424,400 | 120,600 | 641,600 |
| 1993 | 0 | 0 | 36,000,000 | 35.0 | 1,197,000 | 0 | 1,197,000 | 70,000 | 1,355,200 | 1,425,200 | (228,200) | 413,400 |
| 1994 | 0 | 0 | 37,800,000 | 35.0 | 1,260,000 | 0 | 1,260,000 | 74,000 | 1,357,200 | 1,431,200 | (171,200) | 242,200 |
| 1995 | 0 | 0 | 39,600,000 | 35.0 | 1,323,000 | 0 | 1,323,000 | 78,000 | 1,358,200 | 1,436,200 | (113,200) | 129,000 |
| 1996 | 0 | 0 | 41,400,000 | 35.0 | 1,386,000 | 0 | 1,386,000 | 82,000 | 1,357,600 | 1,439,600 | ( 53,600) | 75,400 |
| 1997 | 0 | 0 | 43,200,000 | 35.0 | 1,449,000 | 0 | 1,449,000 | 84,000 | 1,354,800 | 1,438,800 | 10,200 | 85,600 |
| 1998 | 0 | 0 | 45,000,000 | 35.0 | 1,512,000 | 0 | 1,512,000 | 88,000 | 1,359,200 | 1,447,200 | 64,800 | 150,400 |
| 1999 | 0 | 0 | 46,800,000 | 30.0 | 1,575,000 | 0 | 1,575,000 | 92,000 | 1,354,000 | 1,446,000 | 129,000 | 279,400 |
| 2000 | 0 | 0 | 48,600,000 | 30.0 | 1,404,000 | 0 | 1,404,000 | 96,000 | 1,359,200 | 1,455,200 | ( 51,200) | 228,200 |
| 2001 | 0 | 0 | 50,400,000 | 20.0 | 1,458,000 | 0 | 1,458,000 | 100,000 | 1,357,400 | 1,457,400 | 600 | 228,800 |
| 2002 | 0 | 0 | 52,200,000 | 10.0 | 1,008,000 | 0 | 1,008,000 | 104,000 | 948,000 | 1,052,000 | ( 44,000) | 184,800 |
| 2003 | 0 | 0 | 54,000,000 | 10.0 | 522,000 | 0 | 522,000 | 108,000 | 368,400 | 476,400 | 45,600 | 230,400 |
| 2004 | 0 | 0 | 55,800,000 | 10.0 | 540,000 | 0 | 540,000 | 112,000 | 368,200 | 480,200 | 59,800 | 290,200 |
| 2005 | 0 | 0 | 57,600,000 | 10.0 | 558,000 | 0 | 558,000 | 116,000 | 365,000 | 481,000 | 77,000 | 367,200 |
| 2006 | 0 | 0 | 59,400,000 | 10.0 | 576,000 | 0 | 576,000 | 120,000 | 363,800 | 483,800 | 92,200 | 459,400 |
| 2007 | 0 | 0 | 61,200,000 | 0 | 594,000 | 0 | 594,000 | 124,000 | 364,000 | 488,000 | 106,000 | 565,[illegible] |

Revenues Expenditures Surplus

* Tax revenue shown one year after assessed valuation and mill levy to reflect collection time lag.

the twenty five year period is 40.0 mills. As noted above, general property tax revenues will be utilized to make general obligation bond payments and for operation and maintenance costs connected with roadways, recreational features, fire protection, and the district offices. Operation and maintenance costs connected with the water and sewer systems will be met with revenues generated through customer service charges, and not by general property taxes. Adding the 1980 mill levy of 52.1245 mills for that portion of Gunnison County to the projected maximum of 40.0 mills required by the Skyland Metropolitan District, results in a total mill levy of 92.1245 mills.

The summary of revenues and expenditures presented in Table 12 clearly indicates that the proposed district will be able to meet bonded indebtedness annual payments without causing an unusually high mill levy. All amounts given in Table 12 have been documented in other areas of this service plan. Projected mill levies have been calculated to make up the difference between estimated total expenditures and other revenues.

## V. SUMMARY AND CONCLUSIONS

The service plan presented herein has been prepared in an effort to create a Metropolitan District that will provide a variety of services within the proposed Skyland Subdivision. The district will encompass a 586 acre tract of land which lies approximately 1½ miles south of the town of Crested Butte. The district will ultimately consist of a variety of land uses including single family, multifamily, commercial, and recreation. Detailed site planning and preliminary engineering have been completed for the entire tract and site specific information is available in the individual engineering reports.

Facilities proposed to be constructed within the district include roadways, drainage improvements, central water and sewer systems, power, phone, and cable television extensions, an eighteen hole golf course, other recreational features, a fire station - district office, and a maintenance shop. Some of the facilities are proposed to be financed directly by the developer, Skyland Properties, Ltd., with the remainder to be financed through the borrowing power of the district. Detailed cost estimates for all proposed facilities have been presented in Table 4 on pages 17 and 18.

Facilities to be financed by the district will be paid for through general obligation bond sales. Three separate bond sales are proposed with the first sale scheduled for November, 1981. Bond sale amounts have been itemized in Table 5 on pages 21 and 22. Bond debt service will be retired through capital improvement investment fees, water and sewer availability charges, and general property taxes. Operation and maintenance of the water and sewer systems will be financed through customer service charges. Roadway and recreational feature maintenance will be financed through the general property tax. The golf course

will be operated and maintained by a firm retained for that pecific purpose, with income derived through user fees and membership dues.

The projected revenue and expenditure amounts presented herein indicate that the proposed district will have the inancial ability to meet proposed debt service requirements and provide basic services, including long term operation and maintenance of utility systems.

The standards of construction proposed are of the highest quality, with all utilities to be installed underground, and roadways to be finished with a paved surface.

Creation of the proposed Skyland Metropolitan District will insure that future residents of the district will be guaranteed continuous and long term operation of all basic services.

# APPENDIX A

# SKYLAND METROPOLITAN DISTRICT

# BOUNDARY LEGAL DESCRIPTION

SKYLAND METROPOLITAN DISTRICT

BOUNDARY LEGAL DESCRIPTION

The Northeast Quarter, the Southeast Quarter, and the East Half of the Northwest Quarter of Section 1, together with part of the North Half of Section 12, both of Township 14 South, Range 86 West, together with Lot 6 (being the Northwest Quarter of the Southwest Quarter) and Lot 7 (being the Southwest Quarter of the Southwest Quarter) of Section 6 together with a part of the Northwest Quarter of the Northwest Quarter of Section 7, both of Township 14 South, Range 85 West, all of the Sixth Principal Meridian, County of Gunnison, State of Colorado, more particularly described as follows:

Beginning at the Northeast corner of said Section 1; thence N 89° 31' 36" W along the North line of said Northeast Quarter of Section 1, 2654.51 feet to the Northwest corner of said Northeast Quarter of Section 1; thence N 89° 13' 34" W along the North line of said East Half of the Northwest Quarter, 1326.47 feet; thence S 0° 25' 34" W along the West line of said East Half of the Northwest Quarter, 2647.76 feet; thence [illegible] 29' 48" E along the South line of said East Half of the Northwest Quarter 1322.57 feet; thence S 0° 30' 37" W along the West line of said Southeast Quarter of Section 1, 2633.64 feet; thence N 89° 09' 47" W along the North line of said Section 12, and along a parcel described in Book 377, Page 289, of the Office of the Gunnison County Clerk, 356.26 feet to the East line of Riverbend Subdivision, a recorded plat, and the accepted centerline of the Slate River; thence along said Subdivision and said centerline the following four courses; [illegible] 45' 0" W, 390.75 feet; thence S 26° 42' 0" E, 192.5 [illegible]; thence S 50° 44' 0" E, 301.0 feet; thence S 24° 59' 0" E, [illegible] 7.0 feet to the West line of the Northeast Quarter of said Section 12;

Thence S 0° 17' 01" E along said West line of the Northeast Quarter of Section 12, 1301.72 feet to the Northeasterly line of a parcel as described in Book 291, Page 45; thence along said parcel the following three courses: S 58° 30' 0" E, 239.26 feet; thence S 31° 30' 0" W, 50.00 feet; thence along a curve to the left having a radius of 1960.00 feet, a central angle of 1° 09' 56", a chord of 39.87 feet, a chord bearing of S 53° 56' 00" E, 39.87 feet; thence N 88° 55' 33" E, 136.28 feet; thence N 35° 08' 23" E, 270.17 feet; thence N 41° 56' 35" E, 1244.61 feet to the Southwest corner of the Northeast Quarter of the Northeast Quarter of said Section 12; thence along the Northerly line of Tract I and Tract II as described in Book 268, Page 312, the following four courses: S 89° 12' 02" E, along the South line of said Northeast Quarter of the Northeast Quarter of Section 12, 15.65 feet; thence N 34° 29' 48" E, 894.77 feet; thence S 88° 27' 46" E, 812.75 feet to the East line of said Northeast Quarter of the Northeast Quarter of Section 12; thence N 89° 38' 54" E, 1243.86 feet to the East line of said Northwest Quarter of the Northwest Quarter of Section 7; thence N 0° 1' 18" E, along said East line of the Northwest Quarter of the Northwest Quarter of Section 7, 593.43 feet to the Southeast corner of Lot 7 (being the Southwest Quarter of the Southwest Quarter) of said Section 6; thence N 0° 36' 39" E along the East line of said Lot 7 and Lot 6 (being the Northwest Quarter of the Southwest Quarter) of Section 6, 2616.68 feet to the North line of said Southwest Quarter of Section 6; thence N 89° 16' 12" W along said North line of the Southwest Quarter of Section 6, 1255.42 feet; thence N 0° 16' 08" E along the East line of said Northeast Quarter of Section 1, 2642.90 feet to the Point of Beginning, containing 586.350 acres more or less.