

SECOND MODIFICATION TO THE CONSOLIDATED SERVICE PLAN

FOR

SWEETGRASS METROPOLITAN DISTRICTS NOS.

1, 2, AND 3

CITY OF DACONO, COLORADO

Submitted: September 15, 2010

I. INTRODUCTION

On September 24, 2001 the Dacono City Council adopted a resolution approving the Consolidated Service Plan for Sweetgrass Metropolitan Districts Nos. 1, 2 and 3. On January 12, 2009 the Dacono City Council adopted a resolution approving the First Modification to the Consolidated Service Plan for Sweetgrass Metropolitan Districts Nos. 1, 2 and 3. This Second Modification to the Consolidated Service Plan for Sweetgrass Metropolitan Districts Nos. 1, 2 and 3 modifies and amends the First Modification.

V. FINANCIAL PLAN

B. Debt Issuance; Debt Limit.

The final paragraph of Section V.B. (Page 14) is deleted in its entirety and the following is substituted therefor:

General obligation bonds may be issued by District No. 2 or by District No. 3 if any of the following conditions is met: (i) the bonds are issued in compliance with Sections 32-1-1101(6)(a)(I), C.R.S., or 32-1-1101(6)(b), C.R.S., as such sections exists on the date of approval of this Second Modification; or (ii) the principal amount of all debt of the Taxing District does not exceed fifty percent of the assessed value of taxable property in such Taxing District; or (iii) proceeds of the bonds are deposited into an escrow to be released pro rata upon the issuance of building permits for construction within such Taxing District, as further described in **Section V.C.** below.

G. Investor Suitability.

This paragraph is deleted in its entirety and the following is substituted therefor:

The Districts' bonds shall be offered and sold in minimum denominations of \$500,000 exclusively to accredited investors (as defined in regulations promulgated under Sections 3(b) and 4(2) of the federal Securities Act of 1933) or financial institutions or institutional investors (within the meaning of Section 32-1-103(6.5) and Section 11-59-103(8), C.R.S., as such sections exist on the date of approval of this Second Modification), except as provided below in this paragraph as to rated bonds and in **Section V.I.**, below, with respect to Developer Bonds. If a District's bonds are rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations that regularly rate such obligations, compliance with the limitation of sales to accredited investors or institutional investors and the minimum denomination requirement set forth above shall not be required.

MISCELLANEOUS

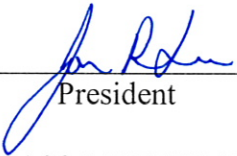
C. Severability. If any portion of this Second Modification is held invalid or unenforceable for any reason by a court of competent jurisdiction, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Second Modification to be terminated. Further, with respect to any portion held invalid or unenforceable, the Districts and the City agree to take such actions as may be necessary to achieve, to the greatest extent possible, the intent of the affected portion.

Therefore, it is requested that the Dacono City Council, which has jurisdiction to approve this Second Modification by virtue of Section 32-1-207, C.R.S., et seq., as amended, adopt a resolution approving this Second Modification, which shall be affixed hereto as **Appendix I**. Such Resolution of Approval, including any conditions of such approval, shall be incorporated into this Second Modification.

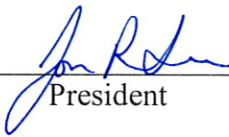
CERTIFICATION

This Second Modification is submitted to the City by the Districts and the Developer. The undersigned Districts have caused written notice of the City’s hearing on this Second Modification to be duly and timely given to all “interested” parties with the meaning of Section 32-1-204(1), C.R.S., and will cause or have caused all required filings to be made and all other applicable procedural requirements to be met. The information contained in this Second Modification is true and correct as of this date.

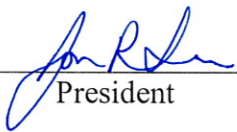
SWEETGRASS METROPOLITAN DISTRICT NO. 1

By: 
President

SWEETGRASS METROPOLITAN DISTRICT NO. 2

By: 
President

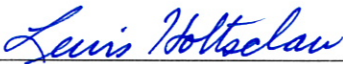
SWEETGRASS METROPOLITAN DISTRICT NO. 3

By: 
President

DACONO PROPERTIES, LLC

By: 
Authorized Representative

DACONO DEVELOPMENT COMPANY, INC.

By: 
Authorized Representative