

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NOS. 2 - 5
IN THE CITY OF COLORADO SPRINGS, COLORADO
SECOND AMENDMENT TO SERVICE PLAN**

1. INTRODUCTION

The service plan for the Upper Cottonwood Creek Metropolitan District Nos. 2 - 5 (collectively, the “Districts”) was approved by the City Council of the City of Colorado Springs, Colorado (“City Council”) on March 28, 2006 (“Original Service Plan”), and the Districts were organized by Order of the District Court in and for El Paso County on May 16, 2006. The City Council approved the Amendment to Service Plan for the Districts on March 22, 2016 (together with the Original Service Plan, the “Service Plan”). The Districts were organized to finance public improvements for the benefit of the taxpayers, property owners, and residents of the Districts. This Second Amendment to the Service Plan (“Second Amendment”) is intended to be read in conjunction with the Service Plan.

2. PURPOSE OF SECOND AMENDMENT

The Service Plan limits the total debt each District is authorized to issue based on the estimated cost assumptions of the public improvements the Districts are anticipated to finance and construct. Since the Districts’ formation, the Districts have undergone boundary changes, which have affected the distribution of the total assessed valuation of the property among the Districts as well as the public improvements needed to support the property in the Districts’ boundaries. As a result, the costs of the public improvements need to be reallocated among the Districts, and correspondingly, District Nos. 4 and 5 require additional debt capacity to construct the necessary public infrastructure to support the property within their boundaries and District Nos. 2 and 3 require less debt capacity. Therefore, the Boards of Directors of the Districts have determined to reallocate all of District No. 2’s and a portion of District No. 3’s remaining total debt issuance amounts to District Nos. 4 and 5.

Pursuant to the Service Plan, the total debt issuance limitation is \$25,000,000 for District No. 2, \$35,000,000 for District No. 3, \$30,000,000 for District No. 4, and \$7,500,000 for District No. 5. Following bond issuances by District Nos. 2, 3, and 4, the current remaining total debt issuance limitation for District No. 2 is \$12,650,000, the current remaining total debt issuance limitation for District No. 3 is \$21,325,000, the current remaining total debt issuance limitation for District No. 4 is \$24,905,000, and the current remaining total debt issuance limitation for District No. 5 is \$7,500,000. From the total current remaining total debt issuance limitation amounts for District Nos. 2 and 3, \$4,000,000 shall be reallocated to District No. 4 and \$21,150,000 shall be reallocated to District No. 5. Accordingly, the remaining total debt issuance limitation for District No. 2 shall be \$0.00, the remaining total debt issuance limitation for District No. 3 shall be \$8,825,000, the remaining total debt issuance limitation for District No. 4 shall be \$28,905,000, and the remaining total debt issuance limitation for District No. 5 shall be \$28,650,000.

3. AMENDMENT

Section V.A.10 shall be replaced in its entirety with the following language:

Total Debt Issuance Limitation. The issuance of all bonds or other debt instruments of the Districts shall be subject to the approval of the City Council. City Council's review of the bonds or other debt instruments of the Districts shall be conducted to ensure compliance with the Service Plan. District No. 2 shall not issue Debt in an aggregate principal amount in excess of \$12,350,000, District No. 3 shall not issue Debt in an aggregate principal amount in excess of \$22,500,000, District No. 4 shall not issue Debt in an aggregate principal amount in excess of \$34,000,000, and District No. 5 shall not issue Debt in an aggregate principal amount in excess of \$28,650,000, provided that the foregoing shall not include the principal amount of Debt issued for the purpose of refunding or refinancing lawfully issued Debt.

4. EFFECT OF SECOND AMENDMENT.

Except as specifically amended as set forth above, all other provisions of the Service Plan shall remain in full force and effect. To the extent there are any inconsistencies between this Second Amendment and the Service Plan, this Second Amendment shall control.