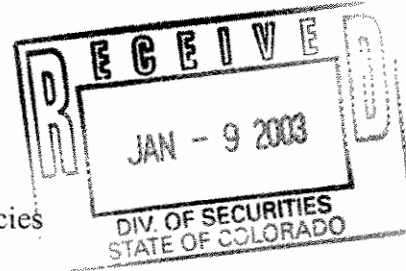


Holme Roberts & Owen LLP

January 9, 2003



Mr. Fred J. Joseph
Securities Commissioner
Division of Securities
Colorado Department of Regulatory Agencies
1580 Lincoln Street, Suite 420
Denver, Colorado 80203



Re: District Facilities Construction and Service Agreement between Pinery West Metropolitan District No. 1 ("District No. 1") and Pinery West Metropolitan District No. 2 (the "District"), as amended (the "Master IGA")

Dear Mr. Joseph:

We acted as bond counsel in connection with the issuance by the Board of Directors of the District, of its "Limited Tax General Obligation Variable Rate Bonds, Series 2002", in the aggregate principal amount of \$21,815,000, dated December 30, 2002, the date of their delivery (the "Bonds"), for which we filed timely a completed form of Claim of Exemption from Registration for Certain Municipal Securities and a check for the \$100 fee therefor and received Colorado File No. ME 2002-4-231.

A portion of the proceeds of the Bonds will be paid over by the District to District No. 1 to fulfill certain obligations of the District under the terms of the Master IGA. We determined that it is advisable for the District and District No. 1 (collectively, the "Districts") to submit this letter request for a determination by the Division of Securities (the "Division") regarding registration of the Master IGA and another check for the \$100 fee therefor.

The Master IGA is a multiple fiscal year financial obligation which received the voter approval required by Article X, Section 20 of the Colorado Constitution ("TABOR") at the special elections held by the Districts on November 7, 2000 and on May 7, 2002.

The Colorado legislature, in adopting Title 11, Article 59, Part 1, C.R.S. (the "Act"), declared the purposes of the Act to include regulating and monitoring

Attorneys at Law

1700 Lincoln Street
Suite 4100
Denver, Colorado
80203-4541
Tel (303)861-7000
Fax (303)866-0200
www.hro.com

Denver
Salt Lake City
Boulder
Colorado Springs
London

Holme Roberts & Owen LLP

Mr. Fred J. Joseph

January 9, 2003

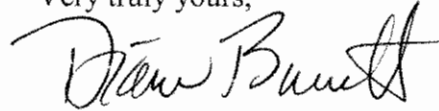
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disclosure of financial and credit information for public securities in order to expand and stabilize the market therefor and to improve the marketability of such securities generally. Section 11-59-106, C.R.S., makes it unlawful for any district to issue bonds unless such bonds are registered with the securities commissioner under Section 11-59-108, C.R.S., unless the issuance of bonds is exempted under Section 11-59-110, C.R.S. The term "bond" is defined for purposes of the Act as "...any bond, debenture, or other obligation authorized to be issued by any special district...".

It is the position of the Districts that in entering into the Master IGA they have not "issued" public securities and they have not utilized the municipal marketplace; consequently, the Districts do not believe that the Act should be deemed to apply to the Master IGA. This letter is a formal request by the Districts to the Division for an interpretive opinion that the Master IGA does not constitute an obligation which is authorized to be issued by the District and that consequently it is not a "bond" within the meaning and subject to the provisions of the Act.

In the alternative, the Districts request that the Division make the determination under Section 11-59-110 (3), C.R.S., that the application of Section 11-59-106, C.R.S., to the Master IGA is not necessary in the public interest and for the protection of investors and that it will take no action with respect to the Districts' execution and delivery of the Master IGA. The Districts respectfully request your written determination regarding the Master IGA as soon as possible. If you need additional information or have any questions at all, please feel free to contact the undersigned.

Very truly yours,



Diane S. Barrett

cc: Kristen Bear, Esq.
Sean Allen, Esq.
Saranne Maxwell, Esq.

A-003-004
OP 2003-24-456

STATE OF COLORADO

Division of Securities

Department of Regulatory Agencies

1580 Lincoln, Suite 420
Denver, Colorado 80203
Phone: (303) 894-2320
TDD/V: (303) 894-7880
FAX: (303) 861-2126



Bill Owens
Governor

M. Michael Cooke
Executive Director

Fred J. Joseph
Securities Commissioner

January 31, 2003

Dianne S. Barrett
Holme Roberts & Owen, LLP
1700 Lincoln Street, Suite 4100
Denver, Colorado 80203-4541

**RE: District Facilities Construction and Service Agreement between Pinery
West Metropolitan District No. 1 and Pinery West Metropolitan District No.
2, as amended.
Our File Nos. A-003-004 and OP 2003-24-456**

Dear Ms. Barrett:

The staff of the Division of Securities ("Staff") is in receipt of your letter dated January 9, 2003, regarding the above-referenced matter. By your letter, you request, on behalf of your client, Pinery West Metropolitan District No. 2 ("District No. 2"), that the Staff confirm the above-referenced Facilities Construction and Service Agreement ("Master IGA") is not subject to the registration provisions of the Colorado Municipal Bond Supervision Act ("Act") as the Master IGA does not constitute a "bond" or "other obligation" under the Act or, in the alternative, that the Staff will not recommend formal action be initiated as a result of the execution and delivery of the Master IGA between District No. 2 and the Pinery West Metropolitan District No. 1 ("District No. 1").

From the representations in your letter, we understand that District No. 2 issued its "Limited Tax General Obligation Variable Rate Bonds, Series 2002" (the "Bond Offerings") in the aggregate principal amount of \$21,815,000. These bonds were delivered on December 30, 2002, and in connection with their issuance and delivery, District No. 2 filed its Claim of Exemption from Registration for Certain Municipal Securities with the Division of Securities on or about November 19, 2002.

Pursuant to your letter, and the Preliminary Offering Supplement ("POS") filed with the above Claim of Exemption, we further understand the Master IGA is a multiple fiscal year financial obligation which received voter approval required under Article X, Section 20 of the Colorado Constitution at the special elections held by the Districts on

Dianne S. Barret
January 31, 2003
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November 7, 2000 and May 7, 2002, respectively. A portion of the proceeds from the Bond Offering will be paid to District No. 1 to fulfill certain obligations of District No. 2 under the terms of the Master IGA. Under the provisions of the POS, proceeds of the Bond Offering will be used to discharge an obligation of District No. 2 to District No. 1 (the "Service District" under the POS) pursuant to the Master IGA in the approximate amount of \$11,500,000 related to the "KDB Capital Advance," and to finance the acquisition, construction and completion of authorized District improvements which amounts are payable to the Service District pursuant to the IGA, among other applications and uses.

Based on the representations in your letter and information on file with the Division relative to the Bond Offering, the Staff will not recommend to the Securities Commissioner that formal enforcement proceedings be instituted against District No. 1, District No. 2, or any of their respective principals or agents for violation of the registration provisions of the Act in connection with the execution and delivery of the Master IGA or any payments made thereunder. It should be noted that by this letter, the Staff only expresses its position as to the recommendation of formal enforcement proceedings under the Act and does not purport to express any formal opinion or conclusion. Further, it should be noted that the position taken is done so based on the facts as presented, and any change in those facts or circumstances described might require a different response.

If there are any questions, please contact the undersigned.

Sincerely,



Richard Djokic
Deputy Securities Commissioner