

**AMENDED AND RESTATED
SERVICE PLAN
FOR
COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2
CITY OF FORT LUPTON, COLORADO**

Approved February 4, 2020

Submitted by:
Collins Cockrel & Cole, PC
390 Union Blvd, Suite 400
Denver, CO 80228

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I. INTRODUCTION

A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City of Fort Lupton, Colorado (the “**City**”), and, except as may otherwise be provided for by State or local law or this Amended and Restated Service Plan, its activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction and installation of these Public Improvements and provide ongoing operation and maintenance services as more specifically set forth in this Amended and Restated Service Plan.

B. Amendment and Restatement.

Following the City Council’s approval of the Service Plan (the “**Original Service Plan**”) on February 22, 2006, the proponents of the District proceeded with the organization of the District, conducted a public election in accordance with the Special District Act on May 2, 2006, and obtained an order from the District Court on May 25, 2006 establishing the District pursuant to Section 32-1-305, C.R.S. Since the entry of the District Court order, the District has undertaken only minimal administrative and ministerial activities (i) as required by State law to maintain the District as a lawfully existing political subdivision of the State and (ii) as necessary to prepare and submit this Amended and Restated Service Plan. Without limiting the generality of the foregoing, the District currently is levying no debt service mill levy, is imposing no fee, has constructed no Public Improvements, and has incurred no Debt. Upon approval of this Amended and Restated Service Plan, the District will conduct its operations and undertake all activities and actions in accordance with the terms and limitations set forth herein. The approval of this Amended and Restated Service Plan does not obligate the City to approve any zoning, subdivision, planning, building permit, or other land use matter for the owners of any real property located within the District which may be served by the Public Improvements. The District was not created to provide ongoing operations and maintenance services other than as specifically set forth herein. The Original Service Plan is amended and superseded in its entirety by this Amended and Restated Service Plan.

C. Need for the District.

It is intended that the District will provide the Public Improvements necessary to serve the Project. There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation,

relocation, redevelopment, financing, and limited operations and maintenance of the Public Improvements needed for the Project. The District is intended to provide ongoing services including Covenant Enforcement and Design Review Services and ownership and maintenance of parks, open space, trails, structures and common areas. The District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

D. Objective of the City Regarding District's Service Plan.

The City's objective in approving the Service Plan is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements from the proceeds of Debt to be issued by the District and other legally available revenues of the District. All Debt is expected to be repaid by taxes imposed and collected at a mill levy no higher than the Maximum Debt Mill Levy and/or Fees. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

Use of revenue derived from imposition of an operations mill levy will allow the District to provide ongoing services to the Project and fund District administrative and management costs in an efficient manner while eliminating the need to form a homeowners' association and impose dues and incur collection expenses. The District may impose Fees for Covenant Enforcement and Design Review services.

This Service Plan is intended to establish a limited purpose for the District 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, if applicable, regional needs. Operational activities are allowed as more specifically set forth in this Service Plan.

If the District does not retain obligations for ownership, operation, maintenance, repair and/or replacement of certain Public Improvements, the District's Board shall take steps to dissolve the District 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.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenues, which shall not exceed the Maximum Debt Mill Levy, and from other legally available revenues of the District. It is the intent of this Service Plan to assure, to the extent possible, that no property should bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy, even under bankruptcy or other unusual situations. Generally, the costs of Public Improvements that cannot be funded within these parameters are not obligations or costs to be paid by the District.

II. DEFINITIONS

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

Approved Development Plan: means the process established by the City for identifying, among other things, Public Improvements necessary for facilitating development of property within the Project, as determined at final platting and approved by the City through the appropriate PUD and/or site review process.

Board: means the board of directors of the District.

Boundary Map: means the map attached hereto as **Exhibit C**, depicting the District's boundaries as of October 24, 2019.

Capital Improvements Plan: means the illustrative list of Public Improvements and estimated capital costs of such Public Improvements attached hereto as **Exhibit D**.

City: means the City of Fort Lupton, Colorado.

City Council: means the City Council of the City.

City Council Resolution of Approval: means the resolution approving this Service Plan, a certified copy of which shall be attached hereto as **Exhibit G**.

Covenant Enforcement and Design Review Services: means those services authorized under Section 32-1-1004(8), C.R.S.

Debt or Bonds: means bonds or other multiple-fiscal year obligations for the payment of which the District has determined to impose *ad valorem* mill levies, and/or collect Fee revenues.

Developer: means Cottonwood Greens Partners, LLC, a Colorado limited liability company, and any successors or assigns acting on behalf of the then-current property owner(s).

District: means the Cottonwood Greens Metropolitan District No. 2.

District Boundaries: means the boundaries of the area legally described in **Exhibit A** and depicted on the Boundary Map.

End User: means any owner, or tenant of any owner, of any taxable improvement within a district who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. A

person or entity that constructs homes or commercial structures with the intention of selling to others is not an End User.

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 with respect to 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; (iii) is not an officer or employee of the District; and (iv) has not been otherwise engaged to provide services to the District in connection with the transaction related to the applicable Debt.

Fees: means any fee, rate, toll, penalty or charge imposed and/or received by the District for services, programs or facilities provided by the District, including privately imposed public improvement fees.

Financial Plan: means the Financial Plan described in Section VI, and attached hereto as **Exhibit E**, which describes generally for illustrative purposes only (i) how the Public Improvements are expected to be financed and (ii) how the Debt is expected to be incurred. The Financial Plan is based upon current estimates and will change based on actual development of the Project.

Maximum Debt Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt as defined in Section VI below.

Maximum Operations and Maintenance Mill Levy: means the maximum mill levy the District is permitted to impose for payment of administrative, operations and maintenance purposes as defined in Section VI.C.2, below.

Mill Levy Adjustment: means, if, on or after January 1, 2019, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Maximum Debt Mill Levy and the Maximum Operation and Maintenance Mill Levy may be increased or decreased to reflect such changes, such increases and 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 applicable mill levy, as adjusted for changes occurring after the applicable date, 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.

Municipal Code: means the Fort Lupton Municipal Code, 1993, as the same has been and may be modified, supplemented or amended from time to time.

Project: means the residential development or property commonly referred to as Cottonwood Greens PUD or Cottonwood Greens Preliminary PUD Plat.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below, to serve the future taxpayers and inhabitants of the District as determined by the Board.

Service Plan: means this Amended and Restated Service Plan for the District, as approved by the City Council.

Service Plan Amendment: means an amendment to this Service Plan approved by the City Council in accordance with applicable law.

Service Plan IGA: means the Intergovernmental Agreement to be entered into between the District and the City substantially in the form attached hereto as **Exhibit F**.

Special District Act: means Title 32, Article 1, C.R.S., as amended from time to time.

State: means the State of Colorado.

Taxable Property: means real or personal property subject to *ad valorem* taxes imposed by the District.

Total Debt Issuance Limit: means the maximum amount of general obligation Debt the District may issue, which amount shall be \$14,178,000.

III. BOUNDARIES

The District Boundaries encompass approximately 121 acres of vacant land. A legal description of the District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the District Boundaries is attached hereto as **Exhibit C**. It is anticipated that the District's boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Parts 4 and 5 of the Special District Act, subject to the limitations set forth in Article V.A.5, below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The District Boundaries encompass approximately 121 acres of vacant land. The current assessed valuation of the District is assumed to be \$0.00 for 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 District at build-out is anticipated to be approximately 1,100 persons.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan. Nothing herein shall be interpreted or construed as exempting the District or any owner of property within the District from the otherwise applicable provisions of the City's zoning, subdivision, building code and other land use requirements or the obligations of a developer or subdivider under the Municipal Code related to completion of subdivision improvements, except to the extent that the District has assumed the obligation to provide for the completion of Public Improvements as authorized herein under an Approved Development Plan entered into by the District.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to provide for the acquisition, design, finance, construction, installation, repair and replacement of Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth herein. The Capital Improvements Plan attached as **Exhibit D** is a list of the types of Public Improvements the District may provide with estimated costs in current dollars for illustration purposes only. The exact design, phasing of construction and location of the Public Improvements will be determined at the time of and pursuant to City approval of Approved Development Plans and such decisions shall not be considered material modifications of the Service Plan. The District shall be authorized to finance and construct such Public Improvements without the necessity to seek an amendment of this Service Plan.

1. General Powers.

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. Water supply system improvements, including water rights, storage facilities, transmission and distribution lines for domestic use, 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. Notwithstanding the foregoing, the District shall not acquire, own, manage, adjudicate or otherwise develop water rights, except as necessary to transfer said water rights to the City, unless otherwise approved by the City.

d. Storm and Sanitary Sewer. Storm and sanitary sewer collection and transmission improvements, including storage facilities, collection mains and laterals, 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, signage, monumentation, playground areas, public area landscaping and weed control, streetscaping, perimeter fencing, 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.

2. Operations and Maintenance. The District shall be authorized to operate and maintain Public Improvements not conveyed to the City or other governmental entity having proper jurisdiction. It is anticipated by the City and Developer that the District will perform homeowners' association functions for the property within its boundaries including, but not limited to, ownership, operation and maintenance of parks, trails, structures, open space and common areas, Covenant Enforcement and Design Review Services, and social functions through designation of the District as the enforcement entity in the Covenants recorded against the Cottonwood Greens PUD.

3. Construction Standards Limitation. The District will ensure that the Public Improvements it finances, designs, installs and constructs are in accordance with the applicable standards and specifications of the City, including without limitation any Subdivision Improvement Agreement(s) with the City applicable to such Public

Improvements, and of other governmental entities having proper jurisdiction. All facilities conveyed or otherwise dedicated to the City or other entity designated by the City shall be free and clear of any lien, claim, encumbrance or demand and shall be subject to the City's normal warranty procedures.

4. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District 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 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.

5. Inclusion Limitation. The District shall not include within its boundaries any property outside the District Boundaries without the prior written consent of the City.

6. Overlap Limitation. The District shall not consent to the organization of another district under the Special District Act which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed district, combined with the mill levy for payment of Debt by the District, will not at any time exceed the Maximum Debt Mill Levy of the District.

7. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the debt service fund; nor (c) impose and collect any Fees used for the purpose of repayment of Debt.

8. Total Debt Issuance Limitation. The District shall not issue Debt in excess of the Total Debt Issuance Limit.

9. Monies from Other Governmental Sources. The District shall not apply for or accept Colorado Trust Funds, Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with

the City. This Section shall not apply to specific ownership taxes which shall be distributed to and be a revenue source for the District without any limitation.

10. Eminent Domain Limitation. The District shall not exercise the power of eminent domain to obtain any real property owned by the City without the prior written approval of the City Council, as evidenced by resolution after a public hearing thereon.

11. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another district organized under the Special District Act without the prior written consent of the City.

12. Bankruptcy Limitation. All of the limitations contained in this Service Plan have been established under the authority of the City 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 (1 U.S.C.) Section 903, and are also included in “regulatory or electoral approval necessary under applicable non-bankruptcy 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 Debt Mill Levy shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S., and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

13. Material Modification. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth herein or in Chapter 19 of the Municipal Code shall be deemed to be material modifications to this Service Plan requiring amendment of this Service Plan in accordance with the procedural requirements of Chapter 19 of the Municipal Code, and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, and certain operation and maintenance of the Public Improvements within and without the boundaries of the District,

to be more specifically defined in an Approved Development Plan. A preliminary estimate of costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained and/or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the District and is approximately \$19,377,018, as shown in **Exhibit D**. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

In the event, and to the extent, that any Public Improvements financed, constructed, acquired and/or installed by the District are oversized to serve or otherwise accommodate or benefit property outside the District's Boundaries, the District shall be entitled to receive reimbursement from the owners of property benefitted by such Public Improvements for their pro-rata share of Public Improvement costs. It is anticipated that any such reimbursement rights will be determined and set forth in Cost Recovery Agreements and/or Subdivision Improvement Agreements or other agreements between the City and the District upon initial acceptance of the Public Improvement and prior to final platting or site plan review of the benefitted property, as applicable.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the financing, planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District is reasonably expected to pay from revenues derived from a Debt mill levy up to the Maximum Debt Mill Levy, Fees, and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed the Total Debt Issuance Limit and shall be permitted to be issued on a schedule and in such year or years as the Board determines shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs; provided, however, that refundings of Debt shall not count against the Total Debt Issuance Limit. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes to be imposed upon all Taxable Property of the District and Fees. The District will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time, and to receive revenue from privately imposed public improvement fees, if applicable. Any refunding Debt shall not extend the maturity of the Bonds being refunded or increase the total debt service thereon without the prior written approval of the City.

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. In the event of a default, the proposed maximum interest rate on any Debt shall not exceed 18%. The proposed maximum underwriting discount will be 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.

C. Debt Limitations.

The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the Taxable Property within the District for payment of Debt and shall be 55.277 mills (subject to Mill Levy Adjustment) for so long as the total amount of aggregate Debt of the District exceeds 50% of the District’s assessed valuation. At such time as the total amount of aggregate Debt of the District is equal to or less than 50% of the District’s assessed valuation, either on the date of issuance of any Debt or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy if End Users cast the majority of affirmative votes taken by the Board at the meeting authorizing such action, and, as a result, the mill levy may be such amount as is necessary to pay the debt service on such Debt, and the Board may further provide that such Debt shall remain secured by such increased mill levy, notwithstanding any subsequent change in the District’s Debt to assessed value ratio.

All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

Subject to the prior written consent of the City, the District may subsequently organize one or more subdistricts as permitted under Section 32-1-1101, C.R.S. To the extent that such subdistricts are organized, the term “District” as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

All issuances of general obligation Bonds shall be deemed to be in compliance with the Financial Plan so long as the Minimum Criteria, as hereinafter defined, have been met. “Minimum Criteria” shall mean that the general obligation Bonds are: (1) subject to the Maximum Debt Mill Levy; (2) together with other outstanding general obligation Bonds of the District, not in excess of the Total Debt Issuance Limit; (3) together with other outstanding general obligation Bonds of the District, not in excess of the general obligation debt authority provided by the District’s electorate; (4) not subject to acceleration of the Debt as a remedy against the District and (5) issued in compliance with the applicable requirements of Section 32-1-1101(6), C.R.S. Any issuance of general obligation Bonds that does not satisfy the Minimum Criteria shall constitute a material modification of this Service Plan and a default under the Service Plan IGA.

The costs of constructing the Public Improvements may be paid from available District mill levy revenues, Debt and/or advances from the Developer. The District shall be authorized to reimburse Developer advances, if any, with interest at a market reasonable rate from District mill levy revenues and/or proceeds from Debt privately placed with the Developer, and other legally available revenues of the District. Any such privately placed Debt shall be subject to the Privately Placed Debt Limitation set forth in Section V.A.4 and the Minimum Criteria. Any Developer advances shall either be paid when Bonds are issued by the District or shall be subordinate to any District Debt, and only the Developer will hold the instruments evidencing such advances or financing.

In the event that the District determines that it is in the best interests of the District and its taxpayers to issue general obligation Bonds to parties other than the Developer to: (i) reimburse the Developer for Developer advances; (ii) refund or restructure Debt previously placed with the Developer; or (iii) finance Public Improvements, the District shall prepare a plan of finance for the purpose of determining whether the proposed issuance satisfies the Minimum Criteria. The plan of finance will include the amount of Bonds to be issued, uses of proceeds therefrom (including, if any, capitalized interest and costs of issuance), sources of revenues securing repayment of the Bonds and the repayment schedule for the Bonds, all as required by Section 19-5(b)(1)c.2-4 of the Municipal Code.

D. Debt Repayment Sources.

The District may impose mill levies as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. At the Board's discretion, these may include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy certified by the District exceed the Maximum Debt Mill Levy.

E. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations with respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations with respect to the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

F. Security for Debt.

The District shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the City in the event of default by the District in the payment of any such obligation.

G. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The operating budget for 2020 is estimated to be \$50,000, which is anticipated to be paid from property taxes and other District revenues.

H. Maximum Operation and Maintenance Mill Levy.

The "Maximum Operation and Maintenance Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the Taxable Property within the District for payment of administrative, operation and maintenance costs, and shall be 55.277 mills (subject to Mill Levy Adjustment) until such time that the District issues Debt. After the District issues Debt, the Maximum Operation and Maintenance Mill Levy, when combined with the debt service mill levy imposed for Debt, shall not exceed 70 mills (subject to Mill Levy Adjustment). The Maximum Operation and Maintenance Mill Levy shall apply to the District's ability to increase its mill levy as necessary for provision of administrative, operation and maintenance services to its taxpayers and service users until such time as End Users cast the majority of affirmative votes taken by the Board at a meeting authorizing the elimination of such Maximum Operation and Maintenance Mill Levy, at which time the mill levy may be such amount as is necessary to pay the administrative, operation and maintenance costs.

VII. REPORTING REQUIREMENTS

A. Meeting Notices/Annual Report.

The District shall deliver by email, mail or by hand, written notice of every regular or special meeting to the office of the City Clerk at least 72 hours prior to such meeting. The District shall be responsible for submitting an annual report to the City no later than July 1 of each year beginning in 2020. The annual report shall include a certificate of

compliance with this Service Plan together with information as to any of the following occurring during and as of December 31st of the subject calendar year:

1. Boundary changes made or proposed to the District's boundaries.
2. Intergovernmental Agreements either entered into or proposed.
3. Copies of the District's rules and regulations, if any.
4. A summary of any litigation which involves the District.
5. Status of the District's financing, acquisition, installation or construction of the Public Improvements.
6. A list of all Public Improvements financed, acquired, installed or constructed by the District that have been dedicated to and accepted by the City as of December 31st.
7. The assessed valuation of the District for the current year.
8. Current year's budget.
9. An independent audit of the District's financial statements or audit exemption, if applicable.
10. Notice of any uncured events of default by the District, which continue beyond a 90-day period, under any Debt instrument.
11. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

VIII. DISSOLUTION

The District shall take all action necessary to dissolve, pursuant to Title 32, Article 1, Part 7, C.R.S., if the City files an application with the District no sooner than ten years after the date of the City's approval of this Amended and Restated Service Plan pursuant to Section 32-1-701 (3), C.R.S., provided that the District has no outstanding Debt or outstanding operation and maintenance responsibilities at the time of the request.

IX. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, Maximum Operations and Maintenance Mill Levy, as well as a general description of the District's authority to impose and collect Fees. Recordation of a disclosure notice on all property within the District's boundaries setting

forth the information contained in this Article IX shall be deemed sufficient for purposes of meeting the notice requirements set forth herein.

X. CONCLUSION

It is submitted that the Original Service Plan and this Amended and Restated Service Plan for the District, as required by Section 32-1- 203(2), C.R.S., have established that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries;
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, and will not be, available to the area through the City or County or other existing municipal or quasi-municipal corporations, including existing special district, within a reasonable time and on a comparable basis;
6. The facility and service standards of the District are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.;
7. The proposal is in substantial compliance with a comprehensive plan adopted by the City;
8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area; and
9. The creation of the District is in the best interests of the area proposed to be served.