



Date: August 1, 2007

To: Greg Nyhoff, Assistant City Manager, City of Colorado Springs

From: James H. Mullen, R.S. Wells, LLC, District Manager

Subject: Annual Report for Banning Lewis Metropolitan Districts No. 1- 7.

The Consolidated Service Plan for Banning Lewis Ranch Metropolitan Districts No. 1-7 requires that the districts submit an annual report of significant events inclusive of information specified in the plan and enumerated below. This report is as of December 31, 2006 and consolidates the information for all seven of the districts. If you have any questions please contact me.

1. There were no boundary changes for any of the districts, nor any proposed as of December 31, 2006.
2. There were no intergovernmental agreements with other entities, either entered into or proposed as of December 31, 2006.
3. The districts have no rules and regulations other than the Consolidated Service Plan, dated September 6, 2005.
4. There was no litigation involving the districts Public Improvements as of December 31, 2006.
5. Status of the districts Public Improvements as of December 31, 2006 is as described in exhibit A, attached.
6. As of December 31, 2006, no public improvements were constructed by the Districts that were dedicated to the City.
7. The assessed values of the districts for 2006, as certified by the El Paso County Assessor are as follows:
  - District No. 1. \$580
  - District No. 2. \$615,210
  - District No. 3. \$900
  - District No. 4. \$890
  - District No. 5. \$900
  - District No. 6. \$790

District No. 7. \$800

8. Current year budgets for the districts, as of December 31, 2006 are attached as exhibit B. No Public Improvements were budgeted.
9. The districts files for and received Audit Exemptions for the year ending December 31, 2006. The approved exemptions are attached as exhibit C.
10. There were no uncured events of default for the districts as there was no debt issued.
- 11 .There was no inability of the districts to pay their obligations.