

FIRST AMENDMENT TO THE SERVICE PLAN

FOR

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

TOWN OF PARKER, COLORADO

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I. INTRODUCTION

The Service Plan (“**Service Plan**”) for the Parker Automotive Metropolitan District (“**District**”) was approved at a public hearing held before the Parker Town Council on April 5, 2004.

On June 15, 2004, the District Court of Douglas County, Colorado issued an Order and Decree organizing the District, which Order and Decree was recorded in the records of the Douglas County Clerk and Recorder at reception number 2004066836 on June 28, 2004. Since the date of its formation, the District has constructed and financed public improvements for the benefit of the residents, property owners and taxpayers of the District as the same is contemplated under the Service Plan.

This First Amendment to the Service Plan (“**First Amendment**”) is intended to clarify language regarding the authorization of the District to secure its debt with an unlimited mill levy pledge. The First Amendment shall be read in conjunction with the Service Plan. Unless the context indicates otherwise, all capitalized terms shall have the meaning as set forth in the Service Plan.

II. FIRST AMENDMENT

1. Section V(B) of the Service Plan states, in part, that:

For that portion of the District's general obligation debt which is less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the District can promise to impose for the payment of such debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. *For purposes of the foregoing, once general obligation debt has been determined to meet such levels that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio.* (Emphasis added).

In 2005, the District issued \$15,830,000 of General Obligation Variable Rate Bonds (Limited Tax Convertible To Unlimited Tax), Series 2005 (the "**2005 Bonds**"). The 2005 Bonds were secured by a letter of credit and were bifurcated into a limited and unlimited portion relative to the mill levy pledge. In 2010, the District restructured the 2005 Bonds debt and made its determination pursuant to Section V(B), above, that \$4,085,000 would be designated as a senior obligation of the District and secured by an unlimited mill levy, based upon an assessed valuation as of that date of \$9,207,000 (the "**2010 Senior Debt**").

The 2010 Senior Debt is a multi-modal variable rate obligation subject to tender by the bondholders, and is also secured by a letter of credit (the "**2010 Letter of Credit**"). The remaining outstanding District debt of \$10,500,000 is subordinated and is secured by a limited mill levy of 47 mills, less the number of mills required to pay the 2010 Senior Debt or other senior obligations.

The current debt service mill levy of the District is 47 mills and to date has been sufficient to pay the debt service obligations of the 2010 Senior Debt.

In November, 2013, the 2010 Letter of Credit expires, and in order to avoid a draw of the Letter of Credit and a resulting interest rate increase, the District has determined it appropriate to refund or further restructure the 2010 Senior Debt prior to that time. As of December 31, 2012, the total outstanding principal amount of the 2010 Senior Debt was \$3,980,000, and the certified assessed valuation of the District was \$6,599,787.

The District intends to refund or restructure the Senior Bonds through the issuance of unlimited mill levy refunding bonds or other obligations (the "**Proposed Refinancing Bonds**"). In order to do so, it is expected to be necessary to issue the Proposed Refinancing Bonds in a principal amount which is in excess of the currently outstanding principal amount of the 2010 Senior Debt in order to produce moneys sufficient to pay the costs associated with the refunding. The resulting principal amount of the Proposed Refinancing Bonds is expected to exceed fifty percent (50%) of the District's assessed valuation at the time of issuance.

In order to clarify the Service Plan language to include all costs associated with refunding and restructuring of debt determined by the District to be secured with an unlimited mill levy, the provision of Section V(B) identified above shall be amended and restated as follows:

For that portion of the District's general obligation debt which is less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the District can promise to impose for the payment of such debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. For purposes of the foregoing, once general obligation debt has been determined to meet such levels that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such debt, and any refunding or restructurings of such debt and associated costs thereof, shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio, or that the principal amount of such refunding or restructurings may be in excess of fifty percent (50%) of the district's then-existing assessed valuation so long as such refunding or restructurings are for the purpose of refunding or refinancing of such debt, subject to the limitations in this Service Plan not otherwise amended hereby and compliance with State Law.

III. EFFECT OF FIRST 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 First Amendment and the Service Plan, this First Amendment shall control.