

~~[MULTIPLE DISTRICT PLAN]~~

~~MODEL~~ AMENDED AND RESTATED SERVICE PLAN
FOR

MEADOWWORKS METROPOLITAN DISTRICT NOS. 1-5

IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

~~[NAME OF PERSON OR ENTITY]~~

~~[ADDRESS]~~

~~[ADDRESS]~~

~~[DATE insert approval date prior to Council approval]~~

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Date: _____

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I. INTRODUCTION

A. Purpose and Intent

The Districts are independent units of local government, separate and distinct from the City, 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 City only insofar as they may deviate in a material matter from the requirements of ~~the Service Plan.~~ this Service Plan. The City Council of the City of Colorado Springs, Colorado approved the original service plan for the Districts on July 27, 2021 (“Original Service Plan”). This Amended and Restated Service Plan for Meadoworks Metropolitan District Nos. 1-5 (“Service Plan”) fully amends and supersedes in its entirety the Original Service Plan.

As further specified in this Service Plan it is intended that the Districts will provide and/or finance a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts specifically as set forth in Exhibit ~~DE~~ of this Service Plan. Additionally, the Districts are authorized to provide only those ongoing operations and maintenance functions or services included in Exhibit ~~ED~~ of this Service Plan.

B. Need for the Districts

There are currently no other existing or alternative governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake some or all of the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the project to effectively provide for the ongoing maintenance or operational functions anticipated to be provided by the Districts. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project and/or the operations and maintenance function and services to be provided in the most economic manner possible.

C. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements and will coordinate as necessary in providing any administrative functions and ongoing services or functions as authorized by this Service Plan. The nature of the functions and services to be provided by each District shall be clarified in an IGA between and among the Districts. The maximum term of such IGA shall be forty (40) years from its effective date. All such agreements will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Said IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

Although multiple Metropolitan District structures may be set up with small initial district boundaries for the purpose of maintaining qualified electors, and to allow for development phasing flexibility in the early stages of a Project, these structures should not be implemented solely for the purpose of maintaining control of a Developer Board of Directors over all the Districts in the Structure.

D. Objective of the City Regarding ~~Districts~~Districts' Service Plan

The City's objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation, and redevelopment of the Public Improvements, and to use available revenues or the proceeds of Debt to be issued by the Districts for these purposes.

All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from taxable property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as further described in Section V.B and C. and in Exhibit ~~DE~~. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

Use of the proceeds of Debt by these Districts shall be limited to planning, designing and engineering and paying for, financing or refinancing costs associated with providing the Public Improvements, necessary to support the Project in a manner consistent with the limitations of the City Charter.

Debt which is issued within these parameters, as further described in the Financing 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.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances.

II. DEFINITIONS

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

Authority: An entity with separate legal powers or authorities, created by intergovernmental agreement (~~("IGA")~~) between or among Districts, or between or among one or more Districts, and another governmental entity.

Basis Point: One hundredth of one percent, used primarily to describe a difference in interest rates, as in the difference between annual interest rates of 2.0% and 2.5% is 50 basis points.

Board: The board of directors of each District.

City: The City of Colorado Springs, acting legislatively through its City Council or administratively through its mayor or chief of staff consistent with Colorado Revised Statutes and the City Charter.

City Code: The City Code of the City of Colorado Springs, Colorado.

City Council: The City Council of the City of Colorado Springs, Colorado.

C.R.S.: Colorado Revised Statutes

Combination of Districts: Any combination of Metropolitan Districts, BIDs and/or GIDs that overlay each other that are organized by petition of a property developer that are specific to property within a single development project and do not serve any property outside of that project such as regional service district or non-developer controlled existing district.

Commercial District: A District containing property classified for assessment as nonresidential. ~~(NOTE: all districts which include or are expected to include any residential property must be defined as a Residential District and not a Commercial District).~~

Debt: Any bond, note debenture, contract or other multiple year financial obligation of a District which is payable in whole or in part from, or which constitutes an encumbrance on, the proceeds of ad valorem property tax or End User Debt Service Fee imposed by the District, or pledged for the purposes of meeting the obligation (Debt specifically excludes Developer Funding Agreements).

Debt to Actual Market Value Ratio: The ratio derived by dividing the then-outstanding principal amount of all Debt of the District by the actual market valuation of the taxable property of the District, as such actual market valuation is certified from time to time by the -County Assessor.

Debt Mill Levy: For the purpose of this Policy and its associated plans the debt mill levy is that portion of the overall mill levy of a District, pledged, dedicated or otherwise used to repay formally issued Debt or Long Term Financial Obligations.

Developer Board of Directors Members: Elected or appointed District board of directors' members who are, or are related parties to, the original or subsequent developer(s) of a majority of a District's property, and who may have a substantial interest in proceeds of the District's Debt, Developer Funding Agreements or other contractual obligations.

Developer Funding Agreements: Short or long-term obligations of Districts entered into between Districts and developers related to advancement or reimbursement of Public Improvements or operations and maintenance costs. Such agreements may or may not accrue interest, but do not qualify as formally issued Debt as defined under this Policy or under TABOR.

District No. 1: ~~The _____~~ Meadoworks Metropolitan District No. 1.

District No. ____: ~~The _____~~ 2: Meadoworks Metropolitan District No. __2.

District No. ~~___~~: ~~The _____~~ 3: Meadoworks Metropolitan District No. ~~___~~3.

District No. 4: Meadoworks Metropolitan District No. 4.

District No. 5: Meadoworks Metropolitan District No. 5.

District or Districts: Any one or all of the District Nos. 1 through ~~___~~5 inclusive.

~~{Note: A District is not permitted to use the name “City of Colorado Springs” in the name of the District}~~

End User: A property owner anticipated to have a long term, multi-year responsibility for the tax and/or fee obligations of a District. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an end user. A master property developer or business entity that constructs homes or commercial structures for occupancy or ownership primarily by third parties, -is not an end user.

End User Debt Service Fees: Any fees, rates, tolls or charges assessed, pledged or otherwise obligated to End Users by a District for the payment of Debt. End User Debt Service Fees do not include public improvement fees (PIFs) or similar fees, when imposed on retail customers and pledged to District Debt.

External Financial Advisor: A consultant that (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; and (3) is not an officer of the Districts.

Fees: Any fee imposed by the Districts for services, programs or facilities provided by the Districts, pursuant to Section V.A.1 and as described in Exhibit E~~..~~.

Financing Plan: The Financial Plan described in Section ~~VIV.C~~ which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes for the first budget year.

Future Inclusion Area Boundaries: The boundaries of the area described in the Inclusion Area Boundary Map.

Future Inclusion Area Boundary Map: The map attached hereto as Exhibit C-2, describing the property proposed for inclusion within the Districts. ~~Gallagher or Mill Levy Adjustment~~

Index Interest Rate: The AAA 30-year MMD (Municipal Market Data) index interest rate.

Interest Rate: The annual rate of charge applied to District Debt or other District financial obligations.

Initial Districts Boundaries: The boundaries of the area described in the Initial Districts Boundary Map.

Initial Districts Boundary Map: ~~the~~The map attached hereto as Exhibit C-1, describing the Districts' initial boundaries.

Land Development Entitlement: A City-approved master plan, concept plan or other more detailed land use plan, zoning or combinations thereof, applicable to a substantial proportion of the property to be included in the Districts and sufficient to support the need for the Districts along with relevant public improvements financing assumptions and proposed limits.

Limited Service Plan Amendment: Service Plan amendments that address only one or a limited number of specific modifications of this Service ~~plan~~Plan, while referencing this Service Plan as remaining in force and effect.

Long Term Financial Obligations: Any District financial obligations including but not limited to Debt, Developer Funding Agreements and applicable contracts, that are regarded as multi-year obligations standard accounting practice.

Material Modification: A major modification of a previously approved Metropolitan District service plan, as defined in Section 32-1-207-(2)-~~(a)~~, C.R.S. along with any other service plan provisions, limits or content specifically identified as material modifications in the service plan or the City's approving resolution. Material modifications include but are not necessarily limited to: all mill levy caps and maximum mill imposition terms, debt authorization limits, any significant additions to the identified and authorized functions or services of the Districts, boundary modifications not authorized by the service plan or BID or GID ordinances, and any other limits specifically identified in the service plan.

Maximum Debt Mill Levy: The maximum mill levy a District or Combination of Districts is permitted to impose upon the taxable property in the District for the payment of Debt as set forth in Section V.~~I.G~~ below. For the purpose of this ~~Policy~~Service Plan, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.

Maximum Debt Mill Levy Imposition Term: The maximum number of years a District is authorized to have a Debt Mill Levy in place, as set forth in Section V.~~J~~ below.

Maximum Operating Mill Levy: The maximum mill levy a District or Combination of Districts is permitted to impose for operating and maintenance expenses as set forth in Section ~~V.H~~V.H below.

Mill Levy Adjustment: Any statutory, legislative or constitutional changes that adjust or impact that assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated.

Operating District: A District that is part of a multiple District organizational structure, with the primary purpose(s) of coordinating or making decisions that impact the other Districts that are part of the structure.

Privately Placed Debt: Debt that is not marketed to multiple independent accredited investors as defined in rule 501(a) promulgated under the ~~securities~~Securities Act of 1933 by a registered bond underwriter or placed directly with a chartered lending institution or credit union.

Project: The development or property commonly referred to as ~~_____~~Meadoworks as of the date of approval of this Service Plan and as proposed by the Land Development Entitlement.

Public Improvements: Any capital or site improvements, (or directly related planning or engineering costs) legally determined to be eligible for ownership, maintenance and/or financing by the Districts in accordance with the applicable State statutes.

Related Party Privately Placed Debt-: Privately Placed Debt that is or will be directly placed with and held by a party related to the issuing District.

Resident Board of Directors Members-: Elected or appointed District board of ~~directors'~~directors members who are not related parties to the original or subsequent developer(s) of a majority of the District's property, and who do not have a substantial interest in proceeds of District Debt, Developer Funding Agreements or other contractual obligations. In addition to resident homeowners, this definition is intended to include non-resident property owners, including businesses, which are substantially liable for District taxes or fees and who do not have a direct interest in the proceeds of District Debt, Developer Agreements or contractual obligations.

Residential District: Any District including land or improvements assessed for residential purposes by the El Paso County Assessor.

Service Area: The property within the Initial Districts Boundary Map and the Future Inclusion Area Boundary Map.

Service Plan: ~~The service plan~~This Amended and Restated Service Plan for the Districts approved by City Council.

Service Plan Amendment: An amendment to the Service Plan approved by City Council in accordance with ~~the~~ applicable State law

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

~~Special District Act: Section 32-1-101, et seq., of the Colorado Revised Statutes, as currently written and as may be amended in the future~~

Special Improvement District: A district formed by and within a District for the purposes of assessing the cost of specified Public Improvements, as authorized pursuant to Section 32-1-1107.7, C.R.S.

State: The State of Colorado.

Subdistrict: A district established within a Title 32 special district pursuant to Section 32-1-1101(1)-(f), C.R.S. as may be amended.

TABOR: Article X § 20 of the Colorado Constitution, also known as the ~~Taxpayers~~Taxpayer's Bill of Rights, as its provisions legally pertain to Districts.

Total Debt Issuance Limitation: The maximum total principal amount of debt that may be issued and outstanding by a District, Districts or Combination of Districts at any one time, as established by the City in ~~District Plans~~the Districts' Service Plan. However, in the event a refinancing of previously issued Debt results in an increase in the principal amount directly necessary to refinance that Debt, only the original principal amount of that Debt may be counted for the purpose of this calculation.

III. BOUNDARIES

The area of the Initial Districts Boundaries includes approximately 625 acres and the total area proposed to be included in the Future Inclusion Area Boundaries is approximately 1,707 acres. Legal descriptions of the Initial Districts Boundaries and the Future Inclusion Area Boundaries ~~is~~are attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B. A map of the Initial Districts Boundaries is attached hereto as Exhibit C-1; and a map of the Future Inclusion Area Boundaries is attached hereto as Exhibit C-2. It is anticipated that the Districts' Boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S, and Section 32-1-501, et seq., C.R.S, subject to the limitations set forth in Section V below.

As further addressed in Section V.A.9 of this Service Plan, without prior written consent of the City, no property shall be included in the Districts if it is not part of either the Initial Districts Boundaries or the Future Inclusion Area.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 2,332 acres of residential and commercial land. The current assessed valuation of the Service Area is \$ \$0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financing Plan. The population of the Districts at build-out is estimated to be approximately 22,005 people (8,802 units x 2.5) and the total non-residential development is anticipated to be approximately 196,020 square feet.

Approval of this Service Plan by the City does not guarantee future approval of the development plans within the Service Area as may be identified in this Service Plan or any of the exhibits attached thereto.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the Districts and Service Plan Amendment

The Districts shall have the power and authority to provide or finance the Public Improvements and related operation and maintenance services within and outside the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements. ~~The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the —applicable provisions of the City Code.~~ The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements after such dedication, including park and recreation improvements, unless the provision of such ongoing operation and maintenance is specifically identified in Exhibit ~~ED~~ attached hereto. In the City's sole discretion, an IGA between the City and the Districts may be required in order to better describe the conditions under which these permitted services will be provided by the Districts. If the Districts ~~are~~ authorized to operate and maintain certain park and recreation improvements set forth in Exhibit ~~ED~~, any fee imposed by the Districts for access to such park and recreation improvements shall not result in non-District Colorado Springs residents paying a user fee that is greater than, or otherwise disproportionate to, similar Fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District Colorado Springs residents to ensure that such costs are not the responsibility of the District residents. All such Fees shall be based upon the determination of the District imposing such fee that such fee does not exceed a reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge. District facilities shall not be used for non-public purposes without proper remuneration to the Districts.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the Districts shall not issue any Debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development.

This purpose is interpreted to be inclusive of the costs of designing, engineering, and/or financing the Public Improvements as authorized by this Service Plan.

As further set forth in Article 7-100 of the City Charter, the total Debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

~~{Optional language: Authority is granted for these Districts to issue Debt in one or more future phases subject to the limits included in this Service Plan without the requirement for City Council approval at the time of issuance, provided that these issuances are in substantial conformance with the Summary of Public Improvements and Financing Plan included in Exhibit ~~DE~~ of this Service~~

Plan, and also provided that this ~~service plan~~Service Plan has been approved by a vote of at least two thirds of the entire City Council.

3. Use of Bond Proceeds and Other Revenue of the Districts Limitation. Proceeds from the sale of debt instruments and other revenue of the Districts may not be used to pay landowners within the Districts for any real property required to be dedicated for public use by annexation agreements or City Code. Examples of ineligible reimbursements include, but are not limited to: the acquisition of rights of way, easements, water rights, land for required stormwater facilities, parkland, or open space, unless consent from the City Council is given. Proceeds from the sale of debt instruments and other revenue of the Districts also may not be used to pay for the construction of any utility infrastructure except for those categories of utility infrastructure covered by utility tariffs, rules, and regulations.

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

5. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Developer Funding Agreement Limitation. The Districts Developer Funding Agreements shall be limited to a term of no greater than twenty (20) years, after which time any remaining balances must be either converted to Debt or shall no longer be considered an obligation of the Districts. Additionally, the interest rate for Developer Funding Agreements shall not exceed the Index Rate by more than 400 Basis Points for the year the Interest Rate is being applied, and interest shall not compound.

7. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt for capital related costs, the Districts shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the Districts' 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.

Related Party Privately Placed Debt shall not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the Related Party Privately Placed Debt shall be notified of the options for financing.

8. Related Party Privately Placed Debt Interest Rate Limitation.

-In addition to the limitations on Privately Placed Debt in V.A.7 above, the interest rate for Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without the prior written consent of City Council.

9. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City Council.

10. Overlap Limitation. The Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

11. Initial Debt Limitation.

On or before the date on which there is ~~an~~ Land Development Entitlement, the Districts 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 ~~funds~~fund; or (c) impose and collect any Fees used for the purpose of repayment of Debt.

12. Council Debt Authorization Limitation.

The Debt issued by these Districts shall be subject to the approval of the City Council concurrent with the time of issuance unless previously authorized subject to Section V.A.2. City Council's review of these proposed Debt instruments shall be conducted to ensure compliance with the Service Plan and all applicable laws.

13. Total Debt Issuance Limitation. Consistent with the information and analysis in Exhibit ~~DE~~, the Districts shall not issue Debt in an aggregate principal amount in excess of \$ ~~_____~~, \$400,000,000, provided that the foregoing shall not include any increase in the principal amount of previously issued Debt ~~—~~directly associated with its refunding or refinancing.

14. Fee Limitation. The Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for any authorized administrative, operations

or maintenance functions. However, no End User Debt Service Fees shall be imposed by the Districts.

15. Revenue Limitation. —The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

16. Sales Tax Limitation. No District will be allowed to impose a sales tax.

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

18. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term 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 (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

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

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

20. Concealed Carry Prohibition. The Districts shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the Districts as provided in Section 18-12-214, C.R.S.

21. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of a Land Development Entitlement for the property within the Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend this

Service Plan as development plans change. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current Land Development Entitlements for the property. Actions of the Districts which violate the limitations set forth in Section ~~IV~~V shall be deemed to be Material Modifications of this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

B. Preliminary Plan for Public Improvements

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and outside the boundaries of the Districts, to be more specifically defined in ~~an~~as Land Development Entitlement. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the Land Development Entitlement on the property in the Service Area and is approximately \$~~—————~~\$383,000,000 and is further described in the Summary of Public Improvements included in Exhibit ~~DE~~E.

All of the Public Improvements described herein will be designed in such a way as to assure that their standards will be compatible with those of the City and shall be in accordance with the requirements of the Land Development Entitlement, subsequent City approvals, City Code or other applicable regulations and criteria. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements, and construction scheduling may require.

The summary of Public Improvements shall include an estimate by category, of the quantities and projected costs of all Public Improvements potentially eligible for District cost reimbursement or financing by the Districts.

The location and anticipated phasing of major Public Improvements should also be depicted on a map of the Service Area. Cost estimates may allow for reasonable contingencies and for projected inflation to then-current dollars expected at the projected time(s), of the issuance of Debt and construction.

C. Financing Plan

The Financing Plan for the Districts shall be included in Exhibit ~~DE~~E, and provided in a form that projects the anticipated amount(s) and timing of issuance of Debt through the life of Districts based on projected development or redevelopment absorption and projected available District revenues as constrained by Service Plan limits including the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Term for Residential Districts. Financing Plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to market downturns, particularly at the early stages of the forecast period.

The projected costs from the Summary of Public Improvements and the Financing Plan shall provide the basis for the Total Debt Issuance Limitation in Section V.A.13

D. Maximum Interest Rate.

The Interest Rate on any Debt is expected to be at or below the market rate at the time the Debt is issued. 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.

E. Limited-Default Provisions

Debt issued by one or more Districts shall be structured so that failure to pay debt service when due shall not of itself constitute an event of default or result in the exercise of remedies. The foregoing shall not be construed to prohibit events of default and remedies for other occurrences including, without limitation, (1) failure to impose or collect the Maximum Debt Mill Levy or such portion thereof as may be pledged thereto, or to apply the same in accordance with the terms of the Debt, (2) failure to impose or collect other revenue sources lawfully pledged to the payment thereof or to apply the same in accordance with the terms of the Debt, (3) failure to abide by other covenants made in connection with such Debt, or (4) filing by a District as a debtor under any bankruptcy or other applicable insolvency laws. Notwithstanding the foregoing, Debt will not be structured with a remedy which requires the District to increase the Maximum Debt Mill Levy in any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

F. Eligible Bondholders

All District bonds or other debt instrument, if not rated as investment grade, must be issued in minimum denominations of \$100,000 and sold only to either accredited investors as defined in rule 501 (a) promulgated under the Securities Act of 1933 or to the developer(s) of property within the District.

G. Maximum Debt Mill Levy

The “Maximum Debt Mill Levy” shall be the maximum mill levy a District is permitted to impose upon the taxable property of the Districts for payment of Debt, and shall be determined as follows:

For all Districts or overlapping Combinations of Districts, the Maximum Debt Mill Levy shall be calculated as follows:

1. The Maximum Debt Mill Levy certified for any District or Combination of Districts shall be limited to no more than 50.0 mills. This levy may be subject to upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut or any abatement occurring after, but not before ~~July 12~~August 9, 2022.

2. At such time as the Debt to Actual Market Value Ratio within a District is equal to or less than three percent (3%), the Board may request City Council approval for

the right to pledge such mill levy as is necessary to pay the Debt service on such Debt, without limitation of rate. At the time of such request, a majority of the members of the Board must consist of Resident Board of Directors Members—; Once Debt has been determined to meet the above criterion; so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in such District's Debt to Actual Market Value Ratio.

H. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed. Additionally, the Districts may also require ongoing revenues for the maintenance of properties or facilities and, for ongoing services and functions as authorized in Exhibit ~~E.~~ D. The first year's operating budget ~~is was~~ estimated to be \$ ~~_____~~ \$100,000, which is anticipated to be derived from property taxes and other revenue which may include proceeds from Developer Funding Agreements—;.

The Maximum Operating Mill Levy for the payment of Residential District administrative, operating or maintenance expenses shall be 20 mills; provided this levy may be subject to upward or downward adjustments addressing any ~~-Mill~~ levy/Levy Adjustment or any abatement occurring after; but not before ~~July 12~~ August 9, 2022;

The Maximum Operating Mill Levy for the payment of Commercial District administrative, operating or maintenance expenses shall be 10 mills unless justification supporting a higher mill levy is included as part of the District's financial plan; and also provided that this levy may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after; but not before ~~July 12~~ August 9, 2022;

I. Maximum Overlapping Mill Levies for a Combination of Districts

Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded in the aggregate by any Combination of Districts except as expressly approved by City Council based on unique or special circumstances or if one or more of the Combination of Districts or another overlapping District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgement or bankruptcy plan.

J. Maximum Debt Mill Levy Imposition Term

Residential Districts shall not impose a Debt Service mill levy which exceeds 40 years after the year of the initial imposition of such Debt Mill Levy unless (1) a majority of the Board of Directors of the District imposing the mill levy are Resident Board of Directors Members, and (2) such Board has voted in favor of issuing Debt with a term which requires or contemplates the imposition of a Debt service mill levy for a longer period of time than the limitation contained herein. There shall be no Maximum Debt Mill Levy Imposition Term in Commercial Districts.

K. Debt Instrument Disclosure Requirement

In the text of each Bond and any other instrument representing and constituting Debt, the Districts 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 in 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 the District.

Similar language describing the limitations in respect of 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 Districts.

L. Security for Debt

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

M. Developer Financial Assurances

The mere existence of the Districts will not be considered a substitute for financial assurances required under applicable City land use ordinances and regulations.

VI. ANNUAL REPORT

A. General

Consistent with Colorado Revised Statutes -§ 2-1-207-(II)~~),~~ each District shall be responsible for submitting an annual report to the City Clerk no later than October -1 of each year following the year in which the Order and Decree creating the ~~Districts~~District has been issued. The Districts may cooperate in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to each District. The report may be submitted in electronic format as long as it and its associated documents are also available on the Districts' website.

B. Additional City Annual Report Requirements.

In addition to the annual report requirements as required by Colorado Revised Statutes, the City may adopt additional requirements by separate Council resolution with such requirements being binding upon ~~this District~~the Districts.

VII. DISTRICT WEBSITES

The Districts shall establish and maintain a website consistent with provisions set forth in Section 32-1-104.5, C.R.S., as currently drafted or amended in the future. ~~In~~ addition to the requirements as set forth by statute, the applicable contents of ~~this site~~ the website shall be in place and available prior to property being sold or conveyed to an End User.

To the extent not already required by Colorado Revised Statutes, the City additionally requires the following information:

A. Copy of the District's most recent service plan and any amendments thereof, along with a brief and clear description of their role and purpose.

B. Board members should be distinguished as either Developer or Resident Board Members.

C. A summary of the existing and potential future primary functions and services of the Districts.

1. It is recommended, but not required that the District's website include a clear listing or graphic depiction of any facilities or properties owned or maintained by the Districts.

D. Clear and simple summary of the existing and projected financial obligations of District tax and/or fee payers, to include:

1. Existing or future mill levies, their purposes, how long they are expected to be in place, and likelihood of increases or decreases.

2. Summary of outstanding long term financial obligations of the Districts, including Debt and Developer Funding Agreements with terms and interest rates.

3. Statement as to whether additional long-term financial obligations are, are not, or may be anticipated by the Districts.

E. Copies of or links to all current intergovernmental agreements (IGAs).

VIII. DISCLOSURE TO PURCHASERS

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, Fees, tolls and charges.

IX. DISTRICT TRANSITION

In cases where Combinations of Districts are bound by an inter-governmental agreement (IGA) that confers significant managerial or financial control to an Operating District, the Operating District is encouraged to establish Project development thresholds after which one or more Board of Directors positions on the Operating District ~~board~~Board are made available to a Resident Board of Directors Member; for the purposes of supporting coordination and the ultimate transition of the structure and governance of Districts following Project buildout.

X. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which any one or all of the Districts were created have been accomplished, that District agrees to file ~~petitions~~a petition in the appropriate District Court for dissolution pursuant to the applicable State statutes. In no event shall a dissolution occur until the ~~Districts have~~District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to ~~C.R.S.:~~the Special District Act.

XI. CONCLUSION

A. It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S., along with additional information as may have been provided with the petition for this Service Plan, establishes that:

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

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

D. The Districts are capable of providing economical and sufficient service to the area within ~~its~~their proposed boundaries; and

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

F. 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 districts, within a reasonable time and on a comparable basis.

G. The facility and service standards of the Districts 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.

H. The proposal is in substantial compliance with the ~~-~~Comprehensive Plan adopted pursuant to the City Code.

I. The proposal is in compliance with any duly adopted City, regional or State long-range water quality management plan for the area.

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

EXHIBIT A

Legal Descriptions

EXHIBIT B

Colorado Springs Vicinity Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-1

Initial Districts Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-2

Future Inclusion Area Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT DD

Description of Permitted Services to be Provided by the Districts

<u>Description of Services</u>	<u>IGA Required?</u>
<u>Operation and maintenance services related to landscaping, stormwater facilities, monumentation, and/or other improvements or property the Districts own</u>	<u>No</u>
<u>Operation and maintenance of park and recreational facilities within the Districts</u>	<u>No</u>
<u>Streetscaping</u>	<u>No</u>
<u>Sidewalk and public space maintenance and amenities</u>	<u>No</u>
<u>Covenant enforcement and design review services</u>	<u>No</u>

EXHIBIT E

Summary of Public Improvements to be Financed by the Districts and Financing Plan
~~[refer to separate minimum requirements format and content of this Exhibit]~~

~~EXHIBIT E~~

~~Description of Permitted Services to be Provided by the Districts~~

~~_____ Description of Services _____~~

~~IGA Required (Yes or No)~~

~~[refer to separate minimum requirements format and content of this Exhibit]~~

