

**MAYBERRY, COLORADO SPRINGS
METROPOLITAN DISTRICT NOS. 1 & 2**

EL PASO COUNTY, COLORADO

May 23, 2019

**CONSOLIDATED
AMENDED AND RESTATED SERVICE PLAN
FOR MAYBERRY, COLORADO SPRINGS METROPOLITAN DISTRICT
NO. 1**

AND

**SERVICE PLAN
FOR MAYBERRY, COLORADO SPRINGS METROPOLITAN DISTRICT
NO. 2**

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EXHIBITS

- A. Maps and Legal Descriptions
 - 1. Vicinity Map of the Districts
 - 2. Map of Initial District Boundaries - District No. 1
 - 3. Map of Initial District Boundaries - District No. 2
 - 4. Legal Description of Initial District Boundaries - District No. 1
 - 5. Legal Description of Initial District Boundaries - District No. 2
 - 6. Additional Inclusion Areas Map
 - 7. Service Area Map
- B. Development Summary
- C. Infrastructure Capital Costs
- D. Financial Plan Summary
- E. Annual Report and Disclosure Form

I. EXECUTIVE SUMMARY

The following is a summary of general information regarding the proposed Districts provided for the convenience of the reviewers of this Service Plan. Please note that the following information is subject in all respects to the more complete descriptions contained elsewhere in this Service Plan.

Proposed Districts:	Mayberry, Colorado Springs Metropolitan District Nos. 1 & 2
Property Owners:	Colorado Springs Mayberry, LLC
Developer:	Colorado Springs Mayberry, LLC
Description of Development:	The Mayberry, Colorado Springs Masterplan contains approximately 630 acres of which 559 acres are planned for residential development, 61 acres are planned for an industrial park along State Highway 94, and 10 acres are planned for a commercial Town Center within the Project.
Proposed Improvements to be Financed:	Water, streets, traffic and safety controls, parks and recreation, drainage, including storm water drainage, sanitary sewer, and related grading, plus television relay and translation, and mosquito control.
Proposed Ongoing Services:	It is anticipated that any Public Improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned, operated and maintained by the Districts. Specifically, the Districts anticipate providing water and sewer facilities and services and park and recreation services to the Project and properties included within the Districts' Service Area.
Infrastructure Capital Costs:	Approximately \$100,000,000
Maximum Debt Authorization:	\$164,240,000 (combined for both Districts) \$178,420,000 (combined for both Districts upon Gillespie Inclusion)
Proposed Debt Mill Levy:	50 Mills for District No. 1 25 Mills for District No. 2
Proposed O & M Mill Levy:	10 Mills for each District

Proposed Special Purpose

Mill Levy:

5 Mills for each District for the purposes of providing covenant enforcement services.

Proposed Maximum Mill Levies:

65 Mills for District No. 1, subject to the Gallagher Adjustment.

40 Mills for District No. 2, subject to the Gallagher Adjustment.

Proposed Fees:

All fees, rates, tolls, penalties, or charges as authorized in Section 32-1-1001(1)(j)(I), C.R.S. Capital facility fee/development fee and operations, maintenance and administrative fees may be imposed by the Districts.

II. DEFINITIONS

The following terms are specifically defined for use in this Service Plan. For specific definitions of terms not listed below please also refer to the El Paso County Special District Policies, the El Paso County Land Development Code and Colorado Revised Statutes, as may be applicable.

Additional Inclusion Areas: means the property described in Section III.K.2. and depicted on the map found at Exhibit A.6 that is anticipated for future inclusion into the boundaries of the Districts, including, but not limited to, the Gillespie Property consisting of approximately eighty (80) acres and the Commercial Inclusion Property consisting of approximately forty-nine (49) acres, together with other real property located within a 5 mile radius of the combined area described in Exhibits A.2, A.4 and A.5 that may be included upon petition of the property owners thereof.

Annual Report and Disclosure Statement: means the statement of the same name required to be filed annually with the Board of County Commissioners pursuant to Resolution 06-472 as may be amended, the current form of which is set forth in Exhibit E of this Service Plan.

Board(s): means the board of directors of any District, or in the plural, the boards of directors of both of the Districts.

Board of County Commissioners: means the Board of County Commissioners of El Paso County.

Commercial Inclusion Property: means the inclusion of property, consisting of approximately 49 acres of land, as more particularly depicted on the map set forth in Exhibit A.6, planned to be included for commercial use into the boundaries of District No. 2, at or after, the County's approval of the PUD Plans.

Conventional Representative District: means a Title 32 special district, which is structured to allow all residents and property owners to participate in elections for the Board of Directors, as otherwise allowed by Statute.

County: means El Paso County, Colorado

Debt: means bonds or other obligations for the payment of which the Districts have promised to impose an *ad valorem* property tax mill levy without such promise being subject to annual appropriation. The definition of Debt shall not include intergovernmental agreements that do not contain a pledge of an *ad valorem* property tax mill levy between the Districts.

Developer Funding Agreement: means an agreement of any kind executed between a special district and a Developer as this term is specifically defined below, including but not limited to advance funding agreements, reimbursement agreements or loans to the

special district from a Developer, where such an agreement creates an obligation of any kind which may require the special district to re-pay the Developer. The term “Developer” means any person or entity (including but not limited to corporations, venture partners, proprietorships, estates and trusts) that owns or has a contract to purchase undeveloped taxable real property greater than or equal to ten percent (10%) of all real property located within the boundaries of the special district. The term “Developer Funding Agreement” shall not extend to any such obligation listed above if such obligation has been converted to Debt issued by the special district to evidence the obligation to repay such Developer Funding Agreement, including the purchase of such Debt by a Developer.

District Boundaries: means the then-current boundaries of the District No. 1 and District No. 2, as may altered by inclusions and exclusions pursuant to this Service Plan and Colorado law, which boundaries may not extend beyond the Service Area.

District No. 1: means the Mayberry, Colorado Springs Metropolitan District No. 1, formerly known as the Ellicott Town Center Metropolitan District.

District No. 2: means the Mayberry, Colorado Springs Metropolitan District No. 2.

Districts: means District No. 1 and District No. 2, combined.

External Financial Advisor: means a consultant that: (i) 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; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; and (iii) is not an officer or employee of the Districts for which External Advisor Services are being rendered, and (iv) has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Gallagher Adjustment: means an allowed adjustment to the Maximum Debt Service Mill Levy, Maximum Operational Mill Levy, or Maximum Special Mill Levy intended to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the applicable District that would cause a reduction in the revenue otherwise produced from such Maximum Mill Levies based on the ratio between market value and assessed value as of January 1, 2005 for District No. 1, and January 1, 2019 for District No. 2.

Gillespie Inclusion: means the inclusion of the property commonly referred to as the Gillespie Property into either or both of the Districts and which is comprised of approximately 80 acres, of which approximately 64 acres is planned for residential development and approximately 16 acres is planned for commercial/industrial development.

Gillespie Property: means the property located immediately to the east of the Initial District Boundaries containing approximately 80 acres of property, as more particularly depicted on the map set forth in Exhibit A.6.

Initial District Boundaries: means the initial boundaries of the Districts as described in Section III.K.1 and as depicted on the maps in Exhibit A.2 and Exhibit A.3 and as legally described in the legal descriptions found at Exhibit A.4 and Exhibit A.5.

Local Public Improvements: means facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, but which do not qualify under the definition of Regional Public Improvements. Examples would include local streets and appurtenant facilities, water and sewer lines which serve individual properties and drainage facilities that do not qualify as reimbursable under adopted drainage basin planning studies, including related grading.

Material Modification: has the meaning described in Section 32-1-207, C.R.S., as it may be amended from time to time.

Maximum Combined Mill Levy: means the maximum combined *ad valorem* mill levy the applicable District may certify against any property within said District for any purposes.

Maximum Debt Authorization: means the aggregate maximum principal amount of Debt that the Districts may have outstanding at any time, which under this Service Plan is \$164,240,000; provided, however, that if all or a portion of the Gillespie Property is included in either or both of the Districts, the aggregate maximum principal amount of Debt that the Districts may have outstanding at any time shall be \$178,420,000.

Maximum Debt Service Mill Levy: means the maximum *ad valorem* mill levy the applicable District may certify against any property within said District for the purpose of servicing any Debt incurred by or on behalf of said District.

Maximum Operational Mill Levy: means the maximum *ad valorem* mill levy the applicable District may certify against any property within said District for the purposes of providing revenues for ongoing operation, maintenance, administration or any other allowable services and activities other than the servicing of Debt. This Maximum Operational Mill Levy is exclusive of any Maximum Special Mill Levy which might be separately authorized.

Maximum Special Purpose Mill Levy: means the maximum *ad valorem* mill levy which is allowed in addition to the allowable Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy.

Original Service Plan: means the Service Plan for the Ellicott Town Center Metropolitan District, approved by the Board of County Commissioners on June 29, 2006, as amended by the First Amendment to the Service Plan approved by the Board of County Commissioners on June 14, 2014.

Planning and Community Development Department: means the department of the County formally charged with administering the development regulations of the County.

Prior Developer Funding Agreement: means the 2010-2015 Operating Funding Agreement dated as of January 1, 2010, between District No. 1 and Agland Investment Company, LLC.

Prior Project: means the 550-acre Ellicott Town Center residential development contained within the original boundaries of District No. 1 as contemplated under the Original Service Plan.

Project: means the Mayberry, Colorado Springs master planned residential community contained within the boundaries of District No. 1 and the Mayberry, Colorado Springs commercial and industrial development contained within the boundaries of District No. 2, combined.

Public Improvements: means those improvements constituting Regional Public Improvements and Local Public Improvements collectively.

Regional Public Improvements: means facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, and which serve the needs of the region.

Revenue Obligations: means bonds or other obligations not subject to annual appropriation that are payable from a pledge of revenues other than *ad valorem* property taxes.

Service Area: means the real property located within a 5 mile radius of the combined area described in Exhibits A.2 and A.3 (Initial District Boundaries) and A.6 (Additional Inclusion Areas) that may be included upon petition of the property owners thereof and/or provided with services on an extraterritorial basis.

Service Plan: means this Consolidated Amended and Restated Service Plan for District No. 1 and Service Plan for District No. 2.

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

State: means the State of Colorado.

Underlying Land Use Approvals: means Board of County Commissioners approval of the applicable land use plans that form the basis for the need for the Districts and its proposed financing plan and/or services. Such approvals may be in the form of one or a combination of Sketch Plans, Generalized Planned Unit Development (PUD) Development Plans, site-specific PUD plans, or subdivision plans.

III. INTRODUCTION

A. Background

District No. 1 was formed pursuant to the Service Plan for Ellicott Town Center Metropolitan District, as approved by the Board of County Commissioners on June 29, 2006 (the “**Original District No. 1 Service Plan**”) for the construction, installation, financing, operation and maintenance of public infrastructure to support the needs of the 550-acre Ellicott Town Center residential development contained within its boundaries (the “**Prior Project**”).

The Original District No. 1 Service Plan was amended by the First Amendment to the Service Plan for Ellicott Town Center Metropolitan District which was approved by the Board of County Commissioners on June 14, 2014 (the “**First Amendment**,” together with the Original District No. 1 Service Plan the “**Original Service Plan**”). The First Amendment authorized District No. 1 to assume the role as the primary provider for water and sewer facilities and services to the Prior Project and to additional communities outside of its boundaries instead of those services being provided by the Sunset Metropolitan District as originally contemplated in the Original District No. 1 Service Plan. The First Amendment anticipated that District No. 1 would assume ownership of the existing water and sanitary sewer facilities from Ellicott Utilities Co., and would operate, maintain, repair and replace such facilities for the Prior Project. Currently, the Ellicott Utilities Co. provides water services to the Antelope Park Ranchettes and the Viewpoint Estates developments, both of which are northwest of the Districts’ boundaries. Ongoing services to these two developments will continue by District No. 1 on an extraterritorial basis.

In addition, the First Amendment acknowledged that development of the Prior Project as anticipated by the Financing Plan attached to the Original Service Plan, had not occurred according to the projections, due, in part, to the 2008 recession. The First Amendment set forth that, simultaneously, with the application of a Final Subdivision Plat or Final Planned Unit Development Plan approval, the District shall seek a material modification of the Original Service Plan to adopt an updated financing plan that would correspond with the anticipated development within the project.

An upswing in the real estate market has revitalized development activity within District No. 1. The developer has revised the land use plans and build out projections for the Project triggering the necessity to seek a material modification of the Original Service Plan. In order to accommodate the changing needs of the Project and the different phasing required for the development of the Project, it is necessary to bifurcate the Project into two special districts; District No. 1 which will encompass the residential use portion of the Project, and District No. 2 which will encompass the commercial and industrial use portion of the Project. As a result, this Service Plan amends and restates in its entirety the Original Service Plan and accommodates the creation of District No. 2.

The bifurcation of the Original Service Plan will ensure the Public Improvements are constructed in the most efficient and cost-effective manner and the costs are allocated equitably among the property owners. The Service Area of the Districts under this Service Plan encompasses

the same boundaries as originally included within District No. 1 pursuant to the Original Service Plan.

In anticipation of its submittal of this Service Plan and the creation of District No. 2, District No. 1 submitted a notice of intent to change its name from the “Ellicott Town Center Metropolitan District” to the “Mayberry, Colorado Springs Metropolitan District No. 1”. The name change will allow the Districts to better provide services and facilities within their respective boundaries and will provide consistency with District No. 2 while lessening confusion and administrative burden and eliminating inefficiencies. Absent objection from the Board of County Commissioners, the name change will become effective on May 6, 2019.

In further anticipation of its submittal of this Service Plan, the Applicant excluded property which is anticipated to be developed for commercial and/or industrial use from the boundaries of District No. 1 so that such property could be included within the initial boundaries of District No. 2.

B. Overall Purpose and Intent.

The Districts will be created pursuant to the Special District Act, and are being created with a Conventional Representative District structure under El Paso County policies. The Districts are independent units of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts, in their discretion, will provide a part or all of various Public Improvements necessary and appropriate for the development of a project within the unincorporated County to be known as “Mayberry, Colorado Springs” (the “**Project**”). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants, property owners and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

Upon the approval of this Service Plan, it is anticipated that certain water and sewer facilities which are currently owned by Ellicott Utilities Co. (“**EUC**”) will be transitioned to District No. 2 to assume ownership and to operate, maintain, repair and replace such facilities and provide water and sewer facilities to its users within the Service Area.

C. Need For The Districts.

The Project is not presently served with the facilities and/or services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. There are currently no other governmental entities, including the County, 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. The Districts are therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible. Approval of this Service Plan shall not indicate, implicitly or expressly, that any land

use applications now on file with the County or any land use applications filed in the future will be approved by the County.

D. County Objectives In Forming The Districts.

The County recognizes the Districts as independent quasi-municipal entities which are duly authorized for the purposes and functions identified in the Service Plan. Future County involvement in the affairs of the Districts will generally be limited to functions as required by the Colorado Revised Statutes, reporting and disclosure functions, determinations as to compliance with the limits as set forth in this Service Plan or any conditions attached to its approval, as well as additional activities or relationships as may be stipulated in any intergovernmental agreements which may be entered into among the Districts and the County in the future.

In approving this Service Plan the objectives of the County include an intent to allow the applicant reasonable access to public tax-exempt financing for reasonable costs associated with the generally identified Public Improvements and to allow the applicant the ability to prudently obligate future property owners for a reasonable share of the repayment costs of the Public Improvements which will benefit the properties within the Districts.

It is the additional objective of the County to allow for the Districts to provide for the identified ongoing services which either cannot or will not be provided by the County and/ or other districts. Specifically, District No. 2 will provide water and sewer facilities and services to the Districts and those located within the Service Area which are seeking such services.

In approving these Districts as Conventional Representative Districts, it is also an objective of the County to maximize opportunities for full representative participation on the part of future eligible electors. However, because many of the critical financing decisions will be made prior to the existence of resident electors, it is the further intent of the County to accommodate and allow for reasonable and constructive ongoing notice to future property owners of the probable financial impacts associated with owning property within the Districts.

E. Multiple District Structure.

1. Multiple District Structure. Multiple Districts are being proposed for the Project in order to permit the provision of the Public Improvements according to the phasing and pace of development, as well as to promote equitable allocation of costs among properties within the Project.

Each District will be authorized to provide improvements and services, including but not limited to acquisition of completed improvements, to the property within and without their respective legal boundaries, as they may be amended from time to time. Debt may be issued by the Districts as appropriate to deliver the improvements and services to the property within the Project.

Due to the relationship between the Districts and the Project as a whole, various agreements are expected to be executed by one or more of the Districts clarifying the respective responsibilities and the nature of the functions and services to be provided by each District. The

agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community that is aesthetic and an economic asset to the County.

2. Benefits of Multiple District Structure. The use of a multiple district structure as described in this Service Plan serves the best interests of the County, the applicants and the future taxpayers within the Districts. 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 by the County are financed and constructed in a timely and cost effective manner.

a. Coordinated Services. As presently planned, development of the Project 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 these 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 County, but retained by the Districts as appropriate. Intergovernmental agreements 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.

F. Specific Purposes -Facilities and Services.

The Districts are authorized to provide the following facilities and services, both within and without the boundaries of the Districts as may be necessary:

1. Water. The design, acquisition, installation, construction and operation and maintenance of a water system, including but not limited to wells, treatment, storage, pumping, transmission and distribution systems, together with all necessary and proper facilities, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, together with extensions of and improvements to said systems, but excluding private on-site development. It is anticipated that water improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by District No. 2.

The Districts do not intend to join the El Paso County Water Authority following formation. Upon the approval of this Service Plan, it is anticipated that certain water facilities and services which are currently owned by EUC will be transitioned to District No. 2 to assume ownership and to operate, maintain, repair and replace such facilities and to provide such services to its users within the Service Area. In addition, the Districts anticipate cooperating with

and receiving additional water facilities and services from Cherokee Metropolitan District to serve the Project.

2. Sanitation. The design, acquisition, installation, construction and operation and maintenance of wastewater mains and wastewater drainage collection facilities and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, and all necessary extensions of and improvements to said facilities or systems, but excluding private on-site development. It is anticipated that sewer improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by District No. 2.

Upon the approval of this Service Plan, it is anticipated that certain sewer facilities and services which are currently owned by EUC will be transitioned to District No. 2 to assume ownership and to operate, maintain, repair and replace such facilities and to provide such services to its users within the Service Area.

3. Street Improvements. The design, acquisition, installation, construction and operation and maintenance of improvements to existing roadways as well as new roadway improvements, including but not limited to curbs, sidewalks, bridges, underpasses, streets, medians, roundabouts, islands, paving, lighting, sleeving, grading, landscaping, and other street improvements, together with all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said facilities. It is anticipated that street improvements will be conveyed to the County; however, those street improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the Districts.

4. Transportation. The design, acquisition, installation, construction and operation and maintenance of a system to transport the public by bus, rail or any other means of conveyance, or any combination thereof, including but not limited to, bus stops and shelters, park and ride facilities, parking facilities, bike storage facilities, together with all necessary, incidental and appurtenant facilities, land easements, and all extensions of and improvements to said facilities. It is anticipated that transportation improvements not conveyed to the County, or other appropriate or owners' association will be owned and maintenance by the District. It is anticipated that transportation improvements will be conveyed to the County; however, those transportation improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the Districts.

5. Safety Protection. The design, acquisition, installation and construction of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, as well as other facilities and improvements including but not limited to, speed control devices, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said facilities. It is anticipated that safety protection improvements will be conveyed to the County; however, those safety protection improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the Districts.

6. Drainage. The design, acquisition, installation, construction and operation and maintenance of drainage improvement including, but not limited to, storm sewers, channels, flood and surface drainage, gutters, culverts, and other drainage facilities such as detention ponds, retaining walls, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, and all necessary extensions of and improvements to said facilities or systems. It is anticipated that drainage improvements will be conveyed to the County; however, those drainage improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the Districts.

7. Parks and Recreation. The design, acquisition, installation, construction and operation and maintenance of public park and recreation facilities including, but not limited to, pocket parks, paths, trails, fencing, open space, common areas, play structures, community pool and recreation center, street trees, streetscapes, entry features, landscaping and irrigation, weed control, outdoor lighting, together with all necessary, incidental and appurtenant facilities, and all necessary extensions of and improvements to said facilities or systems. It is anticipated that parks and recreation improvements will be owned and maintained by the Districts.

To the extent that Ellicott Metropolitan District and the Districts overlap in the provision of park and recreation services, the Districts shall seek the required consent from Ellicott Metropolitan District pursuant to Colorado law.

The Districts shall not have the authority to apply for or utilize any Conservation Trust (“**Lottery**”) funds without the express prior consent of the Board of County Commissioners. The Districts shall have the authority to apply for and receive any other grant funds, including, but not limited to, Great Outdoors Colorado (“**GOCO**”) discretionary grants. Such approval, although required, is not considered to be a material modification which would require the need to revise this Service Plan.

8. Mosquito Control. Provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control.

9. Fire Protection. Finance and construct fire protection related improvements that may be required of an approved planned development or similar document for the Project. The Districts are currently located within the Ellicott Fire Protection District which provides fire protection services to the properties within the District Boundaries. The Districts shall not provide fire protection services.

10. Television Relay and Translation. The design, acquisition, installation, construction and operation and maintenance of television relay and translation facilities and programs, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to said facilities.

11. Covenant Enforcement and Design Review. Subject to the provisions of Section 32-1-1004(8), C.R.S., the Districts shall have the power to furnish covenant enforcement and design review services within the District Boundaries.

12. Security Services. Subject to the provisions of Section 32-1-1004(7), C.R.S., the Districts shall have the power to furnish security services within the District Boundaries.

13. Solid Waste Disposal. Subject to the provisions of Section 32-1-1006(6) and (7) C.R.S., the Districts shall have the power to furnish solid waste disposal facilities or collection and transportation of solid waste.

G. Other Powers.

1. Operations and Maintenance. The Districts shall be authorized to operate and maintain the Public Improvements not conveyed to the County, other governmental entities having proper jurisdiction, or an owners' association.

2. Amendments. The Districts shall have the power to amend this Service Plan as needed, subject to appropriate statutory procedures as set forth in Section 32-1-207, C.R.S.

3. Authority to Modify Implementation of Financing Plan and Public Infrastructure. Without amending this Service Plan, the Districts may defer, forego, reschedule or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resources availability, and potential inclusions of property within the Districts.

H. Other Statutory Powers.

The Districts may exercise such powers as are expressly or impliedly granted by Colorado law, if not otherwise limited by the Service Plan or its conditions of approval.

I. Eminent Domain.

The Districts may exercise the power of eminent domain or dominant eminent domain only as necessary to further the clear public purposes of the Districts.

The power of eminent domain and/or dominant eminent domain shall be limited to the acquisition of property that the applicable Districts intends to own, control or maintain by the applicable or other governmental entity and is for the material use or benefit of the general public. The term "material use or benefit for the general public" shall not include the acquisition of property for the furtherance of an economic development plan, nor shall it include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase "furtherance of an economic development plan" does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the Project.

J. Intergovernmental Agreements (“IGAs”).

The Districts are authorized to enter into IGAs to the extent permissible by law. As of the date of approval of this Service Plan, the Districts anticipate entering into an inter-district intergovernmental agreement to establish their roles and responsibilities as it relates to the coordination of administrative costs and, if applicable, costs related to the operation and maintenance of certain public improvements.

K. Description of Proposed Boundaries and Service Area.

1. Initial District Boundaries. A vicinity map showing the general location of the area that may be served by the Districts is included as Exhibit A.1. A map of the initial boundaries of District No. 1 is included as Exhibit A.2 and a map of the initial boundaries of District No. 2 is included as Exhibit A.3. Legal descriptions of the initial boundaries of each District are included as Exhibit A.4 and Exhibit A.5, respectively.

2. Additional Inclusion Areas/Boundary Adjustments. Additional inclusion areas are anticipated in addition to the initially included properties, including but not limited to, the Gillespie Property and the Commercial Inclusion Property, as depicted at Exhibit A.6. It is anticipated that the Commercial Inclusion Property will be included into the boundaries of District No. 2, while the Gillespie Property, may include properties within each of the Districts to enable the property to include into either of the Districts in the event of zoning changes. The additional inclusion area also includes properties located within the Districts’ Service Area in the event those properties wish to receive service as in-District customers as opposed to as extraterritorial customers. The Districts shall be authorized to include territory within the Additional Inclusion Area in accordance with applicable provisions of the Special District Act. Further, in order to accommodate the needs of Project phasing and other contingencies, the boundaries of the Districts may be adjusted via the inclusion or exclusion within the combined area of the Initial District Boundaries and the Additional Inclusion Areas in accordance with the applicable provisions of the Special District Act.

3. Extraterritorial Service Areas. The Districts anticipate providing services to areas outside of the District Boundaries. These areas are depicted in Exhibit A.7. Currently the EUC provides water and sewer service to the Antelope Park Ranchettes and the Viewpoint Estates developments, both of which are northwest of the Districts’ boundaries. Upon acceptance of the water and sewer facilities from EUC, District No. 2 anticipates continuing to provide these services to these developments. It is not anticipated that either developments will include into the boundaries of either District at this time.

4. Analysis of Alternatives. A bifurcation of District No. 1 and District No. 2 will ensure the Public Improvements are constructed in the most efficient and cost-effective manner, and that the costs are allocated equitably among the property owners who receive the direct benefit from the constructed Public Improvements. By separating the residential properties from the commercial properties, the Districts will be able to impose the appropriate mill levies on the properties within their respective boundaries to ensure the most cost-effective payment for the Public Improvements benefitting each.

5. Material Modifications/Service Plan Amendment. Material modifications of this Service Plan shall, at a minimum, trigger the need for prior approval of the Board of County Commissioners at an advertised public hearing and may require a need for a complete re-submittal of an amended Service Plan along with a hearing before the County's planning commission. For the purpose of this Service Plan the following changes shall be considered material modifications:

a. Any change in the basic services provided by the Districts, including the addition of any types of services not authorized by this Service Plan.

b. Any other matter which is now, or may in the future, be described as a material modification by the Special District Act.

c. Imposition of a mill levy in excess of any of the Maximum Mill Levies as authorized in this approved Service Plan.

d. Issuance of Debt in excess of the Maximum Debt Authorization authorized in this Service Plan

e. Issuance of any Debt with a maturity period of greater than thirty (30) years, from the date of issuance of such Debt.

f. Creation of any sub-districts as contemplated in the Special District Act.

g. Inclusion into any District of any property over five (5) miles from the combined area of the Initial District Boundaries and the property described in Exhibit A.6, unless explicitly contemplated in this Service Plan.

IV. DEVELOPMENT ANALYSIS

A. Existing Developed Conditions.

The existing site is undeveloped with the exception of an abandoned concrete batch plant facility and existing storage buildings on the south side of State Highway 94 (SH94) in the northeast part of the Project, and an existing water storage tank at the northwest corner of the property.

B. Total Development at Project Buildout.

At complete Project build-out, development within the Districts is planned to consist of 2,236 homes and approximately 600,000 square feet of industrial and commercial space. The prices of homes in the project are expected to average between \$260,000 and \$380,000 in year 2019 dollars. The total estimated population of the Districts upon completion of development is 5,590 people.

C. Development Phasing and Absorption.

Absorption of the project is projected to take 16 years, beginning in 2020 and ending in 2036 and is further described in the Development Summary attached hereto as Exhibit B.

D. Status of Underlying Land Use Approvals.

The Ellicott Town Center Sketch Plan (SKP-05-005), comprising an area of 550.6 acres, was approved by the Board of County Commissioners on January 12, 2006. The approved Sketch Plan includes 1,048 residential dwelling units, along with 32 acres designated as Mixed Use. The Sketch Plan states that a maximum of 15 acres of mixed use area may be converted to residential use at a density of 8 dwelling units per acre, resulting in a total of 1,168 residential dwelling units and 17 acres of non-residential development.

On May 11, 2006, the Board of County Commissioners approved the “Overall PUD Plan – Ellicott Town Center Phase 1 (PUD-05-021),” the “Site-Specific PUD Plan – Ellicott Town Center Phase 1 (PUD-05-022),” and the “Preliminary Plan – Ellicott Town Center Phase 1 (SP-05-032).” The approved Overall PUD Plan is consistent with the previously approved Sketch Plan consisting of 1,048 residential units and including the provision for potential conversion of 15 acres of mixed use area to residential for a potential total of 1,168 residential dwelling units. The phasing summary within the approved Overall PUD depicts a general phasing of development from north to south, and summarizes the total development as consisting of 1,048 residential dwelling units and 32 acres of commercial area.

The approved Phase 1 PUD and Phase 1 Preliminary Plan include 240 residential units with parks and open space on 71.5 acres on the north side of the development.

On April 12, 2007, the Board of County Commissioners approved the Ellicott Town Center Filing No. 1 Final Plat (PCD File No. SF-06-012) consisting of the westerly 98 residential units within the previously approved Phase 1 Preliminary Plan. The Filing No. 1 Final Plat has not yet been recorded, but the County granted several extensions to the allowable time for recording. On December 12, 2017, the Board of County Commissioners approved a “Reconsideration of Final Plat to Extend the Time to Record,” providing an additional two year extension to record the final plat. The Developer plans to record the approved Filing No. 1 Final Plat, and has submitted an additional rezoning and plat to the County, which are currently under review.

V. INFRASTRUCTURE SUMMARY

A summary of the estimated costs of Public Improvements which are anticipated to be required within the Districts are described in Exhibit C. A general description of the categories of Public Improvements is included in Section III.F. of this Service Plan. The total costs of the Public Improvements is estimated to be approximately \$100,000,000, in year 2019 dollars. It is estimated that the Districts are able to finance up to approximately \$104,838,146 (or 100%) of this estimated amount, but the amount ultimately financed by the Districts will be subject to the Maximum Authorized Debt limit and total costs of the Public Improvements.

All Public Improvements will be designed and constructed in accordance with the standards of the governmental entity to which such Public Improvements will be dedicated (including, with respect to storm sewer and drainage facilities, the applicable NPDES standards), and otherwise in accordance with applicable El Paso County standards. The composition of specific Public Improvements will be determined in connection with applicable future land use and development approvals required by El Paso County rules and regulations.

VI. FINANCIAL PLAN SUMMARY.

A. Financial Plan Assumptions and Debt Capacity Model.

Attached at Exhibit D is a summary of development assumptions, projected assessed valuation, description of revenue sources (including applicable mill levies and fees) and expenses for both operations and debt service, and an overall debt capacity model associated with projected future development of the Project. The model demonstrates that the Districts are capable of providing sufficient and economic service within the Project, and that the Districts have or will have the financial ability to discharge the Districts' Debt on a reasonable basis. The financial model attached as Exhibit D is an example of the manner in which the Districts may finance the Public Improvements and will change based upon actual development of the Project. The specific structure for financing the Public Improvements shall be determined in the discretion of the Boards of Directors of the Districts, subject to the limitations set forth in this Service Plan.

B. Maximum Authorized Debt.

The Districts are authorized to issue, in aggregate, Debt up to \$164,240,000 million in principal amount ("**Maximum Authorized Debt**"); provided, however, that if all or a portion of the Gillespie Property is included in either or both of the Districts, the aggregate maximum principal amount of Debt that the Districts may have outstanding at any time shall be \$178,420,000. The Districts shall not issue Debt in excess of the Maximum Authorized Debt; provided, however, any refunding Debt shall not count against the Maximum Authorized Debt. The Maximum Authorized Debt established in this Service Plan accounts for future changes due to market changes, changes in development approvals, and inflation and is intended to provide sufficient flexibility without the need for future amendments to this Service Plan.

C. Maximum Mill Levies.

1. Maximum Debt Service Mill Levy. The Maximum Debt Service Mill Levy for District No. 1 shall be fifty (50) mills, subject to the Gallagher Adjustment. The Maximum Debt Service Mill Levy for District No. 2 shall be twenty-five (25) mills, subject to the Gallagher Adjustment. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

2. Maximum Operational Mill Levy. The Maximum Operational Mill Levy Cap for District No. 1 shall be ten (10) mills, subject to Gallagher Adjustment. The Maximum

Operational Mill Levy Cap for District No. 2 shall be ten (10) mills, subject to Gallagher Adjustment.

3. Maximum Special Purpose Mill Levy. The Maximum Special Purpose Mill Levy for each District is five (5) mills, subject to Gallagher Adjustment, for the purpose of providing covenant enforcement services.

4. Maximum Combined Mill Levy. The Maximum Combined Mill Levy for District No. 1 is sixty-five (65) mills, subject to the Gallagher Adjustment. The Maximum Combined Mill Levy for District No. 2 is forty (40) mills, subject to the Gallagher Adjustment.

In the event that District No. 1 elects to provide covenant enforcement services, it will need sufficient revenues available, as necessary, to pay for the expenses of the covenant enforcement, plus ongoing operations and maintenance expenses and debt service obligations. As such, District No. 1 will be permitted to impose the Maximum Special Purpose Mill Levy, which, when combined with the Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy, increases the Maximum Combined Mill Levy Cap for District No. 1 to sixty-five (65) mills, subject to Gallagher Adjustment. Notwithstanding the foregoing, if District No. 1 does not provide covenant enforcement services, the Maximum Combined Mill Levy Cap for District No. 1 shall be sixty (60) mills, subject to Gallagher Adjustment.

Increases to or removal of any of the Maximum Mill Levies shall be subject to Board of County Commissioners' approval without the need for a formal Service Plan Amendment (unless the Board of County Commissioners otherwise requires).

D. Maximum Maturity Period For Debt.

The period of maturity for issuance of any Debt (but not including Developer Funding Agreements) shall be limited to no more than thirty (30) years without express, prior approval of the Board of County Commissioners. Such approval, although required, is not considered to be a Material Modification of the Service Plan which would trigger the need to amend said Service Plan. However, the Districts are specifically authorized to refund or restructure existing Debt so long as the period of maturity for the refunding or restructured Debt is no greater than 30 years from the date of the issuance thereof.

E. Developer Funding Agreements.

The Developer does intend to enter into Developer Funding Agreements with the Districts in addition to recovery of the eligible costs associated with creation of the Districts. It is anticipated that in the formative years the Districts will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Developer may fund these obligations for the Districts to promote the Project's development subject to the Developer being repaid from future District revenues.

Developer Funding Agreements may allow for the earning of simple interest thereon, but under no circumstances shall any such agreement permit the compounding of interest. The Developer Funding Agreements may permit an interest rate that does not exceed

the prime interest rate plus two points thereon; provided, however, such limitation shall not apply to the 2010-2015 Operating Funding Agreement dated as of January 1, 2010, between District No. 1 and Agland Investment Company, LLC (the “**Prior Developer Funding Agreement**”), which provides for 8% interest under the terms thereof.

The maximum term for repayment of a Developer Funding Agreement shall be twenty (20) years from the date the District entering into such agreement becomes obligated to repay the Developer Funding Agreement under the associated contractual obligation; provided, however, that such maximum term for repayment shall not apply to the Prior Developer Funding Agreement. For the purpose of this provision, Developer Funding Agreements are considered repaid once the obligations are fully paid in cash or when converted to bonded indebtedness of the applicable District (including privately placed bonds). Any extension of such term is considered a Material Modification and must be approved by the Board of County Commissioners.

Required disclosure notices shall clearly identify the potential for the Districts to enter into obligations associated with Developer Funding Agreements.

F. Privately Placed Debt Limitation.

Prior to the issuance of any privately placed Debt, the District proposing such issuance shall obtain the certification of an External Financial Advisor substantially as follows: We are [I am] an External Financial Advisor within the meaning of this 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 high yield 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.

G. Revenue Obligations. The Districts shall also be permitted to issue Revenue Obligations in such amount as the Districts may determine. Amounts issued as Revenue Obligations are not subject to the Maximum Debt Authorization.

VII. OVERLAPPING TAXING ENTITIES, NEIGHBORING JURISDICTIONS

A. Overlapping Taxing Entities.

The directly overlapping taxing entities and their respective year 2018 mill levies are as follows:

El Paso County	7.738 mills
El Paso County Road and Bridge	.330 mills
School District No. 22	31.863 mills

Pikes Peak Library District	4.000 mills
Ellicott Fire Protection District	9.451 mills
Upper BLK Squirrel CRK Ground Water	1.082 mills
Ellicott Metropolitan District	0.000 mills
El Paso County Conservation	0.000 mills

Total Existing Mill Levy: 54.460

The total mill levy including the initially proposed District No. 1 mill levy is 104.460 mills. The total mill levy including the initially proposed District No. 2 mill levy is 79.460 mills.

The Districts do not anticipate any adverse impacts to the listed entities in this Section. To the extent that Ellicott Metropolitan District and the Districts overlap in the provision of park and recreation services, the Districts shall seek the required overlapping consent from Ellicott Metropolitan District pursuant to Colorado law.

B. Neighboring Jurisdictions.

The following additional taxing and or service providing entities include territory within three miles of the District Boundaries.

El Paso County
El Paso County Conservative District
Ellicott Fire District
Ellicott Metropolitan District
Ellicott School District No. 22
EPC Road & Bridge
Pikes Peak Library
Upper BLK Squirrel CRK Ground Water

The Districts do not anticipate any adverse impacts to the listed entities in this Section.

VIII. DISSOLUTION

A. Dissolution. Upon an independent determination of the Board of County Commissioners that the purposes for which a particular District was created have been accomplished, such District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes nor if the particular District owns, operates and maintains Public Improvements or provides services associated therewith.

B. Administrative Dissolution. The Districts shall be subject to administrative dissolution by the Division of Local Government as set forth in Section 32-1-710, C.R.S., as applicable.

IX. COMPLIANCE

A. An Annual Report and Disclosure Form will be required and submitted as described in Section 32-1-207(3)(d), C.R.S., and as further articulated by Board of County Commissioners Resolution No. 07-273 (a single report may be issued for both of the Districts). A current form of the Annual Report and Disclosure Form is set forth in Exhibit E.

B. Material Modifications of this Service Plan shall be subject to the provisions contained in Section 32-1-207, C.R.S., relating to approvals and notices thereof.

X. MISCELLANEOUS.

The following is additional information to further explain the functions of the Districts:

A. Special District Act.

The contemplated municipal services are under the jurisdiction of the Special District Act and not the Public Utilities Commission.

B. Disclosure to Prospective Purchasers.

After formation of the Districts, and in conjunction with final platting of any properties within a particular District, the applicable Board of Directors of the District shall prepare a notice acceptable to the Planning and Community Development Department staff informing all purchasers of property within the District of the District's existence, purpose and debt, taxing, and other revenue-raising powers and limitations. Such notice obligation shall be deemed satisfied by recording the notice with this Service Plan and each final plat associated with the Project, or by such other means as the Planning and Community Development Department approves. Such notice shall be modified to address the potential for future Debt issuance which may be required to meet the obligations associated with loans incurred by the District. In conjunction with subsequent plat recordings, Planning and Community Development Department staff is authorized to administratively approve updates of the disclosure form to reflect current information.

C. Local Improvements.

Prior to the financing of Local Public Improvements, and if required by County policy uniformly applied, agreements shall be in place to prevent a loss of sales tax revenue from sales of construction materials that would otherwise accrue to the County.

D. Service Plan not a Contract.

The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the Districts enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

E. Land Use and Development Approvals.

Approval of this Service Plan does not imply approval of the development of a specific area within the Project, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto. All such land use and development approvals shall be processed and obtained in accordance with applicable El Paso County rules, regulations and policies.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts establishes that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Districts;

B. The existing service in the area to be served by the proposed Districts is inadequate for present and projected needs;

C. The proposed Districts are capable of providing economical and sufficient service to the Project;

D. The area to be included in the proposed Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

E. Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

F. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the County;

G. The proposal is in substantial compliance with the County master plan.

H. The creation of the proposed Districts is in the best interests of the area proposed to be served.

EXHIBIT A

MAPS AND LEGAL DESCRIPTIONS

EXHIBIT A.1

VICINITY MAP OF THE DISTRICTS

EXHIBIT A.2

MAP OF INITIAL DISTRICT BOUNDARIES - DISTRICT NO. 1

EXHIBIT A.3

MAP OF INITIAL DISTRICT BOUNDARIES - DISTRICT NO. 2

EXHIBIT A.4

LEGAL DESCRIPTION OF INITIAL DISTRICT BOUNDARIES - DISTRICT NO. 1

EXHIBIT A.5

LEGAL DESCRIPTION OF INITIAL DISTRICT BOUNDARIES - DISTRICT NO. 2

EXHIBIT A.6

ADDITIONAL INCLUSION AREAS MAP

EXHIBIT A.7

SERVICE AREA MAP

EXHIBIT B

DEVELOPMENT SUMMARY

EXHIBIT C

ESTIMATED INFRASTRUCTURE CAPITAL COSTS

EXHIBIT D

FINANCIAL PLAN SUMMARY

EXHIBIT E

FORM ANNUAL REPORT AND DISCLOSURE

(Sample attached)