

**CONSOLIDATED SERVICE PLAN  
FOR  
MORGAN HILL METROPOLITAN DISTRICT NOS. 1, 2 AND 3**

Prepared

by

White, Bear & Ankele Professional Corporation  
1805 Shea Center Drive, Suite 100  
Highlands Ranch, CO 80129

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**LIST OF EXHIBITS**

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**CONSOLIDATED SERVICE PLAN  
FOR  
MORGAN HILL METROPOLITAN DISTRICT NOS. 1, 2 AND 3**

**I. INTRODUCTION**

A. Purpose and Intent. The Morgan Hill Metropolitan District Nos. 1, 2 and 3 (the "District" or "Districts") are independent units of local government, separate and distinct from the Town. It is intended that the Districts will collectively provide a part or all of the Public Improvements for the use and benefit of all anticipated constituents and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements for the Morgan Hill development. The Districts are not being created to provide ongoing operations and maintenance services other than as specifically set forth in Exhibit E to this Service Plan.

B. Need for the Districts. There are currently no other governmental entities, including the Town, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the Town Regarding District Service Plans. The Town's objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, and financing of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Mill Levy Imposition Term. Each District's mill levy shall be no higher than the Maximum Mill Levy.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities are allowed, but only as specified in Exhibit E to this Service Plan.

Unless a District has operational responsibilities for any of the Public Improvements, it is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, or upon the occurrence of an event specified in Section 32-1-701(2) or (3), C.R.S.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenues collected from a mill levy which shall not exceed the Maximum Mill Levy and which shall not exceed the Maximum Mill Levy Imposition Term. It is the intent of this Service Plan to assure to the extent possible that no property bear an economic burden that is greater than that associated with the Maximum Mill Levy in amount and that no property bear an economic burden that is greater than that associated with the Maximum Mill Levy Imposition Term. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

D. Organizers and Consultants. This Service Plan has been prepared by the following:

Organizers

MH Development Company  
2500 Arapahoe Avenue, Suite 220  
Boulder, CO 80302

District Counsel

White, Bear & Ankele Professional  
Corporation  
1805 Shea Center Drive, Suite 100  
Highlands Ranch, Colorado 80129

Financial Advisor

D.A. Davidson & Co.  
1600 Broadway, Suite 1100  
Denver, Colorado 80202

Engineers

Hurst and Associates  
4999 Pearl East Circle, Ste. 106  
Boulder, CO 80301

Bond Counsel

TBD

E. First Board of Directors.

The proposed first board of directors is proposed to include:

Members of the Organizing entity: Jon R. Lee, Lewis G. Holtsclaw and Michael J. Burns. Attached hereto as Exhibit J is proof of current ownership of and encumbrances on property in the Districts. The organizers of the Districts have an option to purchase the property initially included within the Districts. The current owners of said property consent to the formation of the Districts as evidence by the consent letter in Exhibit J.

F. Multiple District Structure.

Multiple Districts are being proposed for the development in order to permit the provision of Public Improvements according to the phasing and pace of development. Sharing of debt service revenues by the Districts will allow for the collective and cooperative financing of all Public Improvements benefiting the Districts and development as a whole. The multiple district structure is intended to promote equitable allocation of construction and service costs among the properties within the Districts. The allocation of responsibility for all such functions among the Districts may occur in any combination based upon the best interests of the property owners and residents and benefits thereto.

Each District is authorized to provide Public Improvements and services, including but not limited to acquisition of completed improvements, to the properties within and without its respective boundaries. Debt may be issued by a single District or combination of Districts as

appropriate to deliver the Public Improvements and services to the property within the development.

Due to the relationship between the Districts and the development as a whole, various agreements by one or more of the Districts are expected clarifying the respective responsibilities and the nature of the functions and services to be provided by each District and promote the orderly development of essential services and Public Improvements.

1. Benefits of Multiple District Structure. The benefits of using the multiple district structure include: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; and (b) assurance that improvements required are constructed in a timely and cost effective manner.

a. Coordinated Services. As presently planned, development will proceed in phases, which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of public improvements will be administered consistent with a long-term construction and operations program.

b. Debt Allocation. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for the public improvements and through development of an integrated operating plan for long-term operations and maintenance for those improvements that are not dedicated to and accepted by the Town or other entities, but retained by the Districts as appropriate. Use of an intergovernmental agreement(s) will help assure that no area within the project becomes obligated for more than its share of the costs of capital improvements and operations. Neither high nor low-density areas will bear a disproportionate burden of debt and operating costs. Additionally, equity is also promoted due to the fact that there must be a rational relationship between the land that is subject to a district's mill levy and the improvements or services being funded.

## II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Board: means the board of directors of a District.

Board of Trustees: means the Board of Trustees of the Town of Erie, Colorado.

Bonds or Debt: means any bonds, notes, debentures, certificates, contracts, capital leases, or other multiple fiscal year financial obligations of the Districts.

Districts: means the Morgan Hill Metropolitan District Nos. 1, 2 and 3, each being a District.

External Financial Advisor: means a consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities,

including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place (also known as the Redbook); and (3) is not an officer of the Districts.

Financial Plan: means the Financial Plan attached hereto as Exhibit F and described in Section VI which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated revenue and expenses.

Initial District Boundaries: means the boundaries of the area described in the Initial Districts' Boundary Map.

Initial Districts' Boundary Map: means the map attached hereto as Exhibit C, describing the Initial Districts' Boundaries.

Market Issued Debt: means Debt which is underwritten by an underwriter or investment banker listed in the Bond Buyer's Municipal Market Place (also known as the Redbook).

Maximum Mill Levy: means the maximum mill levy the Districts are each permitted to impose for payment of Debt and as set forth in Section VI.E below.

Maximum Mill Levy Imposition Term: means the maximum term for imposition of a mill levy as set forth in Section VI.F below.

Official Development Plan: means the Annexation Agreement between the Town, Mary Alice Billings, Mary Alice Billings Trust and the Woolley Family Trust.

Privately Placed Debt: means Debt which is sold or placed directly with an investor, without being underwritten by an underwriter or investment banker.

Project: means the residential development or property commonly referred to as Morgan Hill.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, and financed as generally described in Exhibit D, except as specifically limited in Section V below, to serve the future taxpayers and inhabitants of the Initial Districts' Boundaries as determined by the Board of each District.

Service Plan: means this service plan for the Districts approved by Board of Trustees.

Service Plan Amendment: means an amendment to the Service Plan approved by Board of Trustees in accordance with the Town's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Town: means the Town of Erie, Colorado.

Town Code: means the Town Code of the Town of Erie, Colorado.

### **III. BOUNDARIES**

The area of the Initial Districts' Boundaries includes approximately 216 acres. A legal description of the Initial Districts' Boundaries is attached hereto as Exhibit A. A map of the Initial Districts' Boundaries is attached hereto as Exhibit C. A vicinity map is attached hereto as Exhibit B.

### **IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION**

The Initial Districts' Boundaries consists of approximately 216 acres. The principal use of the land is residential. The current assessed valuation of the Initial Districts' Boundaries is \$0 for the purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the Districts at build-out is estimated to be approximately 1367 people. The Official Development Plan for the property in the Initial Districts' Boundaries was approved by the Town on June 10, 2008.

### **V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES**

#### **A. Powers of the District and Service Plan Amendment.**

The Districts shall have the power and authority to provide the Public Improvements and, if provided herein, related operation and maintenance services, within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the Town or other appropriate jurisdiction or owners association in a manner consistent with the Official Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements unless the provision of such operation and maintenance is pursuant to Exhibit E in the approved Service Plan.

2. Use of Bond Proceeds and Other Revenues of the District Limitation. Proceeds from the sale of Debt instruments and other revenues of the Districts may not be used to pay landowners within the Districts for any items required by annexation agreements or land use codes. Examples of ineligible reimbursements include: the acquisition of rights of way, easements, water rights, and land for prudent drainage, parkland or open space. Additionally, if the landowner/developer constructs the public infrastructure and conveys it to the Districts contingent upon a pledge from the Districts that it will issue bonds to pay the landowner/developer, prior to reimbursing the landowner/developer for such amounts, the



Districts must receive the report of an independent engineer or accountant confirming that the amount of the reimbursement is reasonable.

3. Recovery Agreement Limitation. Should the Districts construct infrastructure subject to a recovery agreement with the Town or other entity, the Districts retains all benefits under the recovery agreement. Any subsequent reimbursement for public improvements installed or financed by the Districts will remain the property of the Districts and be applied toward repayment of their Debt, if any. Any reimbursement revenue not necessary to repay District Debt may be utilized to construct additional Public Improvements permitted under this Service Plan.

4. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction. In all instances, the Districts will comply with applicable Town ordinances, regulations and standards, including, without limitation, and to the extent necessary, execution of public improvement agreements and provision of improvements and dedication of any of the public improvements to the Town. The Districts will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work. Nothing herein requires the Town to accept the transfer of any public Improvement.

5. Privately Placed Debt Limitation. Prior to the issuance of any Privately Placed Debt, the Districts shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

6. Boundary Change Limitation. The Districts shall not include within or exclude from their boundaries any property without the prior written consent of the Town. However, no such consent is required for the exclusion of any initially included property that becomes commercially zoned.

7. Total Debt Issuance Limitation. The Districts shall not issue Debt in an aggregate principal amount in excess of \$21,000,000, provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt nor shall it include any amounts equal to the net proceeds of such Debt that are applied to

paying debt service on such Debt or otherwise used to defease such Debt, exclusive of reserve funds or capitalized interest or other amounts that were intended as of the date of issuance to pay debt service on the Debt.

8. No Rates, Fees, Charges, Assessments or Exaction. Other than a one-time development fee, the Districts shall not impose any rate, fee, charge, assessment or exaction and shall not utilize any rate, fee, charge, assessment or exaction imposed by any public or private entity without written consent of the Town. The one-time development fee is expected to be due by or before the issuance of a building permit, and said fee shall not exceed \$2,000 per unit without Town consent, unless such fee is paid by MH Development Company.

9. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

10. Consolidation Limitation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town.

11. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Mill Levy and the Maximum Mill Levy Imposition Term have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt issued with a pledge or which results in a pledge that exceeds the Maximum Mill Levy or the Maximum Mill Levy Imposition Term, shall be deemed a material departure from this Service Plan pursuant to Section 32-1-207, C.R.S., and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

12. Eminent Domain Powers Limitation. The Districts shall not exercise the power of eminent domain except upon the prior written consent of the Town.

13. Notice of Meetings. The Districts shall deliver to the Town Clerk a copy of written notice of every regular or special meeting of the Districts at least five (5) business days prior to such meeting. The Districts shall post a copy of such notice at Town Hall and the Town Post Office. From the time that 50% of the structures to be built in a District have been

sold to purchasers, all meetings of the Board of Directors of that District shall be held within Town limits.

14. Subdistricts; 63-20 Corporations. No subdistricts shall be created by the Districts pursuant to Section 32-1-1101(1.5), C.R.S. The Districts shall not create any corporation to issue Bonds on the Districts' behalf.

15. Intergovernmental Agreement; Improvement Guaranty. The Districts shall not levy any taxes or issue any Debt until they enter into an intergovernmental agreement with the Town regarding the enforcement of the provisions of the Model Service Plan. The intergovernmental agreement shall be in form and substance satisfactory to the Town Administrator and Town Attorney. The creation of the Districts shall not alter the obligation of the developer of property in the Districts to provide the Town with improvement guarantees pursuant to Chapter 10 of the Town's Municipal Code ("Code"). However, the intergovernmental agreement may describe the acceptable method by which the Districts are able to satisfy and provide the Town with the required improvement guarantees through granting the Town access and use of actual net Bond proceeds for up to 100% of the amount of a required guarantee, and the Districts may provide the amount of any overrun allowance percentage via a letter of credit or other acceptable method. The agreed upon method of providing the guarantee shall be consistent with the guarantee requirements of Chapter 10 of the Code.

16. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of an Official Development Plan for the property within the Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend this Service Plan as development plans change. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current Official Development Plans for the property. Actions of the Districts which violate the limitations set forth in Sections A.1-15 above or in Section VI shall be deemed to be material departures from this Service Plan and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

B. Preliminary Engineering Survey.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the Districts, as more specifically described in Exhibit D. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the Official Development Plan on the property in the Initial Districts' Boundaries and is approximately \$16,100,000 and, as more specifically detailed in Exhibit D.

All of the Public Improvements described herein will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town and shall be in accordance with the requirements of the Official Development Plan. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the Town's requirements, and construction scheduling may require. Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. All construction cost estimates assume construction to applicable local, State or Federal requirements.

## **VI. FINANCIAL PLAN**

### **A. General.**

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation, and financing of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Mill Levy Imposition Term from revenues derived from the Maximum Mill Levy and other legally available revenues (subject to Section V.A.8 hereof). The total aggregate Debt that the Districts shall be permitted to issue shall not exceed the total Debt issuance limitation set forth in Section V.A.7 hereof, and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon all taxable property of the Districts. Prior to issuing any Debt, the Districts shall deliver to the Town an opinion of nationally recognized bond counsel (acceptable to the Town Attorney) stating that the Debt satisfies the requirements of the Service Plan.

### **B. Maximum Voted Interest Rate and Maximum Underwriting Discount.**

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The proposed maximum interest rate on any Debt shall not exceed 18%. The maximum underwriting discount shall not exceed 5%. Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities. The form of the sample ballot questions which each District will submit to its electors at the organizational election is attached hereto as Exhibit G.

### **C. No-Default Provisions.**

Debt issued by the Districts shall be structured so that failure to pay debt service when due shall not of itself constitute an event of default or result in the exercise of remedies. The foregoing shall not be construed to prohibit events of default and remedies for other occurrences including, without limitation, (1) failure to impose or collect the Maximum Mill Levy or such portion thereof as may be pledged thereto, or to apply the same in accordance with the terms of the Debt, (2) failure to abide by other covenants made in connection with such Debt,

or (3) filing by a District as a debtor under any bankruptcy or other applicable insolvency laws. Notwithstanding the foregoing, Debt will not be structured with a remedy which requires the Districts to increase the Maximum Mill Levy or the Maximum Mill Levy Imposition Term.

D. Eligible Bondholders

All District Bonds or other Debt instruments, if not rated in one of its four highest rating categories by one or more nationally recognized organizations which regularly rate such obligations, must be issued in minimum denominations of \$500,000. The foregoing shall not prohibit the redemption by the Districts of such Debt instruments in denominations smaller than \$500,000.

E. Maximum Mill Levy.

The "Maximum Mill Levy" shall be the maximum mill levy that a District is permitted to impose upon the taxable property within its respective boundary, and shall be determined as follows:

1. The Maximum Mill Levy shall be fifty (50) mills; provided that if, on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

F. Maximum Mill Levy Imposition Term.

A District shall not impose a Debt service mill levy for more than forty (40) years after the year of the initial imposition of such Debt service mill levy unless: (1) a majority of a Board of Directors of a District imposing the mill levy are residents of such District, and (2) such Board has voted in favor of issuing Debt with a term which requires or contemplates the imposition of a Debt service mill levy for a longer period of time than the limitation contained herein.

G. Debt Repayment Sources.

The Districts may impose a mill levy on taxable property within their boundaries as a primary source of revenue for repayment of Debt service and for operations and maintenance. The Debt mill levy shall only be used for Debt service on Market Issued Debt or for Privately Placed Debt. It shall never be used to pay debt service on any other obligation. Specifically, developer advances for capital outlays must be structured as Privately Placed Debt if there is a reasonable expectation that the advance will not be repaid in its entirety within one (1) year. In no event shall the debt service mill levy in any District exceed the Maximum Mill Levy or the Maximum Mill Levy Imposition Term.

H. Security for Debt.

No Debt or other financial obligation of any District will constitute a debt or obligation of the Town in any manner. The faith and credit of the Town will not be pledged for the repayment of any Debt or other financial obligation of any District. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities issued by any District. Districts shall not utilize the Town of Erie's name in the name of the Districts.

I. Operating Mill Levy

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be \$50,000 per District, which is anticipated to be derived from property taxes imposed for operations as limited by the Maximum Mill Levy, and from other revenues as described in Exhibit F.

**VII. ANNUAL REPORT**

A. General.

The Districts shall be responsible for submitting an annual report to the Town no later than August 1 of each year following the year in which the Order and Decree creating the Districts has been issued.

B. Reporting of Significant Events.

The annual report shall include the following information:

(a) A narrative summary of the progress of the Districts in implementing the Service Plan;

(b) Except when an exemption from audit has been granted for the fiscal year under the Local Government Audit Law, the audited financial statements of the Districts for the fiscal year including a statement of financial condition (i.e. balance sheet) as of December 31 of the fiscal year and the statement of operations (i.e. revenues and expenditures) for the fiscal year;

(c) Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities in the fiscal year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the fiscal year;

(d) Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the fiscal year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the fiscal year, the amount of payment or retirement of existing indebtedness of the Districts in the fiscal year, the total assessed valuation

of all taxable properties within the Districts as of January 1 of the fiscal year, and the current mill levy of the Districts pledged to debt retirement in the fiscal year;

(e) The Districts' budget for the calendar year in which the annual report is submitted;

(f) A summary of residential and commercial development which has occurred within the Districts for the fiscal year;

(g) A summary of all taxes, fees, charges and assessments imposed by the Districts as of January 1 of the fiscal year;

(h) The name, business address and telephone number of each member of the Boards and the chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards.

## **VIII. DISSOLUTION**

Each District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes upon the occurrence of one of the following as relevant to such District: for District No. 1, if Debt has not been issued by District No. 1 within seven (7) years from the date of the Town's approval of this Service Plan; for District No. 2, if Debt has not been issued by District No. 2 within ten (10) years from the date of the Town's approval of this Service Plan; for District No. 3, if Debt has not been issued by District No. 3 within twelve (12) years from the date of the Town's approval of this Service Plan (however, the above condition shall not apply if a District has not issued Debt within its respective time limitation, but has, within such time limit, pledged debt service payments for Debt issued by one or more of the other Districts); (2) upon an independent determination of the Board of Trustees that the purposes for which the Districts were created have been accomplished, or (3) when no Debt is then outstanding. In no event shall dissolution occur until a District has provided for the payment or discharge of its portion of outstanding Debt as required pursuant to State statutes.

## **IX. DISCLOSURE TO PURCHASERS**

The Districts will use reasonable efforts to assure that all developers of or builders on the property located within such Districts provide written notice to all persons who purchase or lease property in the Districts from the developer or the builder regarding the Maximum Mill Levy as well as a description of the Districts' authority to impose and collect rates, fees, charges or exactions. The form of notice shall be substantially in the form of Exhibit I hereto; provided that such form may be modified by the Districts so long as a new form is submitted to the Town prior to modification. All promotional, marketing, and sales information shall display notice, equal in size and font to all other pertinent information, as to debt, taxes, rates, fees and exactions, and this information shall further be recorded in the real estate records of the County with the order of the court creating the Districts.

**X. COMPLIANCE WITH LAWS**

The approval of the Service Plan shall not limit the Town in implementing any growth limitations imposed by the Board of Trustees or the voters. The Districts shall be subject to all of the Town's zoning, subdivision, building code or land use requirements.

**XI. CONCLUSION**

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries; and
4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.



**EXHIBIT A**

Legal Description

# EXHIBIT

## DISTRICT NO. 1 DESCRIPTION:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 7 FROM WHENCE THE NORTHEAST CORNER LIES N89°42'31"E, 2,627.25 (BASIS OF BEARINGS);

THENCE N89°42'31"E, 2,597.24 FEET ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7;  
THENCE S00°56'30"W, 1,539.91 FEET ALONG THE WESTERLY RIGHT OF WAY LINE OF WELD COUNTY ROAD 3, BEING A LINE PARALLEL WITH AND 30.00 FEET WEST OF THE EASTERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7 TO THE POINT OF BEGINNING;

THENCE CONTINUING S00°56'30"W, 1,104.44 FEET ALONG SAID WESTERLY RIGHT OF WAY LINE;  
THENCE N89°35'04"W, 3,111.95 FEET ALONG THE NORTHERLY RIGHT OF WAY LINE OF WELD COUNTY ROAD 10.5;  
THENCE N23°45'48"E, 210.22 FEET;  
THENCE N59°30'59"E, 90.75 FEET;  
THENCE N00°19'01"E, 110.40 FEET;  
THENCE S89°35'02"E, 140.00 FEET;  
THENCE N00°19'01"E, 280.00 FEET;  
THENCE S89°35'02"E, 971.46 FEET;  
THENCE N00°22'56"E, 170.00 FEET;  
THENCE S89°35'02"E, 317.85 FEET;  
THENCE N00°24'58"E, 118.00 FEET;  
THENCE S89°35'02"E, 396.08 FEET;  
THENCE N01°03'06"E, 763.36 FEET;  
THENCE N01°44'57"E, 60.01 FEET;  
THENCE N00°59'15"E, 146.10 FEET;  
THENCE S89°59'43"E, 362.07 FEET;  
THENCE S55°53'54"E, 145.90 FEET;  
THENCE N72°08'39"E, 69.61 FEET;  
THENCE S04°20'59"E, 70.00 FEET;  
THENCE S00°56'30"W, 481.47 FEET;  
THENCE S89°03'30"E, 161.11 FEET;  
THENCE S01°11'35"W, 170.00 FEET;  
THENCE S89°03'30"E, 415.23 FEET TO THE POINT OF BEGINNING, CONTAINING 3,008,891 SQUARE FEET OR 69.07 ACRES, MORE OR LESS.

**MORGAN HILL METROPOLITAN  
DISTRICT NO. 1 DESCRIPTION  
ERIE, COLORADO**

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR.

DRAWN BY BO

DATE 06/19/08



**HURST & ASSOCIATES, INC.**

CONSULTING ENGINEERS

4999 Pearl East Circle, Suite 108  
Boulder, Colorado 80501 (303) 446-9105

FILE G:\202046\SURVEY\LEGAL\046-DISTRICTS SHEET 1 OF 1

# EXHIBIT

## DISTRICT NO. 2 DESCRIPTION:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 7 FROM WHENCE THE NORTHEAST CORNER LIES N89°42'31"E, 2,627.25 (BASIS OF BEARINGS);

THENCE N89°42'31"E, 424.98 FEET ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7 TO THE POINT OF BEGINNING;

THENCE CONTINUING N89°42'31"E, 2,172.27 FEET ALONG SAID NORTHERLY LINE;

THENCE S00°56'30"W, 1,539.91 FEET ALONG THE WESTERLY RIGHT OF WAY LINE OF WAY LINE OF WELD COUNTY ROAD 3, BEING A LINE PARALLEL WITH AND 30.00 FEET WEST OF THE EASTERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7;

THENCE N89°03'30"W, 415.23 FEET;

THENCE N01°11'35"E, 170.00 FEET;

THENCE N89°03'30"W, 161.11 FEET;

THENCE N00°56'30"E, 481.47 FEET;

THENCE N04°20'59"W, 70.00 FEET;

THENCE S72°08'39"W, 69.61 FEET;

THENCE N55°53'54"W, 145.90 FEET;

THENCE N89°59'43"W, 362.07 FEET;

THENCE S00°59'15"W, 146.10 FEET;

THENCE S01°44'57"W, 60.01 FEET;

THENCE S01°03'06"W, 763.36 FEET;

THENCE N89°35'02"W, 396.08 FEET;

THENCE S00°24'58"W, 118.00 FEET;

THENCE N89°35'02"W, 317.85 FEET;

THENCE S00°22'56"W, 170.00 FEET;

THENCE N89°35'02"W, 725.94 FEET;

THENCE N00°23'08"E, 170.00 FEET;

THENCE S89°51'00"E, 14.03 FEET;

THENCE N00°22'56"E, 89.93 FEET;

THENCE N05°06'55"E, 71.50 FEET;

THENCE N16°26'26"E, 71.15 FEET;

THENCE N26°25'52"E, 59.05 FEET;

THENCE N28°49'52"E, 514.69 FEET;

THENCE N26°57'08"E, 78.03 FEET;

THENCE N22°05'42"E, 79.05 FEET;

THENCE N17°10'14"E, 79.05 FEET;

THENCE N12°14'45"E, 79.05 FEET;

THENCE N07°19'17"E, 79.05 FEET;

THENCE N02°23'26"E, 79.35 FEET;

THENCE N00°15'32"W, 627.97 FEET TO THE POINT OF BEGINNING, CONTAINING 79.49 ACRES, MORE OR LESS.

**MORGAN HILL METROPOLITAN  
DISTRICT NO. 2 DESCRIPTION  
ERIE, COLORADO**

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR.

DRAWN BY BO

DATE 06/19/08



HURST & ASSOCIATES, INC.

CONSULTING ENGINEERS

4999 Pearl East Circle, Suite 106  
Boulder, Colorado 80501 (303) 440-9106

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# EXHIBIT

## DISTRICT NO. 3 DESCRIPTION:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 7 FROM WHENCE THE NORTHEAST CORNER LIES N89°42'31"E, 2,627.25 (BASIS OF BEARINGS);

THENCE N89°42'31"E, 424.98 FEET ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7;

THENCE S00°15'32"E, 627.97 FEET;

THENCE S02°23'26"W, 79.35 FEET;

THENCE S07°19'17"W, 79.05 FEET;

THENCE S12°14'45"W, 79.05 FEET;

THENCE S17°10'14"W, 79.05 FEET;

THENCE S22°05'42"W, 79.05 FEET;

THENCE S26°57'08"W, 78.03 FEET;

THENCE S28°49'52"W, 514.69 FEET;

THENCE S26°25'52"W, 59.05 FEET;

THENCE S16°26'26"W, 71.15 FEET;

THENCE S05°06'55"W, 71.50 FEET;

THENCE S00°22'56"W, 89.93 FEET;

THENCE N89°51'00"W, 14.03 FEET;

THENCE S00°23'08"W, 170.00 FEET;

THENCE N89°35'02"W, 245.51 FEET;

THENCE S00°19'01"W, 280.00 FEET;

THENCE N89°35'02"W, 140.00 FEET;

THENCE S00°19'01"W, 110.40 FEET;

THENCE S59°30'59"W, 90.75 FEET;

THENCE S23°45'48"W, 210.22 FEET;

THENCE N89°35'04"W, 278.38 FEET ALONG THE NORTHERLY LINE OF WELD COUNTY ROAD 10.5 TO THE APPROXIMATE CENTERLINE OF THE COTTONWOOD EXTENSION IRRIGATION DITCH;

THENCE NORTH ALONG THE APPROXIMATE CENTERLINE OF SAID COTTONWOOD EXTENSION DITCH THE FOLLOWING THIRTY-NINE COURSES:

- 1) N39°24'29"W, 40.78 FEET;
- 2) N26°38'23"W, 135.20 FEET;
- 3) N13°53'36"W, 158.68 FEET;
- 4) N36°23'43"W, 31.70 FEET;
- 5) N59°52'05"W, 62.16 FEET;
- 6) N53°03'38"W, 85.80 FEET;
- 7) N04°51'35"W, 61.01 FEET;
- 8) N51°35'28"E, 155.73 FEET;
- 9) N28°20'58"E, 261.76 FEET;
- 10) N26°39'54"W, 47.96 FEET;
- 11) N74°15'05"W, 227.61 FEET;
- 12) N47°24'48"W, 137.09 FEET;
- 13) N74°40'43"W, 112.08 FEET;
- 14) N49°11'34"W, 56.76 FEET;
- 15) N14°32'25"E, 235.64 FEET;
- 16) N72°08'01"E, 158.71 FEET;
- 17) N53°54'06"E, 50.99 FEET;
- 18) N34°52'42"E, 225.05 FEET;
- 19) N17°48'58"E, 23.12 FEET;
- 20) N07°00'02"W, 40.81 FEET;
- 21) N33°54'02"W, 71.50 FEET;
- 22) N39°36'41"W, 129.87 FEET;
- 23) N26°48'46"W, 45.48 FEET;
- 24) N10°53'00"W, 47.78 FEET;
- 25) N09°53'00"E, 101.59 FEET;

(CONTINUED)

**MORGAN HILL METROPOLITAN  
DISTRICT NO. 3 DESCRIPTION  
ERIE, COLORADO**

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR.

DRAWN BY BO

DATE 06/19/08



**HURST & ASSOCIATES, INC.**

CONSULTING ENGINEERS

4999 Pearl East Circle, Suite 106  
Boulder, Colorado 80301 (303) 440-9105

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# EXHIBIT

## DISTRICT NO. 3 DESCRIPTION (CONTINUED):

- 26) N30°12'45"E, 230.36 FEET;
- 27) N47°57'28"E, 85.66 FEET;
- 28) N59°51'01"E, 165.88 FEET;
- 29) N32°03'18"E, 35.53 FEET;
- 30) N05°46'02"W, 34.26 FEET;
- 31) N22°03'27"W, 35.67 FEET;
- 32) N01°16'55"E, 37.91 FEET;
- 33) N43°16'32"E, 62.61 FEET;
- 34) N60°37'03"E, 83.57 FEET;
- 35) N78°42'40"E, 123.21 FEET;
- 36) N82°06'59"E, 105.09 FEET;
- 37) N75°47'10"E, 52.30 FEET;
- 38) N53°02'56"E, 18.25 FEET;
- 39) N28°58'49"E, 15.57 FEET;

THENCE N89°50'02"E, 366.91 FEET ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER OF SECTION 7 TO THE POINT OF BEGINNING, CONTAINING 67.12 ACRES, MORE OR LESS.

**MORGAN HILL METROPOLITAN  
DISTRICT NO. 3 DESCRIPTION  
ERIE, COLORADO**

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR.

DRAWN BY BO

DATE 06/19/08



**HURST & ASSOCIATES, INC.**

CONSULTING ENGINEERS

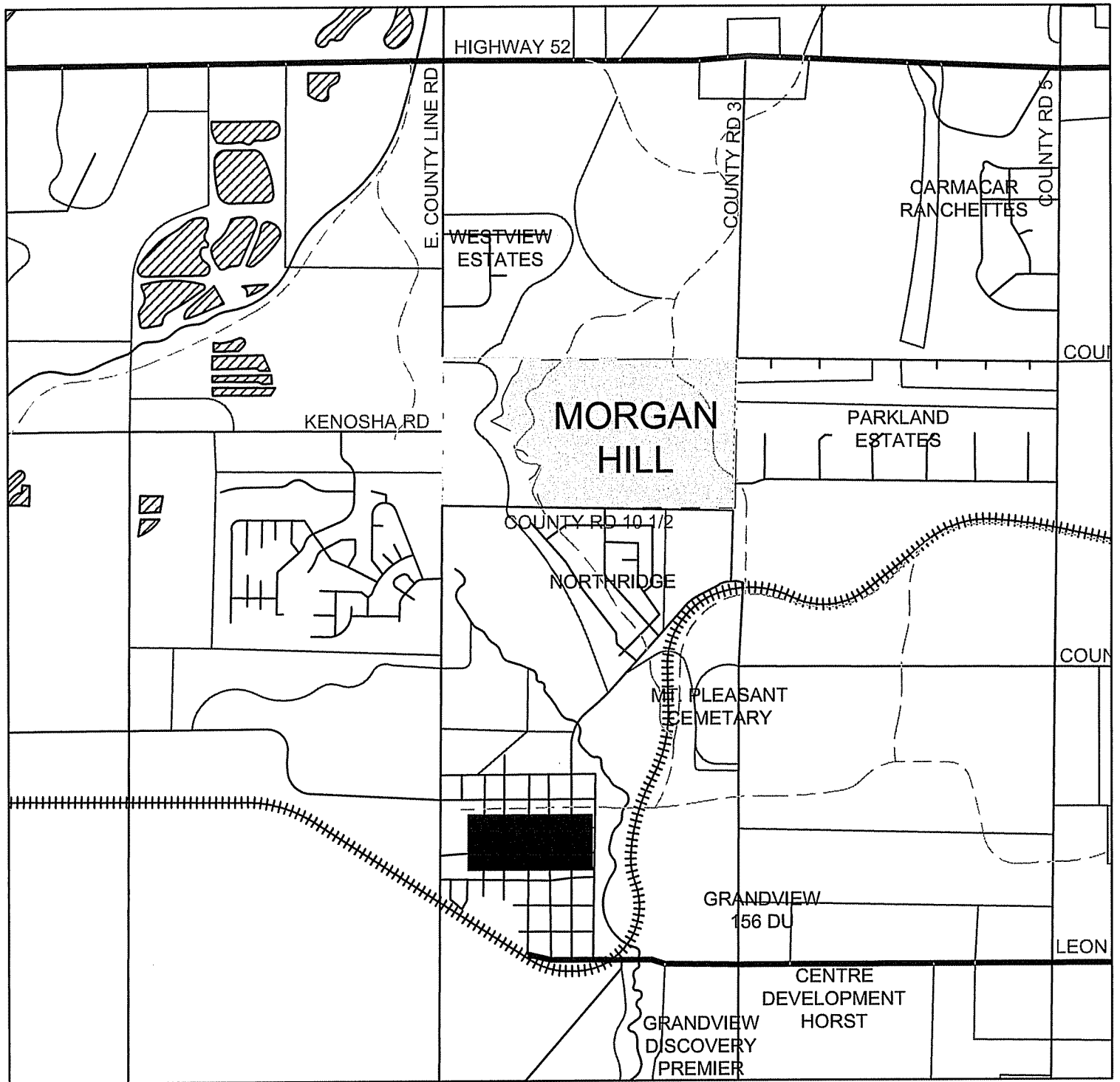
4899 Pearl East Circle, Suite 106  
Boulder, Colorado 80301 (303) 449-9105

FILE G:\202046\SURVEY\LEGAL\046-DISTRICTS SHEET 1 OF 2

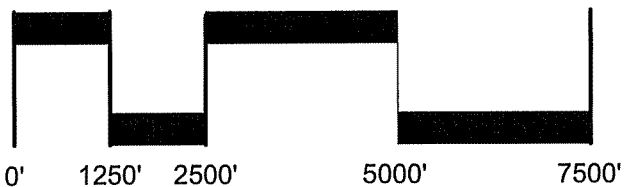
**EXHIBIT B**

Erie Vicinity Map

# Morgan Hill - Vicinity Map



SCALE - 1"=2500'

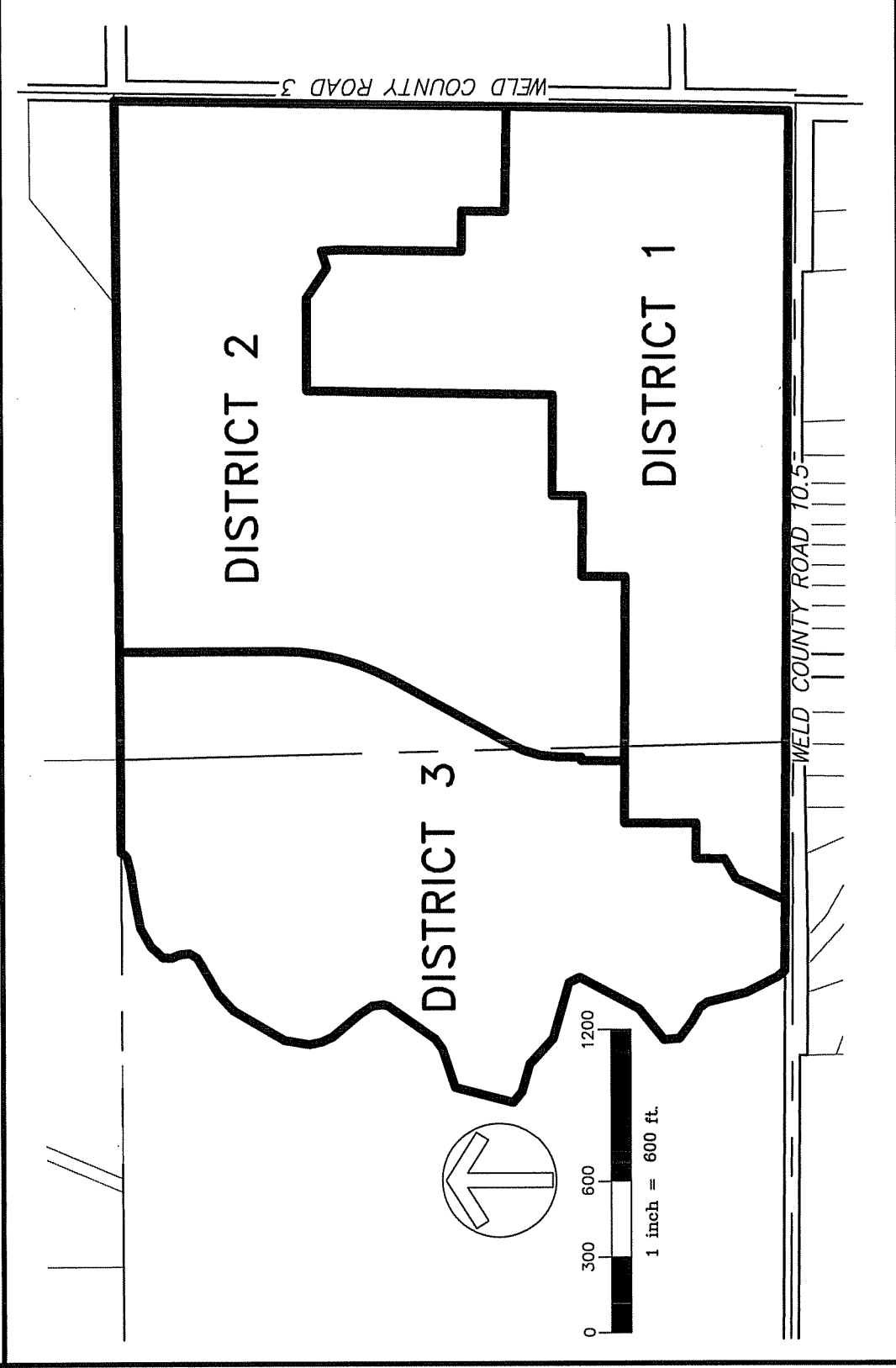


**EXHIBIT C**

Initial District Boundary Map



EXHIBIT



NOTE: THIS IS NOT A LAND SURVEY PLAT OR AN IMPROVEMENT SURVEY PLAT. THIS EXHIBIT IS ONLY INTENDED TO DEPICT THE ACCOMPANYING DESCRIPTION.

WYNDHAM HILL METROPOLITAN DISTRICTS OVERALL ERIE, COLORADO

SCALE	HOR. 1"=600'
	VERT. N/A
DESIGN/APPR.	
DRAWN BY	
DATE	06/19/08
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CONSULTING ENGINEERS  
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Boulder, Colorado 80501 (303) 440-9106

SHEET 1 OF 1

## EXHIBIT D

### Description of Public Improvements/Cost Estimate

Public Improvements as described in Development Plans for the Project.

Subject to the Service Plan, the Districts also have the power to exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of a Boards of Directors including the following:

a. Streets.

Streets, curbs, gutters, culverts, other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, utility relocation necessitated by public rights-of-way, monumentation, signage, snow removal, streetscapes and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements and extensions of and improvements to such facilities.

b. Traffic and Safety Controls.

Traffic and safety protection facilities and services provided through traffic and safety controls and devices on streets, highways and at railroad crossings, including traffic signals and signage, striping, area identification signs, directional assistance, driver information signs, lighting, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, and extensions of and improvements to such facilities.

c. Water.

Potable and non-potable water supply improvements, including water rights, storage facilities, transmission and distribution lines, pumping stations, fire hydrants, meters, facilities, equipment, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, and extensions of and improvements to such facilities.

d. Storm and Sanitary Sewer.

Storm and sanitary sewer collection and transmission improvements, including storage facilities, collection mains and laterals, pumping stations, lift stations, transmission lines, storm sewer, flood and surface drainage facilities and systems, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements and extensions of and improvements to such facilities.

e. Parks and Recreation.

Public park, open space and recreation facilities or services, including parks, bike paths, pedestrian ways, public plazas and courtyards, water features, signage, monumentation, art,

gardens, picnic areas, recreation facilities, playground equipment/areas, park shelters, public area landscaping and weed control, streetscaping, outdoor lighting of all types, and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, equipment, land and easements, and extensions of and improvements to such facilities. Additionally, in order to meet the Town's open space dedication requirements for the Project, the Districts may pay the Town cash in lieu for open space dedication or may purchase adjacent property for use towards the open space dedication requirements.

f. Transportation.

Public transportation systems and improvements, including equipment, park and ride facilities and public parking lots, shuttle facilities, parking structures, signage, roofs, covers, bicycle racks, other transportation-related facilities and related landscaping and irrigation improvements, together with all necessary, incidental and appurtenant facilities, land and easements, and extensions of and improvements to such facilities or systems.

g. Mosquito Control.

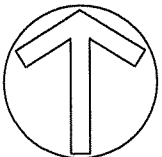
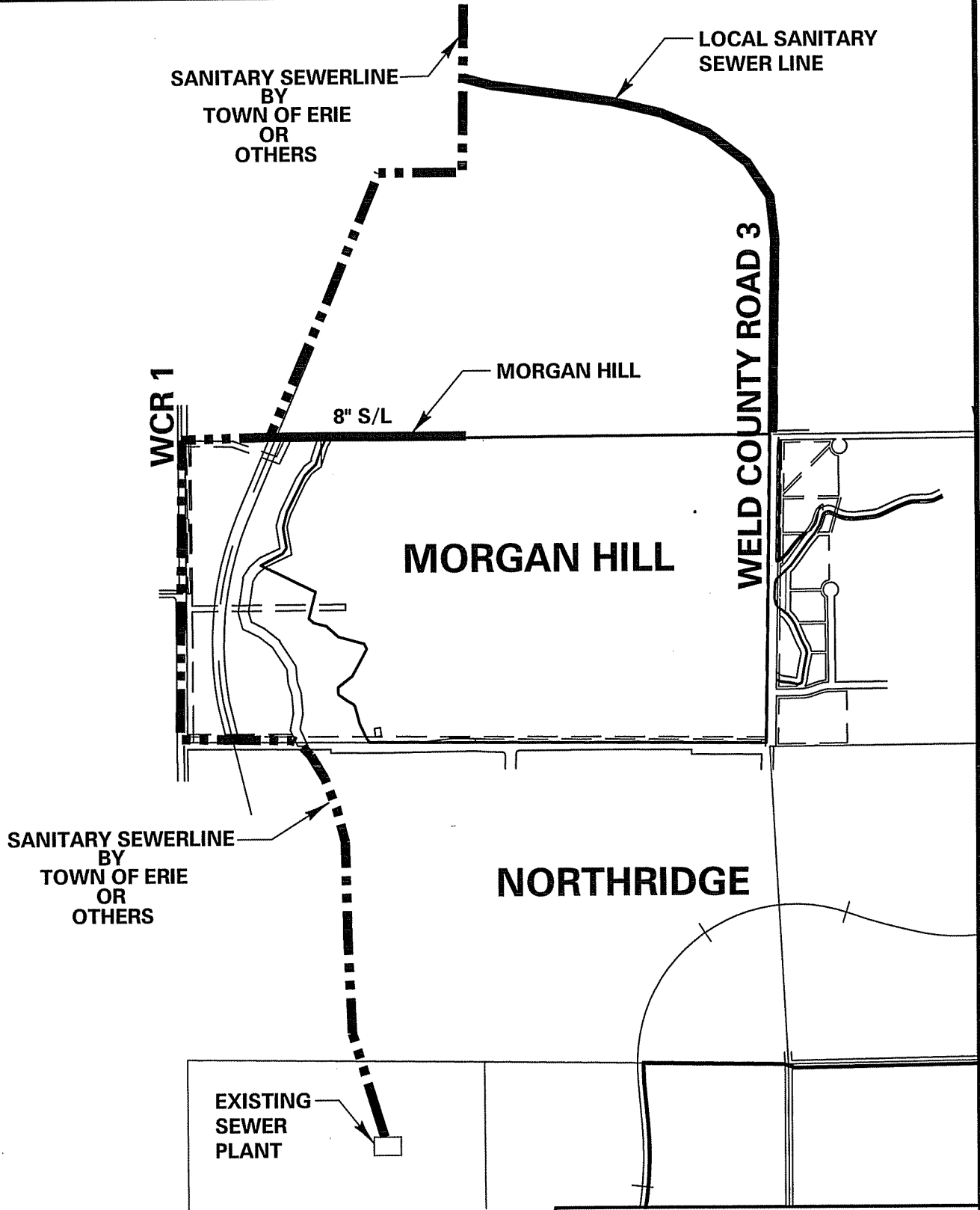
Systems, methods and services for the elimination and control of mosquitoes and other pests, together with all necessary, incidental and appurtenant facilities, land and easements, and extensions of and improvements to such facilities or services.

Metro District Costs

Morgan Hill Metro District Infrastructure Costs									
Description	Estimated Cost	Quantity	Units	Unit Cost	Total Estimated Cost 25%	Phase 1	Phase 2	Phase 3	check
Roadways w/ Landscape & monumentation w/ 3 - 1/2 road improvements	\$1,600,000	2,640 lf		606	\$2,000,000		\$2,000,000		\$0
w/ 10 1/2 - 1/2 road improvements	\$2,100,000	3,450 lf		609	\$2,625,000	\$1,312,500	\$1,312,500		\$0
collector entry off of w/ 10 1/2	\$200,000	250 lf		800	\$250,000	\$250,000			\$0
Oil & Gas directional drilling costs	\$300,000	3 ea		100,000	\$375,000	\$250,000	\$125,000		\$0
Parks, Open Space & Trails amenity center & pool allowance	\$600,000	1 ls		600,000	\$750,000		\$750,000		\$0
neighborhood parks	\$1,300,000	1 ea		1,300,000	\$1,625,000	\$1,000,000	625,000		\$0
community park - cash in lieu	\$175,000	1 ls		175,000	\$218,750			\$218,750	\$0
pocket parks (internal to neighborhoods)	\$400,000	2 ea		200,000	\$500,000	\$250,000		\$250,000	\$0
ECC, boundary & internal trail system w/ revegetation	\$700,000	10,000 lf		70	\$875,000		\$350,000	\$525,000	\$0
open space acquisition/ cash-in-lieu	\$500,000	20 ac		25,000	\$625,000	\$187,500		\$437,500	\$0
Wet Utilities									\$0
internal 12" waterline	\$264,000	5,280 lf		50	\$330,000			\$330,000	\$0
sanitary sewer - prior to reimbursement	\$800,000	7,920 ls		101	\$1,000,000	\$1,000,000			\$0
on site detention & release structures	\$1,000,000	1 ls		1,000,000	\$1,250,000	\$375,000	\$875,000		\$0
ECC ditch piping	\$300,000	3,000 lf		100	\$375,000	\$375,000			\$0
raw water mainline reimbursement	\$250,000	5,280 lf		47	\$312,500	\$312,500			\$0
raw water right payment to Town	\$250,000	30 ac-feet		8,333	\$312,500	\$312,500			\$0
					\$13,423,750	\$5,625,000	\$6,037,500	\$1,761,250	\$0
				Total \$16,108,500 w/ 20% contingency					

Note: All costs include planning, construction drawings, municipal fees, permit fees, supervision, const. mgmt, etc.

# EXHIBIT



## MORGAN HILL SANITARY SEWER EXHIBIT

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR. JJ

DRAWN BY GLG

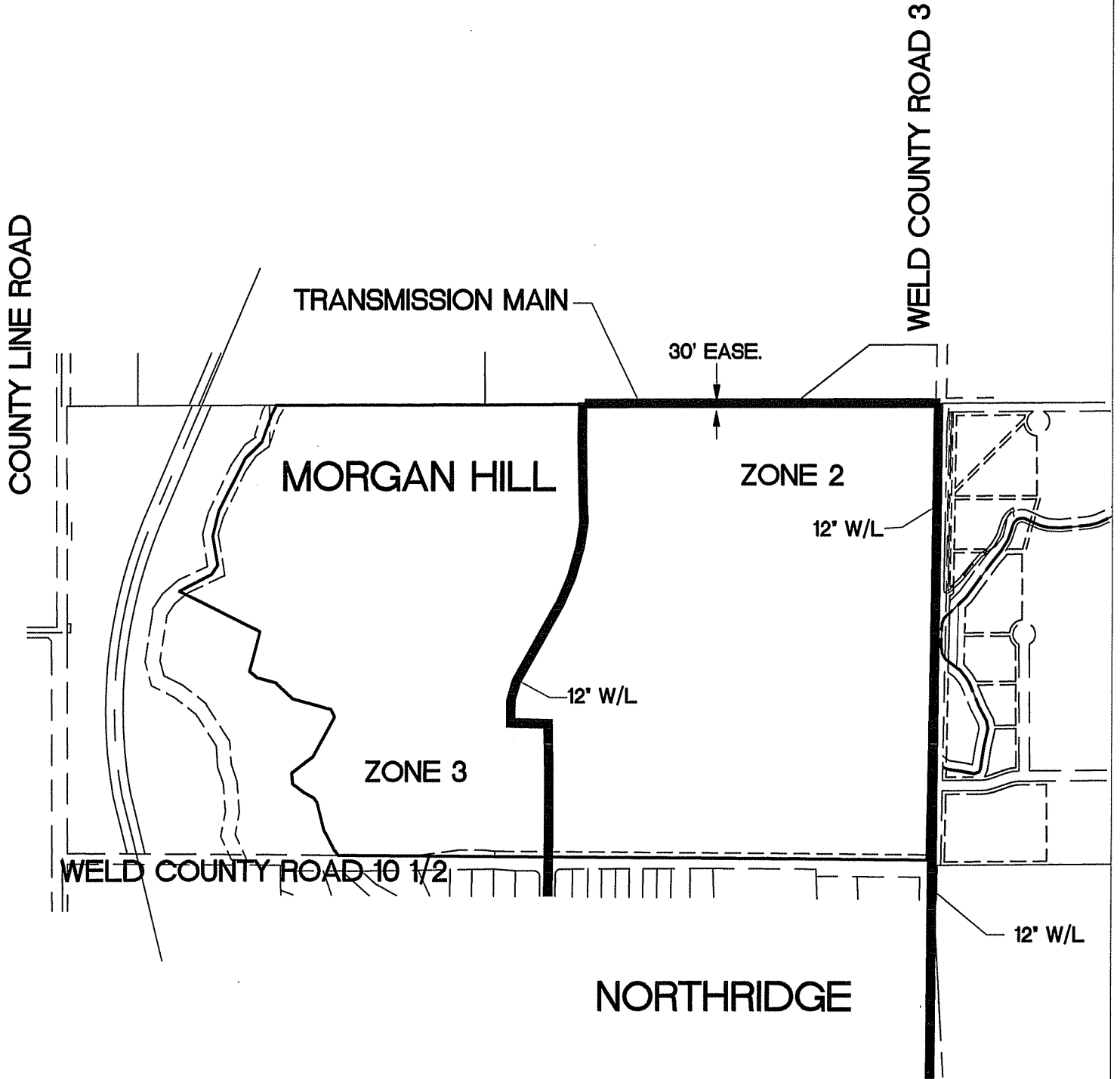
DATE 4/2/08

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CONSULTING ENGINEERS  
4999 Pearl East Circle, Suite 106  
Boulder, Colorado 80501 (303) 449-9106

# EXHIBIT



## MORGAN HILL POTABLE WATER EXHIBIT

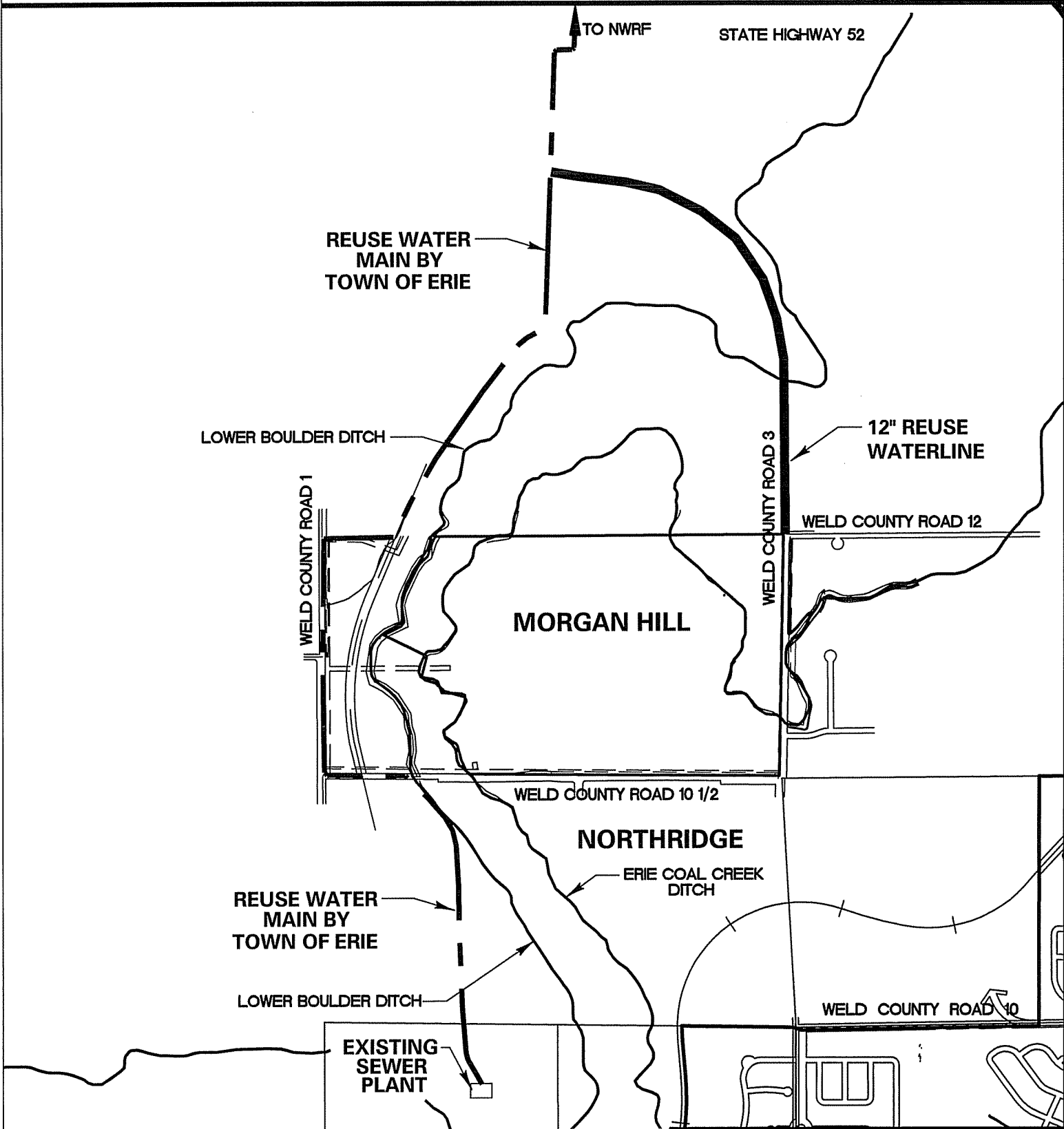
SCALE HOR. N/A  
VERT. N/A  
DESIGN/APPR. JJ  
DRAWN BY GLG  
DATE 4/2/08



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# EXHIBIT



## MORGAN HILL REUSE IRRIGATION MAIN EXHIBIT

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR. JJ

DRAWN BY GLG

DATE 4/2/08

FILE G:\202040\REGIONAL MAPS\EXHIBITS\IRRIG-EXHIBITS



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# EXHIBIT

COUNTY LINE ROAD

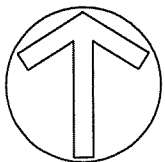
WELD COUNTY ROAD 3

MORGAN HILL

WELD COUNTY ROAD 10 1/2

NORTHRIDGE

UNION PACIFIC  
RAILROAD



NOTE:

**THE BOLD LINE SPECIFICALLY  
LIMITS THE SCOPE OF IMPROVEMENTS  
REQUIRED BY MORGAN HILL**

MORGAN HILL  
TRANSPORTATION EXHIBIT

SCALE HOR. N/A  
VERT. N/A

DESIGN/APPR. JJ

DRAWN BY GLG

DATE 4/2/08

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HURST & ASSOCIATES, INC

CONSULTING ENGINEERS

4999 Pearl East Circle, Suite 106

Boulder, Colorado 80301 (303) 449-9105



## **EXHIBIT E**

### Matrix of Ownership and Maintenance

- A. District Ownership and Maintenance:
  - i. Internal Pocket Parks
  - ii. Neighborhood and Community Parks until Town of Erie programs in park
  - iii. Recreation Amenities (unless Town agrees in writing to own and maintain)
  - iv. Roadway landscape including adjacent landscape tracts (unless Town agrees in writing to own and maintain)
  - v. Open Space (unless the Town agrees in writing to own and maintain)
  - vi. Detention Ponds and storm drainage (unless the Town agrees in writing to own and maintain)
  
- B. Town Ownership and Maintenance:
  - i. Public Roadways
  - ii. Public water, sanitary sewer and raw water infrastructure
  - iii. Median landscape in all Arterial roadways

**EXHIBIT F**

Financing Plan, including sources and uses  
and bond solutions

**MORGAN HILL METROPOLITAN DISTRICTS  
ASSUMPTIONS FOR FORECASTED SOURCES AND USES OF FUNDS**

1. Developer will advance funds to the Districts for formation and operating costs until the Districts have sufficient assessed valuation to pay their own costs and to reimburse the Developer for such advances
2. The Districts expect to finance a portion of construction costs using either conventional bank financing or through issuance of its notes to private investors, at an interest rate of 7.5%, to be repaid upon issuance of general obligation debt.
3. Developer will advance funds to the Districts for construction costs, to the extent that sufficient funds are not available to the Districts from other sources. Such advances will bear interest at 8.5% and will be repaid by the Districts from any funds available to the Districts in the future.
4. The Districts expect to issue general obligation debt in the approximate amount of \$11.8 million in 2018, or sooner if development is accelerated. The projected interest rate is 5.0%, and the term is thirty years/

MORGAN HILL METROPOLITAN DISTRICTS						
	FORECASTED SOURCES AND USES OF FUNDS					
	GENERAL AND DEBT SERVICE FUNDS ONLY					
SOURCES:						
CONSTRUCTION FINANCING						\$ 6,000,000
DEVELOPER ADVANCES						3,259,000
BOND PROCEEDS - SERIES 2018 G. O. BONDS						11,800,000
TAX RECEIPTS THROUGH 2017						1,292,000
						\$22,351,000
USES:						
CONSTRUCTION						\$13,199,000
FORMATION AND OPERATING COSTS						413,000
BOND ISSUANCE COSTS						354,000
REPAY CONSTRUCTION FINANCING						6,000,000
INTEREST ON CONSTRUCTION FINANCING						2,385,000
						\$22,351,000

**MORGAN HILL METROPOLITAN DISTRICTS**  
**FORECASTED SOURCES AND USES OF FUNDS**  
**GENERAL AND DEBT SERVICE FUNDS ONLY**

	TOTAL	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>SOURCES:</b>												
CONSTRUCTION FINANCING	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,800,000	\$ 2,200,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
DEVELOPER ADVANCES	3,147,000	15,000	31,000	41,000	42,000	47,000	2,512,000	3,775,000	2,131,000	93,000	(94,000)	(5,446,000)
BOND PROCEEDS - SERIES 2018 G. O. BONDS	11,800,000											11,800,000
TAX RECEIPTS THROUGH 2017	1,292,000							69,000	221,000	406,000	596,000	
	<u>\$ 22,239,000</u>	<u>\$ 15,000</u>	<u>\$ 31,000</u>	<u>\$ 41,000</u>	<u>\$ 42,000</u>	<u>\$ 2,847,000</u>	<u>\$ 4,712,000</u>	<u>\$ 4,844,000</u>	<u>\$ 2,352,000</u>	<u>\$ 499,000</u>	<u>\$ 502,000</u>	<u>\$ 6,354,000</u>
<b>USES:</b>												
CONSTRUCTION	\$ 13,199,000	\$ -	\$ -	\$ -	\$ -	\$ 2,645,000	\$ 4,333,000	\$ 4,367,000	\$ 1,854,000	\$ -	\$ -	\$ -
FORMATION AND OPERATING COSTS	413,000	15,000	31,000	41,000	42,000	44,000	45,000	46,000	48,000	49,000	52,000	354,000
BOND ISSUANCE COSTS	354,000											
REPAY CONSTRUCTION FINANCING	6,000,000											6,000,000
INTEREST ON CONSTRUCTION FINANCING	2,273,000					158,000	334,000	431,000	450,000	450,000	450,000	
	<u>\$ 22,239,000</u>	<u>\$ 15,000</u>	<u>\$ 31,000</u>	<u>\$ 41,000</u>	<u>\$ 42,000</u>	<u>\$ 2,847,000</u>	<u>\$ 4,712,000</u>	<u>\$ 4,844,000</u>	<u>\$ 2,352,000</u>	<u>\$ 499,000</u>	<u>\$ 502,000</u>	<u>\$ 6,354,000</u>

**MORGAN HILL METROPOLITAN DISTRICTS**

**FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS  
GENERAL AND DEBT SERVICE FUNDS ONLY**

**SCHEDULE OF ESTIMATED RESIDENTIAL ASSESSED VALUATION**

TOTAL		RESIDENTIAL UNITS		Est. Market Value per Unit	Annual Value of New Units	Est. Biennial Revaluation per State Statute at 4.00%	Cumulative Market Value of New Units	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION
Inflation compounded annually on base									
2012	2014	41	452,593	18,556,328			18,556,328	7.96%	1,477,084
2013	2015	89	461,645	41,086,425			59,642,753	7.96%	4,747,563
2014	2016	106	336,500	35,669,000	2,385,710		97,697,463	7.96%	7,776,718
2015	2017	111	343,230	37,926,915			135,624,378	7.96%	10,795,701
2016	2018	99	350,095	34,659,365	5,424,975		175,708,719	7.96%	13,986,414
2017	2019	45	357,096	16,069,342			191,778,061	7.96%	15,265,534
2018	2020				7,671,122		199,449,183	7.96%	15,876,155
2019	2021						199,449,183	7.96%	15,876,155
2020	2022				7,977,967		207,427,151	7.96%	16,511,201
2021	2023						207,427,151	7.96%	16,511,201
2022	2024				8,297,086		215,724,237	7.96%	17,171,649
2023	2025						215,724,237	7.96%	17,171,649
2024	2026				8,628,969		224,353,206	7.96%	17,858,515
2025	2027						224,353,206	7.96%	17,858,515
2026	2028				8,974,128		233,327,334	7.96%	18,572,856
2027	2029						233,327,334	7.96%	18,572,856
2028	2030				9,333,093		242,660,428	7.96%	19,315,770
2029	2031						242,660,428	7.96%	19,315,770
2030	2032				9,706,417		252,366,845	7.96%	20,088,401
2031	2033						252,366,845	7.96%	20,088,401
2032	2034				10,094,674		262,461,519	7.96%	20,891,937
2033	2035						262,461,519	7.96%	20,891,937
2034	2036				10,498,461		272,959,979	7.96%	21,727,614
2035	2037						272,959,979	7.96%	21,727,614
2036	2038				10,918,399		283,878,379	7.96%	22,596,719
2037	2039						283,878,379	7.96%	22,596,719
2038	2040				11,355,135		295,233,514	7.96%	23,500,588
2039	2041						295,233,514	7.96%	23,500,588
2040	2042				11,809,341		307,042,854	7.96%	24,440,611
2041	2043						307,042,854	7.96%	24,440,611
2042	2044				12,281,714		319,324,568	7.96%	25,418,236
2043	2045						319,324,568	7.96%	25,418,236
2044	2046				12,772,983		332,097,551	7.96%	26,434,965
2045	2047						332,097,551	7.96%	26,434,965
		491		183,967,376	148,130,176				

MORGAN HILL METROPOLITAN DISTRICTS

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED TOTAL ASSESSED VALUATION

Construction Year	Collection Year	UNDEVELOPED LAND		Annual Actual Value	Annual Market Value of Undeveloped Land	Cumulative Market Value of Undeveloped Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION	RESIDENTIAL ASSESSED VALUATION	TOTAL ASSESSED VALUATION
		Platted & Improved Lots	Lease: Developed Lots							
		\$ 73,750								
2011	2013	2,950,000		2,950,000	2,950,000	2,950,000	29.00%	855,500	-	855,500
2012	2014	6,453,125	(2,950,000)	3,503,125	6,453,125	6,453,125	29.00%	1,871,406	1,477,084	3,348,490
2013	2015	7,596,250	(6,453,125)	1,143,125	7,596,250	7,596,250	29.00%	2,202,913	4,747,563	6,950,476
2014	2016	8,149,375	(7,596,250)	553,125	8,149,375	8,149,375	29.00%	2,363,319	7,776,718	10,140,037
2015	2017	7,227,500	(8,149,375)	(921,875)	7,227,500	7,227,500	29.00%	2,095,975	10,795,701	12,891,676
2016	2018	3,171,250	(7,227,500)	(4,056,250)	3,171,250	3,171,250	29.00%	919,663	13,986,414	14,906,077
2017	2019		(3,171,250)	(3,171,250)	-	-	29.00%	-	15,265,534	15,265,534
2018	2020								15,876,155	15,876,155
2019	2021								15,876,155	15,876,155
2020	2022								16,511,201	16,511,201
2021	2023								17,171,649	17,171,649
2022	2024								17,171,649	17,171,649
2023	2025								17,858,515	17,858,515
2024	2026								17,858,515	17,858,515
2025	2027								18,572,856	18,572,856
2026	2028								18,572,856	18,572,856
2027	2029								19,315,770	19,315,770
2028	2030								19,315,770	19,315,770
2029	2031								20,088,401	20,088,401
2030	2032								20,088,401	20,088,401
2031	2033								20,891,937	20,891,937
2032	2034								20,891,937	20,891,937
2033	2035								21,727,614	21,727,614
2034	2036								21,727,614	21,727,614
2035	2037								22,596,719	22,596,719
2036	2038								22,596,719	22,596,719
2037	2039								23,500,588	23,500,588
2038	2040								23,500,588	23,500,588
2039	2041								24,440,611	24,440,611
2040	2042								24,440,611	24,440,611
2041	2043								25,418,236	25,418,236
2042	2044								25,418,236	25,418,236
2043	2045								26,434,965	26,434,965
2044	2046								26,434,965	26,434,965
2045	2047								26,434,965	26,434,965
		35,547,500	(35,547,500)	-	35,547,500					

MORGAN HILL METROPOLITAN DISTRICTS											
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS											
GENERAL AND DEBT SERVICE FUNDS ONLY											
SUMMARY - DEBT SERVICE FUND											
SERIES 2018 BONDS											
Year	ASSESSED VALUATION	Service Fund Mill Levy	Net Property Taxes 98%	Specific Ownership Taxes 5%	Interest Income at 5%	Total Annual Cash Receipts	Net Debt Service on Developer Bonds	Net Debt Service on 2018 Bonds	Annual Surplus Cash	Cumulative Surplus Cash Balances	
2018	14,906,077	40.00	584,318	29,216	-	613,534		610,000	3,534	3,534	
2019	15,265,534	40.00	598,409	29,920	177	628,506		625,000	3,506	7,040	
2020	15,876,155	40.00	622,345	31,117	352	653,815		652,250	1,565	8,605	
2021	15,876,155	40.00	622,345	31,117	430	653,893		649,000	4,893	13,498	
2022	16,511,201	40.00	647,239	32,362	675	680,276		675,750	4,526	18,023	
2023	16,511,201	40.00	647,239	32,362	901	680,502		676,000	4,502	22,526	
2024	17,171,649	40.00	673,129	33,656	1,126	707,911		701,000	6,911	29,437	
2025	17,171,649	40.00	673,129	33,656	1,472	708,257		699,500	8,757	38,194	
2026	17,858,515	40.00	700,054	35,003	1,910	736,966		727,750	9,216	47,410	
2027	17,858,515	40.00	700,054	35,003	2,371	737,427		729,250	8,177	55,587	
2028	18,572,856	40.00	728,056	36,403	2,779	767,238		754,500	11,988	67,575	
2029	18,572,856	40.00	728,056	36,403	3,379	767,838		754,500	13,338	80,913	
2030	19,315,770	40.00	757,178	37,859	4,046	799,083	91,745	788,250	(80,913)	-	
2031	19,315,770	40.00	757,178	37,859	-	795,037	20,287	774,750	-	-	
2032	20,088,401	40.00	787,465	39,373	-	826,839	25,589	801,250	-	-	
2033	20,088,401	40.00	787,465	39,373	-	826,839	21,089	805,750	-	-	
2034	20,891,937	40.00	818,964	40,948	-	859,912	20,662	839,250	-	-	
2035	20,891,937	40.00	818,964	40,948	-	859,912	24,662	835,250	-	-	
2036	21,727,614	40.00	851,722	42,586	-	894,309	23,809	870,500	-	-	
2037	21,727,614	40.00	851,722	42,586	-	894,309	21,309	873,000	-	-	
2038	22,596,719	40.00	885,791	44,290	-	930,081	25,831	904,250	-	-	
2039	22,596,719	40.00	885,791	44,290	-	930,081	22,331	907,750	-	-	
2040	23,500,588	40.00	921,223	46,061	-	967,284	22,534	944,750	-	-	
2041	23,500,588	40.00	921,223	46,061	-	967,284	23,784	943,500	-	-	
2042	24,440,611	40.00	958,072	47,904	-	1,005,976	25,226	980,750	-	-	
2043	24,440,611	40.00	958,072	47,904	-	1,005,976	26,476	979,500	-	-	
2044	25,418,236	40.00	996,395	49,820	-	1,046,215	24,715	1,021,500	-	-	
2045	25,418,236	40.00	996,395	49,820	-	1,046,215	26,715	1,019,500	-	-	
2046	26,434,965	40.00	1,036,251	51,813	-	1,088,063	22,563	1,065,500	-	-	
2047	26,434,965	40.00	1,036,251	51,813	-	1,088,063	101,063	987,000	-	-	
			23,950,496	1,197,525	19,617	25,167,638	570,388	24,597,250	-	-	



MORGAN HILL METROPOLITAN DISTRICTS

SCHEDULE OF ESTIMATED BOND DEBT SERVICE REQUIREMENTS

Series 2018 Bond Issue		Dated: January 1, 2018		Issued: January 1, 2018		Interest Rate: 5.00%	
				Total 2018			
				Outstanding		Bonds	
				Bond Principal		Debt Service	
Year	Principal	Coupon	Interest	Balance			
2018	20,000	5.00%	590,000	11,780,000			610,000
2019	35,000	5.00%	590,000	11,745,000			625,000
2020	65,000	5.00%	587,250	11,680,000			652,250
2021	65,000	5.00%	584,000	11,615,000			649,000
2022	95,000	5.00%	580,750	11,520,000			675,750
2023	100,000	5.00%	576,000	11,420,000			676,000
2024	130,000	5.00%	571,000	11,290,000			701,000
2025	135,000	5.00%	564,500	11,155,000			699,500
2026	170,000	5.00%	557,750	10,985,000			727,750
2027	180,000	5.00%	549,250	10,805,000			729,250
2028	215,000	5.00%	540,250	10,590,000			755,250
2029	225,000	5.00%	529,500	10,365,000			754,500
2030	270,000	5.00%	518,250	10,095,000			788,250
2031	270,000	5.00%	504,750	9,825,000			774,750
2032	310,000	5.00%	491,250	9,515,000			801,250
2033	330,000	5.00%	475,750	9,185,000			805,750
2034	380,000	5.00%	459,250	8,805,000			839,250
2035	395,000	5.00%	440,250	8,410,000			835,250
2036	450,000	5.00%	420,500	7,960,000			870,500
2037	475,000	5.00%	398,000	7,485,000			873,000
2038	530,000	5.00%	374,250	6,955,000			904,250
2039	560,000	5.00%	347,750	6,395,000			907,750
2040	625,000	5.00%	319,750	5,770,000			944,750
2041	655,000	5.00%	288,500	5,115,000			943,500
2042	725,000	5.00%	255,750	4,390,000			980,750
2043	760,000	5.00%	219,500	3,630,000			979,500
2044	840,000	5.00%	181,500	2,790,000			1,021,500
2045	880,000	5.00%	139,500	1,910,000			1,019,500
2046	970,000	5.00%	95,500	940,000			1,065,500
2047	940,000	5.00%	47,000	-			987,000
	11,800,000		11,617,250				24,597,250

**MORGAN HILL METROPOLITAN DISTRICTS**

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS											
GENERAL AND DEBT SERVICE FUNDS ONLY											
SUMMARY - GENERAL FUND											
Collection Year	ASSESSED VALUATION	General Fund Mill Levy	Net Property Taxes	Specific Ownership Taxes	Annual Developer Contributions	Interest Income at 5.00%	Total Annual Cash Receipts	Administrative Costs Inflated by 2.00%	Annual Surplus Receipts	Cumulative Surplus Cash Balances	
2018	855,500	10.00	8,384	838	40,778		50,000	50,000	-	-	
2019	3,348,490	10.00	32,815	3,282	14,903		51,000	51,000	-	-	
2020	6,950,476	10.00	68,115	6,811	(22,906)		52,020	52,020	-	-	
2021	10,140,037	10.00	99,372	9,937	(32,775)		76,535	53,060	23,474	23,474	
2022	12,891,676	6.02	76,056	7,606		1,174	84,835	54,122	30,713	54,188	
2023	14,906,077	3.34	48,791	4,879		2,709	56,379	55,204	1,175	55,363	
2024	15,265,534	3.34	49,967	4,997		2,768	57,732	56,308	1,424	56,786	
2025	15,876,155	3.24	50,410	5,041		2,839	58,290	57,434	856	57,642	
2026	15,876,155	3.32	51,655	5,165		2,882	59,702	58,583	1,119	58,762	
2027	16,511,201	3.26	52,750	5,275		2,938	60,963	59,755	1,208	59,970	
2028	16,511,201	3.32	53,721	5,372		2,999	62,091	60,950	1,142	61,112	
2029	17,171,649	3.26	54,860	5,486		3,056	63,402	62,169	1,233	62,345	
2030	17,171,649	3.32	55,870	5,587		3,117	64,574	63,412	1,162	63,507	
2031	17,858,515	3.31	57,929	5,793		3,175	66,898	64,680	2,217	65,724	
2032	17,858,515	3.28	57,404	5,740		3,286	66,431	65,974	457	66,181	
2033	18,572,856	3.27	59,519	5,952		3,309	68,779	67,293	1,486	67,667	
2034	18,572,856	3.32	60,429	6,043		3,383	69,855	68,639	1,216	68,883	
2035	19,315,770	3.31	62,656	6,266		3,444	72,366	70,012	2,354	71,237	
2036	19,315,770	3.30	62,467	6,247		3,562	72,276	71,412	863	72,100	
2037	20,088,401	3.25	63,982	6,398		3,605	73,985	72,841	1,144	73,244	
2038	20,088,401	3.32	65,360	6,536		3,662	75,558	74,297	1,260	74,505	
2039	20,891,937	3.31	67,769	6,777		3,725	78,271	75,783	2,488	76,993	
2040	20,891,937	3.31	67,769	6,777		3,850	78,396	77,299	1,097	78,090	
2041	21,727,614	3.25	69,202	6,920		3,904	80,027	78,845	1,182	79,272	
2042	21,727,614	3.32	70,693	7,069		3,964	81,726	80,422	1,304	80,576	
2043	22,596,719	3.28	72,635	7,263		4,029	83,927	82,030	1,897	82,473	
2044	22,596,719	3.33	73,742	7,374		4,124	85,240	83,671	1,569	84,042	
2045	23,500,588	3.28	75,540	7,554		4,202	87,296	85,344	1,952	85,994	
2046	23,500,588	3.32	76,462	7,646		4,300	88,407	87,051	1,356	87,350	
2047	24,440,611	3.27	78,322	7,832		4,368	90,522	88,792	1,730	89,080	
			1,844,646	184,465	(0)	88,374	2,117,484	2,028,404	89,080	89,080	

## EXHIBIT G

### Form of District Organization Election TABOR Questions (Districts' ability to utilize election authority is subject to the Service Plan limitations)

BALLOT QUESTION 1 (2-year initial term director seats)

BALLOT QUESTION (4-year initial term director seats)

#### BALLOT ISSUE A (Operations and Maintenance Mill Levy – Ad Valorem Taxes)

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, OPERATIONS AND MAINTENANCE AND OTHER SIMILAR EXPENSES, BY THE IMPOSITION OF AD VALOREM PROPERTY TAXES LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION TO PAY SUCH EXPENSES AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2007 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S. IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_

NO: \_\_\_\_\_

#### BALLOT ISSUE B (Operations and Maintenance - Fees)

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION AND OPERATIONS AND MAINTENANCE EXPENSES, BY THE IMPOSITION OF A FEE OR FEES IMPOSED, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION TO PAY SUCH EXPENSES AND SHALL THE PROCEEDS OF SUCH FEES AND ANY INVESTMENT INCOME THEREON OR ANY OTHER REVENUES COLLECTED BY THE DISTRICT, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2008 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S. IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_

NO: \_\_\_\_\_

#### BALLOT ISSUE C (Multiple Fiscal Year IGA Mill Levy Question)

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS NECESSARY FOR THE PAYMENT OF SUCH AMOUNTS DUE PURSUANT TO ONE OR MORE INTERGOVERNMENTAL AGREEMENTS OR OTHER CONTRACTS, BY THE IMPOSITION OF AD VALOREM PROPERTY TAXES LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION FOR THE PAYMENT OF SUCH AMOUNTS DUE, AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2008 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S. IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_

NO: \_\_\_\_\_

#### BALLOT ISSUE D (Multiple Fiscal Year Private Agreement Mill Levy Question)

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS NECESSARY FOR THE PAYMENT OF SUCH AMOUNTS DUE PURSUANT TO ONE OR MORE AGREEMENTS OR CONTRACTS WITH PRIVATE PARTIES, BY THE IMPOSITION OF AD VALOREM PROPERTY TAXES LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION FOR THE PAYMENT OF SUCH AMOUNTS DUE, AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND

SPENT BY THE DISTRICT IN FISCAL YEAR AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S. IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE E (De-TABOR)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE FULL AMOUNT OF ALL TAXES, TAX INCREMENT REVENUES, TAP FEES, PARK FEES, FACILITY FEES, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW OR CONTRACT TO BE IMPOSED, COLLECTED OR RECEIVED BY THE DISTRICT DURING 2007 AND EACH FISCAL YEAR THEREAFTER, SUCH AMOUNTS TO CONSTITUTE A VOTER-APPROVED REVENUE CHANGE AND BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S. IN ANY SUBSEQUENT YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE F (Street Improvements)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO CURBS, GUTTERS, CULVERTS, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, UTILITY RELOCATION AND UNDERGROUNDING, SIDEWALKS, TRAILS, PUBLIC PARKING LOTS, STRUCTURES AND FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, RETAINING WALLS, FENCING, ENTRY MONUMENTATION, STREETSCAPING, BRIDGES, OVERPASSES, INTERCHANGES, MEDIAN ISLANDS, IRRIGATION, AND A SAFETY PROTECTION SYSTEM THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, SIGNALIZATION, SIGNING AND STRIPING, AREA IDENTIFICATION, DRIVER INFORMATION AND DIRECTIONAL ASSISTANCE SIGNS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE G (Parks and Recreation)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN

THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, PARKS AND RECREATION FACILITIES, IMPROVEMENTS AND PROGRAMS, INCLUDING BUT NOT LIMITED TO COMMUNITY PARKS, BIKE PATHS AND PEDESTRIAN WAYS, FENCING, TRAILS, GRADING, FIELDS, TOT LOTS, OPEN SPACE, CULTURAL ACTIVITIES, COMMON AREAS, COMMUNITY RECREATION CENTERS, TENNIS COURTS, OUTDOOR LIGHTING, EVENT FACILITIES, IRRIGATION FACILITIES, LAKES, WATER BODIES, SWIMMING POOLS, PUBLIC FOUNTAINS AND SCULPTURES, ART, GARDENS, LANDSCAPING, WEED CONTROL, AND OTHER ACTIVE AND PASSIVE RECREATIONAL FACILITIES, IMPROVEMENTS AND PROGRAMS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE H (Water)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION AND DISTRIBUTION SYSTEM FOR DOMESTIC AND OTHER PUBLIC AND PRIVATE PURPOSES BY ANY AVAILABLE MEANS, AND TO PROVIDE ALL NECESSARY OR PROPER TREATMENT WORKS AND FACILITIES, EQUIPMENT, AND APPURTENANCES INCIDENT THERETO, INCLUDING BUT NOT LIMITED TO WELLS, WATER PUMPS, WATER LINES, WATER FEATURES, PURIFICATION PLANTS, PUMP STATIONS, TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, FIRE HYDRANTS, METERS, WATER TAPS, IRRIGATION FACILITIES, CANALS, DITCHES, WATER RIGHTS, FLUMES, PARTIAL FLUMES, HEADGATES, DROP STRUCTURES, STORAGE RESERVOIRS AND FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE I (Sanitation/Storm Sewer)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE

PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SANITATION SYSTEM WHICH MAY CONSIST OF STORM OR SANITARY SEWERS, OR BOTH, FLOOD AND SURFACE DRAINAGE, TREATMENT AND DISPOSAL WORKS AND FACILITIES, OR SOLID WASTE DISPOSAL FACILITIES OR WASTE SERVICES, AND ALL NECESSARY OR PROPER EQUIPMENT AND APPURTENANCES INCIDENT THERETO, INCLUDING BUT NOT LIMITED TO TREATMENT PLANTS AND FACILITIES, COLLECTION MAINS AND LATERALS, LIFT STATIONS, TRANSMISSION LINES, CANALS, SLUDGE HANDLING, REUSE AND DISPOSAL FACILITIES, AND/OR STORM SEWER, FLOOD AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, INCLUDING DETENTION/RETENTION PONDS, BOX CULVERTS AND ASSOCIATED IRRIGATION FACILITIES, EQUIPMENT, LAND, EASEMENTS AND SEWER TAPS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE J (Transportation)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL OR ANY OTHER MEANS OF CONVEYANCE, OR ANY COMBINATION THEREOF, OR PURSUANT TO CONTRACT, INCLUDING BUT NOT LIMITED TO PUBLIC TRANSPORTATION SYSTEM IMPROVEMENTS, TRANSPORTATION EQUIPMENT, PARK AND RIDE FACILITIES, PUBLIC PARKING LOTS, STRUCTURES, ROOFS, COVERS AND FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS, AND ALL NECESSARY EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES OR SYSTEMS, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE K (Mosquito Control)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING

ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, MOSQUITO CONTROL AND ERADICATION FACILITIES, IMPROVEMENTS, PROGRAMS, EQUIPMENT AND SUPPLIES NECESSARY FOR THE ELIMINATION OF MOSQUITOES, INCLUDING BUT NOT LIMITED TO THE ELIMINATION OR TREATMENT OF BREEDING GROUNDS AND PURCHASE, LEASE, CONTRACTING OR OTHER USE OF EQUIPMENT OR SUPPLIES FOR MOSQUITO CONTROL WITHIN THE BOUNDARIES OF THE DISTRICT, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE L (Safety Protection)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SAFETY PROTECTION SYSTEM OF TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING BUT NOT LIMITED TO TRAFFIC SIGNALS AND SIGNAGE, AND CONSTRUCTING UNDERPASSES OR OVERPASSES AT RAILROAD CROSSINGS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE M (Fire Protection)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, FACILITIES, IMPROVEMENTS AND EQUIPMENT FOR FIRE FIGHTING AND FIRE PROTECTION, INCLUDING BUT NOT LIMITED TO FIRE STATIONS, FIRE TRUCKS, FIRE HYDRANTS, AMBULANCE AND EMERGENCY MEDICAL RESPONSE AND RESCUE SERVICES AND DIVING AND GRAPPLING STATIONS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT,

LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE N (Television Relay and Translation)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, TELEVISION RELAY AND TRANSLATION SYSTEM IMPROVEMENTS THROUGH ANY MEANS NECESSARY, INCLUDING BUT NOT LIMITED TO EQUIPMENT, FACILITIES AND STRUCTURES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE O (Security)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, SECURITY SERVICES AND IMPROVEMENTS INCLUDING PERIMETER AND INTERIOR SECURITY PATROLS, CONSTRUCTION OF SAFETY BARRIERS OR SIMILAR PROTECTIVE MEASURES, ACQUISITION OF SECURITY EQUIPMENT, PROTECTION OF DISTRICT PROPERTY FROM UNLAWFUL DAMAGE OR DESTRUCTION, AND OTHER SECURITY IMPROVEMENTS WHICH MAY BE NECESSARY FOR THE ORDERLY CONDUCT OF DISTRICT AFFAIRS AND FOR PROTECTION OF THE HEALTH, SAFETY, AND WELFARE OF THE DISTRICT RESIDENTS, TAXPAYERS, OFFICERS, AND EMPLOYEES, INCLUSIVE OF THE GENERAL PUBLIC, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT,



INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE P (Operations and Maintenance Debt)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, REIMBURSING, FINANCING OR REFINANCING ALL OR ANY PART OF THE DISTRICT'S OPERATING AND MAINTENANCE EXPENSES, PROVISION OF PUBLIC SERVICE, MANAGEMENT SERVICES, ADMINISTRATION OR ADVANCES FOR SUCH EXPENSES MADE TO THE DISTRICT, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, SUCH DEBT TO BE INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, AND TO CONTAIN SUCH TERMS, NOT INCONSISTENT HEREWITH, AND BE MADE PAYABLE FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING WITHOUT LIMITATION AD VALOREM PROPERTY TAXES LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE DEBT WHEN DUE, ALL OF THE ABOVE AS DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, AND SHALL THE PROCEEDS OF THE DEBT, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE DEBT, AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE Q (Refunding Debt)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF REFUNDING, REFINANCING OR DEFEASING ANY OR ALL OF THE DISTRICT'S DEBT, BUT NOT TO EXCEED THE MAXIMUM NET EFFECTIVE INTEREST RATE OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE R (District Intergovernmental Agreements as Debt)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, SUCH DEBT TO CONSIST OF INTERGOVERNMENTAL AGREEMENTS OR OTHER CONTRACTS WITHOUT LIMIT AS TO TERM WITH ONE OR MORE POLITICAL SUBDIVISIONS OF THE STATE, GOVERNMENTAL UNITS, GOVERNMENTALLY-OWNED ENTERPRISES, OR OTHER PUBLIC ENTITIES, WHICH CONTRACTS WILL CONSTITUTE MULTIPLE FISCAL YEAR FINANCIAL OBLIGATIONS AND WHICH WILL OBLIGATE THE DISTRICT TO PAY, REIMBURSE OR FINANCE THE COSTS OF FINANCING, DESIGNING, ACQUIRING, CONSTRUCTING, COMPLETING OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, ANY PUBLIC IMPROVEMENT WHICH THE DISTRICT IS LAWFULLY AUTHORIZED TO PROVIDE, ALL AS MAY BE PROVIDED IN SUCH CONTRACTS, SUCH CONTRACTS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT TO EXCEED THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND CONTAIN SUCH TERMS, NOT INCONSISTENT HERewith, AS THE DISTRICT BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH SHALL AD VALOREM PROPERTY TAXES BE LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE OBLIGATIONS OF THE CONTRACTS WHEN DUE, THE PROCEEDS OF THE CONTRACTS, THE REVENUES FROM ALL TAXES, FROM REVENUE SHARING AGREEMENTS, ANY OTHER REVENUES USED TO PAY THE CONTRACTS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE S (District Private Agreements as Debt)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$ \_\_\_\_\_ WITH A REPAYMENT COST OF \$ \_\_\_\_\_ OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, SUCH DEBT TO CONSIST OF AGREEMENTS OR OTHER CONTRACTS WITH ONE OR MORE PRIVATE PARTIES, WHICH CONTRACTS WILL CONSTITUTE MULTIPLE FISCAL YEAR FINANCIAL OBLIGATIONS AND WHICH WILL OBLIGATE THE DISTRICT TO PAY, REIMBURSE OR FINANCE THE COSTS OF FINANCING, DESIGNING, ACQUIRING, CONSTRUCTING, COMPLETING OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, ANY PUBLIC IMPROVEMENT WHICH THE DISTRICT IS LAWFULLY AUTHORIZED TO PROVIDE, ALL AS MAY BE PROVIDED IN SUCH CONTRACTS, SUCH CONTRACTS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT TO EXCEED THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND CONTAIN SUCH TERMS, NOT INCONSISTENT HERewith, AS THE DISTRICT BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH SHALL AD VALOREM PROPERTY TAXES BE LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE OBLIGATIONS OF THE CONTRACTS WHEN DUE, THE PROCEEDS OF THE CONTRACTS, THE REVENUES FROM ALL TAXES, FROM REVENUE SHARING AGREEMENTS, ANY OTHER REVENUES USED TO PAY THE CONTRACTS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE T (mortgage)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ISSUE, CREATE, EXECUTE, AND DELIVER MORTGAGES, LIENS, AND OTHER ENCUMBRANCES ON DISTRICT REAL AND PERSONAL PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND INCLUDING WATER AND WATER RIGHTS, SUCH ENCUMBRANCES TO BE IN THE TOTAL PRINCIPAL AMOUNT OF NOT MORE THAN \$ \_\_\_\_\_, PLUS INTEREST THEREON AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS TO BE NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, CONTRACTS, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH ENCUMBRANCES TO BE CREATED FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY FOR DISTRICT FINANCIAL OBLIGATIONS, AND TO BE CREATED AT ONE TIME OR FROM TIME TO TIME; SUCH MORTGAGES, LIENS, OR OTHER ENCUMBRANCES TO ENTITLE THE OWNER OR BENEFICIARY THEREOF TO FORECLOSE UPON AND TAKE TITLE TO AND POSSESSION OF THE DISTRICT PROPERTY SO ENCUMBERED, AND IN

CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS REGARDING THE USE OF THE ENCUMBERED PROPERTY AND OTHER MATTERS ARISING UNDER THE ENCUMBRANCES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE U (Multiple Fiscal Year IGA)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ENTER INTO ONE OR MORE INTERGOVERNMENTAL AGREEMENTS WITH THE STATE OR ONE OR MORE POLITICAL SUBDIVISIONS OF THE STATE FOR THE PURPOSE OF JOINTLY FINANCING THE COSTS OF ANY PUBLIC IMPROVEMENTS, FACILITIES, SYSTEMS, PROGRAMS, OR PROJECTS WHICH THE DISTRICT MAY LAWFULLY PROVIDE, OR FOR THE PURPOSE OF PROVIDING FOR THE OPERATIONS AND MAINTENANCE OF THE DISTRICT AND ITS FACILITIES AND PROPERTIES, WHICH AGREEMENT MAY CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION OF THE DISTRICT TO THE EXTENT PROVIDED THEREIN AND OTHERWISE AUTHORIZED BY LAW, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE COVENANTS REGARDING THE ESTABLISHMENT AND USE OF AD VALOREM TAXES, RATES, FEES, TOLLS, PENALTIES, AND OTHER CHARGES OR REVENUES OF THE DISTRICT, AND COVENANTS, REPRESENTATIONS, AND WARRANTIES AS TO OTHER MATTERS ARISING UNDER THE AGREEMENTS, ALL AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT ISSUE V (Multiple Fiscal Year Private Agreement)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ENTER INTO ONE OR MORE AGREEMENTS WITH PRIVATE PARTIES FOR THE PURPOSE OF JOINTLY FINANCING THE COSTS OF ANY PUBLIC IMPROVEMENTS, FACILITIES, SYSTEMS, PROGRAMS, OR PROJECTS WHICH THE DISTRICT MAY LAWFULLY PROVIDE, OR FOR THE PURPOSE OF PROVIDING FOR THE OPERATIONS AND MAINTENANCE OF THE DISTRICT AND ITS FACILITIES AND PROPERTIES, WHICH AGREEMENT MAY CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION OF THE DISTRICT TO THE EXTENT PROVIDED THEREIN AND OTHERWISE AUTHORIZED BY LAW, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE COVENANTS REGARDING THE ESTABLISHMENT AND USE OF AD VALOREM TAXES, RATES, FEES, TOLLS, PENALTIES, AND OTHER CHARGES OR REVENUES OF THE DISTRICT, AND COVENANTS, REPRESENTATIONS, AND WARRANTIES AS TO OTHER MATTERS ARISING UNDER THE AGREEMENTS, ALL AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT QUESTION 3 (organize district)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE ORGANIZED AS A SPECIAL DISTRICT PURSUANT TO ARTICLE 1 OF TITLE 32, C.R.S.?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT QUESTION 4 (term limit elimination)**

SHALL MEMBERS OF THE BOARD OF DIRECTORS OF MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO SERVE WITHOUT LIMITATION ON THEIR TERMS OF OFFICE PURSUANT TO THE RIGHT GRANTED TO THE VOTERS OF THE DISTRICT IN ARTICLE XVIII, SECTION 11 OF THE COLORADO CONSTITUTION TO LENGTHEN, SHORTEN, OR ELIMINATE THE LIMITATIONS ON THE TERMS OF OFFICE IMPOSED BY SUCH SECTION?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**BALLOT QUESTION 5 (transportation authorization)**

SHALL MORGAN HILL METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO EXERCISE THE POWER TO ESTABLISH, MAINTAIN, AND OPERATE A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE, OR ANY COMBINATION THEREOF, AND MAY THE DISTRICT CONTRACT TO UNDERTAKE SUCH ACTIVITIES?

YES: \_\_\_\_\_  
NO: \_\_\_\_\_

**EXHIBIT H**

Underwriter Commitment Letter



**D.A. Davidson & Co.**

member SIPC

July 29, 2008

Sean Allen  
White, Bear & Ankele  
1805 Shea Center Drive, Suite 100  
Highlands Ranch, CO 80129  
RE: Proposed Morgan Hill Metropolitan District

To Whom It May Concern:

As part of the service plan approval process, you have asked about the relationship between the investment bankers and the proposed Morgan Hill Metropolitan District. We are engaged with the petitioners of the proposed District as described by the attached Letter of Intent. We have the intention of serving as underwriters for the District's voter authorized debt once sufficient credit support can be identified based on assessed value or guarantees provided by the landowners. The structure represented in the financing plan involves non-rated bonds issued to a third party, which we believe will be marketable based on the growth assumptions also included in this plan.

You also requested an explanation of the level of credit risk associated with the types of financing we are considering for this District. As with most start-up special districts, this District expects to market bonds to third parties to raise capital for infrastructure before the entire project is completed. The level of risk taken by a bondholder and the interest rate required for the financing, decreases as development occurs. Our recent special district underwritings vary from bonds sold at 8% with land in the District sold to builders and no homes constructed to refunding bonds issued with most of the homes built at interest rates of 5% with "AAA" rated insurance. In the case of "AAA" rated, insured bonds, the underlying Districts generally have debt/AV ratios of 50% or less. The interest rate assumptions contained in the Service Plan are reasonable based on current market conditions.

Because the financing in these districts is intended to pay for public infrastructure, we issue bonds as close to the time the infrastructure is needed as possible. During the period of time when homes are being constructed but not yet on the tax rolls, the District is projected to meet its debt service obligation with capitalized interest. While this does increase the bondholders' risk, the bondholders understand that risk and are compensated with a higher interest rate on the bonds. With regard to the City's risk, we know of no example where a City was implicated in a special district default and see no legal argument for such implication.

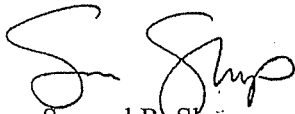
D.A. Davidson & Co. Fixed Income Capital Markets  
1600 Broadway, Suite 1100 • Denver, Colorado 80202-4922 • (303) 764-6000 • (800) 942-7557 • Fax (303) 764-5770  
[www.dadavidson.com](http://www.dadavidson.com)

**D.A. Davidson & Co.**  
Member SIPC

In the process of underwriting bonds for a non-rated residential metropolitan district, one key criterion is the level of homebuilder activity. Methods of evaluating such activity include contracts for sale of land in the District to builders, closing of land in the District to builders, model home construction and home sales activity, building permits and certificates of occupancy.

We hope this letter helps to clarify the financing model represented in the financing plan and the current market for special district bonds. Please call if you have any questions or require further clarification.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Sharp', written in a cursive style.

Samuel R. Sharp  
Senior Vice President



**D.A. Davidson & Co.**

member SIPC

## **EXHIBIT I**

### Form of Disclosure

Special Taxing District. The property is located within the boundaries of Morgan Hill Metropolitan District, a special taxing district (the "District"). The District has issued or expects to issue bonds that are paid by revenues produced from annual tax levies on the taxable property within the District. The buyer should investigate the financing plans of the District, proposed or existing mill levies of the District servicing such indebtedness, and the potential for an increase in such mill levies.

**EXHIBIT J**

Proof of Ownership and Encumbrances and Ownership Consent to District Formation



July 31, 2008

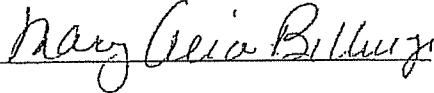
Molly M. W. Kostelecky  
Town of Erie  
Finance Director

RE: Morgan Hill Metropolitan District Nos. 1, 2 and 3  
Consent to Formation

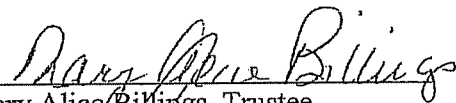
The property intended to be included within the initial boundaries of the proposed Morgan Hill Metropolitan District Nos. 1, 2 and 3, is under contract for the sale thereof to the applicant of the proposed districts. It is our understanding that the applicant is seeking Town of Erie approval of a service plan, and we, as the current owners of the subject property, hereby express our respective support of and consent to the formation of the proposed metropolitan districts.

Respectfully,

**Mary Alice Billings**

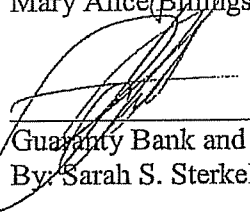
  
\_\_\_\_\_

**Mary Alice Billings Trust**

  
\_\_\_\_\_  
Mary Alice Billings, Trustee

**Woolley Family Trust**

  
\_\_\_\_\_  
Donna Woolley, Trustee

  
\_\_\_\_\_  
Guaranty Bank and Trust Company, Trustee  
By: Sarah S. Sterkel, Vice President



**Land Title Guarantee Company**  
CUSTOMER DISTRIBUTION

Date: 02-15-2008

Our Order Number: FCC25073983-3

Property Address:  
MORGAN HILL

*If you have any inquiries or require further assistance, please contact one of the numbers below:*

For Title Assistance:  
Ft. Collins "FCC" Unit  
Dan Greenfield  
772 WHALERS WAY #100  
FORT COLLINS, CO 80525  
Phone: 970-282-3649  
Fax: 970-282-3652  
EMail: dgreenfield@ltgc.com

BELLOCK CONSTRUCTION  
2500 ARAPAHOE ST #220  
BOULDER, CO 80302  
Attn: JESSICA CLARK  
Phone: 303-442-2299  
Fax: 303-442-1241  
Copies: 1  
EMail: jclark@communitydevelopmentgroup.com  
Sent Via EMail

HURST ASSOCIATES  
Attn: BO  
Copies: 1  
EMail: bo@hurst-assoc.com  
Sent Via EMail

Old Republic National Title Insurance Company

ALTA COMMITMENT

Our Order No. FCC25073983-3

Schedule A

Cust. Ref.:

Property Address:  
MORGAN HILL

1. **Effective Date:** April 12, 2007 at 5:00 P.M.

2. **Policy to be Issued, and Proposed Insured:**

"TBD" Commitment

\$0.00

Proposed Insured:  
TO BE DETERMINED

3. **The estate or interest in the land described or referred to in this Commitment and covered herein is:**

A Fee Simple

4. **Title to the estate or interest covered herein is at the effective date hereof vested in:**

MARY ALICE BILLINGS AND THE MARY ALICE BILLINGS TRUST AND THE WOOLLEY FAMILY TRUST

5. **The land referred to in this Commitment is described as follows:**

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

**LEGAL DESCRIPTION**

**PARCEL A:**

A PARCEL OF LAND LOCATED IN SECTION 7 AND THE WEST HALF OF SECTION 8, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 7 FROM WHENCE THE NORTHEAST CORNER LIES N 89°42'31" E, 2,627.25 FEET (BASIS OF BEARINGS);

THENCE N 89°42'31" E, 2,597.24 FEET ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SECTION 7;

THENCE S 00°56'28" W, 48.19 FEET ALONG THE WESTERLY RIGHT OF WAY LINE OF WELD COUNTY ROAD 3;

THENCE S 89°03'30" E, 80.00 FEET;

THENCE ALONG THE EASTERLY RIGHT OF WAY LINE OF WELD COUNTY ROAD 3 THE FOLLOWING THREE COURSES:

- 1) S 00°56'30" W, 2,624.70 FEET;
- 2) S 89°35'23" W, 20.01 FEET;
- 3) S 00°53'08" W, 70.43 FEET;

THENCE ALONG THE SOUTHERLY RIGHT OF WAY LINE OF WELD COUNTY ROAD 10.5 THE FOLLOWING THREE COURSES:

- 1) N 89°35'04" W, 694.79 FEET;
- 2) N 02°23'07" W, 40.05 FEET;
- 3) N 89°35'04" W, 590.24 FEET;

THENCE ALONG THE NORTHERLY LINE OF THE PARCEL OF LAND DESCRIBED IN THE "WELD COUNTY ROAD 10.5 ANNEXATION TO THE TOWN OF ERIE" AS RECORDED MAY 1, 2001 AT RECEPTION NO. 2844864 THE FOLLOWING TWO COURSES:

- 1) N 02°19'51" W, 60.07 FEET;
- 2) N 89°35'04" W, 2,159.62 FEET;

THENCE NORTHERLY ALONG THE APPROXIMATE CENTERLINE OF THE COTTONWOOD EXTENSION IRRIGATION DITCH THE FOLLOWING THIRTY-NINE COURSES:

- 1) N 39°24'29" W, 40.78 FEET;
- 2) N 26°38'23" W, 135.20 FEET;
- 3) N 13°53'36" W, 158.68 FEET;
- 4) N 36°23'43" W, 31.70 FEET;
- 5) N 59°52'04" W, 62.16 FEET;
- 6) N 52°03'38" W, 85.80 FEET;
- 7) N 04°51'35" W, 61.01 FEET
- 8) N 51°35'28" E, 155.73 FEET;
- 9) N 28°20'58" E, 261.76 FEET;
- 10) N 26°39'54" W, 47.96 FEET;
- 11) N 74°15'05" W, 227.61 FEET;

**LEGAL DESCRIPTION**

- 12) N 47°24'48" W, 137.09 FEET;
- 13) N 74°40'43" W, 112.08 FEET;
- 14) N 49°11'34" W, 56.76 FEET;
- 15) N 14°32'25" E, 235.64 FEET;
- 16) N 72°08'01" E, 158.71 FEET;
- 17) N 53°54'06" E, 50.99 FEET;
- 18) N 34°52'42" E, 225.05 FEET;
- 19) N 17°48'58" E, 23.12 FEET;
- 20) N 07°00'02" W, 40.81 FEET;
- 21) N 33°54'02" W, 71.50 FEET;
- 22) N 39°36'41" W, 129.87 FEET;
- 23) N 26°48'46" W, 45.48 FEET;
- 24) N 10°53'00" W, 47.78 FEET;
- 25) N 09°53'00" E, 101.59 FEET;
- 26) N 30°12'45" E, 230.36 FEET;
- 27) N 47°57'28" E, 85.66 FEET;
- 28) N 59°51'01" E, 165.88 FEET;
- 29) N 32°03'18" E, 35.53 FEET;
- 30) N 05°46'02" W, 34.26 FEET;
- 31) N 22°03'27" W, 35.67 FEET;
- 32) N 01°16'55" E, 37.91 FEET;
- 33) N 43°16'32" E, 62.61 FEET;
- 34) N 60°37'03" E, 83.57 FEET;
- 35) N 78°42'40" E, 123.21 FEET;
- 36) N 82°06'59" E, 105.09 FEET;
- 37) N 75°47'10" E, 52.30 FEET;
- 38) N 53°02'56" E, 18.25 FEET;
- 39) N 28°58'49" E, 15.57 FEET;

THENCE N 89°50'02" E, 366.91 FEET ALONG THE NORTHERLY LINE OF THE NORTHWEST QUARTER OF SECTION 7 TO THE POINT OF BEGINNING,

EXCEPT COUNTY ROADS AS THEY CURRENTLY EXIST AND ARE USED.

**PARCEL B:**

A PARCEL OF LAND LOCATED IN THE NORTHWEST QUARTER OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 7 FROM WHENCE THE NORTHEAST CORNER LIES N 89°42'31" E, 2,627.25 FEET (BASIS OF BEARINGS);

THENCE S 89°50'02" W, 366.91 FEET ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SECTION 7 TO THE APPROXIMATE CENTERLINE OF THE COTTONWOOD EXTENSION DITCH AND THE POINT OF BEGINNING;

THENCE SOUTHWESTERLY ALONG THE APPROXIMATE CENTERLINE OF SAID COTTONWOOD EXTENSION DITCH THE FOLLOWING TWENTY-FOUR COURSES:

**LEGAL DESCRIPTION**

- 1) S 28°58'49" W, 15.57 FEET;
- 2) S 53°02'56" W, 18.25 FEET;
- 3) S 75°47'10" W, 52.30 FEET;
- 4) S 82°06'59" W, 105.09 FEET;
- 5) S 78°42'40" W, 123.21 FEET;
- 6) S 60°37'03" W, 83.57 FEET;
- 7) S 43°15'32" W, 62.61 FEET;
- 8) S 01°16'55" W, 37.91 FEET;
- 9) S 22°03'27" E, 35.67 FEET;
- 10) S 05°46'02" E, 34.26 FEET;
- 11) S 32°03'18" W, 35.53 FEET;
- 12) S 59°51'01" W, 165.88 FEET;
- 13) S 47°57'28" W, 85.66 FEET;
- 14) S 30°12'45" W, 230.36 FEET;
- 15) S 09°53'00" W, 101.59 FEET;
- 16) S 10°53'00" E, 47.78 FEET;
- 17) S 26°48'46" E, 45.48 FEET
- 18) S 39°36'41" E, 129.87 FEET;
- 19) S 33°54'02" E, 71.50 FEET
- 20) S 07°00'02" E, 40.81 FEET;
- 21) S 17°48'58" W, 23.12 FEET
- 22) S 34°52'42" W, 225.05 FEET;
- 23) S 53°54'06" W, 50.99 FEET;
- 24) S 72°08'01" W, 158.71 FEET;

THENCE N 63°26'41" W, 520.31 FEET;

THENCE NORTHEASTERLY ALONG THE CENTERLINE OF THE LOWER BOULDER IRRIGATION DITCH THE FOLLOWING EIGHT COURSES:

- 1) N 62°19'57" E, 208.38 FEET;
- 2) N 34°43'06" E, 63.87 FEET;
- 3) N 09°47'15" W, 173.44 FEET
- 4) N 13°45'30" E, 143.71 FEET;
- 5) N 26°42'24" E, 345.30 FEET;
- 6) N 45°06'43" E, 131.62 FEET;
- 7) N 19°22'17" E, 161.76 FEET;
- 8) N 26°57'50" E, 69.13 FEET;

THENCE N 89°50'02" E, 833.98 FEET ALONG THE NORTHERLY LINE OF THE NORTHWEST QUARTER OF SECTION 7 TO THE POINT OF BEGINNING.

ALTA COMMITMENT

Schedule B-1

(Requirements)

Our Order No. FCC25073983-3

The following are the requirements to be complied with:

Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

NOTE: ADDITIONAL REQUIREMENTS OR EXCEPTIONS MAY BE NECESSARY WHEN THE BUYERS NAMES ARE ADDED TO THIS COMMITMENT. COVERAGES AND/OR CHARGES REFLECTED HEREIN, IF ANY, ARE SUBJECT TO CHANGE UPON RECEIPT OF THE CONTRACT TO BUY AND SELL REAL ESTATE AND ANY AMENDMENTS THERETO.

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
7. Any unpaid taxes or assessments against said land.
8. Liens for unpaid water and sewer charges, if any.
9. RIGHT OF WAY FOR COUNTY ROADS 30 FEET ON EITHER SIDE OF SECTION AND TOWNSHIP LINES, AS ESTABLISHED BY THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY, RECORDED OCTOBER 14, 1889 IN BOOK 86 AT PAGE 273.
10. RESERVATIONS MADE BY UNION PACIFIC RAILROAD CO, IN DEED RECORDED OCTOBER 30, 1899, IN BOOK 170 AT PAGE 554, PROVIDING SUBSTANTIALLY AS FOLLOWS:  
RESERVING UNTO SAID COMPANY AND ITS ASSIGNS ALL COAL THAT MAY BE FOUND UNDERNEATH THE SURFACE OF LAND HEREIN DESCRIBED AND THE EXCLUSIVE RIGHT TO PROSPECT AND MINE FOR SAME, ALSO SUCH RIGHT OF WAY AND OTHER GROUNDS AS MAY APPEAR NECESSARY FOR PROPER WORKING OF ANY COAL MINE THAT MAY BE DEVELOPED UPON SAID PREMISES AND FOR TRANSPORTATION OF COAL FROM SAME.
11. OIL AND GAS LEASE RECORDED SEPTEMBER 07, 1972 UNDER RECEPTION NO. 1597057 IN BOOK 675 AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.
12. OIL AND GAS LEASE RECORDED SEPTEMBER 07, 1972 UNDER RECEPTION NO. 1597058 IN BOOK 675 AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.
13. OIL AND GAS LEASE RECORDED SEPTEMBER 07, 1972 UNDER RECEPTION NO. 1597059 IN BOOK 675 AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.



ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

14. OIL AND GAS LEASE RECORDED MARCH 22, 1976 UNDER RECEPTION NO. 1684010 IN BOOK 762 AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.

NOTE: EXTENSION OF THE ABOVE LEASE AS CLAIMED BY AFFIDAVIT OF PRODUCTION WAS RECORDED SEPTEMBER 16, 1977 UNDER RECEPTION NO. 1730610 IN BOOK 809.

15. RIGHT OF WAY EASEMENT AS GRANTED TO PANHANDLE EASTERN PIPELINE COMPANY IN INSTRUMENT RECORDED SEPTEMBER 22, 1978, UNDER RECEPTION NO. 1767360 IN BOOK 845.

16. RIGHT OF WAY EASEMENT AS GRANTED TO PANHANDLE EASTERN PIPELINE COMPANY IN INSTRUMENT RECORDED OCTOBER 16, 1980, UNDER RECEPTION NO. 1839045 IN BOOK 917.

17. RIGHT OF WAY EASEMENT AS GRANTED TO VESSELS OIL AND GAS CO IN INSTRUMENT RECORDED APRIL 05, 1985, UNDER RECEPTION NO. 2004742 IN BOOK 1064.

18. RIGHT OF WAY EASEMENT AS GRANTED TO VESSELS OIL AND GAS CO IN INSTRUMENT RECORDED AUGUST 09, 1985, UNDER RECEPTION NO. 2020244 IN BOOK 1079.

19. RIGHT OF WAY EASEMENT AS GRANTED TO AMOCO PRODUCTION CO IN INSTRUMENT RECORDED SEPTEMBER 19, 1985, UNDER RECEPTION NO. 2025480 IN BOOK 1085.

20. RIGHT OF WAY EASEMENT AS GRANTED TO CITY OF LOUISVILLE IN INSTRUMENT RECORDED NOVEMBER 19, 1986, UNDER RECEPTION NO. 2077528 IN BOOK 1135.

21. TERMS, CONDITIONS AND PROVISIONS OF NON-IRRIGATION COVENANT RECORDED OCTOBER 16, 1986 AT RECEPTION NO. 2073496 IN BOOK 1131, RERECORDED NOVEMBER 19, 1986 AT RECEPTION NO. 2077529 IN BOOK 1135.

22. (ITEM INTENTIONALLY DELETED)

23. RIGHT OF WAY EASEMENT AS GRANTED TO LEFT HAND WATER SUPPLY CO IN INSTRUMENT

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

- RECORDED MAY 10, 1990, UNDER RECEPTION NO. 2213380 IN BOOK 1263.
24. RIGHT OF WAY EASEMENT AS GRANTED TO LEFT HAND WATER SUPPLY CO IN INSTRUMENT RECORDED MAY 10, 1990, UNDER RECEPTION NO. 2213381 IN BOOK 1263.
  25. RIGHT OF WAY EASEMENT AS GRANTED TO LEFT HAND WATER SUPPLY CO IN INSTRUMENT RECORDED OCTOBER 05, 1990, UNDER RECEPTION NO. 2230637 IN BOOK 1280.
  26. RIGHT OF WAY EASEMENT AS GRANTED TO LEFT HAND WATER DISTRICT IN INSTRUMENT RECORDED DECEMBER 21, 1994, UNDER RECEPTION NO. 2419819 IN BOOK 1472.
  27. RIGHT OF WAY EASEMENT AS GRANTED TO WELD COUNTY IN INSTRUMENT RECORDED JANUARY 30, 1998, UNDER RECEPTION NO. 2591729.
  28. RIGHT OF WAY EASEMENT AS GRANTED TO WELD COUNTY IN INSTRUMENT RECORDED JANUARY 30, 1998, UNDER RECEPTION NO. 2591730.
  29. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED JUNE 02, 2006 AT RECEPTION NO. 3392887.
  30. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED FEBRUARY 04, 2004 AT RECEPTION NO. 3151036.
  31. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED AUGUST 25, 2005 AT RECEPTION NO. 3316659.
  32. RIGHT OF WAY EASEMENT AS GRANTED TO WELD CO IN INSTRUMENT RECORDED APRIL 12, 1887, IN BOOK 68 AT PAGE 105.
  33. RIGHT OF WAY EASEMENT AS GRANTED TO WELD COUNTY IN INSTRUMENT RECORDED APRIL 12, 1887, IN BOOK 68 AT PAGE 106.
  34. RIGHT OF WAY EASEMENT AS GRANTED TO THE DENVER UTAH AND PACIFIC RAIL ROAD CO IN INSTRUMENT RECORDED JUNE 24, 1889, IN BOOK 86 AT PAGE 133.

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

35. RIGHT OF WAY EASEMENT AS GRANTED TO NORTHERN COLORADO WATER CONSERVANCY DISTRICT IN INSTRUMENT RECORDED DECEMBER 03, 1955, IN BOOK 1436 AT PAGE 325.
36. RIGHT OF WAY EASEMENT AS GRANTED TO UNITED STATE OF AMERICA IN INSTRUMENT RECORDED FEBRUARY 15, 1956, IN BOOK 1442 AT PAGE 465.
37. (ITEM INTENTIONALLY DELETED)
38. OIL AND GAS LEASE RECORDED MAY 24, 1974 UNDER RECEPTION NO. 1637281 AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.
39. RIGHT OF WAY EASEMENT AS GRANTED TO VESSELS OIL AND GAS CO IN INSTRUMENT RECORDED SEPTEMBER 09, 1985, UNDER RECEPTION NO. 2024112.
40. RIGHT OF WAY EASEMENT AS GRANTED TO VESSELS OIL & GAS CO IN INSTRUMENT RECORDED NOVEMBER 08, 1985, UNDER RECEPTION NO. 2031592.
41. UNDIVIDED FULL INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS AS RESERVED BY THE WOOLLEY FAMILY TRUST, ET. AL. IN DEED TO MARY ALICE BILLINGS AND THE MARY ALICE BILLINGS TRUST, RECORDED JUNE 30, 1995, UNDER RECEPTION NO. 2444845 IN BOOK 1499, AND ANY AND ALL ASSIGNMENTS THEREOF OR INTERESTS THEREIN.
42. TERMS, CONDITIONS AND PROVISIONS OF SURFACE USE AGREEMENT RECORDED AUGUST 25, 2005 AT RECEPTION NO. 3316659.
43. (ITEM INTENTIONALLY DELETED)
44. RESERVATIONS MADE BY UNION PACIFIC RAILROAD CO, IN DEED RECORDED OCTOBER 30, 1899, IN BOOK 170 AT PAGE 554, PROVIDING SUBSTANTIALLY AS FOLLOWS:  
RESERVING UNTO SAID COMPANY AND ITS ASSIGNS ALL COAL THAT MAY BE FOUND UNDERNEATH THE SURFACE OF LAND HEREIN DESCRIBED AND THE EXCLUSIVE RIGHT TO PROSPECT AND MINE FOR SAME, ALSO SUCH RIGHT OF WAY AND OTHER GROUNDS AS

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

MAY APPEAR NECESSARY FOR PROPER WORKING OF ANY COAL MINE THAT MAY BE DEVELOPED UPON SAID PREMISES AND FOR TRANSPORTATION OF COAL FROM SAME.

45. (ITEM INTENTIONALLY DELETED)

46. (ITEM INTENTIONALLY DELETED)

47. (ITEM INTENTIONALLY DELETED)

48. (ITEM INTENTIONALLY DELETED)

49. (ITEM INTENTIONALLY DELETED)

50. (ITEM INTENTIONALLY DELETED)

51. RIGHT OF WAY EASEMENT AS GRANTED TO UNION RURAL ELECTRIC ASSOCIATION INC IN INSTRUMENT RECORDED OCTOBER 11, 1978, UNDER RECEPTION NO. 1769299 IN BOOK 847.

52. (ITEM INTENTIONALLY DELETED)

53. (ITEM INTENTIONALLY DELETED)

54. (ITEM INTENTIONALLY DELETED)

55. (ITEM INTENTIONALLY DELETED)

56. (ITEM INTENTIONALLY DELETED)

57. (ITEM INTENTIONALLY DELETED)

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

58. (ITEM INTENTIONALLY DELETED)
59. RIGHT OF WAY EASEMENT AS GRANTED TO PLATTE GAS LINE CO IN INSTRUMENT RECORDED DECEMBER 17, 1992, UNDER RECEPTION NO. 2315028 IN BOOK 1363.
60. (ITEM INTENTIONALLY DELETED)
61. RIGHT OF WAY EASEMENT AS GRANTED TO UNITE POWER INC IN INSTRUMENT RECORDED JULY 31, 1997, UNDER RECEPTION NO. 2560936 IN BOOK 1618.
62. TERMS, CONDITIONS AND PROVISIONS OF MEMORANDUM OF SURFACE USE AGREEMENT RECORDED AUGUST 25, 2005 AT RECEPTION NO. 3316656.
63. TERMS, CONDITIONS AND PROVISIONS OF MEMORANDUM OF SURFACE USE AGREEMENT RECORDED AUGUST 25, 2005 AT RECEPTION NO. 3316657.
64. ALL OIL, GAS, MINERALS AND OTHER MINERAL RIGHTS AS RESERVED IN INSTRUMENT RECORDED JUNE 30, 1995, UNDER RECEPTION NO. 2444846 IN BOOK 1499.
65. RIGHT OF WAY EASEMENT AS GRANTED TO PLATTE GAS LINE CO IN INSTRUMENT RECORDED OCTOBER 18, 1994, UNDER RECEPTION NO. 2411535.
66. (ITEM INTENTIONALLY DELETED)
67. MATTERS AS SET FORTH ON SURVEY NO 202046, DATED MAY 3, 2007, BY HURST & ASSOCIATES, INC., BEING: NOTES AS TO DRAINAGE OUTFALL ON SOUTH LINE AND NOTE AS TO RUNWAY ON EAST LINE AND FENCES NOT ON PROPERTY LINES.
68. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED JUNE 22, 2007 AT RECEPTION NO. 3485350.
69. TERMS, CONDITIONS AND PROVISIONS OF DEED OF DEDICATION RECORDED AUGUST 16, 2007 AT RECEPTION NO. 3497475.

ALTA COMMITMENT

Schedule B-2

(Exceptions)

Our Order No. FCC25073983-3

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

70. EASEMENT GRANTED TO UNITED POWER, INC., FOR UTILITIES, AND INCIDENTAL PURPOSES, BY INSTRUMENT RECORDED JUNE 26, 2007, UNDER RECEPTION NO. 3486009.
71. EASEMENT GRANTED TO UNITED POWER, INC., FOR UTILITIES, AND INCIDENTAL PURPOSES, BY INSTRUMENT RECORDED JUNE 26, 2007, UNDER RECEPTION NO. 3486010.
72. EASEMENT GRANTED TO COUNTY OF WELD, FOR CONSTRUCTION OF ROADWAY DITCH, AND INCIDENTAL PURPOSES, BY INSTRUMENT RECORDED AUGUST 16, 2007, UNDER RECEPTION NO. 3497476.

LAND TITLE GUARANTEE COMPANY and LAND TITLE GUARANTEE COMPANY - GRAND JUNCTION

DISCLOSURE STATEMENTS

Note: Pursuant to CRS 10-11-122, notice is hereby given that:

- A) The subject real property may be located in a special taxing district.
- B) A Certificate of Taxes Due listing each taxing jurisdiction may be obtained from the County Treasurer's authorized agent.
- C) The information regarding special districts and the boundaries of such districts may be obtained from the Board of County Commissioners, the County Clerk and Recorder, or the County Assessor.

Note: Effective September 1, 1997, CRS 30-10-406 requires that all documents received for recording or filing in the clerk and recorder's office shall contain a top margin of at least one inch and a left, right and bottom margin of at least one half of an inch. The clerk and recorder may refuse to record or file any document that does not conform, except that, the requirement for the top margin shall not apply to documents using forms on which space is provided for recording or filing information at the top margin of the document.

Note: Colorado Division of Insurance Regulations 3-5-1, Paragraph C of Article VII requires that "Every title entity shall be responsible for all matters which appear of record prior to the time of recording whenever the title entity conducts the closing and is responsible for recording or filing of legal documents resulting from the transaction which was closed". Provided that Land Title Guarantee Company conducts the closing of the insured transaction and is responsible for recording the legal documents from the transaction, exception number 5 will not appear on the Owner's Title Policy and the Lenders Policy when issued.

Note: Affirmative mechanic's lien protection for the Owner may be available (typically by deletion of Exception no. 4 of Schedule B, Section 2 of the Commitment from the Owner's Policy to be issued) upon compliance with the following conditions:

- A) The land described in Schedule A of this commitment must be a single family residence which includes a condominium or townhouse unit.
- B) No labor or materials have been furnished by mechanics or material-men for purposes of construction on the land described in Schedule A of this Commitment within the past 6 months.
- C) The Company must receive an appropriate affidavit indemnifying the Company against un-filed mechanic's and material-men's liens.
- D) The Company must receive payment of the appropriate premium.
- E) If there has been construction, improvements or major repairs undertaken on the property to be purchased within six months prior to the Date of the Commitment, the requirements to obtain coverage for unrecorded liens will include: disclosure of certain construction information; financial information as to the seller, the builder and or the contractor; payment of the appropriate premium fully executed Indemnity Agreements satisfactory to the company, and, any additional requirements as may be necessary after an examination of the aforesaid information by the Company.

No coverage will be given under any circumstances for labor or material for which the insured has contracted for or agreed to pay.

Note: Pursuant to CRS 10-11-123, notice is hereby given:

This notice applies to owner's policy commitments containing a mineral severance instrument exception, or exceptions, in Schedule B, Section 2.

- A) That there is recorded evidence that a mineral estate has been severed, leased, or otherwise conveyed from the surface estate and that there is a substantial likelihood that a third party holds some or all interest in oil, gas, other minerals, or geothermal energy in the property; and
- B) That such mineral estate may include the right to enter and use the property without the surface owner's permission.

Nothing herein contained will be deemed to obligate the company to provide any of the coverages referred to herein unless the above conditions are fully satisfied.

JOINT NOTICE OF PRIVACY POLICY OF  
LAND TITLE GUARANTEE COMPANY, LAND TITLE GUARANTEE COMPANY - GRAND JUNCTION,  
LAND TITLE INSURANCE CORPORATION AND OLD REPUBLIC NATIONAL TITLE INSURANCE  
COMPANY

This Statement is provided to you as a customer of Land Title Guarantee Company and Meridian Land Title, LLC, as agents for Land Title Insurance Corporation and Old Republic National Title Insurance Company.

We want you to know that we recognize and respect your privacy expectations and the requirements of federal and state privacy laws. Information security is one of our highest priorities. We recognize that maintaining your trust and confidence is the bedrock of our business. We maintain and regularly review internal and external safeguards against unauthorized access to non-public personal information ("Personal Information").

In the course of our business, we may collect Personal Information about you from:

- \* applications or other forms we receive from you, including communications sent through TMX, our web-based transaction management system;
- \* your transactions with, or from the services being performed by, us, our affiliates, or others;
- \* a consumer reporting agency, if such information is provided to us in connection with your transaction; and
- \* the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates and non-affiliates.

Our policies regarding the protection of the confidentiality and security of your Personal Information are as follows:

- \* We restrict access to all Personal Information about you to those employees who need to know that information in order to provide products and services to you.
- \* We maintain physical, electronic and procedural safeguards that comply with federal standards to protect your Personal Information from unauthorized access or intrusion.
- \* Employees who violate our strict policies and procedures regarding privacy are subject to disciplinary action.
- \* We regularly access security standards and procedures to protect against unauthorized access to Personal Information.

**WE DO NOT DISCLOSE ANY PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT PERMITTED BY LAW.**

Consistent with applicable privacy laws, there are some situations in which Personal Information may be disclosed. We may disclose your Personal Information when you direct or give us permission; when we are required by law to do so, for example, if we are served a subpoena; or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

Our policy regarding dispute resolution is as follows. Any controversy or claim arising out of or relating to our privacy policy, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.