Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Projected AV - Primary District

			Residential				Reassess @	2%	Vacant	
Y	AV Set	Tax Rev Year	New Market Value Added	Market Value Added to Rolls (with Lag)	Biennial Reassessment	Cumulative Market Value	Assessed Value at 7.15% of Market		Assessed Value at 29.00% of Market	Total Asssessed Value
2	2021	2022	209,435,612			908,177,833	64,934,220		20,408,989	85,343,209
3	2022	2023	199,488,350	209,435,612		1,117,613,445	79,909,361		17,300,295	97,209,657
4	2023	2024	198,940,378	199,488,350	22,352,269	1,339,454,064	95,770,966		14,352,575	110,123,541
5	2024	2025	205,303,873	198,940,378		1,538,394,442	109,995,203		8,841,473	118,836,676
6	2025	2026	112,737,111	205,303,873	30,767,889	1,774,466,204	126,874,334		4,546,025	131,420,358
7	2026	2027	62,922,137	112,737,111		1,887,203,315	134,935,037		226,666	135,161,703
8	2027	2028	9,060,965	62,922,137	37,744,066	1,987,869,519	142,132,671		0	142,132,670
9	2028	2029	0	9,060,965		1,996,930,484	142,780,530		0	142,780,529
10	2029	2030	0	0	39,938,610	2,036,869,093	145,636,140		0	145,636,140
11	2030	2031	0	0		2,036,869,093	145,636,140		0	145,636,140
12	2031	2032	0	0	40,737,382	2,077,606,475	148,548,863		0	148,548,863
13	2032	2033				2,077,606,475	148,548,863			148,548,863
14	2033	2034			41,552,130	2,119,158,605	151,519,840			151,519,840
15	2034	2035				2,119,158,605	151,519,840			151,519,840
16	2035	2036			42,383,172	2,161,541,777	154,550,237			154,550,237
17	2036	2037				2,161,541,777	154,550,237			154,550,237
18	2037	2038			43,230,836	2,204,772,612	157,641,242			157,641,242
19	2038	2039				2,204,772,612	157,641,242			157,641,242
20	2039	2040			44,095,452	2,248,868,065	160,794,067			160,794,067
21	2040	2041				2,248,868,065	160,794,067			160,794,067
22	2041	2042			44,977,361	2,293,845,426	164,009,948			164,009,948
23	2042	2043				2,293,845,426	164,009,948			164,009,948
24	2043	2044			45,876,909	2,339,722,334	167,290,147			167,290,147
25	2044	2045				2,339,722,334	167,290,147			167,290,147
26	2045	2046			46,794,447	2,386,516,781	170,635,950			170,635,950
27	2046	2047				2,386,516,781	170,635,950			170,635,950
28	2047	2048			47,730,336	2,434,247,117	174,048,669			174,048,669
29	2048	2049				2,434,247,117	174,048,669			174,048,669
30	2049	2050			48,684,942	2,482,932,059	177,529,642			177,529,642
31	2050	2051				2,482,932,059	177,529,642			177,529,642
32	2051	2052			49,658,641	2,532,590,700	181,080,235			181,080,235

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Projected Revenues - Primary District

Y	AV Set	Tax Rev Year	Total Asssessed Value	Debt Service Mill Levy	Mills for Subdistrict	Debt Service Mill Levy Collections @ 99.5%	Specific Ownership Taxes at 6.00%	Fees	Total Tax Revenue	SDFs	Total Revenue
2	2021	2022	85,343,209	43.000	0.000	3,651,409	219,085	-59,771	3,810,723	264,835	4,075,558
3	2022	2023	97,209,657	22.138	27.716	2,141,231	128,474	-37,118	2,232,587	725,445	2,958,032
4	2023	2024	110,123,541	21.457	28.397	2,351,126	141,068	-40,267	2,451,927	564,480	3,016,407
5	2024	2025	118,836,676	20.796	29.058	2,458,993	147,540	-41,885	2,564,648	454,230	3,018,878
6	2025	2026	131,420,358	21.460	28.394	2,806,179	168,371	-47,093	2,927,457	154,350	3,081,807
7	2026	2027	135,161,703	21.813	28.041	2,933,529	176,012	-49,003	3,060,538	26,460	3,086,998
8	2027	2028	142,132,670	21.341	28.513	3,018,139	181,088	-50,272	3,148,955	0	3,148,955
9	2028	2029	142,780,529	21.246	28.608	3,018,381	181,103	-50,276	3,149,208	0	3,149,208
10	2029	2030	145,636,140	21.245	28.609	3,078,603	184,716	-51,179	3,212,140	0	3,212,140
11	2030	2031	145,636,140	21.219	28.635	3,074,733	184,484	-51,121	3,208,096	0	3,208,096
12	2031	2032	148,548,863	21.242	28.612	3,139,743	188,385	-52,096	3,276,032		3,276,032
13	2032	2033	148,548,863	21.224	28.630	3,137,034	188,222	-52,056	3,273,201		3,273,201
14	2033	2034	151,519,840	21.224	28.630	3,199,723	191,983	-52,996	3,338,710		3,338,710
15	2034	2035	151,519,840	21.221	28.633	3,199,336	191,960	-52,990	3,338,306		3,338,306
16	2035	2036	154,550,237	21.225	28.629	3,263,959	195,838	-53,959	3,405,837		3,405,837
17	2036	2037	154,550,237	21.233	28.621	3,265,120	195,907	-53,977	3,407,050		3,407,050
18	2037	2038	157,641,242	21.236	28.618	3,330,904	199,854	-54,964	3,475,795		3,475,795
19	2038	2039	157,641,242	21.217	28.637	3,328,002	199,680	-54,920	3,472,762		3,472,762
20	2039	2040	160,794,067	21.216	28.638	3,394,367	203,662	-55,915	3,542,113		3,542,113
21	2040	2041	160,794,067	21.229	28.625	3,396,495	203,790	-55,947	3,544,337		3,544,337
22	2041	2042	164,009,948	21.217	28.637	3,462,473	207,748	-56,937	3,613,284		3,613,284
23	2042	2043	164,009,948	21.226	28.628	3,463,827	207,830	-56,957	3,614,699		3,614,699
24	2043	2044	167,290,147	21.228	28.626	3,533,481	212,009	-58,002	3,687,487		3,687,487
25	2044	2045	167,290,147	21.226	28.628	3,533,094	211,986	-57,996	3,687,083		3,687,083
26	2045	2046	170,635,950	21.215	28.639	3,601,877	216,113	-59,028	3,758,961		3,758,961
27	2046	2047	170,635,950	21.221	28.633	3,602,990	216,179	-59,045	3,760,124		3,760,124
28	2047	2048	174,048,669	21.214	28.640	3,673,756	220,425	-60,106	3,834,075		3,834,075
29	2048	2049	174,048,669	21.230	28.624	3,676,561	220,594	-60,148	3,837,007		3,837,007
30	2049	2050	177,529,642	0.000	49.854	0	0		0		0
31	2050	2051	177,529,642	0.000	49.854	0	0		0		0
32	2051	2052	181,080,235	0.000	49.854	0	0		0		0

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Coverage Analysis - 2020 Bonds

Starting Fund Balance $2,852,887

		Series 2020 Bonds						
Year	Revenues Available for Senior	Gross Sub DS	CapI	DSRF	Total DS	Agg Coverage	Surplus Revenues	Aggregate
2022	4,075,558	2,411,300			2,411,300	1.69	1,664,258	4,517,145
2023	2,958,032	2,928,800			2,928,800	1.01	29,232	4,546,376
2024	3,016,407	2,984,800			2,984,800	1.01	31,607	4,577,983
2025	3,018,878	2,986,050			2,986,050	1.01	32,828	4,610,811
2026	3,081,807	3,045,050			3,045,050	1.01	36,757	4,647,568
2027	3,086,998	3,048,800			3,048,800	1.01	38,198	4,685,766
2028	3,148,955	3,109,800			3,109,800	1.01	39,155	4,724,921
2029	3,149,208	3,110,050			3,110,050	1.01	39,158	4,764,080
2030	3,212,140	3,172,300			3,172,300	1.01	39,840	4,803,919
2031	3,208,096	3,168,300			3,168,300	1.01	39,796	4,843,715
2032	3,276,032	3,235,500			3,235,500	1.01	40,532	4,884,247
2033	3,273,201	3,232,700			3,232,700	1.01	40,501	4,924,748
2034	3,338,710	3,297,500			3,297,500	1.01	41,210	4,965,958
2035	3,338,306	3,297,100			3,297,100	1.01	41,206	5,007,164
2036	3,405,837	3,363,900			3,363,900	1.01	41,937	5,049,102
2037	3,407,050	3,365,100			3,365,100	1.01	41,950	5,091,052
2038	3,475,795	3,433,100			3,433,100	1.01	42,695	5,133,747
2039	3,472,762	3,430,100			3,430,100	1.01	42,662	5,176,409
2040	3,542,113	3,498,700			3,498,700	1.01	43,413	5,219,822
2041	3,544,337	3,500,900			3,500,900	1.01	43,437	5,263,260
2042	3,613,284	3,569,100			3,569,100	1.01	44,184	5,307,443
2043	3,614,699	3,570,500			3,570,500	1.01	44,199	5,351,643
2044	3,687,487	3,642,500			3,642,500	1.01	44,987	5,396,630
2045	3,687,083	3,642,100			3,642,100	1.01	44,983	5,441,613
2046	3,758,961	3,713,200			3,713,200	1.01	45,761	5,487,375
2047	3,760,124	3,714,350			3,714,350	1.01	45,774	5,533,149
2048	3,834,075	3,787,500			3,787,500	1.01	46,575	5,579,724
2049	3,837,007	3,790,400		-	3,790,400	1.01	46,607	5,626,330
Total	**100,815,691**	**96,210,720**	**0**	**0**	**96,210,720**			

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Home Closings (1)

	Total-SFD	Product 1A 45' Kauffman Pinnacle Ridge	Product 1B 45' Kauffman Pinnacle Ridge	Product 2 40-60' Century Homestead	Product 3 50' Richmond Grove/ Seasons	Product 4 45' Richmond Homestead/ Seasons	Product 5 50' Richmond Homestead/ Traditions	Product 6 50-60' Richmond Homestead	Product 7 50-70' DRH Pine Meadow	Product 8 70' Richmond Carriage Hills	Product 9 60-70' TBD Homestead	Product 10 70' TBD Ridge Estates	Product 11 85' TBD Hillside
2022	329	42	9	66		8	57	42	66		6		3
2023	271	11	42	27		0	5	42			54	10	39
2024	246		39					42			54	26	39
2025	110										5	26	53
2026	52											26	
2027	7											2	
Prior	1,134	-	-	-	-	-	-	-	-	296	-	-	-
	4,227	120	90	241	140	74	77	217	221	389	119	90	134

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Home Closings (2)

	Product 12 85' TBD Oak Ridge	Product 13 90' TBD Trail Ridge	Product 14 0.5-2acre TBD Ridge Estates	Product 15 45' Kauffman Pinnacle View	Product 16 45' Richmond Skyview	Product 17 50-60' DRH Pine Meadow	Product 18 65' Ryland Opal Ridge	Product 19 70' DRH Windflower	Product 20 72' Richmond Oak Ridge	Product 21 75' Centex Antelope Ridge	Product 22 90' Lennar Taras Ridge	Product 23 115' Custom Painters Ridge
2022	30											
2023	36		5									
2024	22	9	14									1
2025		12	14									
2026		12	14									
2027			5									
Prior	-	-	-	22	118	126	52	215	54	150	42	59
	90	33	52	58	142	226	52	215	61	150	42	60

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Value of Home Closings (1)

2022 Pricing		$483,222	$648,738	$575,476	$433,009	$571,444	$575,264	$705,638	$554,755	$548,016	$628,209	$966,504	$832,526
Inflation		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
		Product 1A	Product 1B	Product 2	Product 3	Product 4	Product 5	Product 6	Product 7	Product 8	Product 9	Product 10	Product 11
		45' Kauffman	45' Kauffman	40-60' Century	50' Richmond	45' Richmond	50' Richmond	50-60' Richmond	50-70' DRH	70' Richmond	60-70' TBD	70' TBD	85' TBD
	Total-SFD	Pinnacle Ridge	Pinnacle Ridge	Homestead	Grove/ Seasons	Homestead/ Seasons	Homestead/ Traditions	Homestead	Pine Meadow	Carriage Hills	Homestead	Ridge Estates	Hillside
2022	$199,488,350	$20,295,324	$5,838,642	$37,981,416	$0	$4,571,552	$32,790,048	$29,636,796	$36,613,830	$0	$3,769,254	$0	$2,497,578
2023	$198,940,378	$5,474,905	$28,064,406	$16,003,988	$0	$0	$2,962,610	$30,525,900	$0	$0	$34,940,985	$9,954,991	$33,442,569
2024	$205,303,873	$0	$26,841,600	$0	$0	$0	$0	$31,441,677	$0	$0	$35,989,214	$26,659,466	$34,445,847
2025	$112,737,111	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,432,305	$27,459,250	$48,215,353
2026	$62,922,137	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$28,283,028	$0
2027	$9,060,965	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,240,886	$0
	$1,252,002,332	$56,305,019	$60,744,648	$125,508,126	$60,621,260	$37,966,570	$43,898,487	$143,873,101	$113,368,955	$50,965,488	$78,131,757	$94,597,622	$118,601,347

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Value of Home Closings (2)

	$849,797	$1,191,986	$1,176,612	$0	$0	$0	$0	$0	$0	$0	$0	$1,164,133
	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
	Product 12	Product 13	Product 14	Product 15	Product 16	Product 17	Product 18	Product 19	Product 20	Product 21	Product 22	Product 23
	85' TBD	90' TBD	0.5-2acre TBD	45' Kauffman	45' Richmond	50-60' DRH	65' Ryland	70' DRH	72' Richmond	75' Centex	90' Lennar	115' Custom
	Oak Ridge	Trail Ridge	Ridge Estates	Pinnacle View	Skyview	Pine Meadow	Opal Ridge	Windflower	Oak Ridge	Antelope Ridge	Taras Ridge	Painters Ridge
2022	$25,493,910	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2023	$31,510,473	$0	$6,059,552	$0	$0	$0	$0	$0	$0	$0	$0	$0
2024	$19,834,092	$11,381,202	$17,475,747	$0	$0	$0	$0	$0	$0	$0	$0	$1,235,029
2025	$0	$15,630,183	$18,000,020	$0	$0	$0	$0	$0	$0	$0	$0	$0
2026	$0	$16,099,089	$18,540,020	$0	$0	$0	$0	$0	$0	$0	$0	$0
2027	$0	$0	$6,820,079	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$78,202,953	$43,110,474	$66,895,418	$17,003,628	$10,330,248	$45,960,400	$0	$0	$4,681,803	$0	$0	$1,235,029 #

Preliminary Analysis:
Crystal Valley Metropolitan District (Primary District)

Cumulative Lot Value

29%

Year	Value of New Lots	Less: Lots to Homes	Adjustments	Cumulative Finished Lot Value	100% Lot Value	Assessed Value of Lots
2022	19,235,446	(19,314,600)	(10,085,398)	49,491,639	49,491,639	14,352,575
2023	10,317,043	(19,235,446)	(10,085,398)	30,487,838	30,487,838	8,841,473
2024	5,590,550	(10,317,043)	(10,085,398)	15,675,948	15,675,948	4,546,025
2025	781,607	(5,590,550)	(10,085,398)	781,606	781,606	226,666
2026	-	(781,607)		(0)	(0)	(0)
2027	-	-		(0)	(0)	(0)
	113,139,604	(102,827,733)	(10,311,871)	320,531,436	315,500,038	91,495,011

Preliminary Analysis:
Crystal Valley Metropolitan District (Subdistrict)
Series 2022 Bonds

Projected AV - Subdistrict

			Residential			Reassess @	2%	Vacant	
Y	AV Set	Tax Rev Year	New Market Value Added	Market Value Added to Rolls (with Lag)	Biennial Reassessment	Cumulative Market Value	Assessed Value at 7.15% of Market	Assessed Value at 29.00% of Market	Total Assessed Value
0	2021	2022	0		0		0		0
1	2022	2023	0	0		0	0	0	0
2	2023	2024	16,014,543	0	0	0	0	676,342	676,342
3	2024	2025	44,135,214	16,014,543		16,014,543	1,145,040	1,809,673	2,954,713
4	2025	2026	45,459,270	44,135,214	320,291	60,470,048	4,323,608	1,809,673	6,133,281
5	2026	2027	46,823,048	45,459,270		105,929,318	7,573,946	1,809,673	9,383,619
6	2027	2028	9,060,965	46,823,048	2,118,586	154,870,953	11,073,273	339,999	11,413,272
7	2028	2029	0	9,060,965		163,931,918	11,721,132	0	11,721,132
8	2029	2030	0	0	3,278,638	167,210,556	11,955,555	0	11,955,555
9	2030	2031	0	0		167,210,556	11,955,555	0	11,955,555
10	2031	2032	0	0	3,344,211	170,554,767	12,194,666	0	12,194,666
11	2032	2033	0	0		170,554,767	12,194,666	0	12,194,666
12	2033	2034	0	0	3,411,095	173,965,862	12,438,559	0	12,438,559
13	2034	2035	0	0		173,965,862	12,438,559	0	12,438,559
14	2035	2036	0	0	3,479,317	177,445,180	12,687,330	0	12,687,330
15	2036	2037	0	0		177,445,180	12,687,330		12,687,330
16	2037	2038	0	0	3,548,904	180,994,083	12,941,077		12,941,077
17	2038	2039	0	0		180,994,083	12,941,077		12,941,077
18	2039	2040	0	0	3,619,882	184,613,965	13,199,898		13,199,898
19	2040	2041	0	0		184,613,965	13,199,898		13,199,898
20	2041	2042	0	0	3,692,279	188,306,244	13,463,896		13,463,896
21	2042	2043	0	0		188,306,244	13,463,896		13,463,896
22	2043	2044	0	0	3,766,125	192,072,369	13,733,174		13,733,174
23	2044	2045	0	0		192,072,369	13,733,174		13,733,174
24	2045	2046	0	0	3,841,447	195,913,817	14,007,838		14,007,838
25	2046	2047	0	0		195,913,817	14,007,838		14,007,838
26	2047	2048	0	0	3,918,276	199,832,093	14,287,995		14,287,995
27	2048	2049	0	0		199,832,093	14,287,995		14,287,995
28	2049	2050	0	0	3,996,642	203,828,735	14,573,755		14,573,755
29	2050	2051	0	0		203,828,735	14,573,755		14,573,755
30	2051	2052	0	0	4,076,575	207,905,309	14,865,230		14,865,230

Preliminary Analysis:
Crystal Valley Metropolitan District (Subdistrict)
Series 2022 Bonds

Projected Revenues - Subdistrict

Y	AV Set	Tax Rev Year	Total Assessed Value	Debt Service Mill Levy	Debt Service Mill Levy Collections @ 99.5%	Specific Ownership Taxes at 6.00%	Fees / Collection Charge (1.5% & $5,000)	Total Tax Revenue	SDFs	Total Revenue
0	2021	2022	0	0.000	0	0		0	0	0
1	2022	2023	0	27.716	0	0		0	0	0
2	2023	2024	676,342	28.397	19,110	1,147	-5,287	14,970	36,450	51,420
3	2024	2025	2,954,713	29.058	85,428	5,126	-6,281	84,272	102,060	186,332
4	2025	2026	6,133,281	28.394	173,278	10,397	-7,599	176,075	107,163	283,238
5	2026	2027	9,383,619	28.041	261,811	15,709	-8,927	268,593	112,521	381,114
6	2027	2028	11,413,272	28.513	323,795	19,428	-9,857	333,366	20,676	354,042
7	2028	2029	11,721,132	28.608	333,639	20,018	-10,005	343,653	0	343,653
8	2029	2030	11,955,555	28.609	340,324	20,419	-10,105	350,638	0	350,638
9	2030	2031	11,955,555	28.635	340,641	20,438	-10,110	350,970	0	350,970
10	2031	2032	12,194,666	28.612	347,165	20,830	-10,207	357,788		357,788
11	2032	2033	12,194,666	28.630	347,388	20,843	-10,211	358,020		358,020
12	2033	2034	12,438,559	28.630	354,340	21,260	-10,315	365,285		365,285
13	2034	2035	12,438,559	28.633	354,372	21,262	-10,316	365,318		365,318
14	2035	2036	12,687,330	28.629	361,407	21,684	-10,421	372,670		372,670
15	2036	2037	12,687,330	28.621	361,312	21,679	-10,420	372,571		372,571
16	2037	2038	12,941,077	28.618	368,498	22,110	-10,527	380,081		380,081
17	2038	2039	12,941,077	28.637	368,736	22,124	-10,531	380,330		380,330
18	2039	2040	13,199,898	28.638	376,127	22,568	-10,642	388,053		388,053
19	2040	2041	13,199,898	28.625	375,953	22,557	-10,639	387,870		387,870
20	2041	2042	13,463,896	28.637	383,632	23,018	-10,754	395,895		395,895
21	2042	2043	13,463,896	28.628	383,521	23,011	-10,753	395,779		395,779
22	2043	2044	13,733,174	28.626	391,160	23,470	-10,867	403,762		403,762
23	2044	2045	13,733,174	28.628	391,192	23,472	-10,868	403,795		403,795
24	2045	2046	14,007,838	28.639	399,170	23,950	-10,988	412,133		412,133
25	2046	2047	14,007,838	28.633	399,079	23,945	-10,986	412,037		412,037
26	2047	2048	14,287,995	28.640	407,166	24,430	-11,107	420,489		420,489
27	2048	2049	14,287,995	28.624	406,936	24,416	-11,104	420,248		420,248
28	2049	2050	14,573,755	49.854	722,927	43,376	-15,844	750,459		750,459
29	2050	2051	14,573,755	49.854	722,927	43,376	-15,844	750,459		750,459
30	2051	2052	14,865,230	49.854	737,386	44,243	-16,061	765,568		765,568

Preliminary Analysis:
Crystal Valley Metropolitan District (Subdistrict)
Series 2022 Bonds

Projected 2022 Cash Flow Bond - Debt Service and Coverage
7.375%

Year	Surplus Available for A3 Debt Service	A3 Interest Due	Less Payments Toward A3 Bond Interest	Interest on Accrued Balance	Less Payments Toward Accrued Interest	Balance of Accrued Interest	Unused Revenue	Less Payments Toward Bond Principal	Balance of A3 Bond Principal	Surplus Cash Flow to District	Total Payments
2022	0	95,895	0	0	0	95,895	0	0	3,100,000	0	0
2023	0	228,625	0	7,072	0	331,593	0	0	3,100,000	0	0
2024	51,420	228,625	51,420	24,455	0	533,253	0	0	3,100,000	0	51,420
2025	186,332	228,625	186,332	39,327	0	614,873	0	0	3,100,000	0	186,332
2026	283,238	228,625	228,625	45,347	54,613	605,606	0	0	3,100,000	0	283,238
2027	381,114	228,625	228,625	44,663	152,489	497,781	0	0	3,100,000	0	381,114
2028	354,042	228,625	228,625	36,711	125,417	409,076	0	0	3,100,000	0	354,042
2029	343,653	228,625	228,625	30,169	115,028	324,217	0	0	3,100,000	0	343,653
2030	350,638	228,625	228,625	23,911	122,013	226,115	0	0	3,100,000	0	350,638
2031	350,970	228,625	228,625	16,676	122,345	120,446	0	0	3,100,000	0	350,970
2032	357,788	228,625	228,625	8,883	129,163	166	0	0	3,100,000	0	357,788
2033	358,020	228,625	228,625	12	178	0	129,217	129,000	2,971,000	217	357,803
2034	365,285	219,111	219,111	0	0	0	146,174	146,000	2,825,000	391	365,111
2035	365,318	208,344	208,344	0	0	0	156,975	157,000	2,668,000	365	365,344
2036	372,670	196,765	196,765	0	0	0	175,905	176,000	2,492,000	271	372,765
2037	372,571	183,785	183,785	0	0	0	188,786	189,000	2,303,000	56	372,785
2038	380,081	169,846	169,846	0	0	0	210,234	210,000	2,093,000	290	379,846
2039	380,330	154,359	154,359	0	0	0	225,971	226,000	1,867,000	261	380,359
2040	388,053	137,691	137,691	0	0	0	250,362	250,000	1,617,000	623	387,691
2041	387,870	119,254	119,254	0	0	0	268,617	269,000	1,348,000	240	388,254
2042	395,895	99,415	99,415	0	0	0	296,480	296,000	1,052,000	720	395,415
2043	395,779	77,585	77,585	0	0	0	318,194	318,000	734,000	914	395,585
2044	403,762	54,133	54,133	0	0	0	349,630	350,000	384,000	544	404,133
2045	403,795	28,320	28,320	0	0	0	375,475	376,000	8,000	19	404,320
2046	412,133	590	590	0	0	0	411,543	8,000	0	403,543	8,590
2047	412,037	0	0	0	0	0	412,037	0	0	412,037	0
2048	420,489	0	0	0	0	0	420,489	0	0	420,489	0
2049	420,248	0	0	0	0	0	420,248	0	0	420,248	0
2050	750,459	0	0	0	0	0	750,459	0	0	750,459	0
2051	750,459	0	0	0	0	0	750,459	0	0	750,459	0
2052	765,568	0	0	0	0	0	765,568	0	0	765,568	0
	11,560,018	**4,259,968**	**3,715,950**	**277,228**	**821,246**		**7,022,822**	**3,100,000**			**7,637,196**

Preliminary Analysis:
Crystal Valley Metropolitan District (Subdistrict)
Series 2022 Bonds

Absorption Schedule

Product Offering		SFR 1	SFR 2
Pricing (2022 $)		$966,504	$1,176,612

Year	Total	SFR 1	SFR 2
2022	-	-	-
2023	15	10	5
2024	40	26	14
2025	40	26	14
2026	40	26	14
2027	7	2	5
Total	142	90	52

Value of Closings

Appreciation/Yr	3%	3%
Pricing (2022 $)	$966,504	$1,176,612

Year	SFR 1	SFR 2	Total Market Value
2022	$0	$0	$0
2023	$9,954,991	$6,059,552	$16,014,543
2024	$26,659,466	$17,475,747	$44,135,214
2025	$27,459,250	$18,000,020	$45,459,270
2026	$28,283,028	$18,540,020	$46,823,048
2027	$2,240,886	$6,820,079	$9,060,965
Total	$94,597,622	$66,895,418	$161,493,040

Preliminary Analysis:
Crystal Valley Metropolitan District (Subdistrict)
Series 2022 Bonds

Development Fees

Fee $2,430

Year	Development Fees
2022	$0
2023	$36,450
2024	$102,060
2025	$107,163
2026	$112,521
2027	$20,676
Total	$378,870

Land Value

29%

Year	Value of New Lots	Less: Lots to Homes	Adj.	Cumulative Finished Lot	100% Lot Value	Assessed Value of
2022	$0	$0		$0	$0	$0
2023	$2,332,215	$0		$2,332,215	$2,332,215	$676,342
2024	$6,240,251	-$2,332,215		$6,240,251	$6,240,251	$1,809,673
2025	$6,240,251	-$6,240,251		$6,240,251	$6,240,251	$1,809,673
2026	$6,240,251	-$6,240,251	$0	$6,240,251	$6,240,251	$1,809,673
2027	$1,172,410	-$6,240,251		$1,172,410	$1,172,410	$339,999
Total	$22,225,378	-$22,225,378	$0	$22,225,378	$22,225,378	$6,445,360

SOURCES AND USES OF FUNDS

Crystal Valley Metropolitan District No. 2 (Subdistrict)
2022 New Money Bond Sale
Cash Flow Bond Structure
***** Preliminary Estimates *****

Dated Date	07/14/2022
Delivery Date	07/14/2022

Sources:	*CF Series 2022*
Bond Proceeds:	
Par Amount	3,100,000.00
	3,100,000.00

Uses:	*CF Series 2022*
Project Fund Deposits:	
New Money Proceeds	2,677,800.00
Delivery Date Expenses:	
Cost of Issuance	355,900.00
Underwriter's Discount	66,300.00
	422,200.00
	3,100,000.00

BOND SUMMARY STATISTICS

Crystal Valley Metropolitan District No. 2 (Subdistrict)
2022 New Money Bond Sale
Cash Flow Bond Structure
***** Preliminary Estimates *****

	CF Series 2022	*Aggregate*
Dated Date	07/14/2022	07/14/2022
Delivery Date	07/14/2022	07/14/2022
Last Maturity	12/15/2052	12/15/2052
Arbitrage Yield	7.248800%	7.248800%
True Interest Cost (TIC)	7.424072%	7.424072%
Net Interest Cost (NIC)	7.445307%	7.445307%
All-In TIC	8.484218%	8.484218%
Average Coupon	7.375000%	7.375000%
Average Life (years)	30.419	30.419
Duration of Issue (years)	12.707	12.707
Par Amount	3,100,000.00	3,100,000.00
Bond Proceeds	3,100,000.00	3,100,000.00
Total Interest	6,954,645.49	6,954,645.49
Net Interest	7,020,945.49	7,020,945.49
Total Debt Service	10,054,645.49	10,054,645.49
Maximum Annual Debt Service	3,328,625.00	3,328,625.00
Average Annual Debt Service	330,533.50	330,533.50
Underwriter's Fees (per $1000)		
Average Takedown	20.000000	20.000000
Other Fee	1.387097	1.387097
Total Underwriter's Discount	21.387097	21.387097
Bid Price	97.861290	97.861290

Bond Component	*Par Value*	*Price*	*Average Coupon*	*Average Life*	*PV of 1 bp change*
2052 Cash Flow Bond	3,100,000.00	100.000	7.375%	30.419	3,720.00
	3,100,000.00			30.419	3,720.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,100,000.00	3,100,000.00	3,100,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-66,300.00	-66,300.00	
- Cost of Issuance Expense		-355,900.00	
- Other Amounts			
Target Value	3,033,700.00	2,677,800.00	3,100,000.00
Target Date	07/14/2022	07/14/2022	07/14/2022
Yield	7.424072%	8.484218%	7.248800%

BOND PRICING

Crystal Valley Metropolitan District No. 2 (Subdistrict)
2022 New Money Bond Sale
Cash Flow Bond Structure
***** Preliminary Estimates *****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2052 Cash Flow Bond:	12/15/2052	3,100,000	7.375%	7.375%	100.000
		3,100,000			

Dated Date	07/14/2022	
Delivery Date	07/14/2022	
First Coupon	12/15/2022	
Par Amount	3,100,000.00	
Original Issue Discount		
Production	3,100,000.00	100.000000%
Underwriter's Discount	-66,300.00	-2.138710%
Purchase Price	3,033,700.00	97.861290%
Accrued Interest		
Net Proceeds	3,033,700.00	

BOND DEBT SERVICE

Crystal Valley Metropolitan District No. 2 (Subdistrict)
2022 New Money Bond Sale
Cash Flow Bond Structure
***** Preliminary Estimates *****

Period Ending	Principal	Coupon	Interest	Debt Service
12/15/2022			95,895.49	95,895.49
12/15/2023			228,625.00	228,625.00
12/15/2024			228,625.00	228,625.00
12/15/2025			228,625.00	228,625.00
12/15/2026			228,625.00	228,625.00
12/15/2027			228,625.00	228,625.00
12/15/2028			228,625.00	228,625.00
12/15/2029			228,625.00	228,625.00
12/15/2030			228,625.00	228,625.00
12/15/2031			228,625.00	228,625.00
12/15/2032			228,625.00	228,625.00
12/15/2033			228,625.00	228,625.00
12/15/2034			228,625.00	228,625.00
12/15/2035			228,625.00	228,625.00
12/15/2036			228,625.00	228,625.00
12/15/2037			228,625.00	228,625.00
12/15/2038			228,625.00	228,625.00
12/15/2039			228,625.00	228,625.00
12/15/2040			228,625.00	228,625.00
12/15/2041			228,625.00	228,625.00
12/15/2042			228,625.00	228,625.00
12/15/2043			228,625.00	228,625.00
12/15/2044			228,625.00	228,625.00
12/15/2045			228,625.00	228,625.00
12/15/2046			228,625.00	228,625.00
12/15/2047			228,625.00	228,625.00
12/15/2048			228,625.00	228,625.00
12/15/2049			228,625.00	228,625.00
12/15/2050			228,625.00	228,625.00
12/15/2051			228,625.00	228,625.00
12/15/2052	3,100,000	7.375%	228,625.00	3,328,625.00
	3,100,000		6,954,645.49	10,054,645.49

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2Q19

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED [_____], 2022

NEW ISSUE **NOT RATED**

BOOK-ENTRY ONLY

In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, to the extent that interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See "TAX MATTERS" herein.

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT
IN THE TOWN OF CASTLE ROCK
DOUGLAS COUNTY, COLORADO
$[PAR]•
LIMITED TAX GENERAL OBLIGATION BONDS
SERIES 2022

Dated: Date of Delivery **Due: as shown on inside cover page**

Crystal Valley Metropolitan District No. 2 Sub District, in the Town of Castle Rock, Douglas County, Colorado (the "**Sub District**") is issuing its Limited Tax General Obligation Bonds, Series 2022 (the "**Bonds**"), pursuant to an Indenture of Trust dated as of [_____] 1, 2022 (the "**Indenture**") between the Sub District and UMB Bank, n.a., Denver, Colorado, as trustee (the "**Trustee**"). The Trustee will also act as Registrar and Paying Agent for the Bonds. DTC will act as securities depository for the Bonds. The Bonds will be issued in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds. *Capitalized terms used on the cover page of this Limited Offering Memorandum are defined in the Introduction herein or in "APPENDIX E—SELECTED DEFINITIONS" hereto.*

The Bonds are "cash flow" limited tax general obligations of the Sub District secured by and payable from the Pledged Revenue, consisting generally of the following revenues: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Pledged Development Fees; and (d) any other legally available moneys which the Sub District determines, in its absolute discretion, to credit to the Bond Fund. The Sub District has covenanted to levy a Required Mill Levy upon all taxable property of the Sub District each year, consisting of ad valorem property taxes subject to certain limitations as described herein. ***The Required Mill Levy is to equal 49.854 mills (subject to adjustment as described herein) less the aggregate ad valorem property tax levy imposed by Crystal Valley Metropolitan District No. 2 for the payment of outstanding general obligation indebtedness of District No. 2 (as more particularly described herein), which is anticipated to result in a maximum number of mills available to be imposed by the Sub District as the Required Mill Levy of [___] mills.*** No regularly scheduled payments of principal are due on the Bonds prior to their maturity date, and any accrued interest on the Bonds that are not paid when due will continue to accrue and compound on each interest payment date until sufficient Pledged Revenue is available for payment therefor, subject to discharge on the Termination Date. ***As demonstrated in the Financial Forecast, it is not anticipated that there will be any Pledged Revenue available to pay accrued interest on the Bonds until 20[__]*, and it is not anticipated that there will be any Pledged Revenue to pay principal on the Bonds until 20[__]*. These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Bonds will be paid prior to their discharge date of December 1, 2060 (the "Termination Date"), as more particularly described below.***

The Indenture provides that, notwithstanding any other provision therein, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged, and the estate and rights thereby granted will cease, terminate, and be void.

The Bonds are being issued in denominations of $500,000 or any integral multiple of $1,000 in excess thereof as fully registered bonds. Interest on the Bonds is payable annually to the extent of Pledged Revenue available therefor on each December 1, commencing December 1, [2022]*, at the rate set forth below.

$[PAR]* ___% Term Bond due December 1, 20[__]* **Price _____%** **CUSIP _____**©, 1

The Bonds are subject to optional and mandatory redemption, prior to maturity at the prices and upon the terms set forth in this Limited Offering Memorandum.

Proceeds from the sale of the Bonds will be used to fund a portion of the costs of designing, engineering, constructing, and/or installing certain water system improvements and facilities to serve development within the Sub District. Proceeds of the Bonds will also be used to fund the costs of issuing the Bonds. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds."

REPAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS IS SPECULATIVE IN NATURE AND INVOLVES A HIGH DEGREE OF INVESTMENT RISK. EACH PROSPECTIVE INVESTOR IS ADVISED TO READ "RISK FACTORS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS. THE BONDS ARE BEING OFFERED AND SOLD ONLY TO "FINANCIAL INSTITUTIONS OR INSTITUTIONAL INVESTORS" AS SUCH TERMS ARE DEFINED IN SECTION 32–1–103(6.5), COLORADO REVISED STATUTES, AS AMENDED.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued by the Sub District and accepted by the Underwriter subject to the approval of legality of the Bonds by Ballard Spahr LLP, Denver, Colorado, as Bond Counsel, and the satisfaction of certain other conditions. Certain legal matters will be passed upon by White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado, as General Counsel to the Sub District. Ballard Spahr LLP has assisted in the preparation of this Limited Offering Memorandum in its capacity as Disclosure Counsel to the Sub District. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter. Piper Sandler & Co, Denver, Colorado, has served as Municipal Advisor to the Sub District in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery through the facilities of DTC on or about [_____], 2022*.

[WELLS FARGO SECURITIES LOGO]

This Limited Offering Memorandum is dated [_____], 2022

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* Preliminary; subject to change.

[1] CUSIP® numbers are provided for convenience of reference only. None of the Sub District, the Trustee, or the Underwriter assumes any responsibility for the accuracy of such numbers.

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT
IN THE TOWN OF CASTLE ROCK
DOUGLAS COUNTY, COLORADO

Board of Directors

Linda Sweetman, President
Jerry Biesboer, Vice President
Brian Bates, Secretary
Carl Smith, Treasurer
Sheri Maxim, Assistant Secretary

Sub District Accountant

Simmons & Wheeler, PC
Englewood, Colorado

General Counsel to Sub District

White Bear Ankele Tanaka & Waldron Professional Corporation
Centennial, Colorado

Trustee, Registrar and Paying Agent

UMB Bank, n.a.
Denver, Colorado

Underwriter

Wells Fargo Securities, LLC
Denver, Colorado

Bond and Disclosure Counsel

Ballard Spahr LLP
Denver, Colorado

Underwriter's Counsel

Sherman & Howard L.L.C.
Denver, Colorado

Municipal Advisor

Piper Sandler & Co
Denver, Colorado

USE OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Memorandum in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Sub District or the Underwriter.

The information set forth in this Limited Offering Memorandum has been obtained from the Sub District, District No. 2, CVRD, and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Limited Offering Memorandum but does not guarantee its accuracy or completeness. This Limited Offering Memorandum contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Limited Offering Memorandum are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Sub District, or in the information, estimates, or opinions set forth herein, since the date of this Limited Offering Memorandum.

This Limited Offering Memorandum has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the Sub District, the Bonds and the terms of the offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum, including, but not limited to the Ridge Estates Market Study, the District No. 2 Development Market Study and the Sub District's Forecasted Statement of Sources and Uses of Cash attached hereto as Appendices A, B and C, respectively, contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Limited Offering Memorandum, the words "estimate," "forecast," "anticipate," "intend," "expect," "plan," "projected" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see "RISK FACTORS."

TABLE OF CONTENTS

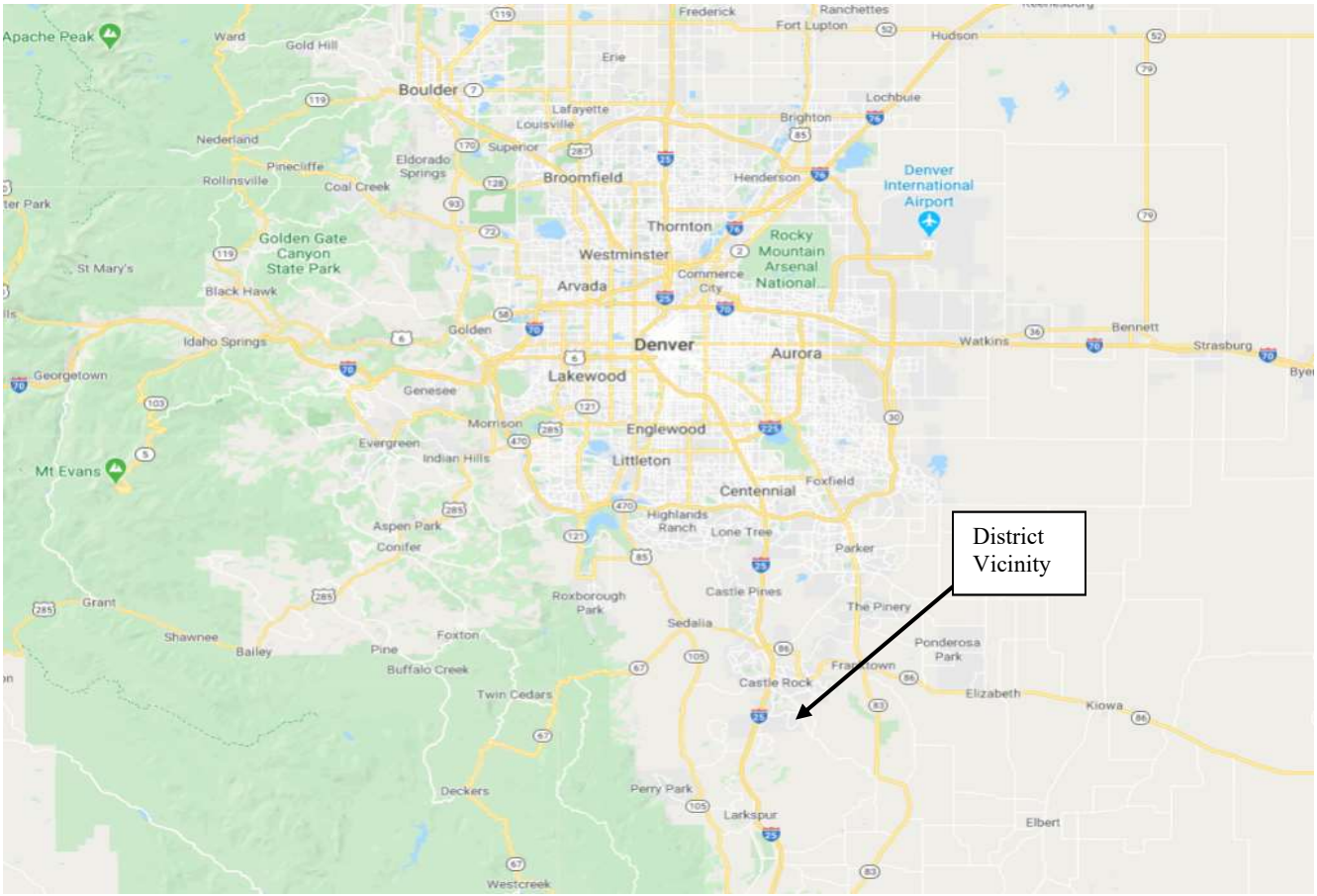
Page

INDEX OF TABLES

[[TO COME]]

Table **Page**

VICINITY MAP



AERIAL PHOTO

[[TO COME]]

LIMITED OFFERING MEMORANDUM

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT
IN THE TOWN OF CASTLE ROCK
DOUGLAS COUNTY, COLORADO
$[PAR]*[*]
LIMITED TAX GENERAL OBLIGATION BONDS
SERIES 2022

INTRODUCTION

General

This Limited Offering Memorandum is furnished by Crystal Valley Metropolitan District No. 2 Sub District in the Town of Castle Rock, Douglas County, Colorado (the "**Sub District**"), to provide certain information concerning its Limited Tax General Obligation Bonds, Series 2022 (the "**Bonds**"). The offering of the Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change.

The information set forth in this Limited Offering Memorandum has been obtained from the Sub District, District No. 2, CVRD, and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. *Neither the Current Homebuilders nor CVRA have participated in the preparation of or reviewed this Limited Offering Memorandum, except to provide documentation and information in response to specific requests, including the information specifically attributed to such parties herein.* This Limited Offering Memorandum, including the appendices hereto, contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. See "FORWARD-LOOKING STATEMENTS" and "RISK FACTORS."

Capitalized terms not defined within the body of this Limited Offering Memorandum have the respective meanings set forth in "APPENDIX E—SELECTED DEFINITIONS" hereto, unless the context clearly indicates a contrary meaning.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein.

The Sub District

The Sub District is an independent quasi-municipal corporation and political subdivision of the State of Colorado (the "**State**") duly organized and existing as a subdistrict of a special district (District No. 2, more particularly defined and described below) under the constitution and laws of the State, including primarily Title 32, Article 1, Colorado Revised Statues ("**C.R.S.**"). Pursuant to Section 32-1-1101(1)(f), C.R.S., special districts formed pursuant to Title 32, Article 1, C.R.S. are permitted to be divided into one or more areas consistent with the services, programs, and facilities to be furnished therein. Such subdistricts constitute distinct taxing areas within the geographic boundaries of the special district. Subdistricts are to

[*] Preliminary; subject to change.

act pursuant to the provisions of the Special District Act (as defined herein) and possess all of the rights, privileges and immunities of a special district.

The Sub District is a subdistrict of Crystal Valley Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado ("**District No. 2**"), a quasi-municipal corporation and political subdivision of the State duly organized and existing as a special district under the constitution and laws of the State. District No. 2 was specifically authorized to organize the Sub District in the Second Amendment (the "**Second Amendment**") to its Service Plan (as defined herein), which was approved by the Town of Castle Rock (the "**Town**") in Douglas County, Colorado (the "**County**") on July 21, 2020. Pursuant to Section 32-1-1101(1)(f), District No. 2 provided notice of its intent to create a subdistrict to the Town Council of the Town and to the Board of County Commissioners of the County on August 14, 2020, and the Town and County did not elect within thirty days to treat District No. 2's action as a material modification of District No. 2's Service Plan. The Sub District was duly created by a resolution adopted by the Board of Directors of District No. 2 on August 24, 2020 (the "**Formation Resolution**"), pursuant to Section 32-1-1101(1)(f), C.R.S., and other enabling laws and which took effect on September 14, 2020.

The Sub District currently encompasses approximately 116 acres, including all of the developable property planned for the residential community referred to herein as "**Ridge Estates**." The Sub District is located in the Town in the County, east of Interstate 25 and south of Crystal Valley Parkway. The Sub District is located approximately 30 miles south of downtown Denver and approximately 45 miles southwest of Denver International Airport. See "AERIAL PHOTO" and "VICINITY MAP."

Pursuant to Section 32-1-1101(1)(f)(II), the Sub District operates in accordance with the authority, and subject to the limitations, of the Amended Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 ("**District No. 1**" and together with District No. 2, the "**Districts**") and Crystal Valley Metropolitan District No. 2 approved by the Town Council of the Town on December 13, 2001, as amended by the First Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on May 6, 2014 and as further amended by the Second Amendment to the Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on July 21, 2020 (as previously defined, the "**Second Amendment**") (together, the "**Service Plan**"). Pursuant to the Service Plan and the Special District Act, the Sub District is authorized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance (to the extent permitted in the Service Plan) of water, sanitation, streets, traffic and safety controls, television relay and translation, parks and recreation, mosquito and pest control, transportation, fire protection and emergency medical services (collectively, the "**Public Improvements**"), within and without the boundaries of the Sub District, to serve the future taxpayers and inhabitants of the Sub District, except as specifically limited therein. See "THE SUB DISTRICT—Service Plan Authorizations and Limitations." Under the Second Amendment, the Sub District is specifically authorized to finance the costs associated with the construction of water tank and other water system improvements that will serve and benefit the property within the Sub District. Such water tank and water system improvements authorized by the Service Plan and for which the Sub District has received electoral authorization to issue indebtedness are referred to herein as the "**Water Facilities**".

The Sub District does not currently own, and is not expected to own, operate, or maintain any Public Improvements, including the Water Facilities. The Sub District has previously entered into a Construction Escrow Agreement dated [June 7], 2022 (the "**Escrow Agreement**") with the Town and [_____] (the "**Escrow Agent**"), pertaining to the funding of the costs of the Water Facilities identified therein, as more particularly described below.

In connection with the issuance of the Bonds, the Sub District and District No. 2 have entered into an Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [June 15], 2022

(the "**District IGA**"), pursuant to which District No. 2 has made certain covenants relating to the issuance of additional District Debt Obligations (as defined herein) and the imposition of ad valorem property taxes for the payment thereof. In addition, pursuant to the District IGA, District No. 2 has pledged certain Development Fees (as defined herein) collected within the boundaries of the Sub District to the Sub District for the payment of the Bonds. See "THE SUB DISTRICT—Material Agreements—*District IGA*."

The Sub District's population is currently zero. Due to the timing of the Sub District's organization and the recordation of the Formation Resolution, the County Assessor did not certify an assessed valuation for the Sub District 2020 or 2021. The estimated 2021 assessed valuation for the Sub District is $1,490 based upon the certified assessed valuation for the parcels comprising the Sub District; however, this amount has not been certified for the Sub District by the County Assessor. See "FINANCIAL INFORMATION—Sub District Ad Valorem Property Tax Data" and "THE SUB DISTRICT."

District No. 2

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

District No. 2 was organized pursuant to an Order and Decree issued by the District Court in and for Douglas County, Colorado issued on October 22, 1986, and recorded in the real property records of the County on October 23, 1986. The creation of District No. 2 was approved by the eligible electors of District No. 2 voting at the election held on October 21, 1986.

Following orders of inclusion and exclusions since its formation, District No. 2 currently encompasses approximately 1,565 acres, including all of the developable property planned for the residential community referred to herein as the "**District No. 2 Development**," which includes Ridge Estates. District No. 2 is located in the Town in the County, east of Interstate 25 and on both sides of Crystal Valley Parkway. The general boundaries of District No. 2 are Lake Gulch Road to the east, Douglas Lane and Plum Creek Boulevard to the west, the unincorporated County to the south and the Plum Creek planned unit development to the north. District No. 2 is located approximately 30 miles south of downtown Denver and approximately 45 miles southwest of Denver International Airport. See "AERIAL PHOTO" and "VICINITY MAP."

District No. 2 operates in accordance with the authority, and subject to the limitations, of the Service Plan. Pursuant to the Service Plan and the Special District Act, the Districts are authorized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance (to the extent permitted in the Service Plan) of the Public Improvements, within and without the boundaries of the Districts, to serve the future taxpayers and inhabitants of the Districts, except as specifically limited therein. See "DISTRICT NO. 2—Service Plan Authorizations and Limitations."

While the Service Plan and Special District Act affords the foregoing-described authorization to each of the Districts, as contemplated by the Service Plan, District No. 2 and District No. 1 have entered into a Master IGA (as defined herein) establishing the roles of such Districts relative to the provision of Public Improvements serving the District No. 2 Development. Pursuant to such agreement, as more particularly described herein, District No. 1 serves as the "operating district" and, in such capacity, is

expected to own, operate, maintain and construct the Public Improvements within the Districts, to the extent not transferred to other governmental entities. District No. 2 serves as the "taxing district" and has agreed in the Master IGA to pay all costs related to the construction, operation and maintenance of such Public Improvements by District No. 1 by imposing ad valorem property taxes and remitting the revenues resulting therefrom, together with the net proceeds of any general obligation bonds issued by District No. 2, to District No. 1, subject to certain conditions and limitations set forth in the Master IGA. See "DISTRICT NO. 2—Material Agreements." ***It is anticipated that the Board of Directors of District No. 1 will file a dissolution petition with the district court by the end of 2022 to dissolve District No. 1.*** See "DISTRICT NO. 2—Inclusion, Exclusion, Consolidation and Dissolution—*Dissolution of the District*."

District No. 2 does not currently own, and is not expected to own, operate, or maintain any Public Improvements.

District No. 2's population is currently estimated at 5,797 based on approximately 2,078 homes sold and closed to homeowners as of January 1, 2022, and an assumed 2.79 residents per home (based on persons-per-household estimates for the County prepared by the State Demography Office). The 2021 certified assessed valuation (for collection of taxes in 2022) of property within District No. 2 is $87,183,780. See "FINANCIAL INFORMATION—District No. 2 Ad Valorem Property Tax Data" and "DISTRICT NO. 2."

For the purpose of financing or refinancing the costs of Public Improvements serving the District No. 2 Development (including Ridge Estates), District No. 2 issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A, in the principal amount of $56,660,000 (the "**District 2020 Bonds**"), pursuant to an Indenture of Trust dated as of September 17, 2020 (the "**District 2020 Bonds Indenture**"). The District 2020 Bonds are secured by, among other revenues, ad valorem property taxes of District No. 2. Pursuant to the Second Amendment, after the issuance of the District 2020 Bonds and execution of certain reimbursement agreements in connection therewith, District No. 2 has no remaining debt authorization under the Service Plan. Under the Special District Act, a special district is not authorized to issue general obligation bonds authorized at an election if such bonds are not issued twenty years after the date of the election; provided that such provision of the Special District Act is not to be construed as limiting a special district's power to issue refunding bonds in accordance with statutory requirements. Accordingly, because District No. 2's elections authorizing the issuance of general obligation indebtedness were held on November 7, 2000 and November 6, 2001, District No. 2's electoral authorization from those elections has expired, [with the exception of $45,039,326 in refunding authorization].

The Required Mill Levy to be imposed by the Sub District for payment of the Bonds may not exceed in any year the number of mills equal to 49.854 mills (adjusted as provided in the definition of Required Mill Levy) less the District Debt Obligation Mill Levy for such year. The District Debt Obligation Mill Levy, as more particularly defined herein, generally includes the aggregate debt service mill levy imposed by District No. 2 each year for payment of the District 2020 Bonds and any subsequently issued general obligation debt of District No. 2. Pursuant to the District 2020 Bonds Indenture, District No. 2 has covenanted to impose ad valorem property taxes in the amount of up to **48 mills** (subject to adjustment for changes occurring after July 21, 2020, in the method of calculating assessed valuation) for payment of the District 2020 Bonds. The actual number of mills required to be imposed by District No. 2 for payment of the District 2020 Bonds and any other general obligation indebtedness of District No. 2 will be dependent upon the scheduled debt service payments and the certified assessed valuation of District No. 2 in each year. The Financial Forecast includes a projection of the anticipated District Debt Obligation Mill Levy in each year for the purpose of projecting the Required Mill Levy in each year. As reflected in the Financial Forecast, payment of scheduled debt service of the District 2020 Bonds is anticipated to require the completion of additional development in District No. 2 (i.e., in the District No. 2 Development, in addition to Ridge Estates). [ADDITIONAL REMAINING DEVELOPMENT IN CRYSTAL VALLEY RANCH

REQUIRED PER FORECAST TO BE DESCRIBED]. District No. 2 and the Sub District have entered into an Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [June 15], 2022 (as previously defined, the "**District IGA**"), pursuant to which District No. 2 has made certain covenants relating to the issuance of additional District Debt Obligations (as defined herein) and the imposition of ad valorem property taxes for the payment thereof. In addition, pursuant to the District IGA, District No. 2 has pledged certain Development Fees (as defined herein) collected within the boundaries of the Sub District to the Sub District for the payment of the Bonds. See "THE SUB DISTRICT—Material Agreements—*District IGA*."

Ridge Estates

"**Ridge Estates**" comprises approximately 116 acres planned as a residential community, which is being marketed as "Ridge Estates." Ridge Estates is located wholly within the District No. 2 Development residential community, more particularly described below. Ridge Estates is planned to include 142 single-family detached homes and 37.83 acres consisting of one park, open space and trails. All of the property in Ridge Estates is within the boundaries of the Sub District. Full build out of Ridge Estates is projected to occur in 2027. See also "AERIAL PHOTO" and "VICINITY MAP."

Development activities for the District No. 2 Development were initiated by Crystal Valley Ranch Development Co., LLC ("**CVRD**") in 2001. All of the property in Ridge Estates was originally owned by the "**Prior Land Owners**" (as further described below), which consists of four entities, each of which originally owned an approximately 25% interest in the 116 acres comprising Ridge Estates. Forty-six acres of the property within Ridge Estates (platted into 90 lots and referred to herein as "**Filing No. 19**") is currently owned by Toll Southwest LLC ("**Toll**") and 70 acres (platted into 52 lots and referred to herein as "**Filing No. 20**") is currently owned by the Prior Land Owners. CVRD has entered into a purchase and sale agreement (referred to herein as the "**Toll PSA**") with Toll with respect to 51 of the 52 lots in Filing No. 20 (referred to herein as the "**Phase 2 Lots**") and anticipates closing on the sale of such lots to Toll in December 2022. See "RIDGE ESTATES—Construction and Sales Activity; Purchase and Sale Agreement—*Toll PSA*." CVRD anticipates entering into an option agreement with the Prior Landowners with respect to the Phase 2 Lots and intends to exercise the option to purchase such property prior to such conveyance to Toll. One platted lot within Filing No. 20 (the "**Excluded Lot**") is not under contract for purchase by Toll, but instead is anticipated to be retained by the Prior Land Owners to construct a single family home thereon; provided, however, that pursuant to the Toll PSA, if Toll proceeds to a closing on the Phase 2 Lots Toll has agreed to complete the necessary lot finishing work sufficient for a building permit to be obtained for the Excluded Lot. CVRD is not expected to undertake any vertical construction within Ridge Estates; rather, CVRD has obtained the necessary approvals from the Town, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling the remaining finally platted undeveloped lots to Toll.

The "**Prior Land Owners**" consist of four entities, each of which owns an approximately 25% interest in the 70 acres comprised of Filing No. 20 as follows: (i) W.E. Brown, LLC, a Colorado limited liability company (which has as its manager Gregg Brown, the President and managing partner for CVRD), (ii) Maple Grove Land Limited Partnership, a Minnesota limited partnership (which has as the President of its general partner, James Ostensen, the sole owner of CVRD), (iii) Rock Cliff II, LLC, a Minnesota limited liability company, and (iv) Richard Putnam. The principals owning controlling interests of each of the Prior Land Owners have developed numerous projects together, in various combinations of the four partners, over the past 40 years. See "RIDGE ESTATES—CVRD and Prior Land Owners."

All of the property planned for Ridge Estates has been fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy by the Town in accordance with the Town Municipal Code. See "RIDGE ESTATES—Platting, Zoning/Land Use and Public Approvals."

The following table presents a summary of the anticipated development within Ridge Estates.

TABLE [__] Ridge Estates Property Ownership and Status as of March 31, 2022

Owner	Filing	Platted Undeveloped Lots
Toll	19	90
Prior Land Owners	20	52
Total		142

The lots in Filing No. 19 were sold, and 51 of the 52 lots in Filing No. 20 are anticipated to be sold to Toll, as platted undeveloped lots. Buildout of the Ridge Estates will require the funding and completion of Public Improvements and private infrastructure (together, the "**Ridge Estates Improvements**"), the costs of which have been estimated by CVRD at approximately $8 million for Filing No. 19 and $7.3 million for Filing No. 20, which estimates do not include the costs for the Water Facilities. No portion of the proceeds of the Bonds is anticipated to fund the costs of the Ridge Estates Improvements. Pursuant to the Toll PSA, Toll is to be responsible for funding all costs of the Ridge Estates Improvements. The Prior Land Owners and CVRD have entered into the Ridge SIA (as defined herein) with the Town with respect to Ridge Estates, which requires the Prior Land Owners and CVRD to complete specified Public Improvements serving Ridge Estates. The Ridge SIA is recorded against the property comprising Ridge Estates. As a result, according to real estate counsel to CVRD, Toll (as the owner of the Filing No. 19 and, upon completion of the sale contemplated herein, the Phase 2 Lots in Filing No. 20) will be responsible for constructing the Ridge Estates Improvements pursuant to the Ridge SIA. The Ridge Estates Improvements are generally anticipated to be completed in phases, as development progresses.

Completion of Ridge Estates will also require completion of a water tank and other water system improvements comprising Water Facilities as required by the Ridge Estates Development Agreement (as defined herein). The Sub District has previously entered into the Escrow Agreement with the Town, pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of designing, engineer, constructing and installing the Water Facilities identified therein (the "**Project**") with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (the "**Escrow Account**") and application to the costs of the Project. The total costs of the Project are estimated [by the Town] at $[3,819,615]. The Sub District's pro rata portion of the costs of the Project in the estimated amount of $[2,181,780] will be funded from proceeds of the Bonds. [The Town solicited bids from general contractors for the Project in May 2022 and selected [General Contractor] ("**General Contractor**") on [June 7], 2022.] The Town expects to enter into a [guaranteed maximum price] contract (the "**Construction Contract**") with General Contractor and is in the process of negotiating the Construction Contract. [TO BE UPDATED AS NEEDED] The total costs of the Project may be revised in connection with the execution of the Construction Contract. See "THE SUB DISTRICT—Material Agreements—*Escrow Agreement*" for a discussion of the provisions governing a revision in the total costs of the Project. The Town has represented to the Sub District that it has sufficient moneys on hand to fund its deposit to the Escrow Account and will not need to seek additional financing for such purpose. Following the completion of the Project, such Water Facilities are anticipated to be owned, operated and maintained by the Town. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds."

The Sub District retained the Zonda Advisory, Centennial, Colorado (the "**Market Consultant**") to prepare a Market Study dated March 17, 2022, as revised May 6, 2022, with respect to Ridge Estates (the "**Ridge Estates Market Study**"). The Ridge Estates Market Study contains an assessment of the feasibility of the 142 homes proposed to be completed in Ridge Estates commencing in calendar year 2023, including product mix, product pricing and projected annual absorption. The Ridge Estates Market Study is attached hereto as APPENDIX A and should be read in its entirety by prospective purchasers of the

Bonds. See also "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies" and "RIDGE ESTATES—Development Market Study."

The District No. 2 Development

As Ridge Estates is located entirely within the boundaries of the District No. 2 Development, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, which in turn is dependent upon the assessed valuation of the property comprising the District No. 2 Development, certain information is provided in this Limited Offering Memorandum with respect to the District No. 2 Development. However, prospective buyers of the Bonds should be aware that only property within the boundaries of Ridge Estates in the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds.

The "**District No. 2 Development**" is an approximately 1,569-acre master-planned residential community comprised of two master development plan areas, which properties are collectively marketed as "Crystal Valley Ranch." The District No. 2 Development is planned to include 3,093 single-family detached homes (including the residential homes planned for Ridge Estates) and 143 acres of parks, open space and trails, including the existing 12-acre Rhyolite Regional Park and 13 miles of pedestrian trails. Also located within the District No. 2 Development is the Pinnacle Park and Recreation Center, completed in 2010, which includes a clubhouse with community gathering spaces, outdoor pool, fitness center, picnic pavilion, outdoor amphitheater, sports field and multi-use court, dog park and xeriscape gardens. The District No. 2 Development is located in the Town of Castle Rock. All of the property in the District No. 2 Development containing existing or planned residential development is within the boundaries of District No. 2. See also "AERIAL PHOTO" and "VICINITY MAP." While a 4-acre parcel in the District No. 2 Development owned, according to public records, by Pinnacle View Development LLC (the "**Pinnacle View Parcel**") is presently zoned for commercial uses, no commercial or any other development has been projected for such property for purposes of determining the anticipated District Debt Obligation Mill Levy, the resulting anticipated Required Mill Levy, and feasibility of payment of the Bonds; no development with respect to such parcel is anticipated in the District No. 2 Development Market Study (as defined herein).

Development activities in the District No. 2 Development were initiated by CVRD in 2001. In February 2012, Crystal Valley Recovery Acquisition, LLC ("**CVRA**"), an entity unrelated to CVRD, acquired approximately 419 acres within the District No. 2 Development and proceeded with the marketing and development of the remainder of the District No. 2 Development not then sold to homebuilders, with the exception of the remaining approximately 116 acres comprising Ridge Estates, as more particularly described herein, and the Pinnacle View Parcel referenced above. Neither CVRD nor CVRA is expected to undertake any vertical construction within the District No. 2 Development; rather, each of CVRD and CVRA intend to obtain the necessary approvals from the Town to advance their respective portions of the remaining planned development, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling finally platted lots to homebuilders.

Of the 3,093 homes planned for the District No. 2 Development (inclusive of the 142 homes planned for Ridge Estates), as of January 1, 2022, 2,078 homes (approximately 67.2% of the planned total) had been completed and sold to homeowners, and 929 platted lots (approximately 30.0% of the planned total) were held by the six "**Current Homebuilders**," comprised of Century Communities, Inc. ("**Century**") (93 lots), Richmond American Homes of Colorado, Inc. ("**Richmond**") (350 lots), D.R. Horton, Inc. (d/b/a Melody Homes, Inc.) ("**D.R. Horton**") (185 lots), Kauffmann Homes ("**Kauffmann**") (143 lots), Taylor Morrison of Colorado Inc. ("**Taylor**") (68 lots) and Toll Southwest LLC (as previously defined, "**Toll**") (90 lots, which are a portion of the lots in Ridge Estates). Of the 929 platted lots owned by the Current Homebuilders, according to CVRA, based on information provided to it by the Current

Homebuilders, as of March 31, 2022, the Current Homebuilders had entered into purchase contracts with homeowners for 245 homes. One additional platted lot is presently held by a custom homebuilder.

Property platted for the remaining 85 lots (or approximately 2.7% of the planned total for the District No. 2 Development) is presently owned by CVRA (property platted for 33 lots) and the Prior Land Owners (property platted for 52 lots). Full build out of the District No. 2 Development is projected to occur in 2027. See also "RISK FACTORS—[_____]," "THE DISTRICT NO. 2 DEVELOPMENT," and "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY."

All of the property planned for the District No. 2 Development has been fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy by the Town in accordance with the Town Municipal Code. See "THE DISTRICT NO. 2 DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals.

According to the Town Building Division, through March 31, 2022, the Town had issued 95 building permits for single-family detached homes (including 1 building permit for a model home) and 90 certificates of occupancy in the District No. 2 Development for calendar year 2022. According to CVRA, based on information provided to it by the Current Homebuilders, the Current Homebuilders anticipate that a total of 285 homes will be sold to homeowners in 2022. [COMPARE TO FORECAST PROJECTION][DETERMINING WHETHER CAN GET HOMES COMPLETED/SOLD IN 2022 FROM HOMEBUILDERS]

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The following table summarizes ownership of property in the District No. 2 Development and, with respect to those lots owned by the Current Homebuilders, the number of lots under contract to homeowners, all as of January 1, 2022, except as otherwise indicated. [COLUMN FOR 2022 CERTIFICATES OF OCCUPANCY DATA FROM TOWN (IN ABOVE PARAGRAPH) TO BE ADDED TO TABLE][DETERMINING WHETHER CAN GET UPDATED BUILDER INFORMATION GIVEN SHIFT IN SCHEDULED AND ANTICIPATED POSTING DATE][INCLUDE CUSTOM IN AREA WITH OTHER HOMEBUILDERS]

TABLE [__] District No. 2 Development Property Ownership and Status as of January 1, 2022

	Total	Pre-2022	2022	
Owner	**Platted Lots/ Planned Homes[1]**	**Completed Homes Sold to Homeowners**	**Remaining Platted Lots/Planned Homes**	**Platted Lots with Homes under Contract[2]**
Individual Homeowners	2,078	2,078	--	--
Current Homebuilders				
Century[3]	93	--	93	62
Richmond[3]	350	--	350	135
D.R. Horton[3]	185	--	185	48
Kauffmann[3]	143	--	143	--
Taylor[3]	68	--	68	--
Toll[4, 7]	90	--	90	--
Subtotal	929	--	929	245
CVRA[5]	33	--	33	--
Prior Land Owners[6, 7]	52	--	52	--
Custom Homebuilder	1	--	1	--
Total	3,093	2,078	1,015	245

[1] In the case of "Individual Homeowners," represents completed homes (based on information provided by the Market Consultant). In all other cases, represents platted lots.
[2] Represents homes under contract for purchase by homeowners on platted lots owned by Current Homebuilders, as of March 31, 2022, according to CVRA, based on information provided to it by the Current Homebuilders.
[3] According to CVRA, these lots were sold as unfinished lots with the core infrastructure in place.
[4] According to CVRD, these lots were sold as undeveloped lots.
[5] According to CVRA, these lots are anticipated to be sold by CVRA as finished lots, the necessary improvements are anticipated to be completed by CVRA by July 2022, and a closing to a homebuilder is anticipated to occur within 30 days of lot finish; provided, however, there is no purchase contract in place with a homebuilder as of the date of this Limited Offering Memorandum.
[6] According to CVRD, these lots, with the exception of the Excluded Lot, are anticipated to be conveyed to Toll pursuant to the Toll PSA as undeveloped lots in December 2022. The Prior Land Owners intend to retain ownership of the Excluded Lot and construct a single family home thereon.
[7] These lots comprise Ridge Estates.
Source: The Market Consultant, CVRD and CVRA (in the case of data with respect to individual Current Homebuilders, based on information provided by such Current Homebuilders to CVRD).

The infrastructure required for all lots previously conveyed to Current Homebuilders (except for the 90 lots owned by Toll), with the exception of homebuilder lot finishing costs, has been completed. According to CVRA, the lots currently held by CVRA (33 lots) are anticipated to be sold by CVRA as finished lots, the necessary improvements (with an estimated cost of approximately $1,750,000, which has been funded by CVRA), are anticipated to be completed by CVRA by July 2022, and a closing to homebuilder is anticipated to occur within 30 days of lot finish; provided, however, there is no purchase contract in place with a homebuilder as of the date of this Limited Offering Memorandum. See "—Ridge Estates" above for a summary of the estimated costs to complete the Ridge Estates Improvements.

The Sub District retained the Market Consultant to prepare a Market Study dated March 11, 2022, as revised May 6, 2022, with respect to the District No. 2 Development (the "**District No. 2 Development**

Market Study" and, together with the Ridge Estates Market Study, the "**Market Studies**"). The District No. 2 Development Market Study contains an assessment of the feasibility of the 1,015 homes proposed to be completed in the District No. 2 Development commencing in calendar year 2022, including product mix, product pricing and projected annual absorption. The District No. 2 Development Market Study is attached hereto as APPENDIX B and should be read in its entirety by prospective purchasers of the Bonds. See also "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies" and "THE DISTRICT NO. 2 DEVELOPMENT—District No. 2 Development Market Study."

Purpose of the Bonds; the Project

Proceeds from the sale of the Bonds will be used to fund a portion of the costs of the Project fund the costs of issuing the Bonds. The "**Project**" consists of designing, engineering, constructing, and/or installing certain water system improvements and facilities to serve Ridge Estates pursuant to the Escrow Agreement with the Town, as more particularly described above.

See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS – Application of Bond Proceeds."

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State of Colorado, including Part 2 of Article 57 of Title 11, C.R.S. (the "**Supplemental Public Securities Act**") and Article 1 of Title 32, C.R.S. (the "**Special District Act**"), pursuant to an election of the eligible electors of the Sub District, duly called and held on November 2, 2021 (the "**2021 Election**"); an Indenture of Trust to be dated as of [_____] 1, 2022 (the "**Indenture**") by and between the Sub District and UMB Bank, n.a., as trustee (the "**Trustee**"); and pursuant to an authorizing resolution adopted by the Sub District's Board of Directors (the "**Board**") prior to the issuance of the Bonds (the "**Bond Resolution**").

At the 2021 Election, the Sub District's qualified electors voting at such election voted in favor of certain ballot questions authorizing the issuance of general obligation indebtedness of $5,000,000 and the imposition of taxes for the payment thereof, for the purpose of providing water improvements. The Sub District intends to apply the original principal amount of the Bonds against such debt authorization of the 2021 Election. See also "DEBT STRUCTURE—General Obligation Debt—*Outstanding and Authorized but Unissued Debt*."

The Sub District's Service Plan limits the issuance by the Sub District of "long term financial obligations" to an aggregate principal amount of $3,600,000 (the "**Sub District Service Plan Cap**"). See "THE SUB DISTRICT—Service Plan Authorizations and Limitations." After the issuance of the Bonds, $[0][*] will remain unissued of the Sub District Service Plan Debt Cap.

Security and Sources of Payment for Bonds

The Bonds are "cash flow" limited tax general obligations of the Sub District secured by and payable from the Pledged Revenue, which consists of the following revenues: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Pledged Development Fees; and (d) any other legally available moneys which the Sub District determines, in its absolute discretion, to credit to the Bond Fund. See "THE BONDS—Security for the Bonds," "FINANCIAL INFORMATION," and "APPENDIX

[*] Preliminary; subject to change.

C—SUB DISTRICT'S FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS."

Property Tax Revenues. The Indenture defines "**Property Tax Revenues**" as all moneys derived from imposition by the Sub District of the Required Mill Levy. Pursuant to the Indenture, the Sub District has covenanted to levy the "**Required Mill Levy**" which is defined as, generally, an ad valorem mill levy imposed upon all taxable property of the Sub District each year in an amount equal to 49.854 mills (subject to adjustment for changes occurring after July 21, 2020, in the method of calculating assessed valuation), less the District Debt Obligation Mill Levy (generally meaning the ad valorem property tax levy imposed by District No. 2 for the payment of its District 2020 Bonds and any other District Debt Obligations***).*** Pursuant to the District 2020 Bonds Indenture, District No. 2 has covenanted to impose ad valorem property taxes in the amount of up to **48 mills** (subject to adjustment for changes occurring after July 21, 2020, in the method of calculating assessed valuation) for payment of the District 2020 Bonds. The actual number of mills required to be imposed by District No. 2 for payment of the District 2020 Bonds and any other general obligation indebtedness of District No. 2 will be dependent upon the scheduled debt service payments and the certified assessed valuation of District No. 2 in each year. The Financial Forecast includes a projection of the anticipated District Debt Obligation Mill Levy in each year for the purpose of projecting the Required Mill Levy in each year. [***Based on the assumptions set forth therein, the Financial Forecast projects a maximum number of mills available to be imposed by the Sub District as the Required Mill Levy in each year of [___] mills.][CONFORM TO FORECAST WHEN AVAILABLE]***

As reflected in the Financial Forecast, payment of scheduled debt service of the District 2020 Bonds is anticipated to require the completion of additional development in District No. 2 (i.e., in the District No. 2 Development, in addition to the anticipated development of Ridge Estates). [DESCRIBE ADDITIONAL REMAINING DEVELOPMENT IN CRYSTAL VALLEY RANCH REQUIRED PER FORECAST]. See "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY." District No. 2 and the Sub District have entered into an Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [June 15], 2022 (as previously defined, the "**District IGA**"), pursuant to which District No. 2 has made certain covenants relating to the issuance of additional District Debt Obligations (as defined herein) and the imposition of ad valorem property taxes for the payment thereof. See "THE SUB DISTRICT—Material Agreements—*District IGA*."

Specific Ownership Tax Revenues. "**Specific Ownership Tax Revenues**" is defined in the Indenture as the specific ownership taxes remitted to the Sub District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Sub District of the Required Mill Levy. See "THE BONDS—Security for the Bonds—*Specific Ownership Tax Revenues*" for a description of the Specific Ownership Tax Revenues.

Pledged Development Fees. "**Pledged Development Fees**" (as more particularly defined herein) generally includes revenues resulting from Development Fees, but solely to the extent collected with respect to the property located within the boundaries of the Sub District, and including, but not limited to, the revenue derived from any action to enforce the collection of such Development Fees, and the revenue derived from the sale or other disposition of property acquired by District No. 2 or the Sub District from any action to enforce the collection of such Development Fees. The Development Fees are imposed and collected by District No. 2. Pursuant to the District IGA, District No. 2 has agreed to remit the Pledged Development Fees to or at the direction of the Sub District, as more particularly provided therein. See "THE BONDS —Security for the Bonds—*Pledged Development Fees*" for a description of Pledged Development Fees and "THE SUB DISTRICT—Material Agreements—*District IGA*" for a description of the District IGA.

Notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged, and the estate and rights thereby granted will cease, terminate, and be void.

THE BONDS ARE SOLELY THE OBLIGATIONS OF THE SUB DISTRICT. UNDER NO CIRCUMSTANCES ARE ANY OF THE BONDS TO BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE SUB DISTRICT.

"Cash Flow" Nature of the Bonds; Discharge of the Bonds on December 1, 2060

The Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Bonds is payable annually on each December 1 from, and to the extent of, Pledged Revenue on deposit, if any, in the Mandatory Redemption Account of the Bond Fund 45 days prior to such December 1, in accordance with the terms of the Indenture, pursuant to a special mandatory redemption more particularly described in "THE BONDS—Redemption—*Mandatory Redemption*" and "THE INDENTURE—Funds and Accounts; Flow of Funds—*Bond Fund; Mandatory Redemption.*" Interest on the Bonds is payable on each December 1 to the extent of the Pledged Revenue available therefor, and accrued unpaid interest on the Bonds will compound annually on each December 1 until sufficient Pledged Revenue is available for payment. See also the Financial Forecast in APPENDIX C. *According to the Financial Forecast attached hereto as APPENDIX A, no payments of interest are expected to be made on the Bonds until 20[___] and no payments of principal are expected to be made on the Bonds until 20[___]. These dates represent only a forecast, and there is no guarantee that any payments will be made on or after such dates.* See "APPENDIX C—SUB DISTRICT'S FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS," and "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies."

However, notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged, and the estate and rights thereby granted will cease, terminate, and be void.

Additional Obligations

The Sub District may issue Additional Obligations subject to the satisfaction of certain conditions set forth in the Indenture and described in "THE BONDS—Certain Indenture Provisions—*Additional Obligations*." The Sub District's issuance of Additional Obligations (as defined in the Indenture, see also "APPENDIX e—SELECTED DEFINITIONS") is also subject to the limitations of the Sub District's Service Plan and electoral authorization.

Interest Rates; Payment Provisions

The Bonds will bear interest at the rates per annum set forth on the front cover hereof, calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds is payable annually to the extent of Pledged Revenue available therefor on December 1 each year, commencing December 1, 20[___].

Payments for the principal of and interest on the Bonds will be made as described in "APPENDIX I—BOOK-ENTRY-ONLY SYSTEM."

Prior Redemption

The Bonds are subject to optional and mandatory redemption prior to maturity as described in "THE BONDS—Redemption."

Book-Entry-Only Registration

The Bonds will be issued in fully registered form and will be registered initially in the name of "**Cede & Co.**" as nominee for The Depository Trust Company, New York, New York ("**DTC**"), a securities depository. Beneficial ownership interests in the Bonds may be acquired through brokers and dealers who are, or who act through, participants in the DTC system (the "**Participants**") in principal denominations of $500,000 or any integral multiple of $1,000 in excess thereof. Such beneficial ownership interests will be recorded on the records of the Participants. Persons for whom Participants acquire interests in the Bonds (the "**Beneficial Owners**") will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal and interest on the Bonds, as well as notices and other communications made by or on behalf of the Sub District pursuant to the Indenture, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See "APPENDIX I—BOOK-ENTRY-ONLY SYSTEM" for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Except as otherwise provided herein, the term "**Owner**" refers to the registered owner of any Bond, as shown by the registration books maintained by the Bond Registrar. As used herein, "**Consent Party**" means the Owner of a Bond or, if such Bond is held in the name of Cede & Co., the Participant (as determined by a list provided by DTC) with respect to such Bond, or if so designated in writing by a Participant, the Beneficial Owner of such Bond.

Exchange and Transfer

While the Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described under the caption "APPENDIX I—BOOK-ENTRY-ONLY SYSTEM."

Tax Status

In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, to the extent that interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See "TAX MATTERS" herein.

Financial Forecast

Simmons & Wheeler, PC, Englewood, Colorado, has prepared the cash flow projection schedules presented in APPENDIX C hereto (the "**Financial Forecast**") hereto, for the purpose of providing information regarding the Sub District's ability to make debt service payments on the Bonds. [MORE DESCRIPTION OF PROJECTIONS OF DISTRICT DEBT OBLIGATION MILL LEVY TO BE INCLUDED WHEN FORECAST RECEIVED] Such Financial Forecast utilized information contained in

the Ridge Estates Market Study and Crystal Valley Market Study, and certain assumptions more particularly set forth therein. See "FORWARD-LOOKING STATEMENTS," "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies," and APPENDIX C hereto.

Market Studies

Zonda Advisory, Centennial, Colorado (the "**Market Consultant**"), has prepared a market analysis and absorption forecast for Ridge Estates dated March 17, 2022, as revised May 6, 2022 ("**Ridge Estates Market Study**"), and a market analysis and absorption forecast for the District No. 2 Development dated March 11, 2022, as revised May 6, 2022 (the "**District No. 2 Development Market Study**" and, together with the Ridge Estates Market Study, the "**Market Studies**"). The Market Consultant has also provided an addendum to each market study titled "COVID-19's Ongoing Impact on Housing Along the Colorado Front Range" dated April 29, 2022. The Market Studies and the addendum should be read in their entirety by prospective purchasers of the Bonds. The Market Studies contain certain projections regarding the pace of lot sales, absorption, home prices, and market values in Ridge Estates and the District No. 2 Development, respectively, which are based on certain assumptions more particularly set forth therein. The Market Studies provide an assessment of absorption, home prices, and market values based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Studies. See "FORWARD-LOOKING STATEMENTS," "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies," "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land," "APPENDIX A—RIDGE ESTATES MARKET STUDY" and "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY" hereto.

Professionals Involved in the Offering

Ballard Spahr LLP, Denver, Colorado, has acted as Bond Counsel. White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado, represents the Sub District as general counsel. Ballard Spahr LLP, Denver, Colorado, has assisted in the preparation of this Limited Offering Memorandum in its capacity as Disclosure Counsel to the Sub District. UMB Bank, n.a., Denver, Colorado, will act as the trustee, paying agent and registrar for the Bonds. Wells Fargo Securities, LLC, Denver, Colorado will act as the underwriter for the Bonds (the "**Underwriter**"), and Sherman & Howard L.L.C., Denver, Colorado has acted as counsel to the Underwriter. See "MISCELLANEOUS—Underwriting" herein. Piper Sandler & Co. has served as Municipal Advisor to the Sub District in connection with the issuance of the Bonds. See "MISCELLANEOUS – Municipal Advisor." Simmons & Wheeler, PC, Englewood, Colorado is the Sub District's accountant.

Continuing Disclosure Obligation

The Underwriter has determined that the Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, Section 240.15c2-12) (the "**Rule**"). The Sub District has, however, agreed to obtain and to provide certain information to UMB Bank, n.a., as trustee for the Bonds, on a [quarterly and annual] basis for dissemination to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system. A form of the Continuing Disclosure Agreement setting forth such obligations is attached hereto as "APPENDIX G—FORM OF CONTINUING DISCLOSURE AGREEMENT."

Financial Statements

In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the Sub District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. Audited financial information for District No. 2 was prepared by

Hiratsuka & Associates, L.L.P. for the fiscal year ended December 31, 2020, and such audited financial statements are attached in APPENDIX D.

Pursuant to the Indenture, the Sub District has covenanted to cause an annual audit to be performed each year commencing with fiscal year 2022 (which may consist of the presentation of such information in an audit of District No. 2) notwithstanding any State law audit exemptions that may be available.

Offering and Delivery Information

The Bonds are offered when, as, and if issued by the Sub District and accepted by the Underwriter, subject to the approving legal opinion of Bond Counsel, the form of which is set forth in APPENDIX H—FORM OF BOND COUNSEL OPINION. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about [_____], 2022*, against payment therefor.

Debt Ratios

Due to the lack of development activity in the Sub District to date, and therefore the minimal assessed valuation thereof, no debt ratio information is provided herein. See "FINANCIAL INFORMATION—Sub District Ad Valorem Property Tax Data."

Additional Information

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, INDENTURE, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: Crystal Valley Metropolitan District No. 2 Sub District, c/o White Bear Ankele Tanaka & Waldron Professional Corporation, 2154 E. Commons Avenue, Suite 2000, Centennial, Colorado, 80122, Telephone: (303) 858-1800; Piper Sandler & Co., 1200 17th Street, Suite 1250, Denver, Colorado, 80202, Telephone: (303) 405-0848; or Wells Fargo Securities, LLC, 1700 Lincoln Street, 21st Floor, Denver, Colorado, 80203, Telephone: (303) 863-6008.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

RISK FACTORS

INVESTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF INVESTMENT RISK. PROSPECTIVE INVESTORS IN THE BONDS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM AND CAREFULLY CONSIDER ALL POSSIBLE FACTORS WHICH MAY AFFECT THEIR INVESTMENT DECISION. THE RISK FACTORS DESCRIBED IN THIS SECTION SET FORTH MANY OF THE POTENTIAL RISKS OF AN INVESTMENT IN THE BONDS THAT SHOULD BE CONSIDERED PRIOR TO PURCHASING THE BONDS, BUT DOES NOT PROVIDE AN EXHAUSTIVE LIST OF SUCH FACTORS. ADDITIONAL RISK FACTORS RELATING TO THE PURCHASE AND OWNERSHIP OF THE BONDS ARE

* Preliminary; subject to change.

DESCRIBED THROUGHOUT THIS LIMITED OFFERING MEMORANDUM, WHETHER OR NOT SPECIFICALLY DESIGNATED AS RISK FACTORS. FURTHERMORE, ADDITIONAL RISK FACTORS NOT PRESENTLY KNOWN, OR CURRENTLY BELIEVED TO BE IMMATERIAL, MAY ALSO MATERIALLY AND ADVERSELY AFFECT, AMONG OTHER THINGS, SECURITY FOR THE BONDS. THERE CAN BE NO ASSURANCE THAT OTHER RISKS OR CONSIDERATIONS NOT DISCUSSED HEREIN ARE OR WILL NOT BECOME MATERIAL IN THE FUTURE.

Each prospective investor is urged to consult with its own legal, tax, and financial advisors to determine whether an investment in the Bonds is appropriate in light of its individual legal, tax and financial situation.

General

The purchase of the Bonds involves certain risk factors, which are discussed throughout this Limited Offering Memorandum, and each prospective investor should make an independent evaluation of all information presented in this Limited Offering Memorandum in order to make an informed investment decision. The Bonds should only be purchased by investors who can bear the continuing risk of an investment in the Bonds. Particular attention should be given to the risk factors described below, which, among others, could affect the payment of debt service on the Bonds when due.

Limited Offering; Restrictions on Purchase; Investor Suitability

The offering of the Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Bonds. Each purchaser must be a "financial institution or institutional investor" within the meaning of Section 32-1-103(6.5), C.R.S. Moreover, the Bonds are being issued in minimum initial denominations of $500,000.

The foregoing standards are minimum requirements for prospective purchasers of the Bonds. The satisfaction of such standards does not necessarily mean that the Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Bonds is appropriate in light of its individual legal, tax and financial situation.

No Credit Rating; Risk of Investment

The Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Bonds and must be able to bear the economic risk of such investment in the Bonds. By purchasing the Bonds, each purchaser represents that it is a "financial institution or institutional investor" within the meaning of Section 32-1-103(6.5), C.R.S., with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Bonds.

No Assurance of Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Bonds, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold the Bonds to maturity or prior redemption. Even if a secondary market exists, as with any marketable securities, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that

paid by the initial purchaser of the Bonds depending on the progress of Ridge Estates and existing real estate and financial market conditions. See also "—Restrictions on Transferability" below

Restrictions on Transferability

By their acceptance of the Bonds, each Owner acknowledges that the Bonds may be sold, transferred or otherwise disposed of only in minimum denominations of $500,000 and any integral multiple of $1,000 in excess thereof, except as otherwise provided in the Indenture. See "THE BONDS—Authorized Denominations of the Bonds."

Limited Pledged Revenue Sources; No Mortgage or Guaranty Securing Any Bonds; No Conversion to Unlimited Mill Levy

The Bonds are secured solely from and to the extent of the Pledged Revenue, all as more particularly described herein. The primary source of Sub District revenue pledged for debt service on the Bonds is expected to be revenue generated from ad valorem taxes assessed against all taxable property of the Sub District. In no event will the maximum mill levy cap applicable to the Required Mill Levy be subject to release upon the Sub District achieving any particular level of assessed valuation, and in no event will the Bonds become unlimited tax obligations of the Sub District.

The Sub District's ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the development of an adequate tax base from which the Sub District can collect sufficient property tax revenue from the imposition of the Required Mill Levy. See "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" and "—Continuation of Development Not Assured" below. The Financial Forecast (included in APPENDIX C hereto) sets forth the anticipated payment of debt service on the Bonds, based on assumptions concerning growth and residential home price appreciation in the Sub District and the mill levies imposed for payment of debt service on the Bonds. The projection of mill levies to be imposed for payment of the Bonds is dependent upon the District Debt Obligation Mill Levy projected to be imposed by District No. 2 which, in turn, is dependent upon assumptions concerning growth and residential home price appreciation in District No. 2, including properties within District No. 2 but outside the boundaries of the Sub District. See "—Risks Inherent in Financial Forecast and Market Study" and "—Dependence of Required Mill Levy on District Debt Obligation Mill Levy and Development in the District No. 2 Development" below and "APPENDIX A—RIDGE ESTATES MARKET STUDY," "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY" and "APPENDIX C—SUB DISTRICT'S FORECASTED STATEMENT OF SOURCES AND USES OF CASH."

In the event that the revenue derived from the Required Mill Levy and the other components of the Pledged Revenue is insufficient to pay the scheduled principal of and/or interest on the Bonds when due, the unpaid principal will continue to bear interest, and the unpaid interest will compound as described herein until the total repayment obligation of the Sub District for the Bonds equals the amount permitted by law, **subject to prior discharge of the Bonds as more particularly described in "—Discharge of All Bonds in 2060" below**. During this period of accrual, so long as the Sub District is enforcing collection of the Pledged Revenue, the Sub District will not be in default on the payment of such principal and interest under the Indenture, and the Owners will have no recourse against the Sub District to require such payments (other than to require the Sub District to continue to assess the Required Mill Levy and collect the revenue derived from such levy and the other components of the Pledged Revenue to the extent permitted under the Service Plan and other applicable law). In addition, the Sub District will not be liable to the Owners for unpaid principal and interest beyond the amount permitted by law and, upon payment of such permitted amount, it is possible that all Bonds may be deemed defeased. See "THE BONDS—Certain Indenture Provisions—*Events of Default*" and "*—Remedies on Occurrence of Event of Default*."

The payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any real estate or other property within the Sub District or assets of the Sub District (other than the Pledged Revenue and the funds and accounts pledged to the Bonds in the Indenture).

"Cash Flow" Nature of the Bonds; Discharge on December 1, 2060

The Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Bonds is payable on December 1 of each year commencing December 1, 2023, to the extent of moneys on deposit, if any, 45 days prior to such December 1, in accordance with the terms of the Indenture, pursuant to a mandatory redemption more particularly described in "THE BONDS—Redemption—*Mandatory Redemption*" and "—Certain Indenture Provisions—*Bond Fund; Mandatory Redemption*."

Furthermore, accrued unpaid interest on the Bonds will compound annually on each December 1. *According to the Financial Forecast attached hereto as APPENDIX C, payments of interest are expected to be made on the Bonds in [____] and no payments of principal are expected to be made on the Bonds until [____]. These dates represent only a forecast, and there is no guarantee that any payments will be made on or after such dates.* See "APPENDIX C—SUB DISTRICT'S FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS." ***Prospective purchasers are cautioned that the payment of debt service on the Bonds presented in the Financial Forecast is only a projection, based upon the assumptions set forth therein, and failure to pay such amounts on the Bonds in accordance with such projection will not constitute an event of default under the Indenture.*** See also "—Risks Inherent in Financial Forecast, Market Studies and Assessed Value Appreciation Report" below.

However, notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged, and the estate and rights thereby granted will cease, terminate, and be void.

No Acceleration; No Payment Default

The Indenture provides that acceleration of the Bonds is not an available remedy for any Event of Default under the Indenture. In addition, the Sub District's failure to pay principal and interest on the Bonds when due does not constitute an Event of Default under the Indenture so long as the Sub District is otherwise in compliance with the Indenture covenants and other provisions relating to the Pledged Revenue. See "THE BONDS—Certain Indenture Provisions—*Events of Default*" and "—*Remedies on Occurrence of Event of Default*."

Dependence of Required Mill Levy on District Debt Obligation Mill Levy and Continued Development in the District No. 2 Development

The Required Mill Levy is to equal 49.854 mills (subject to adjustment as described herein) less the District Debt Obligation Mill Levy imposed by District No. 2 for the payment of its District 2020 Bonds. The District Debt Obligation Mill Levy, as more particularly defined herein, generally includes the aggregate debt service mill levy imposed by District No. 2 each year for payment of the District 2020 Bonds and any subsequently issued general obligation debt of District No. 2. Accordingly, the number of mills available to be imposed by the Sub District as the Required Mill Levy is dependent upon the number of mills imposed by District No. 2 for such general obligation debt. [REFERENCE FORECAST EXPECTATIONS WHEN PROVIDED]

Imposition of District Debt Obligation Mill Levy by District No. 2. The Sub District does not control the number of mills imposed by District No. 2 for general obligation debt or any purpose. Pursuant to the District 2020 Bonds Indenture, District No. 2 has covenanted to impose ad valorem property taxes in the amount of up to **48 mills** (subject to adjustment for changes occurring after July 21, 2020, in the method of calculating assessed valuation) for payment of the District 2020 Bonds. Pursuant to the District IGA, District No. 2 has contractually agreed with the Sub District to not impose a District Debt Obligation Mill Levy in excess of the Maximum Permitted District Debt Service Mill Levy, generally meaning the number of mills necessary to generate ad valorem property taxes equal to 101% of the annual required debt service on the District 2020 Bonds and any subsequently issued general obligation debt of District No. 2. In addition, pursuant to the District IGA, District No. 2 has contractually agreed that it will not issue or incur any additional District Debt Obligations without the prior written consent of the Sub District, with the exception of Permitted District Debt Obligations, generally meaning refunding obligations that do not increase annual debt service. (See Appendix ___ hereto for the full definitions of Maximum Permitted District Debt Service Mill Levy and Permitted District Debt Obligations.) **The number of mills anticipated to be available to be imposed by the Sub District, and the resulting Pledged Revenue available for payment of the Bonds, is dependent upon the adherence by District No. 2 to the foregoing covenants set forth in the District IGA.** The only remedy anticipated to be available to the Sub District in the event of a violation of such covenants by District No. 2 is to file suit against District No. 2 for specific performance [CONFIRM], which may be time consuming and may not be able to successfully address: (i) a reduction in Pledged Revenues of the Sub District resulting from a lower than anticipated permitted Required Mill Levy of the Sub District in prior years, or (ii) a reduction of Pledged Revenues of the Sub District resulting from a lower than anticipated permitted Required Mill Levy of the Sub District in any year following the issuance by District No. 2 of general obligations requiring a higher than anticipated District Debt Obligation Mill Levy. [DISCUSS STATUTORY LIMIT ON DISTRICT NO. 2 TO GENERATE TAXES TO PAY JUDGMENT] However, the issuance by District No. 2 of general obligation indebtedness other than refundings will require an approving vote of eligible electors of District No. 2 and the Town's approval of an amendment to the Service Plan.

Continuation of District No. 2 Development. The number of mills required to be imposed by District No. 2 for payment of District Debt Obligations will be dependent upon the assessed valuation of property in District No. 2. The projections of the District Debt Obligation Mill Levy set forth in the Financial Forecast assume an increase in the assessed valuation of property in the District No. 2 Development, which is dependent upon the continuation of development with the District No. 2 Development (in addition to the development anticipated for Ridge Estates). [NEED FORECAST TO REFERENCE EXPECTATIONS] If any one or more of the assumptions of the Financial Forecast upon which the projected increase in assessed valuation of property in the District No. 2 are not achieved, the District Debt Obligations may be higher and, therefore, the Required Mill Levy may be lower than anticipated in the Financial Forecast; it such event, it is possible that the Bonds may not be repaid as projected in the Financial Forecast.

As of **January 1, 2022**, of the 3,093 homes planned for the District No. 2 Development (inclusive of the 142 homes planned for Ridge Estates), 2,078 homes (approximately 67.2% of the planned total) had been completed and sold to homeowners, and 930 platted lots (approximately 30.0% of the planned total) were held by the six Current Homebuilders and one custom homebuilder. In addition, according to the Town Building Division, **through March 31, 2022**, the Town had issued 90 certificates of occupancy in the District No. 2 Development for calendar year 2022. Property platted for the remaining 85 lots (or approximately 2.7% of the planned total for the District No. 2 Development) is presently owned by CVRA (property platted for 33 lots) and the Prior Land Owners (property platted for 52 lots), of which 51 lots owned by the Prior Land Owners are under contract for purchase by Toll. No other homebuilder contracts are in place with respect to the 33 lots owned by CVRA. Full build out of the District No. 2 Development is projected to occur in 2027.

Continuation of such development within the District No. 2 Development is subject to the completion of certain public infrastructure, market demand, market conditions and a variety of other factors beyond the control of the Sub District, District No. 2, CVRA, the Current Homebuilders and any other owner of property in the District No. 2 Development. According to CVRA, the infrastructure required for all lots in the District No. 2 Development previously conveyed to Current Homebuilders (excluding the 90 lots owned by Toll), has been completed, with the exception of homebuilder lot finishing costs. The costs of the infrastructure required for the 33 lots currently held by CVRA is estimated at approximately $1,750,000. For information concerning the estimated costs of public infrastructure required for Ridge Estates, see [CROSS REF].

Continuation of development in the District No. 2 Development is also subject to risks in the nature of those risks described in "—Continuation of Development of Ridge Estates Not Assured—*Other Factors Affecting Rate of Development*," —*Competition with Other Developments*," and "—*Tax Reform*" below.

Financial ForecastFinancial ForecastFinancial Forecastr

Enforceability of Bondholders' Remedies Upon Default

The remedies available to the owners of the Bonds upon a default are in many respects dependent upon judicial action, which could subject the owners of the Bonds to judicial discretion and interpretation of their rights under existing constitutional law, statutory law, and judicial decisions, including specifically the federal Bankruptcy Code. Consequently, any enforcement proceedings may entail risks of delay, and/or limitation or modification of their rights as otherwise provided under the Indenture and the Bonds. However, in addition to other legal requirements in the Federal and State laws pertaining to municipal bankruptcy, under State law, the Sub District can seek protection from its creditors under the United States Bankruptcy Code only if the Sub District can demonstrate that, in order to meet its financial obligations as they come due, the Sub District would be required to certify a property tax mill levy of 100 mills or more. The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which may limit the specific enforcement under State law of certain remedies, including, but not limited to, specific performance; to the exercise by the United States of America of the powers delegated to it by the federal constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies, in the interest of serving an important public purpose.

Discharge of All Bonds in 2060

Notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds are to be deemed discharged. Upon such discharge, the Owners will have no recourse to the Sub District or any property of the Sub District for the payment of an amount of principal of or interest on the Bonds remaining unpaid.

Additional Obligations

The Sub District may issue Additional Obligations subject to the satisfaction of certain conditions set forth in the Indenture and described in "THE BONDS—Certain Indenture Provisions—*Additional Obligations*." The Sub District's issuance of Additional Obligations (as defined in the Indenture, see also "APPENDIX E—SELECTED DEFINITIONS") is also subject to the limitations of the Sub District's Service Plan and electoral authorization.

Enforceability of Pledged Development Fees

Pledged Development Fees are a component of the Pledged Revenue pledged to the payment of the Bonds. See "THE BONDS—Security for the Bonds—*Pledged Development Fees*" for a description of the Pledged Development Fees imposed pursuant to the Fee Resolution.

Pursuant to the Fee Resolution, the Pledged Development Fees not paid when due are to constitute a statutory and perpetual lien against all applicable real property pursuant to Section 32-1-1001(1)(j)(I), C.R.S., such lien being a charge imposed for the provision of the services and facilities to the property within the Sub District which may be foreclosed by District No. 2 in the same manner as provided by the laws of the State for the foreclosure of mechanics' liens.

[An opinion of counsel to District No. 2 will be delivered to the effect that, based on the assumptions stated therein, (a) the Fee Resolution has been duly and properly adopted and comply in all material respects with the procedural rules of District No. 2 and the requirements of State law and remain in full force and effect on the date of issuance of the Bonds; (b) the Fee Resolution is in the nature of a fee permitted in Section 32-1-1001(1)(j), C.R.S., and may be pledged to the payment of the principal and interest on the Bonds; (c) the Fee Resolution is valid and enforceable and, pursuant to Section 32-1-1001(1)(j), C.R.S., from and after the date of issuance of the Bonds is to constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State for the foreclosure of mechanics' liens; (d) it is reasonable to conclude that in the event of a challenge a court would find that such perpetual lien, under existing case law, would have priority over other encumbrances on the property whether arising before or after the date of issuance of the Bonds except for liens for taxes, assessments and other governmental rates, fees, tolls and charges and (e) no election under the constitution or other laws of the State is required to impose the Fee Resolution.] [[TO DISCUSS OPINIONS RELATING TO FEE RESOLUTION AND DISTRICT IGA]]

The enforceability of fees in the nature of the Pledged Development Fees and the corresponding remedies described above are judicially untested. There is no assurance that the Pledged Development Fees would be characterized by a court of competent jurisdiction as a charge imposed for the provision of services and facilities (and, consequently, a statutorily authorized fee), nor can there be any assurance that a court would rule in favor of the enforceability of the Fee Resolution, the imposition of the Pledged Development Fees, or the statutory lien relating thereto.

Risks Related to COVID-19 (Coronavirus)

[[TO BE UPDATED PRIOR TO POSTING]]

The spread of the coronavirus disease 2019 ("**COVID-19**") is currently altering the behavior of businesses and individuals in a manner that has had, and is continuing to have, significant effects on global, national, and local economies, including the economy of the State and its local governments, as more particularly described below in "*—Economic Impact of COVID-19.*" State and local governments, including the State, have announced orders, recommendations and other measures intended to minimize interpersonal contact and slow the spread of COVID-19. As of April 16, 2021, the State has evolved into more limited COVID-19 restrictions, allowing counties to implement regulations at a local level while still maintaining some limited requirements across the State. While COVID-19 vaccines are currently being administered in Colorado, it is unclear how long widespread vaccination will take and to what degree and in what timeframe the achievement of widespread vaccination may mitigate the economic impacts of the COVID-19 pandemic.

On July 8, 2021, Governor Jared Polis issued Executive Order D 2021 122, which, in part, rescinded a prior executive order declaring a state of disaster emergency due to the presence of COVID-19. On February 25, 2022, the Centers for Disease Control and Prevention ("**CDC**") announced new mask guidelines which rate communities at low, moderate, substantial, or high risk. According to the CDC as of March 1, 2022, the County's community level is "substantial." These COVID-19 measures are changing rapidly and are subject to continual change. The Colorado Department of Public Health and Environment ("**CDPHE**") provides information relating to COVID-19 and related developments in the State on its website, https://colorado.gov/cdphe/. [1]

Property Tax Deferrals and Potential Future Orders and Legislation Affecting Property Taxes. On June 28, 2021, Governor Polis signed Senate Bill 21-279 ("**SB 21-279**"). SB 21-279 allows a board of county commissioners or the city council of any city and county, with approval of the elected county treasurer, to reduce, waive, or suspend interest accrued on delinquent property tax payments for any period of time between June 16, 2021 and September 30, 2021. Such legislation is similar to legislation that was passed in 2020 (House Bill 20-1421, which has since expired). SB 21-279 further provides that if a local taxing jurisdiction (such as the Sub District) is unable to meet bond payment obligations due to, and within the period, of the waiver or reduction of the interest rate, such jurisdiction is to provide notice to the applicable county and in such case, the applicable county is required to advance property tax amounts to the local taxing jurisdiction to pay bonded indebtedness or monthly operations costs. Such advance may not exceed 90% of the property tax due to the local taxing jurisdiction and may not exceed the shortfall. SB 21-279 was automatically repealed on December 31, 2021. The County did not elect to waive delinquent property tax interest in accordance with SB 21-279. In the event that the Governor of the State issues additional executive orders, or legislation is passed which authorizes or directs county treasurers to further extend payment deadlines, waive interest or forgive liability for property taxes or take other actions relating to the collection of property taxes, there can be no assurance that such actions would not have an adverse effect on the amount or timing of the Sub District's property tax revenue. Significant delays in the receipt of property taxes or material decreases in the amount of tax revenue received by the Sub District would affect the security for the Bonds.

Economic Impact of COVID-19. The changes in behavior of businesses and individuals in response to the spread of COVID-19, as well as mandates and recommendations by national, State and local governments to minimize interpersonal contact and slow the spread of COVID-19 has had, and is continuing to have, significant effects on global, national, and local economies, including the economy of the State and its local governments, such as the Sub District. Such effects include, but are not limited to, an increase in unemployment and unemployment insurance claims, a decline in consumer spending and a decline in certain business activities. These economic impacts may result in significant reductions in the revenues of the State and local governments and, accordingly, certain required functions, services and programs provided by such governmental entities may be delayed, deferred, reduced, suspended, discontinued or performed in a different manner than prior to the onset of the COVID-19 pandemic.

It is not possible to predict the duration or extent of the COVID-19 pandemic, the implementation, duration or expansion of executive orders, public health orders, regulations and legislation and related business closings, and the resulting future economic impacts. There can be no assurance that the spread of COVID-19 and the implementation of restrictions on a local, State and national level will not materially impact the local, State and national economies at the levels presently being experienced or at increased levels, nor can there be any assurance that such economic impacts will not have a material adverse impact

[1] References to website addresses presented herein are for informational purposes only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Limited Offering Memorandum.

on the amount of the Pledged Revenue available for payment of the Bonds or the timing of the receipt thereof.

Data and Forecasts May Not Reflect Historical and Future Impacts of COVID-19. The financial and operating data contained herein speaks only as of the dates indicated and may be for periods prior to the economic impact of COVID-19 and the measures instituted in response. Accordingly, such data may not be indicative of the current financial condition or future prospects of the Sub District.

In addition, as the scope and impact of the COVID-19 pandemic is currently unknown, assumptions, information and conclusions set forth in the Ridge Estates Market Study, the District No. 2 Development Market Study and Financial Forecast (APPENDICES A, B and C, respectively) must be read and considered in the context of the matters described herein, which may materially and adversely affect the assumptions, information and conclusions set forth in those reports.

See also "FORWARD-LOOKING STATEMENTS" at the front of this Limited Offering Memorandum.

Continuation of Development of Ridge Estates Not Assured

General. The increase in assessed valuation of property in the Sub District, as projected in the Financial Forecast, is dependent upon the continuation of development of Ridge Estates within the Sub District, which, in turn, is subject to the completion of public infrastructure necessary for Ridge Estates, market demand, market conditions and a variety of other factors beyond the control of the Sub District, CVRD, the Prior Land Owners and Toll. If any one or more of the assumptions of the Financial Forecast upon which the projected increase in assessed valuation of property in the Sub District are not achieved, it is possible that the Bonds may not be repaid as projected in the Financial Forecast.

Planned Development and Status. Ridge Estates is planned to include 142 single-family detached homes and 37.83 acres consisting of one park, open space and trails. With respect to the planned residential development, of the 142 homes planned for Ridge Estates, as of the date of this Limited Offering Memorandum, no homes have been completed and sold to homeowners. Of the 142 platted lots, 90 lots (in Filing No. 19) are currently owned by Toll and 52 lots (in Filing No. 20) are currently owned by the Prior Land Owners. CVRD has entered into Toll PSA with Toll with respect to 51 of the 52 lots in Filing No. 20 (referred to herein as the "**Phase 2 Lots**") and anticipates closing on the sale of such lots to Toll in December 2022. CVRD anticipates entering into an option agreement with the Prior Landowners with respect to the Phasee 2 Lots and intends to exercise the option to purchase such property prior to such conveyance to Toll. Full build out of Ridge Estates is projected to occur in 2027. There is no assurance that build out of Ridge Estates will occur in the timeframe anticipated herein, or at all. ***Additional Town Approvals Required***. All of the property planned for Ridge Estates has been fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy by the Town in accordance with the Town Municipal Code.

Notwithstanding any of the foregoing, no owner of property within Ridge Estates is obligated to construct residential units thereon in any particular timeframe or at all.

Ridge Estates Improvements and Water Facilities. Buildout of the Ridge Estates will require the funding and completion of additional Public Improvements (in accordance with, and subject to satisfaction of other conditions of, the applicable Development Agreement and the Ridge SIA), as well as private improvements. The estimated costs of such Public Improvements and private improvements have been estimated by CVRD at approximately $8 million for Filing No. 19 and $7.3 million for Filing No. 20, which estimates do not include the costs for the Water Facilities. No portion of the proceeds of the Bonds is

anticipated to fund the costs of the Ridge Estates Improvements. Pursuant to the Toll PSA, Toll is to be responsible for funding all costs of the Ridge Estates Improvements.

Completion of Ridge Estates will also require completion of the Water Facilities as required by the Ridge Estates Development Agreement. The Sub District has previously entered into the Escrow Agreement with the Town, pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of designing, engineering, constructing and installing the Water Facilities identified therein (the "**Project**") with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (the "**Escrow Account**") and application to the costs of the Project. The total costs of the Project are estimated [by the Town] at $[3,819,615]. The Sub District's pro rata portion of the costs of the Project in the estimated amount of $[2,181,780] will be funded from proceeds of the Bonds.

The estimates of infrastructure required for Ridge Estates described herein do not include the costs of vertical construction of any portion of Ridge Estates.

No assurance is given that the costs of Public Improvements necessary to serve Ridge Estates will not exceed the estimates provided herein. The costs of Public Improvements are subject to many factors not within the control of the parties undertaking the completion thereof, including but not limited to, labor conditions, access to and cost of building supplies, energy costs, availability and costs of fuel, transportation costs and economic conditions generally.

There can be no assurance that CVRD or Toll will fund the required horizontal infrastructure costs (as applicable) as presently anticipated or that the financial resources of such entities will be adequate to do so, and there can be no assurance that, if needed, that such entities would be able to obtain additional funding from outside sources. No independent investigation has been made of the financial resources of any of CVRD or Toll. See "RIDGE ESTATES—Status of Construction and Funding of Public and Private Improvements."

If the public infrastructure necessary to fully support all homes within Ridge Estates is not completed as anticipated herein and, as a result, build-out of Ridge Estates is not completed in the time and manner reflected in the Financial Forecast, the assessed valuation forecasted for the Sub District will not be realized in the manner forecasted. See the Financial Forecast set forth in APPENDIX C hereto for the build-out projections for residential construction within Ridge Estates and the corresponding estimated assessed valuation relating to such planned development. See also the Ridge Estates Market Study set forth in APPENDIX A.

Competition with Other Developments. Ridge Estates competes with developments in surrounding areas and can be expected to compete with existing and future developments, including the residential development within the District No. 2 Development that is outside of the Sub District, some of which are not yet known. Such competition may adversely affect the rate of development within the Sub District. See the Ridge Estates Market Study set forth in APPENDIX A hereto.

Other Factors Affecting Rate of Development. Many unpredictable factors could influence the actual rate of development and construction of homes within Ridge Estates, including prevailing interest rates, availability of development and construction funding, economic conditions generally, development and supply of residential housing in the area, availability of mortgages, federal taxation of interest on mortgages, availability of property insurance, construction costs, labor conditions and unemployment rates, access to and cost of building supplies, limitations or moratoria on building permits, availability and costs of fuel, transportation costs, and severe weather and acts of god, among other things. See also "—

Foreclosures" below, "RIDGE ESTATES—Competition" and "APPENDIX F—ECONOMIC AND DEMOGRAPHIC INFORMATION—Housing Stock" and "—Foreclosure Activity."

Tax Reform. The rate of development may also be affected by changes to the Internal Revenue Code of 1986, as amended (also referred to herein as the Tax Code) in "H.R. 1" approved by the United States Congress on December 20, 2017, and signed into law by the President on December 22, 2017. Such changes impact a number of individual income tax deductions and credits in the Tax Code, including, but not limited to, the deductions for interest on home mortgages and state and local taxes. The product type ultimately constructed in Ridge Estates and resulting initial home values, and the increase (or decrease) in residential home values during the term of the Bonds cannot be predicted and has not been assessed by the providers of the Ridge Estates Market Study or Financial Forecast.

Financial Condition of CVRA, CVRD and Current Homebuilders

There has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of CVRA, CVRD or the Current Homebuilders or of the managerial capability of the foregoing to develop and/or market (as applicable) the property within Ridge Estates or the District No. 2 Development, as applicable, as planned. Moreover, the financial circumstances of CVRA, CVRD or the Current Homebuilders may change from time to time. Continuation of the development within the Sub District and District No. 2 is dependent upon the ability of such parties to implement their respective development plans contemplated herein. Furthermore, none of CVRA, CVRD or the Current Homebuilders is under a binding obligation to develop property within the Sub District or District No. 2 as contemplated herein, nor is there any restriction on the right of CVRA, CVRD, the Current Homebuilders or any other property owner to sell any or all of its property within the Sub District or to withdraw completely from the District No. 2 Development. Prospective investors are urged to make such investigation as deemed necessary concerning the financial soundness of CVRA, CVRD and the Current Homebuilders, and their respective abilities to implement the plan of Development as described herein.

Risks Inherent in Financial Forecast and Market Studies

The Ridge Estates Market Study and the District No. 2 Development Market Study (together, the "**Market Studies**") set forth in APPENDICES A and B, respectively hereto contain certain projections regarding the pace of absorption and home values in Ridge Estates and the District No. 2 Development, respectively, which are based on certain assumptions more particularly set forth therein. The Market Studies provide an assessment of absorption and market values based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Studies. The Market Studies do not address or evaluate other factors which could impact whether Ridge Estates or the District No. 2 Development proceed as contemplated therein, including the availability of funding for funding additional infrastructure and for homebuilding, the receipt of entitlements, the completion of required infrastructure, and other matters described in "—Continued Development Not Assured" above and any changes in the methods of determining the market value of property for purposes of calculating assessed valuation, described in "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land."

The Financial Forecast (in APPENDIX C hereto) sets forth a projection of the payment of debt service on the Bonds, based on the existing assessed valuation within the Sub District, the absorption schedule and market values presented in the Ridge Estates Market Study for 142 residential units anticipated to be completed in 2023 through 2027, assumed market value increases prior to construction (2% annually) and after construction (2% biennially), an assumed level of specific ownership taxes collected on motor vehicle registrations (6% of property taxes) and other assumptions more particularly set forth therein. The

projection of the payment of debt service on the Bonds presented in the Financial Forecast assumes the imposition by the Sub District of a projected Required Mill Levy. Such projected Required Mill Levy is based upon a projection of the District Debt Obligation Mill Levy, which is based on the scheduled debt service on the District 2020 Bonds, the existing assessed valuation within District No. 2, the absorption schedule and market values presented in the District No. 2 Development Market Study for 1,015 residential units anticipated to be completed in 2022 through 2027, assumed market value increases prior to construction (2% annually) and after construction (2% biennially), an assumed level of specific ownership taxes collected on motor vehicle registrations (6% of property taxes) and other assumptions more particularly set forth therein. [CONFIRM AGAINST FINANCIAL FORECAST WHEN RECEIVED]

Actual rates of future development will be affected by many factors. No assurance can be given that the actual absorption rate of absorption for and market values of future development will be as presented in the Financial Forecast. Furthermore, no assurance is given that any of the other assumptions of the Financial Forecast will be achieved.

If any one or more of the assumptions of the Financial Forecast are not achieved, it is possible that the Bonds may not be repaid as projected in the Financial Forecast.

The information presented in "APPENDIX A—RIDGE ESTATES MARKET STUDY," "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY" and "APPENDIX C—SUB DISTRICT'S FORECASTED STATEMENT OF SOURCES AND USES OF CASH" inherently is subject to variations between the assumptions and actual results and those variations could be material. See "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" below and "FORWARD-LOOKING STATEMENTS."

The Financial Forecast, Ridge Estates Market Study and District No. 2 Development Market Study attached as APPENDICES C, B and A, respectively, hereto are an integral part of this Limited Offering Memorandum. Investors are encouraged to read the entire Limited Offering Memorandum, including the Financial Forecast and Market Studies, to obtain information essential to the making of an informed investment decision.

Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land

The owners of the Bonds are dependent upon the assessed value of property within the Sub District providing an adequate tax base from which ad valorem tax revenues are collected for the payment of debt service on the Bonds, and the assessed valuation of property within District No. 2 (in addition to the property within the Sub District) providing an adequate tax base from which ad valorem tax revenues may be collected by District No. 2 for the payment of debt service on the District Debt Obligations from a Debt Obligation Mill Levy imposed at a level that permits the imposition of the Required Mill Levy as anticipated in the Financial Forecast. The assessed value of property within the Sub District is determined by multiplying the "actual value" of the property by an assessment rate, and the "actual value" of the property is determined by the County Assessor, all as more particularly described under "FINANCIAL INFORMATION—Ad Valorem Property Taxes." Assessed valuations may be affected by a number of factors beyond the control of the Sub District. For example, property owners are allowed each year by State law to challenge the valuations of their property, and no assurance can be given that owners of property in Ridge Estates or the District No. 2 Development will not do so. Under certain circumstances, State statutes permit the owners of vacant residential property to apply to the County Assessor for discounted valuation of such property for ad valorem property tax purposes, and in certain circumstances, multi-family projects can qualify for an exemption from property taxation (although no multi-family units are planned within Ridge Estates or the District No. 2 Development). Should the actions of property owners result in lower

assessed valuations of property in Ridge Estates, the security for the Bonds would be diminished, and should the actions of property owners result in lower assessed valuations of property in the District No. 2 Development, the District Debt Obligation Mill Levy may be increased, resulting in a decrease in the number of mills permitted to be imposed by the Sub District as the Required Mill Levy. In both cases, the risk of nonpayment of the Bonds would be increased. Regardless of the actions of property owners, the values of finished lots and homes may be reduced if market prices decline due to economic factors. See also "—Foreclosures" below. Furthermore, property used for tax-exempt purposes, which could include multi-family projects owned by charitable or not-for-profit organizations, is not currently subject to taxation (although according to CVRD and CVRA, no such projects are planned within the Sub District or the larger District No. 2 Development, respectively).

In addition, the projected assessed value of property in the Sub District and the larger District No. 2 Development set forth in the Financial Forecast is based on certain assumptions as to the manner in which various properties will be assessed by the County Assessor. While these assumptions are based on information provided by the County Assessor, no assurance is given that any particular methodology presently used by the County Assessor to determine the actual value of property will continue to be used in the future. Any change in the methodology by which the actual value of property is determined could adversely affect the assessed value of property in the Sub District and the District No. 2 Development, and the property taxes that may be generated thereby.

Changes occurred in the method of calculating assessed valuation in the State for tax year 2017 and 2019 to comply with the requirements of a constitutional amendment (known as the "**Gallagher Amendment**") which has recently been repealed and previously required that the statewide residential assessed values comprise approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. See "FINANCIAL INFORMATION—Ad Valorem Property Taxes—*Assessment of Property*." The residential assessment ratio had remained at 7.96% since the 2003 levy year until the 2017 Colorado General Assembly approved a decrease in the residential assessment rate to 7.20% for property tax years commencing on and after January 1, 2017, and the 2019 Colorado General Assembly approved a decrease in the residential assessment rate to 7.15% for property tax years commencing on and after January 1, 2019.

Pursuant to the Gallagher Amendment, the residential assessment rate has decreased over time from 15.00% of statutory actual value (levy year 1989-90) to the current 7.15% (levy years 2019-20). On November 3, 2020, the State registered electors approved Amendment B, an amendment to the Colorado Constitution which repealed the Gallagher Amendment. In accordance with Amendment B, the residential assessment rate will remain 7.15% of statutory actual value unless changed by the Colorado General Assembly. Pursuant to SB20-223 Assessment Rate Moratorium & Conforming Changes, adopted by the Colorado General Assembly on June 12, 2020 (which was subject to passage of Amendment B), there is presently a moratorium on changing the ratio of valuation for assessment of any class of property, although this may be changed by future actions of the Colorado General Assembly. Regardless of any subsequent action of the Colorado General Assembly to change the residential assessment ratio, the residential assessment rate cannot be increased without the approval of Colorado voters pursuant to the State Constitution.

Senate Bill 21-293 ("**SB 21-293**"), which was signed by the Governor on June 23, 2021, among other things, designates multi-family residential real property as a new subclass of residential real property and temporarily reduces the residential assessment rates. Pursuant to SB 21-293, the assessment rate for multi-family residential property will be temporarily reduced from 7.15% to 6.8% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024. Furthermore, pursuant to SB 21-293, the assessment rate for all residential real property, other than multi-family residential real property, will be temporarily reduced from 7.15% to 6.95% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024.

The Required Mill Levy and the District 2020 Bonds Required Mill Levy are required to adjust in the event of a change in the method of calculating assessed valuation (including a change in the residential assessment rate, as described above) as more particularly specified in the definition thereof as described herein, and therefore, the amount of revenue derived therefrom is not expected to change as a result of any such change in the residential assessment ratio.

See also "APPENDIX A—RIDGE ESTATES MARKET STUDY," "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY" and "APPENDIX C—SUB DISTRICT'S FORECASTED STATEMENT OF SOURCES AND USES OF CASH."

Foreclosures

The Sub District's ability to collect property tax revenue for timely payment of the Bonds depends, among other things, upon development within the Sub District and the maintenance of an adequate tax base from which the Sub District can collect sufficient property tax revenue from the imposition of the Required Mill Levy. In the State, the foreclosure process begins when the lender informs the borrower of a default in payment. At least 30 days after the borrower is notified of such default and at least 30 days before filing a Notice of Election and Demand ("**NED**"), the lender must send the borrower a notice containing, among other things, information related to the Colorado Foreclosure Hotline, which provides mortgage modification filing assistance and counseling at no charge. Following a review of the documents by the public trustee of the county, the NED must be recorded with the county clerk and recorder no later than 10 days following the receipt of such notice. Once the NED is recorded, the property is officially in foreclosure. Such filing can be "cured" or "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Currently, the period between the recording date of the NED and the foreclosure sale at auction in the State is not less than 110 days and not more than 125 days by law, but in some cases, this period may actually last much longer.

Property owned by a lending institution as a result of foreclosure is typically resold in the market at a depressed price, resulting in a decrease in assessed valuation of the foreclosed property. In addition, a home foreclosure may have an immediate and/or long–term effect of depressing home prices in the surrounding area. The number of foreclosed homes reentering the market at lower prices may result in a reduction of demand for new construction housing, including property within Ridge Estates. Increased foreclosure rates could also cause lenders to tighten their lending practices and decrease their approvals of home loans, making it more difficult for potential homebuyers to finance home acquisitions. Such changes in lending practices could have an impact on the rate of home sales within Ridge Estates. See also "APPENDIX F—ECONOMIC AND DEMOGRAPHIC INFORMATION—Foreclosure Activity."

Enforcement of Tax Collection by County

The duty to pay property taxes does not constitute a personal obligation of the property owners within Ridge Estates. Rather, the obligation to pay property taxes is tied to the specific properties taxed, and if timely payment is not made, the obligation constitutes a lien against the specific properties for which taxes are unpaid. To enforce property tax liens, the County Treasurer is obligated to cause the sale of tax liens upon the property that is subject to the delinquent taxes, as provided by law, and the revenue derived from such sales, if any, is applied to the delinquent taxes. The County Treasurer has the power to foreclose on and cause the sale of the property that is subject to the delinquent tax, after the period allowed for the property owner to redeem such taxes, as provided by law. Such redemption period is currently three years, during which a property owner may pay all taxes due and prevent such foreclosure. Foreclosure can be a time-consuming and expensive process and does not necessarily result in recovery of all amounts due and unpaid.

In addition, the ability of the County Treasurer to enforce tax liens could be delayed by bankruptcy laws and other laws affecting creditor's rights generally. During the pendency of any bankruptcy of any property owner, the parcels owned by such property owner could be sold only if the bankruptcy court approves the sale. There is no assurance that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment.

Finally, the collection of property taxes is dependent upon the property subject to such taxes having sufficient fair market value to support the taxes which are imposed. No assurance can be given as to the future market values of property in Ridge Estates. See "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" above and "FINANCIAL INFORMATION—Ad Valorem Property Taxes."

Taxpayer Concentration

The Prior Land Owners and Toll are currently the only owners of property within the Sub District. Future sales of property within the Sub District may result in certain buyers becoming major taxpayers in the Sub District. Until such time as the concentration of property ownership within the Sub District changes, the generation of Pledged Revenue will be dependent upon a limited number of taxpayers for timely payment of property taxes.

Property taxes on land are not personal obligations of the Prior Land Owners, Toll or any other property owner. No party has guaranteed the payment of the principal of or interest on the Bonds, and no financial information regarding the Prior Land Owners, Toll or any other entity which may develop property within Ridge Estates is provided in this Limited Offering Memorandum. See also "—Development Not Assured" and "—Financial Condition of CVRA, CVRD and Current Homebuilders" above.

Directors' Private Interests

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. According to disclosure statements filed with the Secretary of State by members of the Board prior to taking any official action relating to the Bonds, all of the directors are homeowners within District No. 2 and have no relevant conflicts.

Legal Constraints on Sub District Operations

Various State laws and constitutional provisions govern the assessment and collection of ad valorem property taxes and the issuance of bonds and impose limitations on revenues and spending of the State and local governments, including the Sub District, and limit rates, fees and charges imposed by such entities. State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds. There can be no assurance that there will not be changes in interpretation of, or additions to, the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the Sub District.

Lack of Operating History

The Sub District was organized on September 14, 2020, and therefore has a limited operating history. Until the Sub District's assessed valuation increases to sufficient levels to generate tax revenues to pay operational and debt service expenses, which is not guaranteed to occur, the Sub District expects to be reliant on advances made by District No. 2 pursuant to the District IGA with respect to operational expenses.

Future Changes in Law

Various State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds and various agreements described herein. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the Sub District, CVRD or Toll.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the "**Service**") has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the Sub District, for the purpose of determining whether the Service agrees (a) with the determination of bond counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the Sub District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Indenture does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. If the Service audits the Bonds, under current audit procedures the Service will treat the Sub District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the Sub District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the Sub District, the Municipal Advisor, the Underwriter or Bond Counsel is obligated to pay or reimburse the owner of any Bond for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

There can be no assurance that an audit by the Service of the Bonds will not be commenced. However, the Sub District has no reason to believe that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Bonds. See also "TAX MATTERS" herein.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. See "—Continuation of Development Not Assured—*Tax Reform*." Such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any potential, proposed or pending legislation, regulatory initiatives or litigation.

THE BONDS

Description

The Bonds will be issued in the principal amount, and will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the details and conditions of the Bond issue, reference is made to the Indenture, a copy of which is available from the Underwriter prior to delivery of the Bonds. See "INTRODUCTION—Additional Information."

Sources of Payment

The Bonds are "cash flow" limited tax general obligations of the Sub District secured by and payable from the Pledged Revenue, which consists of the following revenues: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Pledged Development Fees; and (d) any other legally available moneys which the Sub District determines, in its absolute discretion, to credit to the Bond Fund.

See "APPENDIX E—SELECTED DEFINITIONS" for definitions of the capitalized terms used above and otherwise throughout this Limited Offering Memorandum. See also "—Security for the Bonds" below.

Authorized Denominations of the Bonds

The Bonds are being issued in "**Authorized Denominations**," defined in the Indenture to mean the denomination of $500,000 or any integral multiple of $1,000 in excess thereof, provided that no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date. Notwithstanding the foregoing, in the event a Bond is partially redeemed and the unredeemed portion is less than $500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than $500,000, in integral multiples of not less than $1,000 each or any integral multiple thereof.

Payment of Principal and Interest

The Bonds will bear interest at the rates set forth on the front cover hereof, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor on each December 1, commencing December 1, [____] (each an "**Interest Payment Date**").

To the extent principal of any Bond is not paid when due, such principal is to remain Outstanding until paid and is to continue to bear interest at the rate then borne by the Bond; **provided that notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds will be deemed discharged**. To the extent interest on any Bond is not paid when due, such interest is to compound annually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything in the Indenture to the contrary, the Sub District is to not be obligated to pay more than the amount permitted by law and the 2021 Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the Sub District of such amount.

The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the Sub District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for will cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and is to be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest.

Payments for the principal of and interest on the Bonds will be made as described in "APPENDIX I—BOOK-ENTRY-ONLY SYSTEM."

"Cash Flow" Nature of the Bonds; Discharge on December 1, 2060

The Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Bonds is payable annually on each December 1 from, and to the extent of, Pledged Revenue on deposit, if any, in the Mandatory Redemption Account of the Bond Fund 45 days prior to such December 1, in accordance with the terms of the Indenture, pursuant to a special mandatory redemption more particularly described in "—Redemption—*Mandatory Redemption*" and "Certain Indenture Provisions—*Bond Fund; Mandatory Redemption*" below.

Notwithstanding anything in the Indenture to the contrary, in the event that, on December 1, 2060, any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor in accordance with the Indenture, the Bonds and the lien of the Indenture securing payment thereof will be deemed discharged.

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the Sub District, as a whole or in integral multiples of $1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the Sub District shall determine and by lot within maturities), on _____ 1, 20__, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	**Redemption Premium**
	[___]%

Mandatory Redemption. The Bonds are subject to mandatory redemption in part by lot on December 1 of each year (each a "**Mandatory Redemption Date**"), commencing December 1, 2022, to the extent of moneys on deposit, if any, in the Mandatory Redemption Account of the Bond Fund 45 days prior to the applicable Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Bonds to be redeemed as set forth in the Indenture, at a redemption price (the "**Mandatory Redemption Price**") equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date. The Sub District acknowledges and agrees in the Indenture

that, notwithstanding anything in the Indenture to the contrary, borrowed moneys are not to be used for the purpose of redeeming principal of the Bonds pursuant to this section

Redemption Procedure and Notice. If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed are to be selected by lot prior to the date fixed for redemption, in such manner as the Trustee is to determine. The Bonds are to be redeemed only in integral multiples of $1,000. In the event a Bond is of a denomination larger than $1,000, a portion of such Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Bond is to be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by $1,000. In the event a portion of any Bond is redeemed, the Trustee is to, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 20 days prior to the redemption date to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the Sub District by the Trustee. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, is to not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice is to be specifically subject to the deposit of funds by the Sub District. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Security for the Bonds

Property Tax Revenues. The Indenture defines "**Property Tax Revenues**" to mean all moneys derived from imposition by the Sub District of the Required Mill Levy. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Property Tax Revenues do not include specific ownership tax revenues.)

The Bonds are not secured by property lying within the Sub District, but rather by, among other things, the Sub District's obligation under the Indenture to annually determine and certify a rate of levy, equal to the Required Mill Levy, for ad valorem property taxes to the County, in an amount sufficient to pay, along with other legally available revenues, the principal of and interest on the Bonds. The Indenture provides that in the event any ad valorem taxes are not paid when due, the Sub District is to diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed. See "*—Covenant to Impose the Required Mill Levy*" below and "RISK FACTORS—Enforcement of Tax Collection by County."

Definition of Required Mill Levy. "**Required Mill Levy**" is defined in the Indenture to mean an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Sub District each year in an amount equal to (i) 49.854 mills less the District Debt Obligation Mill Levy for such year, or (ii) such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Bond Fund, will pay the Bonds in full in the year such levy is collected; provided however, that:

(a) in the event that the method of calculating assessed valuation is changed after July 21, 2020, the mill levy of 49.854 mills provided in the Indenture (less the District Debt Obligation Mill Levy) shall be increased or decreased to reflect such changes, such increases or 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 mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation); and

(b) notwithstanding anything in the Indenture to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause the Sub District to derive tax revenue in any year in excess of the maximum tax increases permitted by the Sub District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the Sub District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

District Debt Obligation Mill Levy. "**District Debt Obligation Mill Levy**" is defined in the Indenture to mean the sum of the District 2020 Bonds Required Mill Levy and any other ad valorem property tax levy required to be imposed by District No. 2 for the payment of District Debt Obligations. "**District 2020 Bonds Required Mill Levy**" is defined in the Indenture to mean the "Required Mill Levy" required to be imposed by District No. 2 in accordance with the District 2020 Bonds Indenture.

Pursuant to the District 2020 Bonds Indenture, District No. 2 has covenanted to impose ad valorem property taxes in the amount of up to **48 mills** (subject to adjustment for changes occurring after July 21, 2020, in the method of calculating assessed valuation) for payment of the District 2020 Bonds. The actual number of mills required to be imposed by District No. 2 for payment of the District 2020 Bonds and any other general obligation indebtedness of District No. 2 will be dependent upon the scheduled debt service payments and the certified assessed valuation of District No. 2 in each year. The Financial Forecast includes a projection of the anticipated District Debt Obligation Mill Levy in each year for the purpose of projecting the Required Mill Levy in each year. As reflected in the Financial Forecast [COMPLETE WITH PROJECTIONS]

In the District IGA, District No. 2 acknowledges that: (i) as a result of the limitations of the Service Plan, the number of mills that the Sub District may impose in any year for payment of the Bonds and any Sub District Refunding Bonds is dependent upon the number of mills imposed by District No. 2 for payment of the District Debt Obligations; (ii) the Sub District has evaluated the feasibility of payment of the Bonds based upon certain assumptions regarding the District Debt Obligations, including District No. 2's covenant that it will not issuer or incur any additional District Debt Obligations without the prior written consent of the Sub District, provided that District No. 2 may issue Permitted District Debt Obligations without the consent of the Sub District; and (iii) in the event that District No. 2 imposes a mill levy for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy(defined below), the number of mills that may be imposed by the Sub District for the payment of the Bonds (and any subsequently issued Sub District Refunding Bonds) may be materially adversely affected, which could materially adversely affect the ability of the Sub District to pay the Bonds (and any subsequently issued Sub District Refunding Bonds) when due. Accordingly, District No. 2 covenants in the District IGA that, without the prior written consent of the Sub District, District No. 2 will not impose ad valorem property taxes for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy. In connection with the foregoing covenant of District No. 2, the following capitalized terms are assigned the meanings set forth below in the District IGA.

"*Annual District Debt Obligation Requirements*" means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest to become due and payable on the District 2020 Bonds and any other District Debt Obligations in such calendar year, whether at maturity or upon earlier mandatory redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any District Debt Obligation Documents, the amount (if any) necessary to replenish any reserve fund held under any District Debt Obligation Document to the amount required by the applicable District Debt Obligation Document, and any other Financing Costs anticipated to be payable in such calendar year with respect to the District 2020 Bonds and any other District Debt Obligations, in accordance with the District Debt Obligation Documents, as applicable, ***but less*** any amount then held under any reserve fund securing the District Debt Obligation Documents funded from proceeds of the District Debt Obligations which is available for the payment of such Financing Costs in the applicable calendar year, to the extent such amounts are permitted under the applicable District Debt Obligation Documents to be taken into account in the calculation of the applicable District Debt Obligation Mill Levy.

"*District Debt Obligation Documents*" means any resolution, indenture, loan agreement or other instrument or agreement pursuant to which District Debt Obligations are issued or incurred.

"*Financing Costs*" means the principal and redemption price of, and interest and premium on, the District 2020 Bonds and any other District Debt Obligations, required deposits to or replenishments of funds or accounts securing the District 2020 Bonds and any other District Debt Obligations, and customary fees and expenses relating to the District 2020 Bonds and any other District Debt Obligations (including, but not limited to, fees of a trustee, paying agent, and rebate agent) and any reimbursement due to a provider of liquidity or credit facility securing any District Debt Obligations, all in accordance with the District Debt Obligation Documents, as applicable, including the principal and interest components of any mandatory redemption payments as provided in the District 2020 Bonds and any other District Debt Obligation Documents, but excluding the principal amount of any District Debt Obligations to be optionally redeemed in the applicable calendar year.

"*Maximum Permitted District Debt Service Mill Levy*" means, for each calendar year, the number of mills which, if imposed by District No. 2 for collection in the succeeding calendar year (referred to herein as the "**Collection Year**"), would be sufficient to generate ad valorem property tax revenues equal to 101% of the Annual District Debt Obligations Requirements for such Collection Year.

Covenant to Impose the Required Mill Levy. The Indenture provides that for the purpose of paying the principal of, premium if any, and interest on the Bonds, the Board is to annually determine and certify to the Board of County Commissioners for the County, in each of the years 2022 through [2051], inclusive (for tax collection in years 2023 through [2052], inclusive), and in any year thereafter in which the Bonds remain Outstanding, in addition to all other taxes, the Required Mill Levy, subject to the following paragraph. Nothing in the Indenture is to be construed to require the Sub District to levy an ad valorem property tax for payment of the Bonds in excess of the Required Mill Levy. When collected, the taxes levied for the foregoing purposes are to be deposited with the Trustee in accordance with the Indenture.

Notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Sub District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the Sub District or any property of the Sub District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

The Indenture further provides that it is the duty of the Board, annually, at the time and in the manner provided by law for levying other Sub District taxes, to ratify and carry out the provisions of the Indenture with reference to the levying and collection of taxes; and the Board is to levy, certify, and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium, if any, and interest on the Bonds.

Specific Ownership Tax Revenues. "**Specific Ownership Tax Revenues**" is defined in the Indenture to mean the specific ownership taxes remitted to the Sub District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy. The Indenture provides that the portion of the Specific Ownership Tax Revenues which is collected as a result of the imposition of the Required Mill Levy are to be a component of the Pledged Revenue. Pursuant to Section 42-3-107, C.R.S., specific ownership tax is collected by all counties and distributed to every taxing entity within a county, such as the Sub District, in the proportion that the taxing entity's ad valorem taxes represents of the cumulative amount of ad valorem taxes levied county-wide. All motor vehicles in the State—which includes trucks, cars, trailers, and certain special mobile machinery (including self-propelled construction equipment)—are divided into classes, and specific ownership taxes are imposed based on the particular class of the motor vehicle. For example, specific ownership tax is currently imposed on passenger vehicles at a graduated rate which varies from 2.1% of taxable value in the first year of ownership to $3 per year in the tenth year of ownership and thereafter. Changes in State law pursuant to which the specific ownership tax is collected and distributed are not within the control of the Sub District, and could result in a decrease in the present specific ownership tax rates and, as a result, the amount of Specific Ownership Tax Revenues received by the Sub District and payable to the Trustee in accordance with the Indenture.

Only the portion of the specific ownership tax that is collected from property within the boundaries of the Sub District as a result of the imposition of the Required Mill Levy is pledged to the payment of the Bonds. See "FINANCIAL INFORMATION—Specific Ownership Taxes."

Pledged Development Fees. "**Pledged Development Fees**" is defined in the Indenture to mean the Development Fees (whether such Development Fees are collected directly by the Sub District or received from District No. 2 in accordance with the District IGA), but solely to the extent collected with respect to the property located within the boundaries of the Sub District, and including, but not limited to, the revenue derived from any action to enforce the collection of such Development Fees, and the revenue derived from the sale or other disposition of property acquired by District No. 2 or the Sub District from any action to enforce the collection of such Development Fees.

"**Fee Resolution**" is defined in the Indenture to mean, collectively, the Third Amended and Restated Joint Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on July 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020, and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021.

Pursuant to Section 32-1-1001(1)(j), C.R.S., the Districts are authorized to fix fees, rates, tolls, charges and penalties for services or facilities provided by the Districts which, until paid, are to constitute a perpetual lien on and against the property served. The Service Plan similarly permits the imposition of such fees and rates for services and facilities provided by the Districts. Pursuant to the Fee Resolution, all fees and charges are imposed by District No. 2 for services and facilities provided to or for the benefit of the Sub District. However, in connection with the issuance of the Bonds, the Sub District and District No. 2 entered into the District IGA, pursuant to which District No. 2 pledged certain Development Fees collected within the boundaries of the Sub District to the Sub District. Under the Fee Resolution, District

No. 2 authorizes the imposition of fees and charges against all property which is now and in the future within the boundaries of the Sub District, as such boundaries may be adjusted in the future (the "**Legal Boundaries**"). The Fee Resolution, as amended, establishes a one-time Development Fee for all residential dwelling units within the Legal Boundaries of $2,430 for all residential detached dwelling units and $1,390 for all multi-family attached dwelling units. The Fee Resolution also establishes a one-time Development Fee for all property developed for commercial uses within the Legal Boundaries at an SFE rate of $2,430 and is to be applied to all commercial property on the basis of 4 SFEs per each acre of commercial property or $9,724 per acre of zoned commercial property. The Development Fees are due no later than the date a building permit is obtained for the applicable property.

The Indenture provides that the Sub District covenants that it will not, without the prior written approval of the Consent Parties with respect to 100% in aggregate principal amount of Bonds then outstanding, amend or modify or consent to the amendment or modification of the Fee Resolution, if such amendment or modification would have a materially adverse effect on the Pledged Development Fees.

"**District IGA**" is defined in the Indenture to mean the "Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues" dated [June 15], 2022, entered into between District No. 2 and Sub District. Pursuant to the District IGA, District No. 2 has pledged the Development Fees collected within the boundaries of the Sub District to the Sub District for the payment of the Bonds. Pursuant to the District IGA, District No. 2 assigns, transfers and conveys to the Sub District and the Sub District thereby accepts, all right, title and interest of District No. 2 in and to all Pledged Development Fees. Notwithstanding the assignment of all Pledged Development Fees by District No. 2 to the Sub District, the Sub District in the District IGA engages District No. 2 for the purpose of collecting the Pledged Development Fees on behalf of the Sub District. District No. 2 agrees to collect the Pledged Development Fees on behalf of the Sub District in the same manner as District No. 2 collects all other Development Fees, in accordance with the Fee Resolution and such procedures as may be adopted by District No. 2 from time to time. District No. 2 agrees to remit all revenues comprising Pledged Development Fees to the Trustee, or as otherwise directed by the Sub District, no less frequently than quarterly.

The District IGA provides that District No. 2 acknowledges that the Pledged Development Fees constitute the sole property of the Sub District and that the obligation of District No. 2 under the District IGA to remit the Pledged Development Fees in accordance with the provisions thereof is not subject to any rights of setoff, counterclaim, estoppel, or other defense.

In the District IGA, District No. 2 covenants that it will not, without the consent of the Sub District: (i) reduce the amount of the Development Fees to be collected within the boundaries of the Sub District; or (ii) amend or supplement the Fee Resolution in any way which would materially adversely affect the amount or timing of Pledged Development Fees to be collected; provided, however, that nothing in the District IGA is to prevent District No. 2 from increasing the amount of the Development Fees, or from taking actions which solely impact revenues resulting from the Development Fees to be collected from property outside the boundaries of the Sub District without the consent of the Sub District.

Certain Indenture Provisions

The following is a description of certain provisions of the Indenture and is subject in all respects to the more specific provisions of the Indenture. See "APPENDIX E—SELECTED DEFINITIONS" for definitions of certain capitalized terms used below and elsewhere in this Limited Offering Memorandum.

Creation of Funds and Accounts. Under the Indenture, there are created and established the following funds and accounts, which are to be established with the Trustee and maintained by the Trustee in accordance with the provisions of the Indenture:

(a) the Bond Fund and, therein the Interest Account and the Mandatory Redemption Account; and

(b) the Costs of Issuance Fund.

Application of Pledged Revenue. The Sub District is to transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the Sub District, subject to the last paragraph of this Section 3.04; provided, however, that in the event that the total amount of Pledged Revenue received by the Sub District in a calendar month is less than $50,000, the Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the Sub District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than October 15th for Pledged Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). IN NO EVENT IS THE SUB DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. The Trustee is to credit all Pledged Revenue as received in the following order of priority (excluding the Pledged Revenue described in clause (d) of the definition thereof, which is to be deposited directly to the Bond Fund). For purposes of the following, when credits to more than one fund, account, or purpose are required at any single priority level, such credits are to rank pari passu with each other.

FIRST: To the Trustee, in an amount sufficient to pay Trustee Fees (as defined in "APPENDIX E—SELECTED DEFINITIONS" hereto) then due and payable;

SECOND: To the credit of the Bond Fund and any other fund or account created for the payment of the principal of, premium if any, and interest on Parity Bonds, including any sinking fund, reserve fund, surplus fund or similar fund or account established therefor, pro rata in accordance with the then outstanding principal amounts of the Bonds and any Parity Bonds, all Pledged Revenue received until the funding of all amounts to become due and payable on the Bonds and the Parity Bonds through maturity; and

THIRD: To the Sub District, for credit to any other fund or account as may be designated by the Sub District in writing to the Trustee, to be used for any lawful purpose, any Pledged Revenue received for the remainder of the Bond Year after the payments and accumulations set forth above (which revenues, upon disbursement to or at the direction of the Sub District in accordance with this clause THIRD, is to be released from the lien under the Indenture and is to thereafter no longer constitute "Pledged Revenue" under the Indenture).

In the event that any Pledged Revenue is available to be disbursed in accordance with clause THIRD above, the Sub District will, in making its determination as to the application of such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue from a debt service mill levy, and any then existing pledge or encumbrance on such revenues. For purposes of determining the nature of the Pledged Revenue available for disbursement pursuant to THIRD above, the Pledged Revenue applied in FIRST and SECOND above is deemed to be funded, first, from Property Tax Revenues resulting from imposition of the Required Mill Levy; and second, from Specific Ownership Tax Revenues resulting from imposition of the Required Mill Levy.

The Sub District covenants that all property tax revenue collected by the Sub District from a debt service mill levy, or so much thereof as is needed, is to first be designated as Property Tax Revenues unless

and until the Sub District has funded the full amount outstanding with respect to the Bonds and any Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Parity Bonds). The debt service property tax levy imposed for the payment of Subordinate Obligations is to be deemed reduced to the number of mills (if any) available for payment of such Subordinate Obligations in any Bond Year after first providing for the payment or funding of the full amount outstanding with respect to the Bonds and any Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Parity Bonds).

Bond Fund. Subject to the receipt of sufficient Pledged Revenue, there is to be credited to the Bond Fund each Bond Year an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Fund (but *not* including moneys deposited thereto from other funds pursuant to the terms of the Indenture), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the Bond Year in which the credit is made.

Moneys in the Bond Fund (*including* any moneys transferred thereto from other funds pursuant to the terms of the Indenture) are to be used by the Trustee solely to pay the principal of, premium if any, and interest on the Bonds, in the following order.

First, to the credit of the Interest Account, the amount required for amounts on deposit therein to equal the interest payable on the Bonds in such Bond Year; and

Second, to the credit of the Mandatory Redemption Account, all remaining Pledged Revenue credited to the Bond Fund for such Bond Year.

On each Interest Payment Date, the Trustee is to apply amounts on deposit in the Interest Account to the payment of interest on the Bonds (including current interest, accrued but unpaid interest and unpaid compound interest, and including the accrued interest portion of any Mandatory Redemption Price) then due.

On the 45th day prior to each Mandatory Redemption Date, the Trustee is to determine the amounts on deposit in the Mandatory Redemption Account available for application to redemption of the Bonds in accordance with the Indenture, taking into account any requirements of the Indenture with respect to the amount to be redeemed. The Trustee is to provide notice of the mandatory redemption to occur on each Mandatory Redemption Date as a result of amounts credited to the Mandatory Redemption Account, as provided in Indenture, as described above in "—Redemption—*Redemption Procedure and Notice*."

On each Mandatory Redemption Date, the Trustee is to apply amounts on deposit in the Mandatory Redemption Account to the payment of the principal portion of any Mandatory Redemption Price.

Moneys credited to the Bond Fund may be invested or deposited as provided in the Indenture.

The Sub District acknowledges and agrees that, notwithstanding anything in the Indenture to the contrary, borrowed moneys are to not be used for the purpose of redeeming principal of the Bonds pursuant to the Indenture and described above in "—Redemption—*Mandatory Redemption*."

Costs of Issuance Fund. The Costs of Issuance Fund is to be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund are to be applied by the Trustee at the direction of the Sub District in accordance with the closing memorandum prepared by the Underwriter, which summarizes the approved costs of issuance, or other direction of the Sub District, to the payment of costs in connection with the issuance of the Bonds, including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter's counsel and other counsel, the fees and

expenses of the Sub District's accountant, manager, special consultants, and other professionals, the costs of the Trustee, and other costs and expenses of the Sub District relating to the issuance of the Bonds, and to Trustee Fees due with respect to services to be provided through the second anniversary of the date of issuance of the Bonds. The Trustee may rely conclusively on any such direction and is to not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the Bonds are to be transferred by the Trustee into the Bond Fund.

Trustee's Fees, Charges and Expenses. The Sub District is to pay the Trustee's fees for services rendered under the Indenture in accordance with its then-current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by the Indenture and in or about the exercise and performance of the powers and duties of the Trustee thereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

Additional Covenants and Agreements of the Sub District in Indenture. The Sub District irrevocably covenants in the Indenture and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

(a) The Sub District will maintain its existence and is to not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the Bonds, and will continue to operate and manage the Sub District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) At least once a year the Sub District will cause an audit to be performed of the records relating to its revenues and expenditures (which may consist of the presentation of such information in an audit of District No. 2), and the Sub District is to use its best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. The foregoing covenant is to apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the Sub District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(c) The Sub District will carry general liability, public officials' liability, and such other forms of insurance on insurable Sub District property upon the terms and conditions, and in such amount, as in the judgment of the Sub District will protect the Sub District and its operations.

(d) Each Sub District official or other person having custody of any Sub District funds or responsible for the handling of such funds, will be bonded or insured against theft or defalcation at all times.

(e) In the event any ad valorem taxes are not paid when due, the Sub District is to diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed.

(f) In the event that any amount of the Pledged Revenue is released to the Sub District as provided in THIRD under "Application of Pledged Revenue" described above, the Sub District will, in making its determination as to which obligations will be paid with such amounts, take into

account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.

(g) Subject to Owners of a majority in aggregate principal amount of Bonds assuming control of the enforcement of remedies upon default, the Sub District will cause District No. 2 to enforce the collection of all Pledged Development Fees in such time and manner as the Sub District reasonably determines will be most efficacious in collecting the same (including without limitation the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith), will enforce the covenants of District No. 2 in the District IGA pertaining to the issuance of additional District Debt Obligations and the limitation of the District Debt Obligation Mill Levy to not in excess of the Maximum Permitted District Debt Service Mill Levy, and will diligently pursue all reasonable remedies available to the Sub District with regard to such enforcement, whether at law or in equity. The Sub District will not take any of the following actions without the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding: (i) consent to the reduction of the amount of the Development Fees or an amendment or supplement to the Fee Resolution in any way which would materially adversely affect the amount or timing of Pledged Development Fees to be collected, (ii) consent to the issuance of District Debt Obligations not constituting Permitted District Debt Obligations, (iii) consent to the imposition of a District Debt Obligation Mill Levy in excess of the Maximum Permitted District Debt Service Mill Levy, or (iv) amend or supplement the District IGA in any way which would materially adversely affect the amount of revenues to be paid to or on behalf of the Sub District thereunder, or would permit the issuance of District Debt Obligations in addition to those presently constituting Permitted District Debt Obligations.

Additional Obligations. After issuance of the Bonds, no Additional Obligations may be issued except in accordance with the provisions of the Indenture, described below. The Indenture does not limit the issuance or incurrence of obligations not included within the definition of Additional Obligations (as defined in "APPENDIX E—SELECTED DEFINITIONS" hereto). The Indenture provides that the Sub District is to not incur, assume, or suffer to exist any liens or encumbrances upon the ad valorem tax revenues of the Sub District or the Pledged Revenue or any part superior to the lien thereof of the Bonds.

Permitted Refunding Parity Bonds. The Sub District may issue Additional Obligations constituting Refunding Parity Bonds (as defined in the Indenture and APPENDIX E hereto) if such issuance is consented to by the Consent Parties with respect to 100% in aggregate principal amount of the Bonds then Outstanding, provided that, with or without such consent, District No. 2 may issue Refunding Parity Bonds if each of the following conditions is met as of the date of issuance of such Refunding Parity Bonds:

(a) the Effective Interest Rate of such Refunding Parity Bonds will be at least 25 basis points less than the Effective Interest Rate of the obligations refunded (in both cases calculated as of the date of such issuance of Refunding Parity Bonds and, in the case of the refunded obligations, calculated without giving effect to the refunding); and

(b) in the event that the Refunding Parity Bonds are secured by a lien on ad valorem property taxes of the Sub District, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Refunding Parity Bonds, together with the Required Mill Levy required to be imposed under the Indenture, is to not be higher than the maximum mill levy set forth in the definition of the Required Mill Levy in the Indenture, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued is to provide that any ad valorem property taxes imposed for the payment of such Refunding Parity Bonds are to be applied in the same manner and priority as provided in the Indenture with respect to the Pledged Revenue.

Subordinate Obligations. The Sub District may issue Additional Obligations constituting Subordinate Obligations if such issuance is consented to by the Consent Parties with respect to 100% in aggregate principal amount of the Bonds then Outstanding, provided that, with or without such consent, the Sub District may issue Subordinate Obligations if each of the following conditions are met as of the date of issuance of such Subordinate Obligations:

(a) the aggregate number of mills which the Sub District promises to impose for payment of all Subordinate Obligations (including the Subordinate Obligations proposed to be issued) does not exceed 49.854 mills less the District Debt Obligation Mill Levy for such year (adjusted as described in clause (a) of the definition of the Required Mill Levy under the Indenture), less the Required Mill Levy required to be imposed under the Indenture and the mill levy required to be imposed for the payment of any Parity Bonds;

(b) the failure to make a payment when due on the Subordinate Obligations is to not constitute an event of default under the Indenture; and

(c) the Subordinate Obligations are to be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year, and only after the payment or defeasance of the full amount of the Bonds.

A written certificate by the President or Treasurer of the Sub District that the conditions set forth in the Indenture (and described above) are met is to conclusively determine the right of the Sub District to authorize, issue, sell, and deliver Additional Obligations in accordance with the Indenture.

Nothing in the Indenture is to affect or restrict the right of the Sub District to issue or incur obligations that are not Additional Obligations under the Indenture.

Events of Default. The Indenture provides that the occurrence of any one or more of the following events or the existence of any one or more of the following conditions is to constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it is to be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there is to be no default or Event of Default under the Indenture except as described below:

(a) The Sub District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required under the Indenture;

(b) The Sub District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Sub District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to the Indenture;

(c) The Sub District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged in the Indenture that due to the limited nature of the Pledged Revenue the failure to pay the principal of or interest on the Bonds when due is not to, of itself, constitute an Event of Default thereunder. WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE INDENTURE, THE SUB DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE CONSTITUTES A VIOLATION OF THE TERMS OF THE

INDENTURE AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH IS TO ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE SUB DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE INDENTURE. THE SUB DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS OF THE INDENTURE WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT IS ANY PROVISION OF THE INDENTURE BE INTERPRETED TO PERMIT THE SUB DISTRICT TO RETAIN ANY PORTION OF THE PLEDGED REVENUE.

It is also acknowledged in the Indenture that the Sub District is not to be required to impose the Required Mill Levy pursuant to the terms of the Indenture for payment of the Bonds after December 2059 (for collection in calendar year 2060).

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Indenture provides that the Trustee is to have the following rights and remedies which may be pursued:

Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee is to be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the Sub District; but notwithstanding the appointment of any receiver or other custodian, the Trustee is to be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the Indenture to, the Trustee.

Suit for Judgment. The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, the Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, is to deem appropriate.

Mandamus or Other Suit. The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No recovery of any judgment by the Trustee will in any manner or to any extent affect the lien of the Indenture or any rights, powers, or remedies of the Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners will continue unimpaired as before.

If any Event of Default under the Indenture described in paragraph (a), (b) or (c) in "*—Events of Default*" above is to have occurred and if requested by the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, the Trustee is to be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by Counsel, is to deem most expedient in the interests of the Owners, subject to the Indenture; provided that the Trustee at its option is to be indemnified as provided in the Indenture.

Notwithstanding anything in the Indenture to the contrary, acceleration of the Bonds is <u>not</u> an available remedy for an Event of Default.

The Consent Parties of a majority in aggregate principal amount of the Bonds then Outstanding are to have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided that such direction is to not be otherwise than in accordance with the provisions of the Indenture; and provided further that at its option the Trustee is to be indemnified as provided in the Indenture.

No Owner of any Bond is to have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which under that Section it is deemed to have notice; (b) such default is to have become an Event of Default; (c) the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding are to have made written request to the Trustee and are to have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, and are to have also offered to the Trustee indemnity as provided in the Indenture; and (d) the Trustee is to thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of Bonds is to have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Indenture by his, her, its, or their action, or to enforce any right thereunder except in the manner therein provided and that all proceedings at law or in equity are to be instituted, had, and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences, and is to do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of all the Bonds then Outstanding; provided however, that there is not be waived without the consent of the Consent Parties with respect to one hundred percent (100%) of the Bonds then Outstanding as to which the Event of Default exists any Event of Default under the Indenture described in paragraph (a), (b) or (c) in "*—Events of Default*" above. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default are to have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the Sub District, the Trustee, and the Owners are to be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission is to extend to any subsequent or other default, or impair any right consequent thereon.

Indenture Supplements. Subject to the provisions of the Indenture, the Sub District and the Trustee may, without the consent of or notice to the Owners or Consent Parties, enter into such indentures supplemental thereto, which supplemental indentures are to thereafter form a part thereof, for any one or more of the following purposes: (a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds; (b) to subject to the Indenture additional revenues, properties, or collateral; (c) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and (d) to qualify the Indenture under the Trust Indenture Act of 1939.

Except for supplemental indentures delivered pursuant to the foregoing sentence, and subject to the provisions of the Indenture, the Consent Parties with respect to not less than a majority (or for modifications

of provisions of the Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding are to have the right, from time to time, to consent to and approve the execution by the Sub District and the Trustee of such indenture or indentures supplemental thereto as are to be deemed necessary or desirable by the Sub District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing contained in the Indenture is to permit, or be construed as permitting: (i) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon; (ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due; (iii) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or (iv) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

Discharge of the Lien of the Indenture. If the Sub District pays or causes to be paid to the Trustee, for the Owners of the Bonds, the principal of and interest to become due thereon at the times and in the manner stipulated in the Indenture, and if the Sub District is to keep, perform, and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by the Indenture to be paid are to have been paid, then these presents and the estate and rights thereby granted are to cease, terminate, and be void, and thereupon the Trustee is to cancel and discharge the lien of the Indenture, and execute and deliver to the Sub District such instruments in writing as are to be required to satisfy the lien thereof, and assign and deliver to the Sub District any property at the time subject to the lien of the Indenture which may then be in its possession, and deliver any amounts required to be paid to the Sub District under the Indenture, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Bonds.

Any Bond is to, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Indenture if, for the purpose of paying such Bond (a) there has been deposited with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (b) there has been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be invested) to pay the principal of, premium if any, and interest on such Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow are not to be subject to redemption or prepayment at the option of the issuer, and are to become due at or prior to the respective times on which the proceeds thereof are to be needed, in accordance with a schedule established and agreed upon between the Sub District and such bank at the time of the creation of the escrow, or the Federal Securities are to be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities is to be determined by a Certified Public Accountant.

Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to the Indenture, nor principal or interest payments on any such Federal Securities are to be withdrawn or used for any purpose other than, and are to be held in trust for, the payment of the principal of, premium if any, and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, is to, to the extent practicable, be reinvested subject to the provisions of the Indenture in Federal Securities maturing at the

times and in amounts sufficient to pay, when due, the principal of, premium if any, and interest on the Bonds.

Prior to the investment or reinvestment of such moneys or such Federal Securities as provided in the Indenture, the Trustee may require and may rely upon: (a) an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Tax Code and acceptable to the Trustee, that the investment or reinvestment of such moneys or such Federal Securities complies with the Indenture; and (b) a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of, premium if any, and interest on the Bonds when due.

The release of the obligations of the Sub District under the Indenture is to be without prejudice to the rights of the Trustee to be paid reasonable compensation by District No. 2 for all services rendered by it thereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust thereby created, the exercise of its powers, and the performance of its duties thereunder.

Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Bonds prior to maturity and the discharge of the Indenture as provided therein, the Trustee is to continue to fulfill its obligations under the Indenture until the Bonds are fully paid, satisfied, and discharged.

Discharge on December 1, 2060. Notwithstanding any other provision in the Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of the Indenture securing payment thereof are to be deemed discharged, the estate and rights thereby granted are to cease, terminate, and be void, and thereupon the Trustee is to cancel and discharge the lien of the Indenture, and execute and deliver to the Sub District such instruments in writing as are to be required to evidence the same. Upon such discharge, the Owners will have no recourse to the Sub District or any property of the Sub District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS

Application of Bond Proceeds

Proceeds from the sale of the Bonds will be used to fund the a portion of the costs of acquiring, constructing, and/or installing certain water system improvements and facilities to serve Ridge Estates pursuant to the Escrow Agreement with the Town. Proceeds of the Bonds will also be used to fund the costs of issuing the Bonds.

The Project. Pursuant to the Ridge Estates Development Agreement (defined herein), the Town has agreed to construct, acquire or otherwise develop raw water production, treatment and storage and wastewater treatment to serve the residential development within Ridge Estates (as previously defined, the "**Water Facilities**") and the Prior Land Owners agreed to pay for a pro rata portion of the construction of the Water Facilities. In connection therewith, the Sub District and the Town have entered into the Escrow Agreement, pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of constructing and installing the Water Facilities (as previously defined, the "**Project**") with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (as previously defined, the "**Escrow Account**") and application to the costs of the Project. The Project consists of the construction of a 350,000 gallon water storage tank, a booster pump station and 6,000 linear feet of 12" water main. [NOTE THAT COSTS ALL ESTIMATES UNTIL FINAL BIDS RECEIVED BEFORE PRICING] Pursuant to the Escrow Agreement, the total cost of the Project is $[3,819,615], of

which the Sub District is responsible for [100% of the costs for the water storage tank ($[1,650,000])], 30% of the costs for the booster pump station ($[195,000]), 30% of the costs for the water main ($[294,000]), and 100% of the costs for the construction management fee ($[42,780]), for a total deposit to the Escrow Account of $[2,181,780] by the Sub District (the "**Escrow Deposit**"). The Sub District's Escrow Deposit will be funded from proceeds of the Bonds. See "THE SUB DISTRICT—Material Agreements—*Escrow Agreement*" and "RIDGE ESTATES—Status of Construction and Funding of Ridge Estates Improvements—*The Project*." The Town's deposit to the Escrow Account will be $[1,637,835]. [The Town has represented to the Sub District that it has sufficient moneys on hand to fund its deposit to the Escrow Account and will not need to seek additional financing for such purpose.]

[The Town solicited bids from general contractors for the Project in May 2022 and selected [General Contractor] ("**General Contractor**") on June [7], 2022.] The Town expects to enter into a [guaranteed maximum price] contract (the "**Construction Contract**") with General Contractor and is in the process of negotiating the Construction Contract. [TO BE UPDATED AS NEEDED]. The total costs of the Project may be revised in connection with the execution of the Construction Contract, see "THE SUB DISTRICT—Material Agreements—*Escrow Agreement*" for a discussion of the provisions governing a revision in the total costs of the Project. Construction of the Project is anticipated to begin in [June] 2022 and to be completed in March 2023.

Estimated Sources and Uses of Funds. The estimated uses of the proceeds of the Bonds are as follows:

SOURCES:	
Bonds Par Amount	.....
[Net] Original Issue [Premium/Discount]	.....
Total	
USES:	
Escrow Account	.....
Costs of issuance, including underwriting discount [1] and contingency	.....
Total	

[1] See "MISCELLANEOUS—Underwriting."
Source: The Underwriter.

Forecasted Debt Service Payments

Set forth in the following table are the forecasted payments for the Bonds.

TABLE [__] Forecasted Debt Service Payments[*, 1, 2]

	Bonds		
Year	**Principal**	**Interest**	**Annual Total**
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
Total			

[*] Preliminary; subject to change.

[1] Assumes no optional redemptions prior to maturity. Figures have been rounded.

[2] Principal and interest on the Bonds are payable solely from and to the extent of Pledged Revenue. There are no scheduled principal payments on the Bonds until final maturity. The amounts set forth herein reflect the projected payments on the Bonds as set forth in the Financial Forecast, based upon the assumptions more particularly set forth therein. No assurance is given that the level of Pledged Revenue projected in the Financial Forecast will be achieved, or that payment of the principal of or interest on the Bonds will be paid as set forth in this table. Failure to pay the amounts set forth above with respect to the Bonds will not constitute an event of default under the Indenture. See "THE BONDS—Certain Indenture Provisions;" "—Security for the Bonds" and the Financial Forecast attached hereto as "APPENDIX C—SUB DISTRICT'S FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS."

Source: The Underwriter and the Financial Forecast.

THE SUB DISTRICT

Organization and Description

The Sub District is quasi-municipal corporation and political subdivision of the State created pursuant to the Special District Act for the purpose of financing its pro rata portion of the costs of the Project and for dedicating, when appropriate, the Water Facilities to the Town for the use and benefit of the Sub District's residents and property owners.

The Sub District is duly organized and existing as a subdistrict of a special district (District No. 2) under the constitution and laws of the State, including primarily the Special District Act. Pursuant to Section 32-1-1101(1)(f), C.R.S., special districts formed pursuant to Title 32, Article 1, C.R.S. are permitted to be divided into one or more areas consistent with the services, programs and facilities to be furnished therein. Such subdistricts constitute distinct taxing areas within the geographic boundaries of the special district. Subdistricts are to act pursuant to the provisions of the Special District Act and possess all of the rights, privileges and immunities of a special district.

The Sub District is a subdistrict of District No. 2, a quasi-municipal corporation and political subdivision of the State duly organized and existing as a special district under the constitution and laws of the State. District No. 2 was specifically authorized to organize the Sub District in the Second Amendment (as previously defined, the "**Second Amendment**") to its Service Plan (as defined herein), which was approved by the Town of Castle Rock (as previously defined, the "**Town**") in Douglas County, Colorado (as previously defined, the "**County**") on July 21, 2020. Pursuant to Section 32-1-1101(1)(f), District No. 2 provided notice of its intent to create a subdistrict to the Town Council of the Town and to the Board of County Commissioners of the County on August 14, 2020, and the Town and County did not elect within thirty days to treat District No. 2's action as a material modification of District No. 2's Service Plan. The Sub District was duly created by a resolution adopted by the Board of Directors of District No. 2 on August 24, 2020 (as previously defined, the "**Formation Resolution**"), pursuant to Section 32-1-1101(1)(f), C.R.S., and other enabling laws and which took effect on September 14, 2020.

Pursuant to Section 32-1-1101(1)(f)(II), the Sub District operates in accordance with the authority, and subject to the limitations, of District No. 2's Amended Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 (as previously defined, "**District No. 1**" and together with District No. 2, the "**Districts**") and Crystal Valley Metropolitan District No. 2 approved by the Town Council of the Town on December 13, 2001, as amended by the First Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on May 6, 2014 and as further amended by the Second Amendment (as previously defined, together, the "**Service Plan**"). Pursuant to the Service Plan and the Special District Act, the Sub District is authorized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance (to the extent permitted in the Service Plan) of water, sanitation, streets, traffic and safety controls, television relay and translation, parks and recreation, mosquito and pest control, transportation, fire protection and emergency medical services (as previously defined, collectively, the "**Public Improvements**"), within and without the boundaries of the Sub District, to serve the future taxpayers and inhabitants of the Sub District, except as specifically limited therein. See "—Service Plan Authorizations and Limitations." Under the Second Amendment, the Sub District is specifically authorized to finance the costs associated with the construction of water tank and other water system improvements that will serve and benefit the property within the Sub District. Such water tank and water system improvements authorized by the Service Plan and for which the Sub District has received electoral authorization to issue indebtedness are referred to herein as the "**Water Facilities**".

The Sub District does not currently own, and is not expected to own, operate, or maintain any Public Improvements, including the Water Facilities. The Sub District has previously entered into a Construction Escrow Agreement dated [June 7], 2022 (as previously defined, the "**Escrow Agreement**") with the Town and [_____] (as previously defined, the "**Escrow Agent**"), pertaining to the funding of the costs of the Water Facilities identified therein, as more particularly described below. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS – Application of Bond Proceeds."

The Sub District currently encompasses approximately 116 acres, including all of the developable property planned for the residential community referred to herein as the "**Development**." The Sub District is located in the Town in the County, east of Interstate 25 and south of Crystal Valley Parkway. The Sub District is located approximately 30 miles south of downtown Denver and approximately 45 miles southwest of Denver International Airport. See "AERIAL PHOTO" and "VICINITY MAP."

The Sub District's population is currently zero. Due to the timing of the Sub District's organization and the recordation of the Formation Resolution, the County Assessor did not certify an assessed valuation for the Sub District 2020 or 2021. The estimated 2021 assessed valuation for the Sub District is $1,490 based upon the certified assessed valuation for the parcels comprising the Sub District; however, this amount has not been certified for the Sub District by the County Assessor. See "FINANCIAL INFORMATION—Sub District Ad Valorem Property Tax Data."

Sub District Powers

Subdistricts are to act pursuant to the provisions of the Special District Act and possess all of the rights, privileges and immunities of a special district. See "DISTRICT NO. 2—District Powers" for a description of the various powers of special districts.

Inclusion, Exclusion, Consolidation and Dissolution

Subdistricts are to act pursuant to the provisions of the Special District Act and possess all of the rights, privileges and immunities of a special district. See "DISTRICT NO. 2—Inclusion, Exclusion, Consolidation and Dissolution" for a description of the procedures of special districts with respect to inclusions, exclusions, consolidation and dissolution.

There have been no inclusions to or exclusions from the Sub District since its formation.

Service Plan Authorizations and Limitations

Pursuant to Section 32-1-1101(1)(f)(II) C.R.S, the Sub District is subject to the Service Plan of District No. 2. See "DISTRICT NO. 2—Service Plan Authorizations and Limitations" for a description of the authorizations and limitations of the Service Plan.

Governing Board

Pursuant to Section 32-1-1101(1)(f)(III) C.R.S, the Board of District No. 2 constitutes the ex officio Board of the Sub District. See "DISTRICT NO. 2—Governing Board" for a description of the terms of service on the Board, compensation for directors and composition of the Board.

Administration

The Board is responsible for the overall management and administration of the affairs of the Sub District. The Sub District has no employees. Simmons & Wheeler, PC, Englewood, Colorado, serves as

the Sub District's accountant; and White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado, serves as general counsel to the Sub District. The Sub District has not engaged a district manager.

Material Agreements

The Special District Act authorizes the Sub District to enter into agreements and contracts affecting its affairs. According to the Sub District's general counsel, the Sub District is not a party to any agreements which materially affect the Sub District's financial status or operations, other than the agreements described below. Copies of these agreements are available from the Sub District as provided in "INTRODUCTION—Additional Information."

District IGA. The Sub District and District No. 2 have previously entered into an Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [June 15], 2022 [DETERMINE WHETHER TO BE ENTERED INTO AT TIME OF BOND ISSUE OR IN ADVANCE] (as previously defined, the "**District IGA**") for the purpose of: (i) providing for the assignment by District No. 2 to the Sub District of the Development Fees collected within the boundaries of the Sub District; (ii) limiting the issuance of additional indebtedness by District No. 2 (thereby limiting the number of mills that District No. 2 may be required to impose in the future for general obligation indebtedness); (iii) limiting the number of mills that District No. 2 may impose for the payment of general obligation indebtedness in excess of that required by the applicable authorizing documents; and (iv) providing for District No. 2 to undertake certain administrative services for the benefit of the Sub District.

Pursuant to the District IGA, District No. 2 assigns, transfers and conveys to the Sub District and the Sub District thereby accepts, all right, title and interest of District No. 2 in and to all Pledged Development Fees. Notwithstanding the assignment of all Pledged Development Fees by District No. 2 to the Sub District, the Sub District in the District IGA engages District No. 2 for the purpose of collecting the Pledged Development Fees on behalf of the Sub District. District No. 2 agrees to collect the Pledged Development Fees on behalf of the Sub District in the same manner as District No. 2 collects all other Development Fees, in accordance with the Fee Resolution and such procedures as may be adopted by District No. 2 from time to time. District No. 2 agrees to remit all revenues comprising Pledged Development Fees to the Trustee, or as otherwise directed by the Sub District, no less frequently than quarterly. The District IGA provides that District No. 2 acknowledges that the Pledged Development Fees constitute the sole property of the Sub District and that the obligation of District No. 2 under the District IGA to remit the Pledged Development Fees in accordance with the provisions thereof is not subject to any rights of setoff, counterclaim, estoppel, or other defense. In the District IGA, District No. 2 covenants that it will not, without the consent of the Sub District: (i) reduce the amount of the Development Fees to be collected within the boundaries of the Sub District; or (ii) amend or supplement the Fee Resolution in any way which would materially adversely affect the amount or timing of Pledged Development Fees to be collected; provided, however, that nothing in the District IGA is to prevent District No. 2 from increasing the amount of the Development Fees, or from taking actions which solely impact revenues resulting from the Development Fees to be collected from property outside the boundaries of the Sub District without the consent of the Sub District.

In the District IGA, District No. 2 has agreed that it will not issue or incur any additional District Debt Obligations without the prior written consent of the Sub District, with the exception of Permitted District Debt Obligations, generally meaning refunding obligations that do not increase annual debt service. (See "APPENDIX E—SELECTED DEFINITIONS" hereto for the full definition of Permitted District Debt Obligations.)

In the District IGA, District No. 2 acknowledges that: (i) as a result of the limitations of the Service Plan, the number of mills that the Sub District may impose in any year for payment of the Bonds and any Sub District Refunding Bonds is dependent upon the number of mills imposed by District No. 2 for payment of the District Debt Obligations; (ii) the Sub District has evaluated the feasibility of payment of the Bonds based upon certain assumptions regarding the District Debt Obligations, including District No. 2's covenant that it will not issue or incur any additional District Debt Obligations without the prior written consent of the Sub District, provided that District No. 2 may issue Permitted District Debt Obligations without the consent of the Sub District; and (iii) in the event that District No. 2 imposes a mill levy for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy, the number of mills that may be imposed by the Sub District for the payment of the Bonds (and any subsequently issued Sub District Refunding Bonds) may be materially adversely affected, which could materially adversely affect the ability of the Sub District to pay the Bonds (and any subsequently issued Sub District Refunding Bonds) when due. Accordingly, District No. 2 covenants in the District IGA that, without the prior written consent of the Sub District, District No. 2 will not impose ad valorem property taxes for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy. See "APPENDIX E—SELECTED DEFINITIONS" hereto for the definitions of Maximum Permitted Debt Service Mill Levy and Permitted District Debt Obligations.

In the District IGA, District No. 2 further covenants and agrees so long as any of the Sub District Bonds remain outstanding:

(a) District No. 2 will maintain its existence and will not merge or otherwise alter its corporate structure, and will continue to operate and manage District No. 2 and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) At least once a year, District No. 2 will cause an audit to be performed of the records relating to its revenues and expenditures, and reflecting the Sub District and its revenues and expenditures as a component unit of District No. 2. District No. 2 is to use its best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. The foregoing covenant is to apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, District No. 2 will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(c) District No. 2 will carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions, and in such amount, as in the judgment of District No. 2 will protect District No. 2 and its operations.

(d) Each District No. 2 official or other person having custody of any District No. 2 funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

In addition, District No. 2 agrees in the District IGA that it will cooperate and coordinate with the Sub District in the provision of unaudited financial statements and annual audits on behalf of the Sub District to the extent it is deemed a "component unit" of District No. 2 under the provisions of GASB Statement No. 14.

Pursuant to the District IGA, on or prior to October 15 of each fiscal year, District No. 2 is to provide an invoicing to the Sub District with an allocation of all costs incurred by District No. 2 for Sub District Operations through such date. The allocation is to be based upon actual costs incurred for Sub District Operations or, if actual costs cannot be reasonably determined by the District Accountant, is to be

based upon the proportionate number of currently authorized lots in the Sub District boundaries of 142 versus authorized lots in District No. 2 boundaries of 3,093 for a percentage attributable to each as follows:

Sub District: 4%

District No. 2: 96%

The Sub District agrees that it will certify a general fund mill levy annually in an amount of not more than [10] mills from which the Sub District is to first allocate and appropriate general fund revenues to its anticipated general fund expenditures and thereafter to reimburse District No. 2 for Sub District Operations costs then outstanding. Until paid, all Sub District Operations costs are to remain an obligation of the Sub District as to District No. 2, but will not accrue interest. The obligations of the Sub District under this provision of the District IGA are subject to annual appropriation of the Sub District.

The occurrence or existence of any one or more of the following events will be an event of default under the District IGA: (a) any representation or warranty made by any party in the District Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompletion would have a material adverse effect upon any other party; (b) any party fails in the performance of any other of its covenants in the District Agreement, and such failure continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or (c) (i) any party commences any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, the Trustee, custodian, or other similar official for itself or for any substantial part of its property, or any party shall make a general assignment for the benefit of its creditors; or (ii) there is commenced against any party any case, proceeding, or other action of a nature referred to in clause (i) and the same is not dismissed within ninety (90) days following the date of filing; or (iii) there is commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party is generally not, or will be unable to, or admits in writing its inability to, pay its debts as they become due.

Upon the occurrence and continuance of an event of default under the District IGA, any party may proceed to protect and enforce its rights against the party or parties causing the event of default by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance; provided the Sub District and the District waive any claims against each other for consequential damages arising out of or relating to the District IGA. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions of the District IGA, the prevailing party in such litigation or other proceeding is to obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

Escrow Agreement. [[TO BE CONFORMED TO FINAL AGREEMENT]] The Sub District has previously entered into a Construction Escrow Agreement dated [June 7], 2022 (as previously defined, the "**Escrow Agreement**") with the Town and [_____] (as previously defined, the "**Escrow Agent**"), pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of constructing and installing the Water Facilities (the "**Project**") with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (the "**Escrow Account**")

and application to the costs of the Project. The Project is to be completed in accordance with the terms of the Ridge Estates Development Agreement and consists of the construction of a 350,000 gallon water storage tank, a booster pump station and 6,000 linear feet of 12" water main, see "RIDGE ESTATES—Agreements Concerning Ridge Estates Improvements—*Ridge Estates Development Agreement.*" Pursuant to the Escrow Agreement, the total cost of the Project is $[3,819,615], of which the Sub District is responsible for [100% of the costs for the water storage tank ($[1,650,000])], 30% of the costs for the booster pump station ($[195,000]), 30% of the costs for the water main ($[294,000]) and 100% of the costs for the construction management fee ($[42,780]), for a total deposit to the Escrow Account of $[2,181,780] by the Sub District (the "**Escrow Deposit**"). The Sub District's Escrow Deposit will be funded from proceeds of the Bonds. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS – Application of Bond Proceeds." The Town's deposit to the Escrow Account will be $[1,637,835].

Under the Escrow Agreement, the Escrow Deposit may be adjusted upon the Town entering into a contract with a contractor for the construction of the Water Facilities (the "**Construction Contract**"). The Escrow Agent is to notify the Town and the Sub District and request payment from the Town and the Sub District in accordance with the pro rata allocation described above. Such payments and/or refunds are to be made within 15 business days of receipt of the notice from the Escrow Agent or upon the date upon which the proceeds of the Bonds are available. Prior to approving any change order to the Construction Contract that will result in an increase to Project costs, the Town is to forward such change order to the Sub District for review. The Sub District is to have five business days to review such change order and to identify any legitimate concern about the amount in writing. In the event that such a concern is raised, the Town and the Sub District are to meet and confer for the purpose of resolving the concern. Upon resolution of the concern or, if no such concerns are raised, the Town is to notify both the Sub District and the Escrow Agent and provide them each with a copy of the change order. Within 15 business days following such notice, the Town and the Sub District are to deposit such additional funds with the Escrow Agent as may be required by the change order in accordance with the pro rata allocation described above.

The funds on deposit in the Escrow Account are to be released for payment to the contractor for construction costs upon delivery of a pay application to the Escrow Agent. Prior to submitting a pay application to the Escrow Agent for disbursement, the Town is to review each Pay Application and, upon approval, sign and forward to the Sub District for review. The Sub District is to have five business days to review and approve such pay application after receipt; provided, however, that the pay application will not be approved for payment, or may be approved for payment of a lesser amount, if the Sub District identifies in writing a legitimate concern about the amount of the pay application. If the Escrow Account does not contain sufficient funds to cover the amount listed in the pay application, the Escrow Agent is to immediately notify the Town and the Sub District of such insufficiency. The Escrow Agent will not process the pay application until sufficient funds are deposited into the Escrow Account to cover the funds requested in the pay application.

The Escrow Agreement is to terminate upon the entire disbursement of the funds on deposit in the Escrow Account, following disbursements for the final payment of Project costs to the contractor and the payment of the construction management fee to the Town. In the event funds remain in the Escrow Account upon such disbursements, the Escrow Agent is to disburse the remaining funds to the Town and the Sub District in accordance with the pro rata allocation set forth above.

Following the completion of the Project, the Water Facilities will be owned, operated and maintained by the Town.

Facilities and Services Provided by the Sub District

Pursuant to the Service Plan and the Special District Act, the Sub District is authorized to provide for the Public Improvements, subject to the limitations of the Service Plan more particularly described therein. The Sub District does not currently own, and is not expected to own, operate, or maintain any Public Improvements. Following the completion of the Project, the Water Facilities will be owned, operated and maintained by the Town.

Risk Management

The Board of the Sub District acts to protect the Sub District against loss and liability by obtaining and maintaining certain insurance coverage in amounts which the Board believes will be adequate. Currently, the Sub District is insured through the Colorado Special Districts Property and Liability Pool ("**CSDPLP**") as an additional named member to District No. 2's insurance coverage with policies expiring on December 31, 2022. CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials' liability and workers' compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage for over 1,160 special districts and is governed by an eleven-member board of special district representatives. There is no guarantee that the Sub District will continue to maintain such insurance in the future; provided that the Indenture requires that the Sub District carry general liability, public officials liability, and such other forms of insurance coverage on insurable Sub District property upon the terms and conditions, and in such amount, as in the judgment of the Sub District would protect the Sub District and its operations.

Services Available within the Sub District

Residents within the Sub District are provided services by various entities other than the Sub District. The Town provides water and wastewater service (the latter through the Plum Creek Water Reclamation Authority), fire protection, emergency medical services and police protection services. Black Hills Energy provides natural gas service and Intermountain Rural Electric Association (IREA) provides electrical service. The Sub District is served by Douglas County School District No. RE-1. See "RIDGE ESTATES—Schools."

DISTRICT NO. 2

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

Organization and Description

District No. 2 is quasi-municipal corporation and political subdivision of the State created pursuant to the Special District Act for the purpose of financing and constructing the Public Improvements and for dedicating, when appropriate, such Public Improvements to the Town or to such other entity as appropriate for the use and benefit of District No. 2's residents and property owners.

District No. 2 was organized pursuant to an Order and Decree issued by the District Court in and for Douglas County, Colorado on October 22, 1986, and recorded in the real property records of the County on October 23, 1986.

District No. 2 operates in accordance with the authority, and subject to the limitations, of the Service Plan. Pursuant to the Service Plan and the Special District Act, the Districts are authorized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance (to the extent permitted in the Service Plan) of water, sanitation, streets, traffic and safety controls, television relay and translation, parks and recreation, mosquito and pest control, transportation, fire protection and emergency medical services (as previously defined, collectively, the "**Public Improvements**"), within and without the boundaries of the Districts, to serve the future taxpayers and inhabitants of the Districts, except as specifically limited therein. See "—Service Plan Authorizations and Limitations" below and "THE DISTRICT NO. 2 DEVELOPMENT" and "RIDGE ESTATES."

Following orders of inclusion and exclusions since its formation, District No. 2 currently encompasses approximately 1,565 acres, including all of the developable property planned for the residential community referred to herein as the "**District No. 2 Development**." District No. 2 is located in the Town in the County. The general boundaries of District No. 2 are Lake Gulch Road to the east, Douglas Lane and Plum Creek Boulevard to the west, the unincorporated County to the south and the Plum Creek planned unit development to the north. District No. 2 is located approximately 30 miles south of downtown Denver and approximately 45 miles southwest of Denver International Airport. See "AERIAL PHOTO" and "VICINITY MAP."

District No. 2's population is currently estimated at 5,797 based on approximately 2,078 homes sold and closed to homeowners as of January 1, 2022, and an assumed 2.79 residents per home (based on persons-per-household estimates for the County prepared by the State Demography Office). The 2021 certified assessed valuation (for collection of taxes in 2022) of property within District No. 2 is $87,183,780. See "FINANCIAL INFORMATION—Ad Valorem Property Tax Data."

District Powers

The rights, powers, privileges, authorities, functions and duties of District No. 2 are established by the laws of the State, particularly the Special District Act. The powers of District No. 2 are, however, limited both by the provisions of its Service Plan and its electoral authorization. See "—Service Plan Authorizations and Limitations" below.

Pursuant to the Special District Act, special districts each have the power: to have a perpetual existence, to have and use a corporate seal, to enter into contracts and agreements; to sue and be sued and to be a party to suits, actions and proceedings; to borrow money and incur indebtedness and to issue bonds; to acquire, dispose of and encumber real and personal property, and any interest therein; to have the management, control and supervision of all the business affairs of the district; to appoint, hire and retain agents, employees, engineers and attorneys; to fix and from time to time to increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by the special district; to waive or amortize all or part of any such fees or extend the time period for paying all or part of such fees for property within the district; to furnish services and facilities within and without the boundaries of the special district and to establish fees, rates, tolls, penalties or charges for such services and facilities; to accept real and personal property for use of the special district and to accept gifts and conveyances made to the special district; and to have and exercise all rights and powers necessary in, incidental to or implied from the specific powers granted to the special district. Special districts also have the power to provide covenant enforcement and design review services and safety services if permitted by the service plan.

Each special district also has the power, subject to constitutional and statutory limitations, to certify a levy for collection of ad valorem taxes against all taxable property of such special district. See "FINANCIAL INFORMATION—Ad Valorem Property Taxes."

Inclusion, Exclusion, Consolidation and Dissolution

Inclusion and Exclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property or exclusion of real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and shall be liable for its proportionate share of existing bonded indebtedness of the special district. After its exclusion, the excluded property is no longer subject to the special district's operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district. The excluded property, however, remains subject to the special district's debt service mill levy for that proportion of the special district's outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order. Boundary changes resulting from property included or excluded to or from the special district prior to the first day of May of each year are reflected in the special district's assessed valuation and are subject to the ad valorem property tax levy of the special district for that assessment year. Inclusion or exclusions that occur after May 1 are considered in the following assessment year.

Upon its creation, District No. 2 encompassed approximately 543.19 acres. As a result of inclusions occurring on June 13, 2002, May 30, 2003, May 18, 2005, August 14, 2009, February 23, 2012, and August 10, 2020, and exclusions occurring on October 15, 2001 and June 13, 2002, District No. 2 currently encompasses approximately 1,565 acres, including all of the developable property planned for the residential community referred to herein as the District No. 2 Development.

Consolidation With Other Districts. Two or more special districts may consolidate into a single district upon the approval of a district court and of the electors of each of the consolidating special districts. The district court order approving the consolidation can provide that the consolidated district assumes the debt of the districts being consolidated. If so, separate voter authorization of the debt assumption is required. If such authorization is not obtained, then the territory of the prior district will continue to be solely obligated for the debt after the consolidation.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the district court. The district court must approve the petition if the special district's plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. Dissolution must also be approved by the special district's voters. If the special district has debt outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness.

It is anticipated that Board of Directors of District No. 1 will file a dissolution petition with the district court by the end of 2022 to dissolve District No. 1.

Service Plan Authorizations and Limitations

Pursuant to the Service Plan, District No. 2 has the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of District No. 2 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 therein and as described below. *The authorizations and limitations of the Service Plan may be modified or amended with the approval of the Town, and as otherwise provided in the Special District Act.*

The Service Plan authorizes District No. 2 to provide for the design, acquisition, construction, installation, financing, and operation and maintenance (to the extent permitted in the Service Plan) of certain Public Improvements (limited as described below), within and without the boundaries of District No. 2 to serve the future taxpayers and inhabitants of District No. 2. The Districts are to own, maintain, and replace Public Improvements constructed, installed, or acquired by the Districts or are to dedicate such Public Improvements to such other entity as will accept dedication, subject to any limitations specified in the Service Plan.

In addition to ad valorem property taxes, the Districts have the power to assess fees, rates, tolls, penalties, or charges as provided in the Special District Act. Certain fees are imposed by both District No. 2 and District No. 1 in accordance with the Service Plan. Pursuant to the Third Amended and Restated Joint Resolution Concerning Imposition of District Development Fee adopted by the Board of Directors of District No. 2 on July 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020, and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021, with an effective date for the most recent amendment of January 1, 2022 (as previously defined, collectively, the "**Fee Resolution**"), District No. 2 will be charged with the responsibilities of imposing, collecting and using all fees and charges imposed and collected from within the boundaries of the Districts. See "FINANCIAL INFORMATION—Fees." A portion of the Development Fees are pledged to the payment of the Bonds, as described in "THE BONDS—Security for the Bonds—*Pledged Development Fees*."

Pursuant to the Second Amendment, the total aggregate general obligation debt of District No. 2 and the Sub District was limited to $82,000,000 (the "**Debt Authorization**"). Under the Second Amendment, any amount of the Debt Authorization that is unused and remaining after the District No. 2 Debt Issuance (as defined herein) has been fully concluded shall be terminated and no longer authorized for use by District No. 2 or the Sub District absent a further amendment to the Service Plan. For purposes of the Second Amendment, the "**District No. 2 Debt Issuance**" refers to (a) the issuance of the District 2020 Bonds by District No. 2 in order to refund certain outstanding obligations and to reimburse Crystal Valley Recovery Acquisition, LLC (as previously defined, "**CVRA**") pursuant to District agreements with CVRA regarding reimbursement and (b) the issuance of up to $3,600,000 of general obligation bonds by the Sub District to finance the costs associated with the construction of water tank improvements that will serve and benefit the property within the Sub District boundaries (which is being accomplished with the issuance of the Bonds). Following the issuance of the District 2020 Bonds, District No. 2 has no remaining debt authorization under the Service Plan, although the Sub District has the remaining authority to issue up to $3,600,000 in general obligation indebtedness.

The Service Plan does not limit the ad valorem property taxes that may be imposed by the Districts for administration, operation and maintenance purposes. Pursuant to the Second Amendment, the maximum mill levy District No. 2 is permitted to impose for the payment of general obligation bonds is 45.940 mills as of January 1, 2014, subject to adjustment for changes occurring in the methods of calculating assessed valuation as further provided in the Second Amendment (the "**Maximum Debt Service Mill Levy**"). The Second Amendment states that the Maximum Debt Service Mill Levy of District No. 2 as of January 1, 2020, is 49.854 mills.

District No. 2 is to obtain approval of the Town in accordance with the provisions of Section 32-1-207, C.R.S., before making any material modification to the Service Plan. Consistent with the terms of the Town Intergovernmental Agreement and the Service Plan, the Boards of the Districts have discretion to permit inclusions and exclusions within the boundaries of the Crystal Valley Ranch Planned Development (as defined therein) without seeking approval from the Town. Under the authorization of the Service Plan, the Boards of the Districts also have discretion to include property outside the Crystal Valley Ranch Planned

Development, the total of which shall not exceed 10% of the total area within the Crystal Valley Ranch Planned Development in any year.

Multiple District Structure

While the Service Plan and Special District Act affords to each of the Districts the authority described in "—District Powers" and "—Service Plan Authorizations and Limitations" above, as contemplated by the Service Plan, District No. 2 and District No. 1 have entered into a District Facilities Construction and Service Agreement (also referred to herein as the Master IGA) establishing the roles of such Districts relative to the provision of Public Improvements serving the District No. 2 Development. Pursuant to such agreement, as more particularly described herein, District No. 1 serves as the "operating district" and will own (subject to discretionary transfer to other governmental entities or authorities), operate, maintain and construct the Public Improvements within the Districts. District No. 2, as a "taxing district," is to pay all costs related to the construction, operation and maintenance of such Public Improvements by District No. 1 by imposing ad valorem property taxes and remitting the revenues resulting therefrom, together with the net proceeds of any general obligation bonds issued by District No. 2, to District No. 1. See also "—Material Agreements—*Master IGA*."

Governing Board

District No. 2 is governed by a five-member Board, provided that State law permits the Board to have up to seven members, subject to certain conditions. The members must be eligible electors of District No. 2 as defined by State law and are elected to alternating four-year terms of office at successive biennial elections. However, pursuant to State law, special districts are required to move their biennial elections from even years to odd years beginning in 2023. Accordingly, the terms commencing in 2020 and 2022 will be three-year terms and then will reset to four-year terms commencing in 2023 and 2025, respectively. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval. At an election of the eligible electors of District No. 2, duly called and held on November 2, 1999, the eligible voters in District No. 2 voted to waive the statutory term limits, and therefore District No. 2's directors are not subject to such limitations.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Current directors may receive a maximum compensation of $2,400 per year, not to exceed $100 per meeting attended. Three of the directors of District No. 2 have elected to receive $100 per meeting attended. With the exception of this compensation, directors may not receive compensation from District No. 2 as employees of District No. 2. The present directors, their positions on the Board, principal occupations, and terms are as follows:

Board of Directors of District No. 2 and Ex Officio Board of the Sub District

Name	Office	Occupation	Years of Service	Term Expires (May)
Linda Sweetman	President	Real Estate Sales/Consulting	3	2022
Jerry Biesboer	Vice President	Real Estate Broker	3	2023
Brian Bates	Secretary	Retired	<1	2022
Carl Smith	Treasurer	Retired	<1	2023
Sheri Maxim	Assistant Secretary	IT Product Owner	<1	2023

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, shall be entered into between District No. 2 and a Board member, or between District No. 2 and the owner of 25% or more of the territory within District No. 2, unless a notice has been published for bids and such Board member or owner submits the lowest responsible and responsive bid. According to disclosure statements filed with the Secretary of State and District No. 2 by Board members prior to taking any official action relating to the Bonds, all of the directors are homeowners within District No. 2 and have no relevant conflicts. See "RISK FACTORS—Directors' Private Interests."

Administration

The Board is responsible for the overall management and administration of the affairs of District No. 2. District No. 2 has no employees. Simmons & Wheeler, PC, Englewood, Colorado, serves as District No. 2's accountant; and White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado, serves as general counsel to District No. 2. District No. 2 has not engaged a district manager.

Material Agreements

The Special District Act authorizes District No. 2 to enter into agreements and contracts affecting its affairs. According to District No. 2's general counsel, District No. 2 is not a party to any agreements which materially affect District No. 2's financial status or operations, other than the agreements described below. Copies of these agreements are available from District No. 2 as provided in "INTRODUCTION—Additional Information."

Town Intergovernmental Agreement. As required by the Service Plan, the Districts entered into an Amended and Restated Master Intergovernmental Agreement with the Town, dated [June 7], 2022 (the "**Town IGA**"), pursuant to which the Districts and the Town defined their respective obligations for infrastructure development and the provision of services to the real property zoned as the "Crystal Valley Ranch Planned Development" and the "Ridge Estates Planned Development" (together comprising the District No. 2 Development). Under the Town IGA, the Districts have the authority to construct any of the Public Improvements necessary to furnish municipal services to the District No. 2 Development, consistent with the Crystal Valley Ranch Development Agreement dated March 22, 2001 between the Town and CVRA (the "**Prior Development Agreement**"), the Ridge Estates Development Agreement (defined herein) and the Service Plan. The Districts do not have the authority to provide other infrastructure without the prior written consent of the Town. The Public Improvements shall be constructed pursuant to the standards and procedures set forth in the Service Plan, the Prior Development Agreement, the Ridge Estates Development Agreement and the charter, ordinances, resolutions, rules and regulations of the Town (the "**Town Regulations**"). Except as provided in the Service Plan or otherwise allowed by the Town, the Districts shall convey the Public Improvements to the Town upon completion. (The Prior Development Agreement was superseded by the Restated Development Agreement, more particularly described below.)

Under the Town IGA, wastewater treatment facilities for the District No. 2 Development are provided by the Plum Creek Water Reclamation Authority.

Pursuant to the Town IGA, the Town will impose and collect fees and charges under the Town Regulations on development, including per unit charges for capital plant investment, such as the charges imposed by the Town as a condition to the right to connect to the municipal water or wastewater system (collectively the "**Development Exactions**"), in accordance with the Town Regulations, subject to the provisions of the Prior Development Agreement and the Ridge Estates Development Agreement. The Districts have the right to impose charges pursuant to Section 32-1-1001(1)(j), C.R.S. and fees for connection to the Public Improvements and for the right to use the Public Improvements (collectively, the "**District Fees**"), provided that the imposition of such fees shall not impair or limit the imposition or collection by the Town of any Development Exactions.

Pursuant to the Town IGA, the Districts shall not issue bonds unless they are issued in accordance with the applicable provisions of the Service Plan, the Special District Act, and the other applicable provisions of the laws of the State and the Districts are not required to obtain a Service Plan amendment under the Special District Act or the Special District Oversight ordinance codified in Chapter 11.02 of the Castle Rock Municipal Code (the "**SDO**")

Pursuant to the Town IGA, annually, not later than the date the Districts are required to submit the annual report under the SDO, the Districts are required to furnish to the Town an accounting of all actual revenues and expenses, and accumulated reserves for the preceding calendar year, in substantially the same format as the financial plan attached to the Service Plan as an exhibit.

Master IGA. District No. 2 entered into a District Facilities Construction and Service Agreement dated as of June 4, 2001 as amended by the First Amendment to District Facilities Construction and Service Agreement dated as of February 24, 2012 (together, the "**Master IGA**") with District No. 1 establishing the roles of such Districts relative to the provision of Public Improvements serving the District No. 2 Development. The Master IGA establishes District No. 1 as the "**Operating District**" and District No. 2 as the "**Taxing District**."

Pursuant to the Master IGA, District No. 1 is to perform the management services described therein for and on behalf of District No. 2, and will own (subject to discretionary transfer to other governmental entities or authorities), operate, maintain and construct the Public Improvements within the Districts (referred to as the "**Facilities**" in the Master IGA) and is to provide the operation and maintenance services described therein (the "**Services**"). District No. 2 is to pay all costs related to the construction, operation and maintenance of such Public Improvements by District No. 1 by imposing ad valorem property taxes and remitting the revenues resulting therefrom, together with the net proceeds of any general obligation bonds issued by District No. 2, to District No. 1.

The Master IGA provides for a budgeting process whereby District No. 2 has the opportunity to review approve and/or propose additions or deletions to the "**Preliminary Budget Documents**" (as defined in the Master IGA) of District No. 1 in each fiscal year ("**Budget Year**"). The Preliminary Budget Documents may include schedules for deposits into the Construction Fund Account and the Service Account by District No. 2. In the event the Districts cannot agree on a resolution to the dispute related to the Preliminary Budget Documents, the Preliminary Budget Documents shall become the "**Final Budget**."

District No. 2 is to deposit into the account created by District No. 1 to hold funds for the construction of the Public Improvements (the "**Construction Account**"), on or before March 1 of the Budget Year, the estimated costs for constructing or acquiring Facilities for the Budget Year (the "**Estimated Capital Costs**") for such Budget Year. The funds deposited in the Construction Account,

together with interest earned thereon, are to be used solely for paying the costs incurred by District No. 1 for the construction of the Public Improvements (the "**Actual Capital Costs**") for the Budget Year. District No. 2 is to make supplemental deposits into the Construction Account within thirty (30) days of a request by District No. 1. Unless otherwise agreed by District No. 1 and District No. 2, District No. 2 is to deposit into the account established by District No. 1 (the "**Service Account**") the estimated costs for operating and maintenance of the Public Improvements (the "**Estimated Service Costs**"), on or before March 1 of the Budget Year. The funds deposited in the Service Account, together with interest earned thereon, are to be used solely for paying all operation, maintenance and administrative costs incurred by District No. 1 (the "**Actual Service Costs**") for the Budget Year. District No. 2 has satisfied its obligations with respect to the funding of Actual Capital Costs by remitting to District No. 1 the net proceeds of previously issued obligations of District No. 2. District No. 2 has satisfied, and expects to continue to satisfy, its obligations with respect to the funding of Actual Service Costs by imposing a general fund mill levy and remitting the proceeds thereof to District No. 1.

District No. 1 agrees, on behalf of District No. 2, to contract for and supervise the construction of the Public Improvements described in the Service Plan and the applicable Final Budget for each Budget Year in such manner as District No. 1 reasonably determines to be in the best interests of the Districts. Prior to the construction of any Public Improvements, District No. 1 is to submit plans to District No. 2 and if no objection is received within fifteen (15) days, District No. 2 is deemed to have approved such plans. If District No. 2 provides written objections within fifteen (15) days, the Districts are to meet to resolve the objections.

The Districts also agree that District No. 1 may from time to time impose and collect periodic fees from residents and property owners in District No. 2 for the monthly or other periodic Service provided by District No. 1 (the "**User Fees**"). The Districts also agree that District No. 1 or District No. 2 may impose and collect fees, including pre-paid fees, for the right of residents and property owners in District No. 2 to connect or gain access to the Facilities (the "**Development Fees**"). User Fees and Development Fees established by District No. 1 are to be reasonably related to the overall cost of the Service and Public Improvements for which such fees are imposed. District No. 1 shall determine methods of collection and schedules of connection charges and may assign its fee imposition and collection power to a billing or service entity. District No. 2 may request that District No. 1 impose surcharges on the User Fees and Development Fees for the purpose of supplementing other revenues of District No. 2 in the payment by District No. 2 of any such general obligation or other indebtedness. Notwithstanding the foregoing, in connection with the issuance of the District 2020 Bonds, District No. 2 and District No. 1 entered into the Waiver Agreement (as defined herein), pursuant to which District No. 1 consented to permit District No. 2 to impose, collect and use the Development Fees, in connection with District No. 2's adoption of the Third Amended and Restated Resolution Concerning Imposition of District Development Fee, which provides that such Development Fees are payable to District No. 2. See "*—Agreement to Waive Provisions of Master IGA*" below. See "THE BONDS—Security for the Bonds—*Pledged Development Fees*."

Events of Defaults under the Master IGA include the failure to make payments when due thereunder, breaches of covenants, bankruptcy events, assignments by District No. 2 for the benefit of a creditor and dissolution of either District. In the event of any Event of Default by a District, a non-defaulting District may seek a writ of mandamus and/or orders of specific performance to compel the defaulting District to perform in accordance with the obligations set forth under the Master IGA; foreclose any and all liens; terminate the Master IGA; or District No. 1 shall have the right to accelerate any remaining unpaid amounts through the remainder of the term of the agreement.

The Districts may terminate the Master IGA only upon the provision of one year's written notice; provided, however, that (a) as a condition precedent to termination by District No. 2, all remaining payments and financial obligations set forth in the agreement shall be paid by District No. 2 and (b) as a condition

precedent to termination by District No. 1, District No. 1 shall either (1) transfer to District No. 2, free and clear of encumbrances and in its entirety, its interest in the Facilities and all of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by District No. 1 and necessary for the continued provision of the Services at the level then provided, or (2) make said transfer to another governmental entity or entities pursuant to such terms and conditions as my be satisfactory to the Board of District No. 2 or, in the event said transfer is to be made pursuant to a plan for dissolution of District No. 1, in accordance with State law.

It is anticipated that Board of Directors of District No. 1 will file a dissolution petition with the district court by the end of 2022 to dissolve District No. 1. In connection therewith, the Master IGA will no longer be in effect upon the dissolution of District No. 1.

Agreement to Waive Provisions of Master IGA. District No. 2 entered into the Agreement to Waive Provisions of District Facilities Construction and Service Agreement dated as of July 23, 2020, with an effective date of September 17, 2020, with District No. 1 (the "**Waiver Agreement**"). Pursuant to the Waiver Agreement, the Districts waived any provisions in the Master IGA necessary to allow for District No. 2 to be the sole district responsible for imposing, collecting and using the Development Fees in connection with the adoption of the Fee Resolution. District No. 1 also agreed in the Waiver Agreement to transfer all Development Fees in its accounts to District No. 2 as of September 17, 2020.

CVRA Reimbursement Agreement. District No. 2 entered into the Agreement Regarding Reimbursement of Advances dated as of July 21, 2020 with CVRA (the "**CVRA Reimbursement Agreement**"), concerning the reimbursement of certain costs of Public Improvements previously funded, and to be funded, by CVRA, which is intended to reflect the comprehensive and final agreement with respect to the responsibilities of the Districts for reimbursement of advanced and/or expended under all prior reimbursement arrangements between CVRA and District No. 1.

Pursuant to the CVRA Reimbursement Agreement, District No. 2 agreed to reimburse CVRA from proceeds of the District 2020 Bonds for a portion of amounts advanced and expenditures incurred for the construction of Public Improvements under the CVRA Contribution Agreements (described below) in the amount of $3,751,111. As of the date of this Limited Offering Memorandum, District No. 2 has reimbursed CVRA for such Public Improvements from proceeds of the District 2020 Bonds. Pursuant to the CVRA Reimbursement Agreement, District No. 2 also agreed to reimburse CVRA from proceeds of the District 2020 Bonds for an additional $300,000 in costs of Public Improvements previously funded and constructed by CVRA. As of the date of this Limited Offering Memorandum, District No. 2 has reimbursed CVRA for such Public Improvements from proceeds of the District 2020 Bonds.

The Reimbursement Agreement also anticipates that District No. 1 will coordinate the construction of landscaping improvements in the District No. 2 Development along the central corridor (the "**Landscaping Project**") with construction funds advanced by CVRA (pursuant to the CVRA Landscaping Project Funding and Reimbursement Agreement) and Development Fees in an amount not to exceed $1,248,889 (the "**SDF Maximum**"). From the date of the CVRA Reimbursement Agreement, CVRA is to be the first priority recipient of the Development Fees held or received by District No. 2 up to the SDF Maximum, but excluding the Development Fees collected within Filing Nos. 19 and 20 (the "**Excluded Development Fees**," which Excluded Development Fees are pledged to the payment of the Bonds). District No. 1 is coordinating the construction of the Landscaping Project and, in connection therewith, District No. 2 is to remit to an escrow established for the construction of the Landscaping Project the lesser of the SDF Maximum or the balance of the total Development Fees held by District No. 2, exclusive of the Excluded Development Fees. As of the date of this Limited Offering Memorandum, District No. 2 has deposited $[_____] into the escrow. CVRA has entered into an agreement with District No. 1 concerning the

funding of costs of the Landscaping Project as described in "*—District No. 1 Agreements—CVRA Central Corridor Project Funding and Reimbursement Agreement"* below.

District IGA. See "THE SUB DISTRICT—Material Agreements—*District IGA*" for a description of the District IGA between District No. 2 and the Sub District.

District No. 1 Agreement. As the "operating district" for the Districts, District No. 1 has entered into multiple agreements relating to the provision of Public Improvements serving the Districts, including the agreement described below.

Crystal Valley Ranch Second Amended and Restated Development Agreement. District No. 1 entered into the Crystal Valley Ranch Second Amended and Restated Development Agreement dated as of February 21, 2012 with the Town, CVRA, Maple Grove Land Limited Partnership, Crystal Valley Ranch Development Co., LLC and CVR Recreation Center, LLC (the "**Restated CVR Development Agreement**"), which described the responsibilities of each party in regards to the development of the District No. 2 Development. The Restated CVR Development Agreement supersedes in its entirety the Crystal Valley Ranch Development Agreement dated March 22, 2001, between the Town and CVRA (the "**Prior Development Agreement**"). See "THE DISTRICT NO. 2 DEVELOPMENT—Agreements Concerning Public Improvements—*Restated CVR Development Agreement*."

CVRA Landscaping Project Funding and Reimbursement Agreement. District No. 1 entered into a Funding and Reimbursement dated July 23, 2020 (the "**CVRA Landscaping Project Funding and Reimbursement Agreement**") with CVRA, pursuant to which CVRA agrees to advance funds to District No. 1 to fund the costs of the Landscaping Project being undertaken by District No. 1, subject to reimbursement solely from the Development Fees available for such purposes pursuant to the CVRA Reimbursement Agreement (not to exceed the SDF Maximum, as defined therein), which are to be deposited in escrow or paid directly to CVRA as more particularly provided therein. Any amounts advanced by CVRA under the CVRA Landscaping Project Funding and Reimbursement Agreement not repaid from the Development Fees (up to the SDF Maximum) are to be considered a contribution to District No. 1 and District No. 1 will not be obligated to reimburse the same. The CVRA Landscaping Project Funding and Reimbursement Agreement states that it is not to be construed as creating a multiple-fiscal year direct or indirect debt or other financial obligation of District No. 1. The CVRA Landscaping Project Funding and Reimbursement Agreement is to terminate upon payment to CVRA of the amount equal to the SDF Maximum, either through escrow deposits or reimbursement, as set forth herein.

Facilities and Services Provided by District No. 2

Pursuant to the Service Plan and the Special District Act, District No. 2 is authorized to provide for the Public Improvements, subject to the limitations of the Service Plan more particularly described therein. District No. 2 does not currently own, and is not expected to own, operate, or maintain any Public Improvements. All Public Improvements are to be owned and operated by the Town, with the exception of the Pinnacle Park and Recreation Center, certain storm drainage improvements, open space and certain landscaping improvements along the central corridor of the District No. 2 Development, which were completed in December 2021 and are expected to be owned and operated by the Association (as defined herein) upon completion of the conveyance from CVRA following the one year warranty period. See "THE DISTRICT NO. 2 DEVELOPMENT—Status of Construction of Public and Private Improvements."

Risk Management

The Board of District No. 2 acts to protect District No. 2 against loss and liability by obtaining and maintaining certain insurance coverage in amounts which the Board believes will be adequate. Currently,

District No. 2 is insured through the Colorado Special Districts Property and Liability Pool ("**CSDPLP**") with policies expiring on December 31, 2022. CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials' liability and workers' compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage for over 1,160 special districts and is governed by an eleven-member board of special district representatives. There is no guarantee that District No. 2 will continue to maintain such insurance in the future; provided that the Indenture requires that District No. 2 carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions, and in such amount, as in the judgment of District No. 2 would protect District No. 2 and its operations.

Services Available within District No. 2

Residents within District No. 2 are provided services by various entities other than District No. 2. The Town provides water and wastewater service (the latter through the Plum Creek Water Reclamation Authority), fire protection, emergency medical services and police protection services. Black Hills Energy provides natural gas service and Intermountain Rural Electric Association (IREA) provides electrical service. District No. 2 is served by Douglas County School District No. RE-1. See "THE DISTRICT NO. 2 DEVELOPMENT—Schools."

RIDGE ESTATES

The following information has been supplied by CVRD, provided that, where noted herein, certain information has been obtained from other sources, including publicly available records of the Town. Toll has not participated in the preparation or review of this Limited Offering Memorandum, except to provide documentation and information in response to specific requests by CVRD, including the information specifically attributed to such parties herein.

Neither the Sub District, the Sub District's advisors, nor the Underwriter make any representation regarding projected development plans within the Sub District, the financial soundness of CVRD or Toll or their respective managerial abilities to complete Ridge Estates as planned. The development of the property within the Sub District may be affected by factors such as governmental policies with respect to land development, the availability of water and other utilities, the availability of energy, construction costs, interest rates, performance of future homebuilders, competition from other developments, and other political, legal, and economic conditions. Further, while certain information is provided herein with respect to existing and anticipated encumbrances of the property, in particular encumbrances recorded or to be recorded by CVRD, property within the Sub District not owned by CVRD may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS—Continued Development Not Assured."

Ridge Estates Overview

"**Ridge Estates**" is an approximately 116-acre residential community, which is being marketed as "Ridge Estates." Ridge Estates is located wholly within the District No. 2 Development residential community, more particularly described below. Ridge Estates is planned to include 142 single-family detached homes and 37.83 acres consisting of one park, open space and trails. All of the property in the Ridge Estates is within the boundaries of the Sub District. Full build out of Ridge Estates is projected to occur in 2027. See also "AERIAL PHOTO" and "VICINITY MAP."

Development activities for the District No. 2 Development were initiated by Crystal Valley Ranch Development Co., LLC ("**CVRD**") in 2001. All of the property in Ridge Estates was originally owned by

the "**Prior Land Owners**" (as further described herein), which consists of four entities, each of which originally owned an approximately 25% interest in the 116 acres comprising Ridge Estates. Forty-six acres of the property within Ridge Estates (referred to herein as "**Filing No. 19**") is currently owned by Toll Southwest LLC ("**Toll**") and 70 acres (referred to herein as "**Filing No. 20**") is currently owned by the Prior Land Owners. CVRD has entered into a purchase and sale agreement (referred to herein as the "**Toll PSA**") with Toll with respect to 51 of the 52 lots in Filing No. 20 (referred to herein as the "**Phase 2 Lots**") and anticipates closing on the sale of such lots to Toll in December 2022. . See "—Construction and Sales Activity; Purchase and Sale Agreement—*Toll PSA*." CVRD anticipates entering into an option agreement with the Prior Landowners with respect to the Phase 2 Lots and intends to exercise the option to purchase such property prior to such conveyance to Toll. One platted lot within Filing No. 20 (as previously defined, the "**Excluded Lot**") is not under contract for purchase by Toll, but instead is anticipated to be retained by the Prior Land Owners to construct a single family home thereon; provided, however, that pursuant to the Toll PSA, if Toll proceeds to a closing on the Phase 2 Lots, Toll has agreed to complete the necessary lot finishing work sufficient for a building permit to be obtained for the Excluded Lot. CVRD is not expected to undertake any vertical construction within Ridge Estates; rather, CVRD has obtained the necessary approvals from the Town, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling the remaining finally platted undeveloped lots to Toll. The "**Prior Land Owners**" consist of four entities, each of which owns an approximately 25% interest in the 70 acres comprised of Filing No. 20 as follows: (i) W.E. Brown, LLC, a Colorado limited liability company (which has as its manager Gregg Brown, the President and managing partner for CVRD), (ii) Maple Grove Land Limited Partnership, a Minnesota limited partnership (which has as the President of its general partner, James Ostensen, the sole owner of CVRD), (iii) Rock Cliff II, LLC, a Minnesota limited liability company, and (iv) Richard Putnam. The principals owning controlling interests of each of the Prior Land Owners have developed numerous projects together, in various combinations of the four partners, over the past 40 years. See "—CVRD and Prior Land Owners."

All of the property planned for Ridge Estates has been fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy by the Town in accordance with the Town Municipal Code. See "—Platting, Zoning/Land Use and Public Approvals.

The following table presents a summary of the anticipated development within Ridge Estates.

TABLE [__] Ridge Estates Property Ownership and Status as of [May 1], 2022

Owner	Filing	Platted Undeveloped Lots
Toll	19	90
Prior Land Owners	20	52
Total		142

The lots in Filing No. 19 were sold and 51 of the 52 lots in Filing No. 20 are anticipated to be sold to Toll as platted undeveloped lots. In addition to the completion of the Water Facilities, buildout of the Ridge Estates will require the funding and completion of Public Improvements and private infrastructure (together, the "**Ridge Estates Improvements**"), the costs of which have been estimated by CVRD as approximately $8 million for Filing No. 19 and $7.3 million for Filing No. 20. Suchestimates do not include the costs for the Water Facilities (estimated at $_____). No portion of the proceeds of the Bonds is anticipated to fund the costs of the Ridge Estates Improvements. The Prior Land Owners and CVRD have entered into the Ridge SIA (as defined herein) with respect to Ridge Estates with the Town, which requires the Prior Land Owners and CVRD to complete specified Ridge Estates Improvements. The Ridge SIA is recorded against the property comprising Ridge Estates. As a result, according to real estate counsel to CVRD, Toll (as the owner of the Filing No. 19 and, upon completion of the sale contemplated herein, the Phase 2 Lots in Filing No. 20), Toll will be responsible for constructing the Ridge Estates Improvements

pursuant to the Ridge SIA. The Ridge Estates Improvements are generally anticipated to be completed in phases, as development progresses. See "—Water and Sewer" for a description of the Water Facilities to be constructed.

Notwithstanding any of the foregoing, none of CVRD, Toll or any other present or future property owner is or will be contractually obligated to pursue the development of the property comprising Ridge Estates, and no assurance is given that development will occur in accordance with the present development plans described herein, or at all.

Land Ownership

As of the date of this Limited Offering memorandum, 46 acres (comprising Filing No. 19) of the property within Ridge Estates is currently owned by Toll Southwest LLC (as previously defined, "Toll") and 70 acres (comprising Filing No. 20) is currently owned by the Prior Land Owners. CVRD has entered into a purchase and sale agreement (referred to herein as the "Toll PSA") with Toll with respect to 51 of the 52 lots in Filing No. 20 (referred to herein as the "Phase 2 Lots") and anticipates closing on the sale of such lots to Toll in December 2022. See "RIDGE ESTATES—Construction and Sales Activity; Purchase and Sale Agreement—*Toll PSA*." CVRD anticipates entering into an option agreement with the Prior Landowners with respect to the Phase 2 Lots and intends to exercise the option to purchase such property prior to such conveyance to Toll.See "—Construction and Sales Activity; Purchase and Sale Agreement—*Toll PSA*."Platting, Zoning/Land Use and Public Approvals

Property planned for Ridge Estates is fully-entitled for its intended uses, subject to: (a) completion of Ridge Estates Improvements in accordance with, and subject to satisfaction of other conditions of, the applicable Development Agreement (entered into with the Town at the time of PD zoning approval) and the Ridge SIA (as defined herein); and (B) the issuance by the Town of building permits for each residential unit. See "—Agreements Concerning Ridge Estates Improvements" and "—Status of Construction and Funding of Public and Private Improvements" below. See also "—Water Matters" for information concerning Town requirements relating to the dedication of groundwater rights or "cash-in-lieu" payments.

Zoning. The approximately 116 acres planned for Ridge Estates are zoned for their intended uses, including the number of single-family residential units anticipated in the Ridge Estates Market Study, in accordance with two separate Planned Development (or "**PD**") Plans, as follows: (a) a Crystal Valley Ranch Planned Development Plan and Zoning Regulations and multiple amendments thereto (most recently, Crystal Valley Ranch Planned Development Plan Amendment No. 5 approved by the Town on September 18, 2018 and recorded in the real property records of the County on November 8, 2018), pertaining to a total of 1,499.2 acres, which establishes the permitted uses for all of the District No. 2 Development, including Ridge Estates, excluding 70 acres within Ridge Estates ("**Filing No. 20**"); and (b) a Ridge Estates Planned Development Plan and Zoning Regulations approved by the Town Council on June 16, 2020, and recorded in the real property records of the County on June 29, 2020, which establishes the permitted uses for the approximately 70 acres within Ridge Estates referred to herein as Filing No. 20.

Platting. The property in Ridge Estates has been platted pursuant to The Ridge at Crystal Valley Ranch Filing No. 1 recorded on December 20, 2021 in the real property records of the County under Reception No. 2021139289 (the "**Filing 1 Plat**").

The following table sets forth land use information contained in the Filing 1 Plat:

TABLE [___]
Land Use Summary

Use Area	Acres
Residential	65.84
Open Space Private	37.83
Utility Dedication	0.43
Right of Way Dedication	11.76
Total	115.86

Source: The Filing 1 Plat

Notwithstanding the foregoing, development plans are subject to change, and no assurance is given that Toll will not pursue a re-platting of property within Ridge Estates into fewer lots than anticipated herein. See "RISK FACTORS—Development Not Assured."

Agreements Concerning Ridge Estates Improvements

Ridge Estates Improvements serving Ridge Estates are required to be completed by owners and developers of property in Ridge Estates in accordance with Development Agreements and the Ridge SIA with the Town, more particularly described below. For information concerning the status of completion of Ridge Estates Improvements serving Ridge Estates and anticipated funding sources for the same, see "—Status of Construction and Funding of Ridge Estates Improvements" below.

Restated CVR Development Agreement (Filing No. 19). District No. 1 entered into the Crystal Valley Ranch Second Amended and Restated Development Agreement dated as of February 21, 2012 with the Town, CVRA, Maple Grove Land Limited Partnership, Crystal Valley Ranch Development Co., LLC and CVR Recreation Center, LLC (as previously defined, the "**Restated CVR Development Agreement**"), which describes the responsibilities of each party in regards to the development of the District No. 2 Development, including Filing No. 19 in Ridge Estates (but excluding the 70 acres referred to herein as Filing No. 20 in Ridge Estates, which is subject to the Ridge Estates Development Agreement, described below), and supersedes the prior Crystal Valley Ranch Development Agreement dated March 22, 2001, between the Town and CVRA. The Restated CVR Development Agreement anticipated that the Districts would finance and construct a significant portion of the Public Improvements, subject to the assumption by a subdivider of the subject property of certain obligations in accordance with subdivision improvement agreements to be entered into between the Town and such subdivider. The Town provided an Estoppel Certificate dated August 21, 2018 (the "**Estoppel Certificate**"), for the benefit of D.R. Horton (as the purchaser of certain property subject to the Restated CVR Development Agreement), which Estoppel Certificate indicates the outstanding obligations under the Restated CVR Development Agreement as of the date of such certificate. According to CVRA, all such identified outstanding obligations have been satisfied, with the exception of a requirement that CVRA pay $220,000 (plus interest if applicable, as provided in the Restated CVR Development Agreement), if the Town elects to commission a traffic engineering assessment and such assessment finds that intersection control improvements are warranted for a fourth intersection within the portion of Ridge Estates subject to such agreement. Such amount, if required to be paid by CVRA, would be in addition to the estimated costs of Public Improvements provided elsewhere herein. As of the date of this Limited Offering Memorandum, to CVRA's knowledge, the Town has not required the payment of such amount. See "—Status of Construction and Funding of Public Improvements."

Ridge Estates Annexation and Development Agreement (Filing No. 20). Maple Grove Land Limited Partnership, Richard Putnam and Wayne E Brown Family, LLC and the Town entered into the Ridge Estates Annexation and Development Agreement dated June 16, 2020, and recorded in the real property records of the County on June 29, 2020 (the "**Original Ridge Estates Development Agreement**") in conjunction with the concurrent approval of the annexation and zoning of Filing No. 20 in Ridge Estates. The Town and the Prior Land Owners entered into a First Amendment to the Original Ridge Estates Development Agreement dated November 2, 2021 and recorded in the real property records of the County on December 17, 2021 (the "**First Amendment to Ridge Estates Development Agreement**" and, together with the Original Ridge Estates Development Agreement, the "**Ridge Estates Development Agreement**") to clarify the design and construction of water improvements to serve Ridge Estates and Bell Mountain Ranch development.

Pursuant to the Ridge Estates Development Agreement, the Prior Land Owners agreed to construct and install the Public Improvements described therein, in accordance with the Town Regulations, the Ridge Estates PD Plan, the Phasing Plan and the applicable Site Development Plan, Plat and SIA, as more particularly provided therein, and be solely responsible for the costs of planning, design, construction and financing thereof. All of the Public Improvements required by the Ridge Estates Development Agreement are anticipated to ultimately be owned and operated by the Town.

The Town Regulations require that a subdivider enter into a Subdivision Improvement Agreement (SIA) at the time of approval of a plat, which is to address engineering requirements for the Public Improvements anticipated by the Ridge Estates Development Agreement and the financial guarantees to assure construction of such Public Improvements. The Prior Land Owners and CVRD entered into the Ridge SIA with the Town on December 20, 2021, see "—Ridge SIA" below for a description. None of the Public Improvements required by the Ridge Estates Development Agreement have been completed.

Pursuant to the Ridge Estates Development Agreement, the Town has agreed to construct, acquire or otherwise develop raw water production, treatment and storage and wastewater treatment to serve the residential development within Ridge Estates (as previously defined, the "**Water Facilities**") and the Prior Land Owners agreed to pay for a pro rata portion of the construction of the Water Facilities. See "—Status of Construction and Funding of Public Improvements" below for a description of the Water Facilities, construction timeline and sources of funding therefor.

According to CVRD, all groundwater rights or "cash-in-lieu" payments required by the Ridge Estates Development Agreement and Town Regulations with respect to Filing No. 20 have been dedicated or paid to the Town, as applicable. Furthermore, in accordance with the Ridge Estates Development Agreement and Town Regulations, the Prior Land Owners have agreed to implement a water efficiency plan for all development within Ridge Estates.

Except as follows, the Ridge Estates Development Agreement does not create any obligation upon the Prior Land Owners to commence or complete development of the residential community within Ridge Estates within any particular timeframe. In the event the Prior Land Owners have not completed construction of at least $500,000 in Public Improvements, excluding soft costs, by December 31, 2029, then the right of the Prior Land Owners under the Ridge Estates Development Agreement and the Town Regulations to undertake further development of Ridge Estates, or to obtain permits for construction of private improvements is to be suspended (the "**Development Suspension**"). The Town Council may release the Development Suspension upon a showing of good cause for the delay and a demonstration by the Prior Land Owners of the ability to commence and complete the development of Ridge Estates in accordance with the Ridge Estates PD Plan. If the Town Council determines to not release the Development Suspension, the Town may initiate modifications to the Ridge Estates PD Plan through the Town Regulations. To CVRD's knowledge, Toll has begun construction of the Public Improvements, but no

building permits have been requested. *As of the date of this Limited Offering Memorandum, CVRD is unable to confirm whether construction of at least $500,000 in Public Improvements has been completed by either CVRD or Toll.*

The Ridge Estates Development Agreement required the dedication of portions of the property within Filing No. 20 (the "**Public Lands**") to the Town or other public entities, which dedication to the Town occurred in connection with the recordation of the Filing 1 Plat. The Prior Land Owners agree to extend water, wastewater and storm water utilities and streets to serve the Public Land, at its expense. To the extent the Town utilizes water for parks developed on the Public Land, the Prior Land Owners agree to pay the Town the applicable water and wastewater system development fees, renewable water resource fees, and meter set fees in accordance with the Town Regulations ("**Water Fees**"). The Prior Land Owners agreed to pay the Water Fees to the Town with the recordation of the plat that includes the applicable Public Land or if the Water Fees are not known at the time of such plat recordation, then 60 days after notice from the Town of the determined Water Fees. The Prior Land Owners paid the Water Fees in the amount of $242,676.84 in connection with the recordation of the Filing 1 Plat. The Prior Land Owners agree to exclude the Public Land from the application and effect of any restrictive covenants. The Prior Land Owners agree to have the responsibility for the maintenance of landscaping within any public street right-of-way dedicated by the Prior Land Owners to the Town, including procurement of water services from the Town and payment of any water service charges under the Town Regulations.

Ridge Subdivision Improvement Agreement. In accordance with Town Regulations and the applicable Development Agreement, the Prior Land Owners and CVRD (collectively referred to in the Ridge SIA as the "**Subdivider**") entered into The Ridge at Crystal Valley Ranch Subdivision Improvements Agreement with the Town dated December 20, 2021 (the "**Ridge SIA**") and recorded in the real property records of the County on December 20, 2021, with the Town, for the purpose of ensuring the completion of specified Public Improvements in Ridge Estates. According to real estate counsel to CVRD, as the Ridge SIA is recorded against the property in Ridge Estates, Toll will be responsible for constructing the Ridge Estates Improvements pursuant to the Ridge SIA described hereafter.

The Ridge SIA provides that the Public Improvements are to be constructed in substantial accordance with the construction drawings and related documents approved by the Town and the applicable Town Regulations. In the event, the Subdivider has not obtained all necessary Town permits and approvals and commenced construction of the Public Improvements within one year of the date of recordation of the Ridge SIA (by December 20, 2022), the Town's authorization under the Ridge SIA is to lapse. Public Improvements must be completed not later than one year after the date of issuance of the first construction permit, provided that the completion date may be extended by the Director of Development Services for the Town for up to six months if justified due to adverse weather, unavailability of materials or other unanticipated and unavoidable circumstances beyond the reasonable control of the Subdivider. To CVRD's knowledge, Toll has begun construction of the Public Improvements, but no building permits have been requested.

Under the Ridge SIA, the property within Ridge Estates will not qualify for building permits until the Public Improvements are substantially completed, which occurs when the Public Improvements are functional and operable in all material respects, although not completed to the standard required for formal acceptance by the Town for operation and maintenance. With the exception of model homes, the property within Ridge Estates will not qualify for certificates of occupancy unless the Public Improvements have been initially accepted by the Town as provided in the Ridge SIA.

In accordance with Town Regulations, the Subdivider agreed to provide the Town with a letter of credit, cash escrow deposit or performance bond to secure construction of the Public Improvements (the "**Security**"). The amount of the Security is to be dependent on the form of Security provided. The Security

is to be delivered to the Town prior to and as a condition of issuance of the first construction permit for the Public Improvements. According to CVRD, Toll is responsible for providing the Security to the Town and has provided such Security as of the date of this Limited Offering Memorandum. With the Town's initial acceptance of the Public Improvements, the Security will be reduced to 15% of the actual construction cost of the Public Improvements in accordance with Town Regulations.

The Subdivider agreed to construct landscaping in connection with the Public Improvements and the private improvements in Ridge Estates. In the event the Subdivider is unable to complete installation of the landscaping as provided in the Ridge SIA, the Subdivider is to make a cash deposit to the Town in the amount of 100% of the anticipated completion costs of the landscaping and shall have 180 days from the date such deposit is made to complete the landscaping.

The Ridge SIA provides that water rights were previously dedicated to the Town in exchange for certain water rights credits as described in the Restated CVR Development Agreement and Ridge Estates Development Agreement. Pursuant to those development agreements, the Town has determined that a total of 151.99 SFE (142.00 SFE for lots and 9.99 SFE for irrigation) are required to meet the water demand requirements for Ridge Estates. Accordingly, 55.00 SFE of the water rights credit provided for in the Restated CVR Development Agreement and 97.00 SFE of the water rights credit provided for in the Ridge Estates Development Agreement are to be applied to meet such water demand requirements (the "**Development Water Credit**"). The Ridge SIA provides that the Town will not demand additional water rights or water resources as a condition to issuance of land use approvals within Ridge Estates, so long as the aggregate water demand from Ridge Estates does not exceed the Development Water Credit as computed in accordance with Town Regulations. To the extent the water demand created by Ridge Estates exceeds the Development Water Credit, the Town is authorized to debt the CVR Parcel 2 Water Bank (as defined in the Restated CVR Development Agreement) in the amount of SFE necessary to meet the demand in excess of the Development Water Credit. In the event that the CVR Parcel 2 Water Bank balance is insufficient to meet such requirement, the Subdivider must provide additional water resources sufficient to meet the demand in excess of the Subdivision Water Credit. Absent compliance with the previously described provisions and subject to the terms and conditions of the Ridge Estates Development Agreement, the Town may withhold development approvals for Ridge Estates for any proposed use that will create an aggregate water demand in excess of the Subdivision Water Credit. The Subdivider agreed to make a cash payment to the Town in lieu of dedicating additional water rights in the amount of $242,676.84, which payment was made in connection with the execution of the Ridge SIA. Through and including December 31, 2024, if the CVR Parcel 2 Water Bank has unused SFEs remaining, the Subdivider is to have the option to sell back any unused credits to the Town at the current purchase price of $3,453 per SFE. After December 31, 2024, any unused SFEs remaining in the CVR Parcel 2 Water Bank will either need to be used in development of Ridge Estates or will revert to the Town at no cost to the Town if no additional development is to occur.

Pursuant to the Ridge Estates Development Agreement, Ridge Estates is subject to a water efficiency plan, which requirements are to be incorporated into all residential lot conveyance documents and the private covenants and restrictions for Ridge Estates.

Under the Ridge SIA, the Subdivider will be obligated to perform the covenants in the Ridge SIA unless and until the obligations are assigned to and assumed by a third party homebuilder. The assignment and assumption by a homebuilder will occur after the homebuilder acquires title to property within Ridge Estates from the Subdivider, the homebuilder executes a Partial Assumption of Subdivision Improvements Agreement in the form attached to the Ridge SIA and the homebuilder furnishes the Town with Security and any necessary rights of entry. Upon compliance with these conditions, the homebuilder will be solely responsible for completion of the Public Improvements. According to real estate counsel to CVRD, as the

Ridge SIA is recorded against the property in Ridge Estates, Toll will be responsible for constructing the Ridge Estates Improvements pursuant to the Ridge SIA.

The following constitute a default by the Subdivider under the Ridge SIA: failure to commence or complete construction of the Public Improvements within the time periods described above; failure to cure the defective construction of any Public Improvements within the time periods described in the Ridge SIA; or the Subdivider has breached or caused a breach of any other provision of the Ridge SIA. As a condition to exercise its remedies for default, the Town is to give notice to the Subdivider and, if applicable, to a homebuilder, of the occurrence of an event of default. The Subdivider and/or homebuilder will have 30 calendar days from receipt of the notice to cure the default. However, if the default cannot be cured solely due to adverse weather conditions, then the right to cure will be extended for an additional 90 days, provided the Subdivider or homebuilder extends the terms of the Security to 60 days bey9ond the date of such extended notice period. When an event of default occurs and has not been timely cured the Town may: if the Public Improvements have not been completed, call the Security and apply the proceeds thereof for any remedial work; if the Public Improvements have not been timely completed, withhold issuance of building permits, certificates of occupancy and tap connections for which the Public Improvements have not been completed or accepted; record a notice of non-compliance with the Ridge SIA in the public records of the County to provide record notice of the default, which notice will be promptly released by the Town upon cure of the default; and bring suit against the Subdivider for money damages and/or equitable relief.

The estimated costs of Public Improvements required under the Ridge SIA with the Town for Ridge Estates are included in the estimated costs of the Ridge Estates Improvements provided by CVRD described in "—Status of Construction and Funding of Public Improvements" below.

Status of Construction and Funding of Public Improvements

The Project. Pursuant to the Ridge Estates Development Agreement (defined herein), the Town has agreed to construct, acquire or otherwise develop raw water production, treatment and storage and wastewater treatment to serve the residential development within Ridge Estates (as previously defined, the "**Water Facilities**") and the Prior Land Owners agreed to pay for a pro rata portion of the construction of the Water Facilities. In connection therewith, the Sub District and the Town have entered into the Escrow Agreement, pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of constructing and installing the Water Facilities (as previously defined, the "**Project**") with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (as previously defined, the "**Escrow Account**") and application to the costs of the Project. The Project consists of the construction of a 350,000 gallon water storage tank, a booster pump station and 6,000 linear feet of 12" water main. [NOTE THAT COSTS ALL ESTIMATES UNTIL FINAL BIDS RECEIVED BEFORE PRICING] Pursuant to the Escrow Agreement, the total cost of the Project is $[3,819,615], of which the Sub District is responsible for [100% of the costs for the water storage tank ($[1,650,000])], 30% of the costs for the booster pump station ($[195,000]), 30% of the costs for the water main ($[294,000]), and 100% of the costs for the construction management fee ($[42,780]), for a total deposit to the Escrow Account of $[2,181,780] by the Sub District (the "**Escrow Deposit**"). The Sub District's Escrow Deposit will be funded from proceeds of the Bonds. See "THE SUB DISTRICT—Material Agreements—*Escrow Agreement*." The Town's deposit to the Escrow Account will be $[1,637,835]. [The Town has represented to the Sub District that it has sufficient moneys on hand to fund its deposit to the Escrow Account and will not need to seek additional financing for such purpose.]

[The Town solicited bids from general contractors for the Project in May 2022 and selected [General Contractor] ("**General Contractor**") on June [7], 2022.] The Town expects to enter into a [guaranteed maximum price] contract (the "**Construction Contract**") with General Contractor and is in the process of negotiating the Construction Contract. [TO BE UPDATED AS NEEDED]. The total costs

of the Project may be revised in connection with the execution of the Construction Contract, see "THE SUB DISTRICT—Material Agreements—*Escrow Agreement*" for a discussion of the provisions governing a revision in the total costs of the Project. Construction of the Project is anticipated to begin in [June] 2022 and to be completed in March 2023.

Ridge Estates Improvements. The lots in Filing No. 19 were sold and the lots in Filing No. 20 will be sold to Toll as platted undeveloped lots. Buildout of the Ridge Estates will require the funding and completion of Public Improvements and private infrastructure (together, the "**Ridge Estates Improvements**"), in addition to the Water Facilities described above. The costs of the Ridge Estates Improvements have been estimated by CVRD as approximately $8 million for Filing No. 19 and $7.3 million for Filing No. 20, which estimates do not include the costs for the Water Facilities. No portion of the proceeds of the Bonds is anticipated to fund the costs of the Ridge Estates Improvements. Pursuant to the Toll PSA, Toll is to be responsible for funding all costs of the Ridge Estates Improvements. The Prior Land Owners and CVRD have entered into the Ridge SIA (as defined herein) with respect to Ridge Estates with the Town, which requires the Prior Land Owners and CVRD to complete specified Public Improvements. According to real estate counsel to CVRD, as the Ridge SIA is recorded against the property in Ridge Estates, Toll will be responsible for constructing the Ridge Estates Improvements pursuant to the Ridge SIA. The Ridge Estates Improvements are generally anticipated to be completed in phases, as development progresses.

Construction and Sales Activity; Purchase and Sale Agreement

General. Ridge Estates is planned to include 142 single-family detached homes to be constructed by Toll. As reflected in Exhibit 19 of the Ridge Estates Market Study, the Market Consultant estimates a total of 2 product lines for Ridge Estates (based upon assumed product segmentation and recommended price positioning) with estimated closing prices ranging from $966,504 to $1,176,612, as more particularly described therein. Full build out of Ridge Estates is projected to occur in 2027.

Construction and Sales Activity. Of the 142 homes planned for Ridge Estates, as of the date of this Limited Offering Memorandum, 0 homes had been completed and sold to homeowners. No building permits have been issued to date.

Toll PSA. Pursuant to an Agreement for the Sale of Real Estate (The Ridge at Crystal Valley Ranch Filing 1) dated May 10, 2021, as subsequently amended on July 9, 2021 and October 26, 2021 (as amended, the "**Toll PSA**"), between CVRD and Toll Southwest LLC, a Delaware corporation (as previously defined, "**Toll**"), Toll has agreed to purchase 141 platted residential lots and all platted tracts in Filing No. 19 and Filing No. 20, such residential lots to be purchased in two phases as follows: (i) 90 lots in Filing No. 19 (the "**Phase 1 Lots**"); and (ii) 51 of the 52 platted lots in Filing No. 20 (the "**Phase 2 Lots**"). The remaining platted lot in Filing No. 2 (as previously defined, the "**Excluded Lot**") is not anticipated to be acquired by Toll; however, pursuant to the Toll PSA, if Toll proceeds to a closing on the Phase 2 Lots, Toll has agreed to complete the necessary lot finishing work sufficient for a building permit to be obtained for the Excluded Lot.

Toll closed on the purchase of the Phase 1 Lots on December 21, 2021. Pursuant to the Toll PSA, Toll is anticipated to close on the purchase of the Phase 2 Lots (referred to herein as the "**Phase 2 Closing**") on the later of (a) the first anniversary of the closing on the Phase I lots (i.e., December 21, 2022) and (b) seven business days after the satisfaction (or waiver by Toll) of all of the conditions precedent to Toll's obligation to close on the Phase 2 Lots, subject to Toll's right to accelerate the Phase 2 Closing on not less than ten days' notice. Notwithstanding the foregoing, in no event is the Phase 2 Closing to occur, if at all, after the date that is 18 months and seven business days after the Phase 1 closing date (i.e., June 30, 2023).

The Phase 2 Closing is presently projected to occur in December 2022; however, no assurance is provided that the Phase 2 Closing will occur in such timeframe or at all.

CVRD does not presently own the Phase 2 Lots. Rather, CVRD anticipates entering into an option agreement with the Prior Landowners with respect to the Phase 2 Lots and intends to exercise the option to purchase the Phase 2 Lots prior to conveying them to Toll under the Toll PSA.

As of the date of this Limited Offering Memorandum, Toll has made two earnest money deposits in the total amount of $350,000 (the "**Deposit**"), which amount is non-refundable as the due diligence period under the Toll PSA has expired. The Deposit will be applied against the purchase price of the Phase 2 Lots at the Phase 2 Closing. The Toll PSA provides that Toll is to pay a base purchase price for the subject lots as set forth therein, subject to certain credits and adjustments set forth in the Toll PSA.

Pursuant to the Toll PSA, Toll's obligation to acquire the Phase 2 Lots is contingent upon the commencement of construction of the Post Closing Work (defined below), including the acquisition by CVRD of all necessary easements, lender subordinations and consents and the issuance of permits required therefor, on or prior to the date that is 18 months after the Phase 1 closing date (i.e., on or prior to June 21, 2023). "**Post Closing Work**" is defined in the Toll PSA to mean the construction of the Water Facilities as described in the Ridge Estates Development Agreement. See "—Agreements Concerning Ridge Estates Improvements—*Ridge Estates Annexation and Development Agreement (Filing No. 20)*." In addition, Toll's obligation to acquire the Phase 2 Lots is subject to the provision of customary title and construction and entitlement documentation and a lack of any moratoriums, prohibitions or other restrictions on the provision of utilities, construction permitting or other matters the effect of which would be to preclude the construction, sale and occupancy of single family homes on the Phase 2 Lots, as more particularly provided in the Toll PSA.

CVRD has not agreed to fund or otherwise undertake the provision of any lot finishing work with respect to any of the lots subject to the Toll PSA. Rather, it is anticipated that all lot finishing work for the Phase 1 Lots and, if acquired by Toll, the Phase 2 Lots, will be completed by Toll at its expense. Pursuant to the Toll PSA, Toll agreed to grade the Phase 2 Lots and the Excluded Lot within one year following the closing on the Phase 1 Lots. According to CVRD, as of the date of this Limited Offering Memorandum, the grading by Toll has commenced. Additionally, provided that Toll closes on the Phase 2 Lots, Toll is to, at its expense, perform and complete the lot finish work, which means all work necessary for the owner of the Excluded Lot to obtain a building permit for a residence.

If Toll commits a default under the Toll PSA and such default continues after written notice thereof from CVRD, CVRD is to have the right, as its sole exclusive remedy (except as otherwise expressly provided in the Toll PSA), to terminate the Toll PSA with respect to the unpurchased property and to retain the Deposit as liquidated damages. If CVRD commits a material default under the Toll PSA, and such default continues for 30 days after written notice thereof, Toll is to have, as its exclusive remedies, the right: (a) to terminate the Toll PSA with respect to the unpurchased property, and to have the Deposit returned to Toll; or (b) to enforce specific performance of CVRD's obligation to convey such title to the property as it is able to convey, in accordance with the terms and provisions of the Toll PSA. Toll is to exercise its remedy of specific performance in connection, if at all, by commencing suit within 120 days after CVRD's default, and Toll waives any right to seek specific performance if suit is not brought within such 120-day period. Notwithstanding the foregoing, before exercising any remedy provided for in the Toll PSA, Toll is to deliver written notice of the default to CVRD and CVRD is to have five days from receipt of such written notice to cure any default.

Notwithstanding any of the foregoing, no assurance is given that the Phase 2 Lots under contract for purchase by Toll will ultimately be acquired by Toll in the timeframe anticipated herein, or at all.

Furthermore, in the event that Toll does acquire the Phase 2 Lots, Toll is not obligated to construct homes thereon in any particular timeframe, or at all.

Water and Sewer

Water and sewer is provided to Ridge Estates by the Town. In accordance with the Town Municipal Code, the Town requires the dedication of water rights (or agreed-upon cash payments in lieu of water rights dedication), in addition to the payment of periodic user fees and capital fees, as a condition to the Town providing water service to properties within its boundaries. See "–Agreements Concerning Public Improvements—*Ridge SIA*" for a description of the water rights and cash payments in lieu of water rights dedication made with respect to Ridge Estates.

The provision of water service by the Town to Ridge Estates is also conditioned upon the completion of the Project. See "—Status of Construction and Funding of Public Improvements" for a description of the Project.

Land Acquisition; Encumbrances on Land

The following describes certain encumbrances presently existing on all or portions of the property comprising Ridge Estates, to the extent known by CVRD. Such property is also subject to various easements and rights of way of record which, to the extent of record only, CVRD has reviewed does not believe are inconsistent with the development of the subject property as described herein. Property within Ridge Estates may be subjected to additional encumbrances as development progresses. No assurance is given that encumbrances will not be recorded against portions of Ridge Estates which impact the ability of Ridge Estates to be carried out as presently planned.

Land Acquisition and Ownership; Liens Securing Financial Obligations. The Prior Land Owners presently own approximately the 70 acres comprising Filing No. 20 within Ridge Estates (platted for 52 homes), none of which is subject to mortgages, liens or other encumbrances of record securing a financial obligation. Toll presently owns approximately 46 acres comprising Filing No. 19 within Ridge Estates (platted for 90 homes), none of which, to CVRD's knowledge, is subject to mortgages, liens or other encumbrances of record securing a financial obligation.

Appraisal. See "THE DISTRICT NO. 2 DEVELOPMENT—Land Acquisition; Encumbrances on Land—*Appraisals*" for a description of the lack of appraisals with respect to the District No. 2 Development and, accordingly, Ridge Estates.

Declaration. See "THE DISTRICT NO. 2 DEVELOPMENT—Land Acquisition; Encumbrances on Land—*Declaration*" for a description of the Covenants (described herein) that encumber Filing No. 19 in Ridge Estates.

Environmental Matters

See "THE DISTRICT NO. 2 DEVELOPMENT—Environmental Matters" for a description of the environmental reports available with respect to the District No. 2 Development, including Ridge Estates.

Ridge Estates Market Study

The Sub District engaged Zonda Advisory, Centennial, Colorado for the purpose of preparing a market analysis and absorption forecast (the "**Ridge Estates Market Study**"), for the residential community planned for Ridge Estates. The Ridge Estates Market Study report dated March 17, 2022, as

revised May 6, 2022, is attached as APPENDIX A hereto. The Ridge Estates Market Study assesses the product type, pricing and annual absorption for the remaining planned development in the Sub District based upon an analysis of the market area as well as other competing communities, conceptually competitive developments and other factors more particularly set forth in the Ridge Estates Market Study. See "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies."

See, in particular, Exhibit 19 of the Ridge Estates Market Study for the market values and project phasing completion schedule, as recommended and estimated by the Ridge Estates Market Study. *The recommendations and estimates provided by the Ridge Estates Market Study are based upon the assumptions, and subject to the qualifications and limitations, set forth therein. See Appendix A attached hereto.*

Competition

For information regarding existing and potential residential developments in the area that may compete with Ridge Estates, see the Ridge Estates Market Study attached as APPENDIX A hereto.

Schools

See "THE DISTRICT NO. 2 DEVELOPMENT—School" for a description of the schools that serve the District No. 2 Development, including Ridge Estates.

CVRD and Prior Land Owners

Generally. Crystal Valley Ranch Development Co., LLC (as previously defined, "**CVRD**") initiated development activities within the District No. 2 Development in 2001. In February 2012, Crystal Valley Recovery Acquisition, LLC (as previously defined, "**CVRA**"), an entity unrelated to CVRD, acquired approximately 419 acres within the District No. 2 Development and proceeded with the marketing and development of the remainder of the District No. 2 Development not then sold to homebuilders, with the exception of the property in the District No. 2 Development (described herein as Ridge Estates) owned by the Prior Land Owners (70 acres) and Toll (46 acres) and a 4-acre parcel zoned for commercial uses owned by Pinnacle View Development LLC.

The Prior Land Owners presently own a total of 70 acres comprising Filing No. 20 in Ridge Estates platted for 52 lots. CVRD anticipates entering into an option agreement with the Prior Landowners with respect to Filing No. 20 and intends to exercise the option to purchase Filing No. 20 prior to conveying it to Toll under the Toll PSA (as defined herein). Pursuant to the Toll PSA, Filing No. 20 will subsequently be conveyed to Toll in December 2022.

CVRD is not expected to undertake any vertical construction within Ridge Estates; rather, CVRD has obtained the necessary approvals from the Town, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling the remaining finally platted undeveloped lots to Toll

CVRD Development Team. The portion of the District No. 2 Development developed prior to the above-described acquisition by CVRA, and the remaining 116 acres (referred to herein as Ridge Estates, planned for 142 lots) presently owned by the Prior Land Owners and Toll have been, and continue to be, undertaken as a joint project of the Prior Land Owners (described below) and CVRD.

The ownership of the 116 acres comprising Ridge Estates was previously divided amongst four Prior Land Owners, each of which owned approximately 25% of Ridge Estates. The 46 acres in Filing No. 19 was subsequently transferred to Toll in December 2021. The ownership of the 70 acres comprising Filing

No. 20 is as follows: W.E. Brown, LLC – 25%; Maple Grove Land Limited Partnership – 25%; Rock Cliff II, LLC – 25%; and Richard Putnam – 25%.

Historically, CVRD acquired portions of the District No. 2 Development from the Prior Land Owners from time to time as development progressed, obtained necessary entitlements and marketed and sold such property to homebuilders; CVRD expects to do the same with respect to the property comprising Filing No. 20.

CVRD is a Colorado limited liability company, having as its sole member and owner, James Ostensen. Gregg Brown is the President and managing partner for CVRD.

The four individuals having controlling interests in CVRD and the Prior Land Owners--Craig Avery, Richard Putnam, Jim Ostenson and Gregg Brown--have developed numerous projects together, in various combinations of the four partners, over the past 40 years. Mr. Putnam and Mr. Ostenson have built commercial buildings and developed hundreds of residential lots. They were active in the Breckenridge area for several years developing land in the Peak 7 and 8 area. On his own, Mr. Putnam has also built other subdivisions and office buildings. Mr. Avery and Mr. Ostenson have built several office/warehouse buildings and developed multiple residential subdivisions. They have also partnered with Trammel Crow Company to develop apartments and land in Minnesota. Mr. Gregg Brown and Mr. Ostenson have partnered in a few housing projects and are currently partner in an approximately 370-acre parcel in the southwest quadrant of the future interchange of Highway 25 and Crystal Valley Parkway.

Collectively, this team of four has more than 150 years of real estate development experience in developing office buildings, apartment buildings and thousands of residential lots. Each individual of the team contributes to projects separate skill sets from backgrounds in marketing, finance, planning and construction management. With respect to the District No. 2 Development, these four individuals function as a complete team, able to address and manage the varied requests and needs of banks, Town staff, neighborhood groups, builders and utility contractors associated with the District No. 2 Development.

Craig Avery. Craig Avery has a Master's in Finance from the University of Minnesota and was a mortgage banker dealing in commercial property before developing his own properties.

Richard Putnam. Richard Putnam has a degree in Urban Planning from the University of Minnesota and became the first City Planner for the City of Eden Prairie upon graduation. Eden Prairie was just beginning its growth spurt and Mr. Putnam was key in establishing the planning and zoning ordinances for the City that now has a population of 70,000.

Jim Ostenson. Jim Ostenson graduated with a degree in Business Administration and was involved in brokering lots to local and national home builders before becoming a developer of residential and commercial properties in Minnesota and Colorado.

Wayne Brown and Gregg Brown. Wayne Brown was a successful heavy earth moving, sewer, water, storm utility contractor and land developer. Mr. Wayne Brown agreed to join CVRD in the purchase of the District No. 2 Development and his knowledge was crucial to the early development and construction of the infrastructure. Unfortunately, Mr. Wayne Brown passed away early in the construction of the District No. 2 Development, but his son Gregg Brown was able to join CVRD in 2005 as the managing partner.

Gregg Brown is currently the President and managing partner for CVRD. He has been managing all aspects of the District No. 2 Development from entitlements, sales, general contracting and financing. From 1987 to 2005, Mr. Gregg Brown was the President and an owner of Brown & Cris, Inc. and Brown Contracting, Inc. Both companies performed heavy earth moving and underground utilities construction.

He had offices in MN, CO, AZ and Utah doing work for the private residential developers and public civil sectors of the market. Mr. Gregg Brown graduated from Gustavus Adolphus College with a degree in Physics.

THE DISTRICT NO. 2 DEVELOPMENT

As Ridge Estates is located entirely within the boundaries of the District No. 2 Development, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, which in turn is dependent upon the assessed valuation of the property comprising the District No. 2 Development, certain information is provided in this Limited Offering Memorandum with respect to the District No. 2 Development. However, prospective buyers of the Bonds should be aware that only property within the boundaries of Ridge Estates in the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds.

*The following information has been supplied by the Market Consultant, CVRD, CVRA and obtained frompublicly available records, all as specifically indicated herein [**REVIEW WITH CVRD COUNSEL AND UNDERWRITER'S COUNSEL SOURCING OF ALL INFORMATION THROUGHOUT THIS SECTION; ADD AS APPLICABLE TO EACH SECTION**]. The Current Homebuilders have not participated in the preparation or review of this Limited Offering Memorandum. CVRA's participation in this Limited Offering Memorandum has been limited to providing documentation and information in response to specific requests (in some cases, such responses consisting of information reported to it by the Current Homebuilders), which information is specifically attributed to CVRA herein, and CVRA has not reviewed or certified any portions of this Limited Offering Memorandum as to accuracy.*

Neither the Sub District, the Sub District's advisors, nor the Underwriter make any representation regarding projected development plans within District No. 2, the financial soundness of CVRD, CVRA or the Current Homebuilders or their respective managerial abilities to complete the District No. 2 Development as planned. The development of the property within District No. 2 may be affected by factors such as governmental policies with respect to land development, the availability of water and other utilities, the availability of energy, construction costs, interest rates, performance of future homebuilders, competition from other developments, and other political, legal, and economic conditions. Further, while certain information is provided herein with respect to existing and anticipated encumbrances of the property, in particular encumbrances recorded or to be recorded by CVRD or CVRA, property within the District No. 2 not owned by CVRA or CVRD may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS—[Continued Development Not Assured]."

District No. 2 Development Overview

The "**District No. 2 Development**" is an approximately 1,569-acre master-planned residential community comprised of two master development plan areas, which properties are collectively marketed as "Crystal Valley Ranch." The District No. 2 Development is planned to include 3,093 single-family detached homes (including the residential homes planned for Ridge Estates) and 143 acres of parks, open space and trails, including the existing 12-acre Rhyolite Regional Park and 13 miles of pedestrian trails. Also located within the District No. 2 Development is the Pinnacle Park and Recreation Center, completed in 2010, which includes a clubhouse with community gathering spaces, outdoor pool, fitness center, picnic pavilion, outdoor amphitheater, sports field and multi-use court, dog park and xeriscape gardens. The District No. 2 Development is located in the Town of Castle Rock. All of the property in the District No. 2 Development containing existing or planned residential development is within the boundaries of District No. 2. See also "AERIAL PHOTO" and "VICINITY MAP." While a 4-acre parcel in the District No. 2

Development owned, according to public records, by Pinnacle View Development LLC (as previously defined, the "**Pinnacle View Parcel**") is presently zoned for commercial uses, no commercial or any other development has been projected for such property for purposes of determining the anticipated District Debt Obligation Mill Levy, the resulting anticipated Required Mill Levy, and feasibility of payment of the Bonds; no development with respect to such parcel is anticipated in the District No. 2 Development Market Study (as defined herein).

Development activities in the District No. 2 Development were initiated by CVRD in 2001. In February 2012, Crystal Valley Recovery Acquisition, LLC ("**CVRA**"), an entity unrelated to CVRD, acquired approximately 419 acres within the District No. 2 Development and proceeded with the marketing and development of the remainder of the District No. 2 Development not then sold to homebuilders, with the exception of the remaining approximately 116 acres comprising Ridge Estates, as more particularly described herein, and the Pinnacle View Parcel referenced above. Neither CVRD nor CVRA is expected to undertake any vertical construction within the District No. 2 Development; rather, each of CVRD and CVRA intend to obtain the necessary approvals from the Town to advance their respective portions of the remaining planned development, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling finally platted lots to homebuilders.

Of the 3,093 homes planned for the District No. 2 Development, as of January 1, 2022, 2,078 homes (approximately 67.2% of the planned total) had been completed and sold to homeowners. 929 platted lots (approximately 30.0% of the planned total) were held by the six "**Current Homebuilders**," comprised of Century Communities, Inc. ("**Century**") (93 lots), Richmond American Homes of Colorado, Inc. ("**Richmond**") (350 lots), D.R. Horton, Inc. (d/b/a Melody Homes, Inc.) ("**D.R. Horton**") (185 lots), Kauffmann Homes ("**Kauffmann**") (143 lots), Taylor Morrison of Colorado Inc. ("**Taylor**") (68 lots) and Toll Southwest LLC (as previously defined, "**Toll**") (90 lots, which are a portion of the lots in Ridge Estates). Of the 929 platted lots owned by the Current Homebuilders, according to CVRA, based on information provided to it by the Current Homebuilders, as of March 31, 2022, the Current Homebuilders had entered into purchase contracts with homeowners for 245 homes. One additional platted lot is presently held by a custom homebuilder. Property platted for the remaining 85 lots (or approximately 2.7% of the planned total) is presently owned by CVRA (property platted for 33 lots) and the Prior Land Owners (property platted for 52 lots). Full build out of the District No. 2 Development is projected to occur in 2027. See also "RISK FACTORS—Development Not Assured" and "APPENDIX B—DISTRICT NO. 2 DEVELOPMENT MARKET STUDY."

All of the property planned for the District No. 2 Development has been fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy by the Town in accordance with the Town Municipal Code. See "—Platting, Zoning/Land Use and Public Approvals.

The following table summarizes ownership of property in the District No. 2 Development and, with respect to those lots owned by the Current Homebuilders, the number of lots under contract to homeowners, as of January 1, 2022, except as otherwise indicated.

TABLE [__] District No. 2 Development Property Ownership and Status as of January 1, 2022

	Total	Pre-2022	2022	
Owner	Platted Lots/ Planned Homes[1]	Completed Homes Sold to Homeowners	Remaining Platted Lots/Planned Homes	Platted Lots with Homes under Contract[2]
Individual Homeowners	2,078	2,078	--	--
Current Homebuilders				
Century[3]	93	--	93	62
Richmond[3]	350	--	350	135
D.R. Horton[3]	185	--	185	48
Kauffmann[3]	143	--	143	--
Taylor[3]	68	--	68	--
Toll[4, 7]	90	--	90	--
Subtotal	929	--	929	245
CVRA[5]	33	--	33	--
Prior Land Owners[6, 7]	52	--	52	--
Custom Homebuilder	1	--	1	--
Total	3,093	2,078	1,015	245

[1] In the case of "Individual Homeowners," represents completed homes (based on information provided by the Market Consultant). In all other cases, represents platted lots.
[2] Represents homes under contract for purchase by homeowners on platted lots owned by Current Homebuilders, as of March 31, 2022, according to CVRA, based on information provided to it by the Current Homebuilders.
[3] According to CVRA, these lots were sold as unfinished lots with the core infrastructure in place.
[4] According to CVRD, these lots were sold as undeveloped lots.
[5] According to CVRA, these lots are anticipated to be sold by CVRA as finished lots, the necessary improvements are anticipated to be completed by CVRA by July 2022, and a closing to a homebuilder is anticipated to occur within 30 days of lot finish; provided, however, there is no purchase contract in place with a homebuilder as of the date of this Limited Offering Memorandum.
[6] According to CVRD, these lots, with the exception of the Excluded Lot, are anticipated to be conveyed to Toll pursuant to the Toll PSA as undeveloped lots in December 2022. The Prior Land Owners intend to retain ownership of the Excluded Lot and construct a single family home thereon.
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Source: The Market Consultant, CVRD and CVRA (in the case of data with respect to individual Current Homebuilders, based on information provided by such Current Homebuilders to CVRD).

The infrastructure required for all lots previously conveyed to Current Homebuilders (except for the 90 lots owned by Toll), with the exception of homebuilder lot finishing costs, has been completed. According to CVRA, the lots currently held by CVRA (33 lots) are anticipated to be sold by CVRA as finished lots, the necessary improvements (with an estimated cost of approximately $1,750,000, which has been funded by CVRA), are anticipated to be completed by CVRA by July 2022, and a closing to homebuilder is anticipated to occur within 30 days of lot finish;; provided, however, there is no purchase contract in place with a homebuilder as of the date of this Limited Offering Memorandum. See "RIDGE ESTATES—Status of Construction and Funding of Public Improvements" for a summary of the estimated costs to complete the Ridge Estates Improvements.

Notwithstanding any of the foregoing, none of CVRD, CVRA, the Current Homebuilders or any other present or future property owner is or will be contractually obligated to pursue the development of the property comprising the District No. 2 Development, and no assurance is given that development will occur in accordance with the present development plans described herein, or at all.

Land Ownership

As of January 1, 2022, 2,078 homes were completed in the District No. 2 Development and owned by homeowners, 929 lots were owned by the Current Homebuilders, 33 lots were owned by CVRA, 52 lots were owned by the Prior Land Owners and 1 lot was owned by a custom homebuilder.

Pinnacle View Development LLC owns a 4-acre parcel zoned for commercial uses; however, no development within such commercial parcel has been projected for purposes of determining the feasibility of payment of the Bonds, and no information is provided as to the present development plans, if any, with respect to such properties.

Platting, Zoning/Land Use and Public Approvals

Property planned for the District No. 2 Development is fully-entitled for its intended uses, subject to: (a) completion of Public Improvements in accordance with, and subject to satisfaction of other conditions of, the applicable Development Agreement (entered into with the Town at the time of PD zoning approval) and Subdivision Improvement Agreements (entered into with the Town at the time of subdivision of the applicable property); and (b) the issuance by the Town of building permits for each residential unit. See "—Agreements Concerning Public Improvements" and "—Status of Construction and Funding of Public and Private Improvements" below. See also "—Water Matters" for information concerning Town requirements relating to the dedication of groundwater rights or "cash-in-lieu" payments.

Zoning. The approximately 1,569 acres planned for the District No. 2 Development are zoned for their intended uses, including the number of single-family residential units anticipated in the District No. 2 Development Market Study, in accordance with two separate PD Plans, as follows: (a) a Crystal Valley Ranch Planned Development Plan and Zoning Regulations and multiple amendments thereto (most recently, Crystal Valley Ranch Planned Development Plan Amendment No. 5 approved by the Town on September 18, 2018 and recorded in the real property records of the County on November 8, 2018), pertaining to a total of 1,499.2 acres, which establishes the permitted uses for all of the District No. 2 Development, excluding Filing No. 20; and (b) a Ridge Estates Planned Development Plan and Zoning Regulations approved by the Town Council on June 16, 2020, and recorded in the real property records of the County on June 29, 2020, which establishes the permitted uses for the approximately 70 acres within Ridge Estates referred to herein as Filing No. 20. Together, the two PDs allow for a total of up to 3,475 residential units to be constructed within the District No. 2 Development.

Platting. All lots held by the Current Homebuilders are platted. Notwithstanding the foregoing, development plans are subject to change, and no assurance is given that the Current Homebuilder will not pursue a re-platting of property within the District No. 2 Development into fewer lots than anticipated herein. See "RISK FACTORS—Development Not Assured."

Agreements Concerning Public Improvements

Public Improvements serving the District No. 2 Development are required to be completed by owners and developers of property in the District No. 2 Development in accordance with Development Agreements (generally entered into at the time of initial zoning approvals) and Subdivision Improvement Agreements (or "**SIAs**," generally entered into at the time of subdivision of the subject property) with the Town, more particularly described below. For information concerning the status of completion of Public Improvements serving the District No. 2 Development and anticipated funding sources for the same, see "—Status of Construction and Funding of Public Improvements" below.

For descriptions of the Development Agreements, see "RIDGE ESTATES—Agreements Concerning Public Improvements—*Restated CVR Development Agreement*" and "*—Ridge Estates Annexation and Development Agreement*."

Subdivision Improvement Agreements. In accordance with Town Regulations and the applicable Development Agreement, owners of property within District No. 2 are anticipated to be required to enter into Subdivision Improvement Agreements (also referred to herein as "**SIAs**") with the Town, for the purpose of ensuring the completion of specified Public Improvements. Such SIAs are generally entered into by the property owner at the time of recordation of the final plat for the subject property, but the obligations thereunder to complete Public Improvements are anticipated to be assigned to homebuilders in connection with the sale of the subject property. As described above, with the exception of homebuilder lot finishing costs, the infrastructure required for all lots previously conveyed to the Current Homebuilders (including Public Improvements required by the applicable SIAs), except for the 90 lots owned by Toll, has been completed. See "RIDGE ESTATES—Agreements Concerning Public Improvements—*Ridge SIA*" for a description of the Ridge SIA entered into with respect to Ridge Estates. According to CVRA, the lots currently held by CVRA (33 lots) will be sold by CVRA as finished lots and the anticipated completion date of the necessary improvements is June or July 2022.

Status of Construction and Funding of Public Improvements

The infrastructure required for all lots previously conveyed to Current Homebuilders (except for the 90 lots owned by Toll), with the exception of homebuilder lot finishing costs, has been completed. According to CVRA, the lots currently held by CVRA (33 lots) will be sold by CVRA as finished lots and the anticipated completion date of the necessary improvements, with an approximate cost of $1,750,000 that has been funded by CVRA, is June or July 2022 and a closing to homebuilder is anticipated to occur within 30 days of lot finish; provided, however, there is no purchase contract in place with a homebuilder as of the date of this Limited Offering Memorandum. See "—Ridge Estates" above for a summary of the estimated costs to complete the Ridge Estates Improvements See "RIDGE ESTATES—Status of Construction and Funding of Public Improvements" for a description of the estimated costs and financing plans for Public Improvements in Ridge Estates.

Construction and Sales Activity; Purchase and Sale Agreements

General. The District No. 2 Development is planned to include 3,093 single-family detached homes constructed and to be constructed by a variety of homebuilders, including those presently marketing homes in the community (as previously defined, the "Current Homebuilders," comprised of Richmond, D.R. Horton, Century, Kauffmann and Toll). As reflected in Exhibit 19 of the District No. 2 Development Market Study, homes have been completed in the District No. 2 Development by a variety of builders and with a range of prices. As reflected in Exhibit 19 of the District No. 2 Development Market Study, the Market Consultant estimates a total of 23 product lines for the active and remaining portions of the District No. 2 Development (based upon assumed product segmentation and recommended price positioning) with estimated closing prices ranging from $483,222 to $1,191,986, as more particularly described therein. Full build out of the District No. 2 Development is projected to occur in 2027.

Construction and Sales Activity. Of the 3,093 homes planned for the District No. 2 Development, as of January 1, 2022, 2,078 homes (approximately 67.2% of the planned total) had been completed and sold to homeowners. 929 platted lots (approximately 30.0% of the planned total) were held by the six "**Current Homebuilders**," comprised of Century Communities, Inc. ("**Century**") (93 lots), Richmond American Homes of Colorado, Inc. ("**Richmond**") (350 lots), D.R. Horton, Inc. (d/b/a Melody Homes, Inc.) ("**D.R. Horton**") (185 lots), Kauffmann Homes ("**Kauffmann**") (143 lots), Taylor Morrison of Colorado Inc. ("**Taylor**") (68 lots) and Toll Southwest LLC (as previously defined, "**Toll**") (90 lots, which

are a portion of the lots in Ridge Estates). One platted lot is presently held by a custom homebuilder. Property platted for the remaining 85 lots (or approximately 2.7% of the planned total) is presently owned by CVRA (property platted for 33 lots) and the Prior Land Owners (property platted for 52 lots). For a representation of the foregoing information in table format, see TABLE [___] "DISTRICT NO. 2 DEVELOPMENT PROPERTY OWNERSHIP AND STATUS AS OF JANUARY 1, 2022." [ADD HOMEOWNER CONTRACT ACTIVITY FROM INTRODUCTION]

Building Permit and Certificate of Occupancy Activity. According to the Town Building Division, through March 31, 2022, the Town had issued 95 building permits for single-family detached homes (including 1 building permit for a model home) and 90 certificates of occupancy in the District No. 2 Development for calendar year 2022. According to CVRA, based on information provided to it by the Current Homebuilders, the Current Homebuilders anticipate that a total of 285 homes will be sold to homeowners in 2022.

Water and Sewer

Water and sewer is provided to the District No. 2 Development by the Town. In accordance with the Town Municipal Code, the Town requires the dedication of water rights (or agreed-upon cash payments in lieu of water rights dedication), in addition to the payment of periodic user fees and capital fees, as a condition to the Town providing water service to properties within its boundaries. Due to the time of annexation to the Town of the property comprising the District No. 2 Development, such dedication of water rights, or "cash-in-lieu" payment, is to occur at the time of subdivision of the subject property, except with respect to the 52 lots comprising Filing No. 20 in Ridge Estates. With respect to the 52 lots comprising Filing No. 20, in accordance with the Town Municipal Code, groundwater dedication and/or "cash-in-lieu" requirements were required to be satisfied at the time of annexation of such property to the Town. Accordingly, all such dedications and/or payments have been made with respect to the lots owned by the Current Builders and Filing No. 20 owned by the Prior Land Owners (platted for 52 lots). With respect to the 33 remaining platted lots owned by CVRA, according to CVRA, a cash-in-lieu payment for in the amount of $460,377.50 has been made. With respect to the 90 lots comprising Filing No. 19 in Ridge Estates, CVRD has stated that all required payments were made in connection with the recordation of the Filing No. 1 Plat. See "THE SUB DISTRICT—Agreements Concerning Public Improvements—*Ridge Subdivision Improvement Agreement*."

See "RIDGE ESTATES—Water and Sewer" for a description of the conditions required for provision of water service to Ridge Estates.

Land Acquisition; Encumbrances on Land

The following describes certain encumbrances presently existing on all or portions of the property comprising the District No. 2 Development, to the extent known by CVRD. Such property is also subject to various easements and rights of way of record which, to the extent of record only, CVRD has reviewed does not believe are inconsistent with the development of the subject property as described herein. Property within the District No. 2 Development may be subjected to additional encumbrances as development progresses. No assurance is given that encumbrances will not be recorded against portions of the District No. 2 Development which impact the ability of the District No. 2 Development to be carried out as presently planned.

Land Acquisition and Ownership; Liens Securing Financial Obligations. CVRA acquired approximately 419 acres within the District No. 2 Development in February 2012. CVRA presently owns 33 platted lots in Filing No. 13 in the District No. 2 Development, none of which is subject to mortgages, liens or other encumbrances of record securing a financial obligation. The Prior Land Owners presently

own approximately the 70 acres comprising Filing No. 20 within Ridge Estates (platted for 52 homes), none of which is subject to mortgages, liens or other encumbrances of record securing a financial obligation. Toll presently owns approximately 46 acres comprising Filing No. 19 within Ridge Estates (platted for 90 homes), none of which, to CVRD's knowledge, is subject to mortgages, liens or other encumbrances of record securing a financial obligation. Property platted for 839 homes (as of January 1, 2022) is owned by the Current Homebuilders (other than Toll), and may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity.

Appraisal. Upon request of CVRD, no appraisals of property comprising the District No. 2 Development are available from such property owners. It is possible that homebuilders that have purchased property in the District No. 2 Development have obtained appraisals of portions of the District No. 2 Development property; however, such appraisals are not of public record and are not available to the Sub District.

Declaration. A Master Declaration of Covenants, Conditions and Restrictions of Crystal Valley Ranch was recorded in the records of the Douglas County Clerk and Recorder against the property in the District No. 2 Development (with the exception of Filing No. 20 in Ridge Estates) on August 30, 2002 under Reception No. 2002088619 (the "**Covenants**"). The Covenants establish that the Crystal Valley Ranch Master Association, Inc. (the "**Association**"), a community association under the Colorado Common Interest Ownership Act, C.R.S. Section 38-33.3-101 et seq. ("**CCIOA**"), shall be formed. The Association has the power to levy assessments against lots in the District No. 2 Development, which assessments shall be used to promote the recreation, health, safety and welfare of the residents of the District No. 2 Development. The Association presently levies assessments in the amount of $79.25 per month or, in the case of Painter's Ridge, $67 per month. The Association has a statutory lien on a lot for any assessments levied against such lot or the owner thereof.

The Association appoints a Design Review Committee, which reviews and approve or disapproves plans for "**Improvements**," which includes improvements, structures, and any appurtenances thereto or components thereof, of every type and kind, and all landscaping features, including, but not limited to, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, carports, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, basketball hoops, poles, signs, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment. No Improvements shall be constructed on any lot in the District No. 2 Development, unless complete plans and specifications have been submitted to and approved by the Design Review Committee. The Design Review Committee may enact a manual of design guidelines for the District No. 2 Development, or other design or architecture guidelines, to clarify the types of designs and materials that may be considered in design approval. The Design Review Committee has the right to inspect any Improvements to ensure such Improvements are or have been completed in conformity with the approval provided by the Design Review Committee.

The Association has the authority to maintain, repair or replace the common elements of the District No. 2 Development and any Improvements located thereon, unless such Improvements have been dedicated to a local government entity. Each owner of a lot and the Improvements thereon shall be responsible for maintenance, repair and replacement at the such owner's sole cost and expense; however, if an owner fails to perform such maintenance, repair or reconstruction in a satisfactory manner, the Association may perform such maintenance, repair or reconstruction and the cost shall be the personal obligation of the owner.

The Covenants also establish restrictions on the District No. 2 Development, which include, but are not limited to, restrictions regarding household pets, temporary structures, residential use, miscellaneous improvements, vehicle parking, nuisances, hazardous materials or chemicals, annoying light, sounds or odors, trash and materials, lot maintenance, leases and landscaping.

Notwithstanding anything in the Covenants to the contrary, CVRD reserves the right to subdivide or replat any lot in the District No. 2 Development owned by CVRD and it is permissible for CVRD to perform such reasonable activities it deems reasonably necessary to the construction and sale of lots and development and construction of Improvements.

Environmental Matters

Environmental Site Assessments. A Phase I Environmental Site Assessment for approximately 500 acres of the District No. 2 Development (comprised of Filing Nos. 5, 7s, 12, 13 and 15), dated December 7, 2011 (the "**Phase I ESA**"), was prepared for CVRA by Terracon Consultants, Inc., Wheat Ridge, Colorado ("**Terracon**"). According to the Phase I ESA, there was evidence of a recognized environmental condition ("**REC**") relating to the large volume of fill dirt in the central and north-central portion of the site. Terracon recommended further assessment of the fill dirt to evaluate the potential presence of hazardous materials and petroleum hydrocarbons.

In connection with the Phase I ESA, Terracon contracted Smith Environmental, Westminster, Colorado ("**Smith**") to prepare a report titled Overview of the Water of the United States and Federally-Listed Threatened and Endangered Species Habitat at Crystal Valley Ranch, Douglas County, Colorado dated November 18, 2011 (the "**Wetlands and Endangered Species Report**"). The Wetlands and Endangered Species Report identified four existing wetlands within the District No. 2 Development, two of which were determined by the United States Army Corp of Engineers ("**USACE**") to be non-jurisdictional and two of which were considered jurisdictional. According to CVRA, CVRA has completed all wetlands mitigation work required by the USACE in connection with the District No. 2 Development, and such work is presently in a two-year review and warranty period. According to CVRA, none of the existing or planned lots in the District No. 2 Development are within the floodplain or otherwise subject to the receipt of consents or approvals from the USACE prior to the issuance of building permits therefor.

The Wetlands and Endangered Species Report also provided a preliminary threatened and endangered species assessment, identified existing habitats for the Preble's Meadow Jumping Mouse ("**PMJM**") near the District No. 2 Development and discussed impacts to potential PMJM habitat in the District No. 2 Development. Smith identified small patches of PMJM habitat outside the District No. 2 Development, which were not contiguous enough to support a PMJM travel corridor. Smith believed that the United States Fish and Wildlife Service ("**USFWS**") would not consider the District No. 2 Development as a PMJM habitat. Additionally, Smith observed no Mexican Spotted Owls, Colorado Butterfly Plants or Ute Ladies'-tresses Orchids in the District No. 2 Development. Based on Smith's investigations, in the Phase I ESA Terracon recommended continued evaluation and coordination of threatened and endangered species issues with the USFWS as proposed new development was considered.

Following the Phase I ESA, a Limited Site Investigation dated January 10, 2012 (the "**Limited Site Investigation**"), pertaining to the approximately 500 acres that were the subject of the Phase I ESA, was prepared for CVRA by Terracon to assess the fill dirt in the central and north-central portion of the site and determine if the fill dirt consisted of clean or impacted soil. The Limited Site Investigation determined that the fill dirt consisted of clean soil and no further environmental investigation was recommended for the fill dirt.

District No. 2 Development Market Study

The Sub District engaged Zonda Advisory, Centennial, Colorado for the purpose of preparing a market analysis and absorption forecast (the "**District No. 2 Development Market Study**"), for the residential community planned for the District No. 2 Development. The District No. 2 Development Market Study report dated March 11, 2022, as revised May 6, 2022, is attached as APPENDIX B hereto. The District No. 2 Development Market Study assesses the product type, pricing and annual absorption for the remaining planned development in District No. 2 based upon an analysis of the market area as well as other competing communities, conceptually competitive developments and other factors more particularly set forth in the District No. 2 Development Market Study. See "RISK FACTORS—Risks Inherent in Financial Forecast and Market Studies."

See, in particular, Exhibit 19 of the District No. 2 Development Market Study for the market values and project phasing completion schedule, as recommended and estimated by the District No. 2 Development Market Study. *The recommendations and estimates provided by the District No. 2 Development Market Study are based upon the assumptions, and subject to the qualifications and limitations, set forth therein. See Appendix B attached hereto.*

Competition

For information regarding existing and potential residential developments in the area that may compete with the District No. 2 Development, see the District No. 2 Development Market Study attached as APPENDIX B hereto.

Schools

The District No. 2 Development is currently served by Douglas County School District No. RE-1, including the following schools:

Schools

Name of School	Grades Served	Approximate Distance From the Development No. 2 Development
South Ridge Elementary	PK-5	4.0 miles
Mesa Middle School	6-8	7.0 miles
Douglas County High School	9-12	5.5 miles

A portion of the property in the District No. 2 Development has been designated as a school site. However, no information is available for inclusion herein as to what type of school, if any, will be constructed on such site or the timeframe for construction thereof.

The Property Owners, CVRA and CVRD

Generally. Crystal Valley Ranch Development Co., LLC (as previously defined, "**CVRD**") initiated development activities within the District No. 2 Development in 2001. In February 2012, Crystal Valley Recovery Acquisition, LLC (as previously defined, "**CVRA**"), an entity unrelated to CVRD, acquired approximately 419 acres within the District No. 2 Development and proceeded with the marketing and development of the remainder of the District No. 2 Development not then sold to homebuilders, with the exception of the property in the District No. 2 Development (described herein as Ridge Estates) owned by Toll and the Prior Land Owners and the 4-acre Pinnacle View Parcel owned by Pinnacle View Development LLC.

The Prior Land Owners presently own a total of 70 acres comprising Filing No. 20 in Ridge Estates platted for 52 lots. CVRD anticipates entering into an option agreement with the Prior Landowners with respect to 51 of the 52 lots in Filing No. 20 and intends to exercise the option to purchase such property prior to conveying it to Toll under the Toll PSA (as defined herein). CVRA presently owns 33 platted lots in Filing No. 13 in the District No. 2 Development.

Neither CVRD nor CVRA is expected to undertake any vertical construction within the District No. 2 Development; rather, each of CVRD and CVRA intend to obtain the necessary approvals from the Town to advance their respective portions of the remaining planned development, as described herein, including site planning and engineering and completion of subdivision platting as applicable, with a view to selling finally platted lots to homebuilders

CVRA and CVRA Asset Management.

CVRA. The District No. 2 Development (excluding the Ridge Estates) is a project of Crystal Valley Recovery Acquisition, LLC, a Delaware limited liability company (as previously defined, "**CVRA**"). CVRA is 100% owned and controlled by Paulson RERF West LLC which is 100% owned by Paulson Real Estate Recovery Fund, LP. The General Partner of Paulson Real Estate Recovery Fund is Paulson Property Management LLC.

CVRA Asset Management. Asset management of the CVRA portion of the District No. 2 Development is conducted by RainTree Investment Corporation Inc. pursuant to a contract with CVRA. Such asset management services include all activities required to obtain land entitlements, management of existing facilities and disposition of property within the District No. 2 Development.

CVRD Development Team; Prior Land Owners. See "RIDGE ESTATES—The Property Owners—*CVRD Development Team; Prior Land Owners*" for a description of the CVRD development team and the Prior Land Owners.

FINANCIAL INFORMATION

The Bonds are payable from, among other sources, revenues resulting from certain ad valorem property taxes imposed by the Sub District. Certain information pertaining to such ad valorem property taxes and other Pledged Revenue, as well as other financial information of the Sub District is set forth below.

Ad Valorem Property Taxes

The Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the Sub District. Property taxes are uniformly levied against the assessed valuation of all taxable property within the applicable taxing entity. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below. The Sub District's ability to impose ad valorem property taxes is subject to, among other limitations, the limitations set forth in the Service Plan. See "THE SUB DISTRICT—Service Plan Authorizations and Limitations."

Property Tax Reduction for Senior Citizens and Disabled Veterans. On November 7, 2000 and November 7, 2006, respectively, the electors of the State approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first $200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in

property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

Property Subject to Taxation. Both real and personal property located within the boundaries of the Sub District, unless exempt, are subject to taxation by the Sub District and other governmental taxing entities, as applicable. See "THE SUB DISTRICT—Inclusion, Exclusion, Consolidation and Dissolution." Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and non-profit cemeteries.

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the county assessor. The "actual" value, with certain exceptions, is determined by the county assessor annually based on a biennially recalculated "level of value" set on January 1 of each odd-numbered year. The "level of value" is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, "actual" values for the 2017 levy/2018 collection year as well as the 2018 levy/2019 collection year are based on market data obtained from the period January 1, 2015–June 30, 2016. "Actual" values for the 2019 levy/2020 collection year as well as the 2020 levy/2021 collection year are based on market data obtained from the period January 1, 2017–June 30, 2018. The "level of value" calculation does not change for even-numbered years. The classes of property the "actual" value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

Determination of Assessed Value. The assessed value of taxable property (which represents the value upon which ad valorem property taxes are levied) is determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) times an assessment ratio. There are different assessment ratios for different classes of taxable property (e.g. residential and non-residential).

Residential Property. For levy years 2020 and 2021 (collection years 2021 and 2022), residential property is assessed at 7.15% of its statutory actual value. Residential assessment rates may be changed by the Colorado General Assembly and by the eligible electors at a State-wide election, and any increases would require voter approval pursuant to TABOR. From 1982 to 2020, a provision in the Colorado Constitution referred to as the "**Gallagher Amendment**," required the Colorado General Assembly to calculate and potentially adjust the residential assessment rate every two years.

The residential assessment rate had remained at 7.96% since the 2003 levy year until 2017. During the 2017 legislative session, the Colorado General Assembly approved a change to the residential assessment rate to 7.20% for levy years commencing on and after January 1, 2017, and during the 2019 legislative session, the Colorado General Assembly approved a change to the residential assessment rate to 7.15% for levy years commencing on and after January 1, 2019.

On November 3, 2020, Colorado voters approved an amendment to the Colorado Constitution which repealed the Gallagher Amendment. Accordingly, the Colorado General Assembly is no longer required to recalculate and potentially adjust the residential assessment rate every two years.

Senate Bill 21-293 (as previously defined, "**SB 21-293**"), which was signed by the Governor on June 23, 2021, among other things, designates multi-family residential real property as a new subclass of residential real property and temporarily reduces the residential assessment rates. Pursuant to SB 21-293, the assessment rate for multi-family residential property will be temporarily reduced from 7.15% to 6.8% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024. Furthermore, pursuant to SB 21-293, the assessment rate for all residential real property, other than multi-family residential real property, will be temporarily reduced from 7.15% to 6.95% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024.

The Indenture generally requires the Sub District to impose a Required Mill Levy of 49.854 mills less the District Debt Obligation Mill Levy for such year. The Indenture requires the Sub District to increase or decrease the Required Mill Levy to offset any changes in the method of calculating assessed valuation occurring after July 21, 2020. Accordingly, at such time as the Sub District contains property classified by the County Assessor as residential, it will be required to increase its Required Mill Levy to offset changes to the residential assessment rates as a result of SB 21-293. See "THE BONDS—Security for the Bonds—*Required Mill Levy*."

Non-Residential Property. For levy years 2020 and 2021 (collection years 2021 and 2022), all non-residential taxable real and personal property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas. Non-residential assessment rates may be changed by the General Assembly and by the eligible electors at a State-wide election, and any increases would require voter approval pursuant to TABOR.

SB 21-293 classifies agricultural property, lodging property, and renewable energy production property as new subclasses of non-residential property. SB 21-293 also provides that the assessment rate for agricultural property and renewable energy production property will be temporarily reduced from 29% to 26.4% for levy years 2022 and 2023, and then return to 29% in levy year 2024.

The Indenture generally requires the Sub District to impose a Required Mill Levy of 49.854 mills less the District Debt Obligation Mill Levy for such year. The Indenture requires the Sub District to increase or decrease the Required Mill Levy to offset any changes in the method of calculating assessed valuation occurring after July 21, 2020. Accordingly, if the Sub District contains property classified by the County Assessor as agricultural, lodging or renewable energy production, it will be required to increase the Required Mill Levy to offset changes to the non-residential assessment rates as a result of SB 21-293. See "THE BONDS—Security for the Bonds—*Required Mill Levy*."

Beginning in May of each year each county assessor hears taxpayers' objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the Sub District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Protests, Appeals, Abatements and Refunds. Beginning in May of each year each county assessor hears taxpayers' objections to property valuations, and the county board of equalization hears assessment

appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the Sub District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within a subdistrict of a special district is required to be certified by the county assessor to the subdistrict of a special district no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The board of such subdistrict of a special district then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by such subdistrict to defray its operational and debt service expenditures during the ensuing fiscal year. In determining the rate of levy, the board must take into consideration the limitations on certain increases in property tax revenues as described in "—Constitutional Amendment Limiting Taxes and Spending" and "—Budget and Appropriation Procedure." The board must certify the subdistrict of a special district's levy to the board of county commissioners no later than December 15.

Upon receipt of the tax levy certification of the subdistrict of a special district and other taxing entities within the county, the board of county commissioners levies against the assessed valuation of all taxable property within the county the applicable property taxes. Such levies are certified by the board of county commissioners to the county assessor, who thereupon delivers the tax list and warrant to the county treasurer for the collection of taxes.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2021, for example, will be collected in 2022. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16 of the collection year. The county treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of a subdistrict of a special district to the subdistrict of a special district on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the applicable county treasurer's duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the county treasurer or that tax liens will ultimately be sold. Further, the county treasurer may set a minimum total amount below which competitive bids will not be accepted. Tax liens that remain unsold or for which acceptable bids are not received will be set off to the county. If a tax lien is set off to the county, then no taxes levied against such property are payable until the county has sold the tax lien or the property has been redeemed. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the board of county commissioners.

Ad Valorem Property Tax Data of the Sub District

The Sub District's population is currently zero. Due to the timing of the Sub District's organization and the recordation of the Formation Resolution, the County Assessor did not certify an assessed valuation for the Sub District in 2020 or 2021. The estimated 2021 assessed valuation for the Sub District is $1,490 based upon the certified assessed valuation for the parcels comprising the Sub District; however, this amount has not been certified for the Sub District by the County Assessor.

The Sub District did not impose a mill levy for 2020 (2021 collection year) or 2021 (2022 collection year); as a result, there is no property tax collection information available for the Sub District.

Overlapping Mill Levies. Numerous entities located wholly or partially within the Sub District are authorized to levy taxes on property located within the Sub District. According to the County Assessor, there are currently eight entities overlapping the Sub District. As a result, property owners within the Sub District will be subject to the mill levies of such entities. Additional taxing entities may overlap the Sub District in the future. See also "DEBT STRUCTURE—General Obligation Debt."

TABLE [__] Sample 2021 Mill Levies for the Sub District

Taxing Unit	2021 Mill Levy [1]
Douglas County	18.524
Douglas County School District Re-1	43.797
Town of Castle Rock	1.139
Castle Rock Fire Protection District	10.100
Cedar Hill Cemetery Association	0.124
Douglas County Soil Conservation District	0.000
Douglas County Public Library District	4.021
Crystal Valley Metropolitan District No. 1	2.000
Crystal Valley Metropolitan District No. 2	45.000
Total Sample Overlapping Mill Levy	124.705
The Sub District [2]	0.000
Total Sample Mill Levy	124.705

[1] One mill equals 1/10 of one cent. Mill levies certified in 2021 are for the collection of ad valorem property taxes in 2022.
[2] The Sub District will certify its first mill levy in 2022 for collection in 2023. [ANTICIPATED MILL LEVY FROM FORECAST TO BE DESCRIBED]
Source: County Assessor.

Ad Valorem Property Tax Data of District No. 2

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

District No. 2's assessed valuations for the levy years 2017 to 2021 (collection years 2018 to 2022) are set forth in the following table. See "—Ad Valorem Property Taxes—*Assessment of Property*" above

for a description of the assessment ratios for taxable property used in each of such years. See also "— Constitutional Amendment Limiting Taxes and Spending" below.

TABLE [__] History of District No. 2's Assessed Valuation and Mill Levies

Levy/ Collection Year	Assessed Valuation	Percent Change	General Fund	Debt Service Fund	Total Mill Levy
2017/2018	$33,787,540	--	10.776	49.508	60.284
2018/2019	40,260,310	19.16	10.776	49.508	60.284
2019/2020	58,052,340	44.19	5.000	49.854	54.854
2020/2021	69,953,320	20.50	3.500	48.000	51.500
2021/2022	87,183,780	24.63	2.000	43.000	45.000

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation Annual Reports for the years 2017 - 2021, and County Assessor.

The following table sets forth the 2021 certified assessed and "actual" valuations (for the 2022 tax collection year) of specific classes of property within District No. 2.

TABLE [___] 2021 Assessed and "Actual" Valuation of Classes of Property in District No. 2

Class	Assessed Valuation	Percent of Assessed Valuation [1]	"Actual" Valuation	Percent of "Actual" Valuation [1]
Agricultural	$ 1,490	<.00%	$ 5,130	<.00%
Commercial	--	<.00	598,465	0.06
Natural Resources	120	<.00	908,177,833	<.00
Residential	64,394,220	74.27	--	92.30
Vacant Land	21,788,700	25.28	983,915,833	7.64
Total	$86,184,530[2]	100.00%	$670,184,833[2]	100.00%

[1] Figures may not total due to rounding.
[2] Total does not include exempt class of property.
Source: County Assessor.

The following table sets forth a history of District No. 2's ad valorem property tax collections within District No. 2 for levy years 2016 through 2021 (collection years 2017 through 2022) on a calendar year basis.

TABLE [__] History of Property Tax Collections [1]

Levy/Collection Year	Total Taxes Levied	Total Taxes Collected [2]	Percent of Levy Collected
2016/2017	$1,369,943	$1,369,842	99.99%
2017/2018	2,036,848	2,036,766	100.00
2018/2019	2,427,053	2,413,143	99.43
2019/2020	3,184,403	3,166,856	99.45
2020/2021	3,602,596	3,582,313	99.43
2021/2022[3]	3,923,271	1,600,040	40.78

[1] Figures may not add due to rounding.
[2] Figures include current tax collections only.
[3] Collections through February 28, 2022.
Source: State of Colorado Department of Local Affairs Division of Property Taxation Annual Reports for the years 2015 - 2019, and the County Treasurer.

Largest Taxpayers. Set forth in the following table are the persons or entities which represent the largest taxpayers within District No. 2, based on 2021 final certified assessed value, as provided by the County Assessor. No independent investigation has been made of, and no representation is made herein as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in District No. 2.

TABLE [__] Largest Taxpayers within District No. 2 in 2021

Name	Assessed Valuation	Percent of Assessed Valuation [1, 2]
RICHMOND AMERICAN HOMES OF COLORADO, INC.	$6,585,950	7.55%
MELODY HOMES, INC.	3,056,120	3.51
Century Land Holdings, LLC	2,331,130	2.67
RHYOLITE RANCH LLC	1,916,870	2.20
Pinnacle View Development, LLC	1,395,140	1.60
Taylor Morrison Homes of Colorado, Inc.	1,040,970	1.19
Black Hills Colorado Gas, Inc.	260,700	0.30
QWEST CORPORATION	25,000	0.03
D.R. HORTON, INC.	14,810	0.02
Zawodna LLC	4,110	< 0.00
Total	$16,630,800	19.08%

[1] The 2021 certified assessed valuation figure of District No. 2 used in computing the above was $87,183,780.
[2] Figures may not add due to rounding.
Source: County Assessor.

Overlapping Mill Levies. Numerous entities located wholly or partially within District No. 2 are authorized to levy taxes on property located within District No. 2. According to the County Assessor, there are currently seven entities overlapping District No. 2. As a result, property owners within District No. 2 will be subject to the mill levies of such entities. The following table sets forth the total mill levy levied against taxpayers within District No. 2 in 2021 for collection in 2022 (totaling 124.705 mills, inclusive of District No. 2 mill levies); provided, however, that approximately 3.65 acres in District No. 2 comprised of open space is also within the boundaries of District No. 1 and was subject to an additional 2.000 mills imposed by District No. 1 in 2021 for collection in 2022. District No. 2 imposed in 2021, for collection in 2022, a debt service mill levy in the amount of 43.000 mills and a general fund mill levy in the amount of 2.000 mills. Additional taxing entities may overlap District No. 2 in the future. See also "DEBT STRUCTURE—General Obligation Debt."

TABLE [__] Sample 2021 Mill Levies for District No. 2

Taxing Unit	2021 Mill Levy [1]
Douglas County	18.524
Douglas County School District Re-1	43.797
Town of Castle Rock	1.139
Castle Rock Fire Protection District	10.100
Cedar Hill Cemetery Association	0.124
Douglas County Soil Conservation District	0.000
Douglas County Public Library District	4.021
Crystal Valley Metropolitan District No. 1	2.000
Total Sample Overlapping Mill Levy	79.705
District No. 2	45.000
Total Sample Mill Levy	124.705

[1] One mill equals 1/10 of one cent. Mill levies certified in 2021 are for the collection of ad valorem property taxes in 2022.
Source: County Assessor.

Specific Ownership Taxes

Specific ownership taxes represent the amounts received by the Sub District from the State pursuant to statute primarily on motor vehicle licensing. Such tax is collected by all counties and distributed to every taxing entity within a county, such as the Sub District, in the proportion that the taxing entity's ad valorem taxes represents the cumulative amount of ad valorem taxes levied county-wide. The portion of the specific ownership tax which is collected as the result of the Sub District's general fund mill levy is anticipated to be applied to operational costs of the Sub District. Those portions of specific ownership taxes which are allocable to Sub District's Required Mill Levy are pledged to the payment of the Bonds and are not available for other purposes. See "THE BONDS—Security for the Bonds—*Specific Ownership Tax*."

Fees

Pursuant to Section 32-1-1001(1)(j), C.R.S., the Districts are authorized to fix fees, rates, tolls, charges and penalties for services or facilities provided by the Districts which, until paid, shall constitute a perpetual lien on and against the property served. The Service Plan similarly permits the imposition of such fees and rates for services and facilities provided by the Districts. Pursuant to the Master IGA, all fees and charges are to be imposed by District No. 1 for services and facilities provided to or for the benefit of District No. 2. However, in connection with the issuance of the District 2020 Bonds, District No. 2 and District No. 1 entered into the Waiver Agreement, pursuant to which District No. 1 consented to permit District No. 2 to impose, collect and use the Development Fees (described below).

The Board of District No. 2 adopted a Third Amended and Restated Resolution Concerning Imposition of District Development Fee on June 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020 and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021, with an effective date for the most recent amendment of January 1, 2022 (as previously defined, collectively, the "**Fee Resolution**"). Under the Fee Resolution, District No. 2 authorizes the imposition of fees and charges against all property which is now and in the future within the boundaries of the Districts, as such boundaries may be adjusted in the future (as previously defined, the "**Legal Boundaries**"). The Fee Resolution establishes a one-time "Development Fee" for all residential dwelling units within the Legal Boundaries of $2,430 for all residential detached dwelling units and $1,390 for all

multi-family attached dwelling units. The Fee Resolution also establishes a one-time "Development Fee" for all property developed for commercial uses within the Legal Boundaries at an SFE rate of $2,430 and shall be applied to all commercial property on the basis of 4 SFEs per each acre of commercial property or $9,724 per acre of zoned commercial property. The Development Fees are due no later than the date a building permit is obtained for the applicable property.

Only a portion of the Development Fees are pledged to the payment of the Bonds. See "THE BONDS—Security and Sources of Payment—*Pledged Development Fees*." Pursuant to the District IGA, District No. 2 has pledged Development Fees collected within the boundaries of the Sub District to the Sub District for the payment of the Bonds. The Development Fees collected by District No. 2 within the Legal Boundaries outside the boundaries of the Sub District are not pledged to the payment of the Bonds.

Operational Mill Levy; Other Funding of Operations; Other Revenue Sources

The Service Plan does not limit the ad valorem property taxes that may be imposed by the Sub District for administration, operation and maintenance purposes. The Sub District imposed a general fund mill levy in the amount of 0.000 mills in 2021 (for collection in 2022).

Other revenues available to the Sub District for the funding of operations, as well as the payment of debt service, include interest and other earnings on investments (excluding earnings on funds held by the Trustee) and, to the extent not prohibited by other contractual obligations, fees for services and facilities allowed under the Service Plan.

The Sub District may apply other legally available funds and revenues to the payment of debt service on the Bonds, and upon the application of such other funds and revenues, the debt service mill levies imposed for payment of the Bonds may, to that extent, be diminished, subject to the requirements of the Required Mill Levy. However, the Bonds do not constitute a lien or encumbrance on such revenues.

Sub District Financial Statements and Funds

The accounts of the Sub District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The Sub District has budgeted for a Capital Projects Fund to account for the estimated infrastructure costs that are to be built for the benefit of the Sub District. In connection with the issuance of the Bonds, the Sub District will be creating a General Fund, to serve as its primary operating fund, and a Debt Service Fund, to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds, including the Bonds.

Due to the Sub District's limited financial activity to date, no audited financial information is available for inclusion herein. In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the Sub District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. Due to the timing of the Sub District's formation, no audit or application for exemption from audit have been filed. Pursuant to the Indenture, the Sub District has covenanted to cause an annual audit to be performed each year commencing with fiscal year 2022 (which may consist of the presentation of such information in an audit of District No. 2) notwithstanding any state law audit exemptions that may exist.

District No. 2 Historical Financial Information

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of District No. 2's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. Audited financial information was prepared by Hiratsuka & Associates, L.L.P. for the fiscal year ended December 31, 2020 and such audited financial statements are attached in APPENDIX D.

Set forth hereafter is a comparative statement of revenues, expenses, and changes in net position for District No. 2's General Fund, Debt Service Fund, and Capital Project Fund. Such information should be read together with the financial statements and accompanying notes appended hereto. Preceding years' financial statements may be obtained from the sources noted in "INTRODUCTION—Additional Information."

TABLE [__] General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – District No. 2

	2016	2017	2018	2019	2020
Revenues					
Property taxes	$215,453	$244,810	$364,098	$ 433,813	$ 290,236
Specific ownership taxes	19,821	26,827	38,503	43,515	25,037
Interest income	845	1,953	7,247	11,689	2,139
Total	236,119	273,590	409,848	489,017	317,412
Expenditures					
Audit	4,100	4,100	--	4,200	4,500
Insurance	3,127	3,371	3,367	4,819	2,375
Director's fees	2,000	1,600	200	1,700	1,200
Payroll taxes	153	122	15	130	92
Miscellaneous expenses	48	148	120	135	1,424
Transfer to District No. 1	73,000	65,000	35,474	129,526	120,000
Professional Services	--	--	--	--	2,250
Treasurer's fees	3,233	3,675	5,465	6,510	4,356
Total Expenditures	85,661	78,016	44,641	147,020	136,197
Other Financing Sources (Uses)					
Transfer from (to) other Funds	--	--	--	--	(1,090,260)
Total for Other Financing Sources (Uses)	--	--	--	--	(1,090,260)
Net Change in Fund Balance	150,458	195,574	365,207	341,997	(909,045)
Beginning Fund Balance	86,034	236,492	432,066	797,273	1,139,270
Ending Fund Balance	$236,492	$432,066	$797,273	$1,139,270	$230,225

Source: District No. 2's audited financial statements for the years ended December 31, 2016-2020.

TABLE [__] Debt Service Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - District No. 2

	2016	2017	2018	2019	2020
Revenues					
Property taxes	$ 989,790	$1,124,659	$1,672,772	$1,993,062	$2,893,889
Specific ownership taxes	91,059	123,243	176,895	199,919	249,642
Transfer from other governments	--	--	--	117,303	--
Interest income	4,054	9,693	34,495	55,108	22,916
Total Revenue	1,084,903	1,257,595	1,884,162	2,365,392	3,166,447
Expenditures					
Miscellaneous	61	16	75	43	93
Transfer to District No. 1	225,000	5,695,455	--	--	--
Paying agent / trustee fees	1,500	1,500	--	1,500	1,500
Treasurer's fees	14,854	16,884	25,105	29,910	43,435
Bond Defeasance	--	--	--	--	66,772,064
Interest expense [1]	578,436	621,682	800,059	--	829,949
Principal payment [1]	240,000	300,000	465,000	--	550,000
Interest payment – Series 2015 Loan	--	--	--	579,315	--
Principal payment – Series 2015 Loan	--	--	--	390,000	--
Interest payment – Series 2017 Loan	--	--	--	197,824	--
Principal payment – Series	--	--	--	95,000	--
Total Expenditures	1,059,851	6,890,237	1,290,239	1,293,592	68,197,041
Other Financing Sources (Uses)					
Loan proceeds	--	6,110,000	--	--	--
Costs of issuance	--	--	--	--	--
Bond Proceeds	--	--	--	--	--
Transfers from (to) Other Funds	--	--	--	--	15
Bond issuance costs	--	--	--	--	--
Total for Other Financing Sources (Uses)	--	6,110,000	--	--	63,063,928
Net Change in Fund Balance	25,052	477,358	593,923	1,071,800	(1,966,656)
Beginning Fund Balance	646,857	671,909	1,149,267	1,743,190	2,814,990
Ending Fund Balance	$ 671,909	$1,149,267	$1,743,190	$2,814,990	$ 848,334

[1] This Expenditure relates to the issuance of the District 2020 Bonds, which refunded certain outstanding obligations of District No. 2.
[2] The 2019 Audit broke out principal and interest between certain District No. 2 loans.
Source: District No. 2's audited financial statements for the years ended December 31, 2016-2020.

TABLE [__] Capital Projects Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – District No. 2

	2020 [1]
Revenues	
Interest Income	$ 29
Transfers from District 1	3,553,375
System Development Fees	92,610
Total Revenues	3,646,014
Expenditures	
Transfers to District No. 1	4,108,441
Cost of Issuance	1,917,599
Total Expenditures	6,026,040
Other Financing Sources (Uses)	
Refunding Bonds	56,660,000
Bond Premium	7,782,603
Transfers from (to) Other Funds	(61,973,678)
Total Other Financing Sources (Uses)	2,468,925
Net Change in Fund Balance	88,899
Beginning Fund Balance	--
Ending Fund Balance	$ 88,899

[1] 2020 was the first year District No. 2 utilized the Capital Projects Fund.
Source: District No. 2's audited financial statements for the year ended December 31, 2020.

Budget and Appropriation Procedure

The Sub District's budget is prepared on a calendar year basis as required by Article 1 of Title 29, C.R.S. The budget must present a complete financial plan for the Sub District, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the Sub District's budget officer, must submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published or posted, as required, stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the Sub District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. Sub District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote of the Board following proper notice. If the Sub District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and

a hearing thereon. In the event that revenues are lower than anticipated in the adopted budget, the Sub District may adopt a revised appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The Board timely adopted the Sub District's 2022 budget and appropriation resolution pursuant to the above described procedure and filed such budget with the State Department of Local Affairs by January 31, 2022.

Limitation on Certain Tax Revenues. It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the Sub District, and the debt service requirements of the Sub District's outstanding bonds and the other obligations of the Sub District that the rate of mill levy is determined each year. Pursuant to the provisions of Section 20 of Article X of the Colorado Constitution, the Sub District is subject to tax revenue limitations as described in "—Constitutional Amendment Limiting Taxes and Spending," but has received voter approval to waive such limitations.

Sub District Budgeted Financial Information. Set forth hereafter is the Sub District's 2022 budget for the Capital Projects Fund.

TABLE [___] Capital Projects Fund Budget
Summary – Sub District

	2022 Budget (as adopted)
Revenues	
Bond issue	$3,600,000
Total Revenue	3,600,000
Expenditures	
Issuance costs	385,300
Capital Expenditures	3,214,700
Total Expenditures	3,600,000
Beginning Fund Balance	--
Ending Fund Balance	$ --

Source: Sub District 2022 budget.

District No. 2 Budgeted Financial Information.

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

The following tables set forth a comparison and a summary of the 2021 and 2022 budgets for District No. 2's General Fund and Debt Service Fund. District No. 2 also maintains a Capital Project Funds; however, no amounts were budgeted for the Capital Projects Fund in 2021 or 2022.

TABLE [__] General Fund Budget Summary and Comparison - District No. 2

	2021 Budget (as adopted)	2021 Year End (unaudited)	2022 Budget (as adopted)	2022 Year to Date (unaudited) [1]
Revenues				
Property taxes	$244,837		$174,368	
Specific ownership taxes	13,576		9,370	
Interest income	360		360	
Total revenues	258,773		184,098	
Expenditures				
Audit	5,500		5,500	
Directors fees	6,000		6,000	
Insurance	5,000		5,000	
Miscellaneous	1,984		1,984	
Payroll taxes	460		460	
Payment to District No. 1	235,601		161,983	
Treasurer fees	3,673		2,616	
Emergency reserve (3%)	555		555	
Total expenditures	258,773		184,098	
Net Change in Fund Balance	--		--	
Beginning Fund Balance	--		--	
Ending Fund Balance	$--		$--	

[1] Actual unaudited year-to-date figures through [_____], 2022.
Source: District No. 2 2021 and 2022 budgets and District No. 2.

TABLE [__] Debt Service Fund Budget Summary and Comparison – District No. 2

	2021 Budget (as adopted)	2021 Year End (unaudited)	2022 Budget (as adopted)	2022 Year to Date (unaudited) [1]
Revenues				
Property taxes	$3,357,759	$3,357,759	$3,748,903	
Specific ownership taxes	201,460	201,460	225,455	
System development fees	--	671,000	105,000	
Interest income	20,000	1,000	20,000	
Total revenues	3,579,219	4,231,219	4,099,358	
Expenditures				
Miscellaneous	--	5,000	5,000	
Paying agent/trustee fees	10,000	10,000	10,000	
Treasurer's fees	50,366	50,366	56,241	
Series 2020A – principal expense	--		250,000	
Series 2020A – interest expense	2,161,300	2,161,300	2,161,300	
Total expenditures	2,221,666	2,226,666	2,482,541	
Net Change in Fund Balance	1,357,553	[--]	1,616,817	
Beginning Fund Balance	620,844		2,852,887	
Ending Fund Balance	$1,978,397	$2,852,887	$4,469,704	
Required Reserve[2]			$3,790,400	
Ending Fund Balance	$1,978,397	$2,852,887	$679,304	

[1] Actual unaudited year-to-date figures through [_____], 2022.
Source: District No. 2 2021 and 2022 budgets and District No. 2. [ABOVE 2021 YEAR END IS FROM 2022 BUDGET AND NEEDS TO BE VERIFIED AS UNAUDITED ACTUAL BY ACCOUNTANT]

[**DISCUSS/CONFIRM**] [As reflected in the above Table ___, District No. 2's 2022 budget reflects the funding of a "required reserve" in the amount of $3,790,400 relating to the District 2020 Bonds. However, the District 2020 Bonds are secured by a surety bond on deposit in a reserve fund and, accordingly, the funding or replenishment of such reserve fund with cash is not required. District No. 2's Board has, therefore, concluded that an over-collection of ad valorem property taxes occurred in collection years 2021 and 2022, and is presently considering how the excess funds on hand (in the approximate amount of $3,790,400) will be applied to future debt service payments on the District 2020 Bonds. Such application may occur in one year or over several years. It is anticipated that the District 2020 Bonds Debt Service Mill Levy will be less than that anticipated in the Financial Forecast in any year in which such excess funds are applied to debt service on the District 2020 Bonds, which would result in an increase in the Required Mill Levy imposed by the Sub District for payment of the Bonds in such years. However, the Board of District No. 2 has made no determinations or commitments with respect to the application of such funds in any year and, accordingly, no assurance can be given as to any potential increase in the Required Mill Levy that may occur as a result.]

Deposit and Investment of Sub District's Funds

State statutes set forth requirements for the deposit of the Sub District's funds in eligible depositaries and for the collateralization of such deposited funds. The Sub District also may invest available

funds in accordance with applicable State statutes. The investment of the proceeds of the Bonds is also subject to the provisions of the federal Tax Code. See "TAX MATTERS."

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or Amendment One ("**TABOR**"), and now constitutes Article X, Section 20 of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "**governmental unit**"). Any of the following actions, for example, now require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the State) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in clause (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

De-Brucing. At an election of the eligible electors of the Sub District, duly called and held on November 3, 2020, voters of the Sub District approved an election question allowing the Sub District to collect, receive, retain and spend all revenues without regard to the revenue and spending limitations of TABOR.

DEBT STRUCTURE

The following is a discussion of the Sub District's authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

Debt Restrictions

Pursuant to the Indenture, the Sub District may issue Additional Obligations subject to certain conditions, as more particularly described in "THE BONDS—Certain Indenture Provisions—*Additional*

Obligations." The issuance of Additional Obligations is also restricted by: (a) State statutes which restrict the amount of debt issuable by special districts; (b) elections held within the Sub District; and (c) Formation Resolution and Service Plan debt limitations. Each restriction is described below and in "—General Obligation Debt—*Outstanding and Authorized but Unissued Debt*" below.

Statutory Debt Limit. The Sub District is subject to a statutory limitation established pursuant to Section 32-1-1101(6), C.R.S. Such limitation provides that, with specific exceptions, the total principal amount of general obligation debt issued by a special district shall not at the time of issuance exceed the greater of $2 million or 50% of the district's assessed valuation. Since, upon issuance of the Bonds, the general obligation indebtedness of the Sub District represented by the Bonds will exceed 50% of the Sub District's assessed valuation, the Sub District has determined to issue the Bonds only to "financial institutions or institutional investors," to fit into exceptions to the statutory debt limitation permitted by Section 32-1-1101(6), C.R.S.

Required Elections. Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the Sub District. Among such provisions, Article X, Section 20 of the Colorado Constitution requires that, except for refinancing bonded debt at a lower interest rate, the Sub District must have voter approval in advance for the creation of any multiple fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds" and "FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending." The following table sets forth the amount of voter authorization for the Sub District authorized at the 2021 Election by the eligible voters of the Sub District voting at such election.

TABLE [___] Voted Authorization Summary for the Sub District

Purpose	Amount Authorized
Special assessment	$ 3,600,000
Water	5,000,000
Operations and maintenance	3,600,000
Refunding	5,000,000
Agreements [1]	7,200,000
Total	$24,400,000

[1] Authorizes the Sub District to issue debt for intergovernmental agreements and private agreements.

Service Plan Debt Limitations. Pursuant to the Second Amendment, the Sub District is authorized to issue up to $3,600,000 of long term financial obligations to finance the costs associated with the construction of water tank improvements that will serve and benefit the property within the Sub District (as previously defined, the "**Sub District Service Plan Debt Cap**"). The Formation Resolution provides that the Sub District must adhere to the financial parameters set forth in the Second Amendment, including the Sub District Service Plan Debt Cap. See "THE SUB DISTRICT—Service Plan Authorizations and Limitations." After the issuance of the Bonds, $[0][*] will remain unissued of the Sub District Service Plan Debt Cap.

[*] Preliminary; subject to change.

General Obligation Debt

Outstanding and Authorized but Unissued Debt. Upon issuance, the Bonds will constitute the Sub District's only outstanding general obligation debt.

The amount of the Sub District's electoral authorization for indebtedness for water system improvements and facilities ($5,000,000) will be reduced by the total principal amount of the Bonds ($[PAR*). As a result, upon issuance of the Bonds, the Sub District will have approximately $[_____]* in remaining unused electoral authorization for indebtedness for water system improvements and facilities, as well as remaining unused electoral authorization of $3,600,000 for indebtedness for special assessment obligations, $3,600,000 for indebtedness for operations and maintenance, $5,000,000 for indebtedness for refunding outstanding indebtedness at a higher interest rate and $7,200,000 for indebtedness for agreements, including intergovernmental agreements and private agreements.

Notwithstanding the foregoing, the Sub District is also subject to the limitations of the Service Plan described above in "—Debt Restrictions—*Service Plan Debt Limitations,*" and the Sub District Service Plan Debt Cap will be reduced by the principal amount of the Bonds ($[PAR]*). Upon issuance of the Bonds, the Sub District will have $[0]* in remaining indebtedness authorized by the Second Amendment.

Estimated Overlapping General Obligation Debt of the Sub District. Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the Sub District are also authorized to incur general obligation debt, and to the extent that properties within the Sub District are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Limited Offering Memorandum, the percentage of each entity's outstanding debt chargeable to Sub District property owners is calculated by comparing the assessed valuation of the portion overlapping Sub District to the total assessed valuation of the overlapping entity. To the extent the Sub District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which the Sub District's property owners are responsible will also change.

The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the Sub District as of December 31, 2021, unless otherwise indicated. The Sub District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the Sub District has attempted to obtain accurate information as to the

outstanding debt of the entities which overlap the Sub District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

TABLE [__] Estimated Overlapping General Obligation Debt – Sub District

Overlapping Public Entity [1]	2021 Assessed Valuation	Outstanding General Obligation Debt [2, 3]	Estimated Net Debt Chargeable to Properties in the Sub District	
			Percent	Amount
Douglas County School District Re-1	$7,518,782,810	$419,585,000	<0.00%	$ 83
District No. 2	8 ,183,780	56,110,000	<0.00	959
Total	$7,605,966,590	$475,695,000		$1,042

[1] Other entities overlapping with the Sub District (as described in TABLE [__]) have no reported general obligation debt outstanding.
[2] The percentage of each entity's outstanding debt chargeable to Sub District property owners is calculated by comparing the assessed valuation of the Sub District to the total assessed valuation of the overlapping entity. To the extent the Sub District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which Sub District property owners are responsible will also change.
[3] Douglas County School District Re-1 as of June 30, 2021; District No. 2 as of December 31, 2020.
Source: County Assessor and individual taxing entities.

Estimated Overlapping General Obligation Debt of District No. 2.

As the Sub District was formed by, is located entirely within the boundaries of, and is considered a component unit of District No. 2, and because the maximum number of mills that may be certified by the Sub District as the Required Mill Levy for payment of the Bonds in any year is dependent upon the District Debt Obligation Mill Levy certified by District No. 2 in such year, certain information is provided in this Limited Offering Memorandum with respect to District No. 2. However, prospective buyers of the Bonds should be aware that only property within the boundaries of the Sub District will generate Pledged Revenue pledged to the repayment of the Bonds and the Bonds do not constitute an obligation of District No. 2.

Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within District No. 2 are also authorized to incur general obligation debt, and to the extent that properties within District No. 2 are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Limited Offering Memorandum, the percentage of each entity's outstanding debt chargeable to District property owners is calculated by comparing the assessed valuation of the portion overlapping District to the total assessed valuation of the overlapping entity. To the extent District No. 2's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which District No. 2's property owners are responsible will also change.

The following table sets forth the estimated overlapping general obligation debt chargeable to properties within District No. 2 as of December 31, 2021, unless otherwise indicated. District No. 2 is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although District No. 2 has attempted to obtain accurate information as to the outstanding debt of the entities which overlap District No. 2, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

TABLE [__] Estimated Overlapping General Obligation Debt – District No. 2

Overlapping Public Entity [1]	2021 Assessed Valuation	Outstanding General Obligation Debt [2, 3]	Estimated Net Debt Chargeable to Properties in District No. 2	
			Percent	Amount
Douglas County School District Re-1	$7,518,782,810	$419,585,000	1.16%	$650,622
Total	$7,518,782,810	$419,585,000		$650,622

[1] Other entities overlapping with District No. 2 (as described in TABLE [__]) have no reported general obligation debt outstanding.
[2] The percentage of each entity's outstanding debt chargeable to District No. 2 property owners is calculated by comparing the assessed valuation of District No. 2 to the total assessed valuation of the overlapping entity. To the extent District No. 2's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which District No. 2 property owners are responsible will also change.
[3] Douglas County School District Re-1 as of June 30, 2021.
Source: County Assessor and individual taxing entities.

Historical General Obligation Debt Ratios. The Sub District has not previously issued general obligation debt, so no historical general obligation debt ratio information is provided herein.

Revenue and Other Financial Obligations

The Sub District also has the authority to issue revenue obligations payable from the net revenue of the Sub District's facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations. Other than as may be described in the agreements described in "THE SUB DISTRICT—Material Agreements of the Sub District," no such obligation is currently outstanding.

LEGAL MATTERS

Sovereign Immunity

The Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "**Governmental Immunity Act**"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the Sub District, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will not be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which was not willful and wanton, and which occurred during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $424,000 for claims accruing on or after January 1, 2022 and before January 1, 2026; and (b) for an injury to two or more persons in any single occurrence, the sum of $1,195,000 for claims accruing on or after January 1, 2022 and before January 1, 2026, except in such instance, no person may recover in excess of $424,000 for claims accruing on or after January 1, 2022 and before January 1, 2026. Suits against both the Sub District and a public employee do not increase such

maximum amounts which may be recovered. The Sub District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the Sub District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The Sub District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Sub District may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Pending and Threatened Litigation Involving the Sub District

In connection with the issuance of the Bonds, General Counsel to the Sub District is expected to render an opinion stating that, to the best of their actual knowledge there is no action, suit, or proceeding pending in which the Sub District is a party. [[GENERAL COUNSEL TO CONFIRM PRIOR TO POSTING]]

In addition, it is anticipated that, in connection with the issuance of the Bonds, the Sub District will execute a certificate stating that there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Sub District or, to the knowledge of the Sub District, threatened against or affecting the Sub District: (a) to restrain or enjoin the Sub District's participation in, or in any way contesting the existence of the Sub District or the powers of the Sub District with respect to, the consummation of the transactions contemplated by the Indenture and the Continuing Disclosure Agreement, including but not limited to the validity of the Election or the authority of the Sub District to impose and collect ad valorem property taxes, or (b) which, if successful, would materially and adversely affect the financial condition or operations of the Sub District, or the Sub District's power to issue and deliver the Bonds or the Sub District's power to perform its obligations under the Indenture and the Continuing Disclosure Agreement.

Legal Representation

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Bonds for purposes of federal and State income taxation, are subject to the approving legal opinion of Ballard Spahr LLP, Denver, Colorado, as Bond Counsel. Such opinion will be dated as of and delivered at closing in substantially the form set forth in "APPENDIX H—FORM OF BOND COUNSEL OPINION." Ballard Spahr LLP has also assisted in the preparation of this Limited Offering Memorandum in its capacity as Disclosure Counsel to the Sub District. Certain legal matters pertaining to the Sub District will be passed upon by its general counsel, White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Indenture to Constitute Contract

The Indenture provides that it constitutes a contract among the Sub District, the Trustee, and the Owners of the Bonds and that it will remain in full force and effect until the Bonds are no longer Outstanding.

Future Changes in Law

Various Colorado laws and constitutional provisions apply to the imposition, collection, and expenditure of ad valorem property taxes and the operation of the Sub District. There is no assurance that there will not be any change in the interpretation of, or additions to applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the Sub District and the imposition, collection, and expenditure of ad valorem property taxes and fees.

Limitations on Remedies Available to Bondholders

The enforceability of the rights and remedies of the Owners, and the obligations incurred by the Sub District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers granted to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. In addition to other legal requirements in the Federal and State laws pertaining to municipal bankruptcy, under State law, however, the Sub District can seek protection from its creditors under the United States Bankruptcy Code only if the Sub District can demonstrate that, in order to meet its financial obligations as they come due, the Sub District would be required to certify a property tax mill levy of 100 mills or more. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "**Code**"), contains a number of restrictions and requirements that apply to the Bonds including, without limitation, (i) investment restrictions, (ii) requirements for periodic payments of arbitrage profits to the United States, and (iii) rules regarding the proper use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. The Sub District has covenanted to comply with all of the restrictions and requirements of the Code that must be satisfied in order for the interest on the Bonds to be and remain excludable from the gross income of the owners thereof for federal income tax purposes (the "**Tax Covenants**").

In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Sub District and continuing compliance, by the Sub District and other owners of the Public Improvements, with the requirements of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

In rendering its opinion, Bond Counsel will rely on, and will assume the accuracy of, certain representations and certifications, and compliance by the Sub District with certain covenants, including the Tax Covenants. Bond Counsel will not independently verify the accuracy of the Sub District's representations and certifications. In addition, Bond Counsel has not been engaged, and will not undertake, to monitor compliance with the Tax Covenants or to inform any person as to whether the Tax Covenants are being complied with; nor has Bond Counsel undertaken to determine or to inform any person whether any actions taken or not taken, or events occurring or not occurring, after the date of issuance of the Bonds may affect the federal tax status of the interest on the Bonds. Failure to comply with certain of the Tax Covenants could result in the inclusion of the interest on the Bonds in the gross income of the owners for federal income tax purposes, retroactive to the date of issuance of the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and certain other documents executed in connection with the issuance of the Bonds may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted in the future if a legal opinion is rendered at the time to the effect that such action will not cause the interest on the Bonds to be included in the gross income of the owners for federal income tax purposes. The opinion of Bond Counsel rendered in connection with the initial issuance of the Bonds will not address any such actions.

Original Issue Discount. Certain of the Bonds may be offered at a discount ("**original issue discount**") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of such Bond as interest, with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder's tax basis in the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.

Original Issue Premium. Certain of the Bonds may be offered at a premium ("**original issue premium**") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the bondholder's tax basis for the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Bondholders should consult their tax advisers for an explanation of the amortization rules.

Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Backup Withholding.

A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 sets forth the bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding

would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

State of Colorado Tax Matters

In the opinion of Bond Counsel, under existing law, to the extent that interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. Noncompliance with any of the federal income tax requirements set forth above resulting in the interest on the Bonds being included in gross income for federal tax purposes would also cause such interest to be included in gross income for State of Colorado income tax purposes. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Colorado.

General

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See "APPENDIX H—FORM OF BOND COUNSEL OPINION" hereto for the proposed form of Bond Counsel opinion.

MISCELLANEOUS

No Rating

No rating has been or will be applied for with respect to this financing.

Registration of Bonds

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE SUB DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

The "Colorado Municipal Bond Supervision Act," Article 59 of Title 11, C.R.S., generally provides for the Colorado Securities Commissioner (the "**Commissioner**") to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the act requires that all bonds, debentures, or other obligations (defined in the act as "bonds") issued by a special district must first be registered with the Commissioner unless exempt under the act. The Bonds qualify for

an exemption from registration because the Bonds are being issued in authorized denominations of not less than $500,000.

Undertaking To Provide Ongoing Disclosure

The Underwriter has determined that the Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, Section 240.15c2-12) (the "**Rule**"). The Sub District has, however, agreed to obtain and to provide certain information to the Trustee on a [quarterly and annual] basis for dissemination to the public through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system, as more particularly provided in the Continuing Disclosure Agreement, a form of which is attached as "APPENDIX G—FORM OF CONTINUING DISCLOSURE AGREEMENT" to this Limited Offering Memorandum. A failure by the Sub District to comply with the requirements of the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture (although Bond owners will have any available remedy at law or in equity for failure by the Sub District to comply with its provisions).

The Sub District has not previously entered into any continuing disclosure undertakings pursuant to the Rule.

Interest of Certain Persons Named in this Limited Offering Memorandum

The legal fees to be paid to Bond Counsel and counsel to the Underwriter are contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being sold by the Sub District for a purchase price equal to $_____, which is equal to the par amount of the Bonds, [plus/less [net] original issue premium/discount of $_____], less the aggregate Underwriter's discount of $_____, pursuant to a purchase contract. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds." Expenses associated with the issuance of the Bonds are being paid by the Sub District from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds at the prices or yields set forth on the cover page of this Limited Offering Memorandum. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds.

[[WELLS TO UPDATE LANGUAGE BELOW, IF NEEDED]]

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC, member NYSE, FINRA, NFA, and SIPC.

Wells Fargo Securities, LLC ("**WFSLLC**"), the sole underwriter of the Bonds, has entered into an agreement (the "**WFA Distribution Agreement**") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("**WFA**") for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFSLLC will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFSLLC has also entered into an agreement (the "**WFBNA Distribution Agreement**") with its affiliate, Wells Fargo Bank, N.A., acting through its Municipal Finance Group ("**WFBNA**"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFBNA Distribution

Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Municipal Advisor

Piper Sandler & Co is acting as municipal advisor (the "**Municipal Advisor**") to the Sub District in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Limited Offering Memorandum. The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Bonds.

Additional Information

Copies of statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Limited Offering Memorandum are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the Introduction hereto.

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Limited Offering Memorandum Certification

The preparation of this Limited Offering Memorandum and its distribution has been authorized by the Board. This Limited Offering Memorandum is hereby duly approved by the Board as of the date on the cover page hereof. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Sub District and the purchasers or owners of any Bond.

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT

By /s/
Linda Sweetman, President

APPENDIX A

RIDGE ESTATES MARKET STUDY

(attached)

APPENDIX B

DISTRICT NO. 2 DEVELOPMENT MARKET STUDY

(attached)

APPENDIX C

SUB DISTRICT'S FORECASTED STATEMENT OF SOURCES AND USES OF CASH

(attached)

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF DISTRICT NO. 2 FOR THE YEAR ENDING DECEMBER 31, 2020

(attached)

APPENDIX E

SELECTED DEFINITIONS

[[TO COME]]

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in the geographic area within which the District is located. The statistics have been obtained from the referenced sources and represent the most current information available as of March 2022 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the District is located and prospective investors may want to review such information prior to making their investment decision. The following information is not to be relied upon as a representation or guarantee of the District or its officers, employees, or advisors.

Overview

Colorado (the "**State**"), the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open, and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State's metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas, and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Fort Collins/Greeley, Denver/Boulder, Colorado Springs, and Pueblo. This report presents data for the town of Castle Rock, Douglas County, and the Denver-Aurora-Lakewood Metropolitan Statistical Area ("**Denver MSA**"), consisting of 10 Colorado counties that are Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. The District serves a portion of the town of Castle Rock, a community in Douglas County. Douglas County represents 6.2% of the State's population and 5.0% of its jobs. Douglas County is a prime area for business and industry growth, with top industries including professional and business services, retail trade, leisure and hospitality, and education and health services.

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Population

The following table sets forth population statistics for Castle Rock, Douglas County, the Denver MSA, the State, and the United States (the "**U.S.**").

Population Estimates (as of July 1)

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Population	% Change	Population	% Change	Population	% Change	Population	% Change	Population	% Change
1990	8,710	--	60,391	--	1,656,004	--	3,294,473	--	249,464,396	--
2000	22,017	152.8%	180,510	198.9%	2,193,965	32.5%	4,338,801	31.7%	282,162,411	13.1%
2010	48,580	120.6	287,124	59.1	2,556,278	16.5	5,050,332	16.4	309,327,143	9.6
2011	50,351	3.6	292,623	1.9	2,602,491	1.8	5,123,552	1.4	311,583,481	0.7
2012	52,087	3.4	298,733	2.1	2,647,544	1.7	5,194,664	1.4	313,877,662	0.7
2013	54,099	3.9	306,327	2.5	2,695,664	1.8	5,270,887	1.5	316,059,947	0.7
2014	56,996	5.4	314,609	2.7	2,746,889	1.9	5,347,656	1.5	318,386,329	0.7
2015	59,228	3.9	322,079	2.4	2,803,668	2.1	5,446,595	1.9	320,738,994	0.7
2016	62,275	5.1	328,333	1.9	2,845,456	1.5	5,529,631	1.5	323,071,755	0.7
2017	65,684	5.5	335,933	2.3	2,878,197	1.2	5,599,590	1.3	325,122,128	0.6
2018	67,767	3.2	343,267	2.2	2,916,502	1.3	5,676,914	1.4	326,838,199	0.5
2019	71,369	5.3	351,212	2.3	2,945,221	1.0	5,734,915	1.0	328,329,953	0.5
2020	73,746	3.3	360,037	2.5	2,968,839	0.8	5,782,915	0.8	329,484,123	0.4

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following tables set forth historical median household income and per capita personal income for Castle Rock, Douglas County, the Denver MSA, the State, and the U.S.

Median Household Income

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Income	% Change	Income	% Change	Income	% Change	Income	% Change	Income	% Change
2015	$88,294	--	$102,964	--	$65,614	--	$60,629	--	$53,889	--
2016	93,153	5.5%	105,759	2.7%	68,173	3.9%	62,520	3.1%	55,322	2.7%
2017	101,122	8.6	111,154	5.1	71,884	5.4	65,458	4.7	57,652	4.2
2018	104,642	3.5	115,314	3.7	75,565	5.1	68,811	5.1	60,293	4.6
2019	109,700	4.8	119,730	3.8	79,664	5.4	72,331	5.1	62,843	4.2
2020	113,585	3.5	121,393	1.4	83,289	4.6	75,231	4.0	64,994	3.4

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates.

Per Capita Personal Income in Current Dollars[1]

	Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Income	% Change	Income	% Change	Income	% Change	Income	% Change
2015	$68,857	--	$56,675	--	$52,222	--	$48,891	--
2016	69,807	1.4%	56,584	-0.2%	52,251	0.1%	49,812	1.9%
2017	71,075	1.8	60,371	6.7	55,125	5.5	51,811	4.0
2018	76,051	7.0	64,114	6.2	58,267	5.7	54,098	4.4
2019	76,408	0.5	67,089	4.6	60,848	4.4	56,047	3.6
2020	78,980	3.4	69,822	4.1	63,776	4.8	59,510	6.2

[1]Per capita personal income is total personal income divided by the July 1 population estimate.
Source: U.S. Bureau of Economic Analysis.

School Enrollment

The following table presents a multi-year history of public school enrollment for the Douglas County School District, which serves Castle Rock.

School District Historical Enrollment[1]

	Douglas County School District RE-1	
	Enrollment	% Change
2016-17	67,470	--
2017-18	67,597	0.2%
2018-19	67,591	0.0
2019-20	67,305	-0.4
2020-21	62,979	-6.4
2021-22	63,876	1.4

[1]The Town of Castle Rock is served by Douglas County School District.
Note: Enrollment reflects grades pre-kindergarten through 12.
Source: Colorado Department of Education.

Housing Stock

The following table sets forth a comparison of housing units within Castle Rock, Douglas County, the Denver MSA, the State, and the U.S.

Housing Units (as of July 1)

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Units	% Change	Units	% Change	Units	% Change	Units	% Change	Units	% Change
2015	20,743	--	117,377	--	1,140,015	--	2,310,630	--	135,227,835	--
2016	21,709	4.7%	119,437	1.8%	1,156,826	1.5%	2,339,866	1.3%	136,201,325	0.7%
2017	22,990	5.9	122,812	2.8	1,178,339	1.9	2,377,152	1.6	137,259,144	0.8
2018	24,265	5.5	128,333	4.5	1,203,340	2.1	2,418,599	1.7	138,391,688	0.8
2019	25,791	6.3	132,630	3.3	1,225,570	1.8	2,460,839	1.7	139,553,076	0.8
2020	26,851	4.1	136,500	2.9	1,247,866	1.8	2,501,682	1.7	140,775,530	0.9

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Annual Estimates of Housing Units.

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Residential Building Permit Activity

The following tables set forth a multi-year history of building permit activity and valuation for the town of Castle Rock, Douglas County, the Denver MSA, the State, and the U.S.

Single-Family Detached Building Permit Activity

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	818	$218,133,461	2,169	$655,481,166	9,324	$2,580,962,000	20,025	$5,993,814,000	695,998	$166,276,879,000
2016	775	210,694,354	2,014	623,361,928	10,247	2,811,105,000	21,577	6,675,789,000	750,796	182,207,413,000
2017	907	248,486,991	2,395	747,675,915	10,978	3,040,437,000	24,338	7,439,961,000	819,976	200,599,885,000
2018	1,057	285,170,870	2,709	830,886,934	11,808	3,342,067,000	26,134	7,879,399,000	855,332	210,849,975,000
2019	935	255,765,541	2,623	801,937,194	11,081	3,198,346,000	24,756	7,652,182,000	862,084	213,271,117,000
2020	1,032	286,615,506	2,797	884,590,435	11,234	3,241,916,000	26,636	8,289,036,000	979,360	243,423,623,000
2021[1]	1,154	317,706,356	3,728	1,166,732,834	12,975	3,871,695,000	34,244	10,745,789,000	1,111,414	292,061,134,000

Single-Family Attached Building Permit Activity

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	0	$0	10	$1,729,673	324	$62,852,000	621	$119,560,000	32,077	$4,050,332,000
2016	0	$0	9	1,556,706	486	97,466,000	798	152,010,000	34,782	4,545,080,000
2017	0	0	2	418,365	366	65,173,000	759	131,687,000	37,195	5,095,918,000
2018	0	0	24	5,230,385	358	60,420,000	788	148,896,000	39,696	5,608,216,000
2019	0	0	69	11,303,866	190	31,856,000	722	120,231,000	42,593	6,204,254,000
2020	0	0	126	23,026,856	353	66,617,000	1,125	192,694,000	47,242	6,596,671,000
2021[1]	0	0	224	42,506,736	863	169,346,000	1,835	352,590,000	52,012	7,964,762,000

Multi-Family Building Permit Activity

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	115	$9,782,342	710	$84,083,295	8,678	$1,096,653,000	11,225	$1,419,245,000	454,507	$53,284,109,000
2016	476	39,062,823	1,309	130,239,646	11,214	1,434,702,000	16,599	2,101,098,000	421,064	50,349,112,000
2017	332	32,196,057	1,345	171,229,112	11,391	1,374,105,000	15,576	1,953,459,000	424,806	52,809,615,000
2018	442	59,379,594	1,332	179,963,438	9,563	1,384,988,000	15,705	2,202,245,000	433,799	54,661,351,000
2019	78	10,295,556	467	50,966,762	8,037	1,082,829,000	13,155	1,865,632,000	481,371	61,058,823,000
2020	58	10,242,305	447	63,883,195	8,145	1,123,222,000	12,708	1,784,811,000	444,539	57,189,609,000
2021[1]	543	66,068,723	2,113	284,668,545	16,166	2,177,625,000	24,044	3,464,896,000	566,484	75,186,398,000

[1]Building permits through fourth quarter of 2021.
Notes: Single-Family Attached includes 2 family units and 3-4 family units. Multi-Family includes 5+ units.
Source: U.S. Census Bureau, Building Permits Survey.

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Home Price Index

The following table provides the Standard and Poor's (S&P) CoreLogic Case-Shiller Home Price Indices for the Denver MSA, the 20-City Composite, and the U.S. According to the S&P CoreLogic Case-Shiller Indices, U.S. home prices continued to appreciate over the last 12 months. The S&P CoreLogic Case-Shiller Home Price Index, covering all nine U.S. census divisions, rose 1.1% in January 2022 from the previous month. From January 2021 to January 2022, house prices were up 19.2%. The 20-City Composite Index also rose over-the-year, increasing 19.1%.

Home prices rose in all 20 major metropolitan areas in the U.S. between January 2021 and January 2022. Phoenix reported the largest over-the-year increase, rising by 32.6%, while Washington, D.C. reported the most modest increase of 11.2% during the period. Among the MSAs, the Denver MSA had the 11th-highest home price increase over-the-year, rising 20.8%.

S&P CoreLogic Case-Shiller Home Price Index

	Denver-Aurora-Lakewood MSA		20-City Composite		United States	
	Index	% Change	Index	% Change	Index	% Change
Jan-21	246.44	--	243.27	--	236.52	--
Feb-21	250.92	1.8%	246.53	1.3%	239.29	1.2%
Mar-21	259.14	3.3	252.21	2.3	244.28	2.1
Apr-21	265.87	2.6	257.79	2.2	249.87	2.3
May-21	271.89	2.3	263.29	2.1	255.49	2.2
Jun-21	278.3	2.4	268.53	2.0	261.24	2.3
Jul-21	283.21	1.8	272.52	1.5	265.59	1.7
Aug-21	285.65	0.9	275.04	0.9	268.89	1.2
Sep-21	286.77	0.4	277.43	0.9	271.57	1.0
Oct-21	287.31	0.2	279.79	0.9	273.82	0.8
Nov-21	289.72	0.8	282.61	1.0	276.25	0.9
Dec-21	292.94	1.1	285.69	1.1	278.70	0.9
Jan-22	297.66	1.6	289.73	1.4	281.85	1.1
YOY	20.8%		19.1%		19.2%	

Source: Standard & Poor's.

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Foreclosure Activity

The following table provides a multi-year history of foreclosure filings in Castle Rock, Douglas County, the Denver MSA, the State, and the U.S. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Foreclosure Filings[1]

	Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Number of Foreclosures Filed	% Change	Number of Foreclosures Filed	% Change	Number of Foreclosures Filed	% Change	Number of Foreclosures Filed	% Change	Number of Foreclosures Filed	% Change
2015	78	--	322	--	3,412	--	8,241	--	1,083,572	--
2016	82	5.1%	310	-3.7%	3,153	-7.6%	7,666	-7.0%	933,045	-13.9%
2017	74	-9.8	265	-14.5	2,909	-7.7	6,680	-12.9	676,535	-27.5
2018	81	9.5	278	4.9	2,693	-7.4	5,884	-11.9	624,753	-7.7
2019	80	-1.2	239	-14.0	2,692	0.0	5,610	-4.7	493,066	-21.1
2020	30	-62.5	98	-59.0	974	-63.8	2,130	-62.0	214,323	-56.5
2021[2]	9	-70.0	44	-55.1	500	-48.7	226	--	151,153	-29.5

[1]Some filings may have been subsequently cured or withdrawn and did not result in a sale at auction.
[2]Foreclosure filings recorded through first quarter 2021 for Colorado. All other geographies recorded through fourth quarter 2021.
Sources: Public Trustee websites for individual counties; Colorado Division of Housing; RealtyTrac/AttomData.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

According to the Colorado Division of Housing, foreclosure filings in Colorado in 2020 totaled 2,130, a 62% decline from 2019. Foreclosure sales at auction totaled 628 in 2020, a decrease of 52.3% from 2019.

During the first quarter of 2021, Colorado public trustees reported 226 foreclosure filings and 103 sales at auction (completed foreclosures). During the first quarter of 2020, there were 1,397 filings and 307 sales. Comparing the first quarter of 2021 to the first quarter of 2020, foreclosure filings fell 7.1% and foreclosure sales fell 16.8%.

The decline in foreclosures in 2020 and 2021 was due to the foreclosure moratorium in effect in Colorado from April 20, 2020 to July 13, 2020 due to the COVID-19 pandemic. Further, the Consumer Financial Protection Bureau issued a final rule to extend its federal foreclosure moratorium through August 31, 2021 but allows foreclosures to resume after that under limited circumstances.

Retail Activity

The retail trade sector employs a large portion of the area's workforce and is important to the area's economy. The following table provides total retail sales in Castle Rock, Douglas County, the Denver MSA, and the State, as reported for state sales tax purposes.

Total Retail Sales ($000s)

	Town of Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado	
	Retail Sales	% Change	Retail Sales	% Change	Retail Sales	% Change	Retail Sales	% Change
2015	$1,369,100	--	$9,824,846	--	$101,281,598	--	$182,845,280	--
2016	1,504,889	9.9%	11,108,593	13.1%	103,217,680	1.9%	184,703,410	1.0%
2017	1,631,528	8.4	11,331,725	2.0	107,803,953	4.4	194,641,958	5.4
2018	1,745,281	7.0	11,580,675	2.2	113,330,051	5.1	206,121,045	5.9
2019	1,908,818	9.4	12,398,378	7.1	122,014,385	7.7	224,618,938	9.0
2020	2,204,945	15.5	13,514,926	9.0	123,226,572	1.0	228,812,220	1.9
2021	2,664,279	20.8	17,629,400	30.4	145,015,860	17.7	268,328,759	17.3

Source: State of Colorado, Department of Revenue, Sales Tax Statistics.

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Employment

The following table sets forth employment statistics by industry for Douglas County. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry–Douglas County

Industry[1]	3Q 2020	3Q 2021	Absolute Change	% Change
Private Sector				
Agriculture, Forestry, Fishing, and Hunting	228	261	33	14.5%
Mining	201	189	-12	-6.0
Utilities	**	**	**	**
Construction	9,896	10,848	952	9.6
Manufacturing	2,175	2,168	-7	-0.3
Wholesale Trade	4,838	5,114	276	5.7
Retail Trade	17,737	17,745	8	0.0
Transportation and Warehousing	1,678	1,960	282	16.8
Information	4,879	4,826	-53	-1.1
Finance and Insurance	12,725	13,213	488	3.8
Real Estate and Rental and Leasing	2,023	2,169	146	7.2
Professional and Technical Services	13,851	15,877	2,026	14.6
Management of Companies and Enterprises	3,412	3,668	256	7.5
Administrative and Waste Services	6,074	6,497	423	7.0
Educational Services	1,753	1,905	152	8.7
Health Care and Social Assistance	14,073	14,719	646	4.6
Arts, Entertainment, and Recreation	3,737	3,951	214	5.7
Accommodation and Food Services	12,034	13,332	1,298	10.8
Other Services	3,979	4,320	341	8.6
Unclassified	43	48	5	11.6
Government	13,119	13,108	-11	-0.1
Total[2]	**128,686**	**136,168**	**7,482**	**5.8%**

[1]Information provided herein reflects only those employers who are subject to State unemployment insurance law.
[2]Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry.
**Data suppressed due to confidentiality.
Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table provides labor force and unemployment statistics for Castle Rock, Douglas County, the Denver MSA, the State, and the U.S.

Labor Force Estimates

	Town of Castle Rock		Douglas County		Denver-Aurora-Lakewood MSA		Colorado		United States	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2015	28,741	3.1%	172,203	3.0%	1,505,980	3.6%	2,825,761	3.7%	157,130,000	5.3%
2016	30,152	2.7	177,571	2.6	1,541,899	3.0	2,894,157	3.1	159,187,000	4.9
2017	33,100	2.2	183,237	2.2	1,577,490	2.5	2,963,789	2.6	160,320,000	4.4
2018	34,940	2.6	189,833	2.6	1,622,632	2.9	3,049,640	3.0	162,075,000	3.9
2019	37,222	2.3	195,801	2.2	1,652,799	2.5	3,100,598	2.6	163,539,000	3.7
2020	36,713	5.8	196,099	5.4	1,650,090	7.1	3,087,271	6.9	160,742,000	8.1
2021	37,756	4.4	200,745	4.1	1,683,496	5.5	3,156,110	5.4	161,204,000	5.3

Source: U.S. Bureau of Labor Statistics.

The following table sets forth the major employers in Douglas County. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the area. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the area that are not included in the table.

Major Non-Retail Employers in Douglas County

Rank	Employer	Product or Service	Estimated Employees[1]
1	Douglas County Schools RE-1	Public Education	8,340
2	Charles Schwab	Financial Services	4,470
3	DISH Network	Satellite TV & Equipment	2,170
4	Centura Health: Parker Adventist Hospital & Castle Rock Adventist Hospital	Healthcare	1,510
5	HealthONE: Sky Ridge Medical Center	Healthcare	1,360
6	Douglas County	County Government	1,340
7	VISA Debit Processing Services	Transaction Processing	1,200
8	Cognizant	Healthcare Software Solutions	980
9	Specialized Loan Servicing LLC	Debt Collection Services	840
10	IHS Markit	Indexed Technical Data	730
11	Jacobs Engineering Group	Engineering & Architectural Services	710
12	Wind Crest, Erickson Living	Senior Living	700
13	Kaiser Permanente	Healthcare	600
14	T-Mobile	Telecommunications	590
15	Town of Castle Rock	Municipal Government	590

[1]Figures include full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, March 2022.

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

[[TO COME]]

APPENDIX H

FORM OF BOND COUNSEL OPINION

[[TO COME]]

APPENDIX I

BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company ("**DTC**") New York, New York and DTC's book-entry-only system has been obtained from DTC, and the Sub District and Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Sub District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Sub District or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or Sub District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Sub District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Sub District or the Trustee. Under such circumstances, in the

event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Sub District may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system that has been obtained from sources that the Sub District believes to be reliable, but the Sub District takes no responsibility for the accuracy thereof.

INDENTURE OF TRUST

DATED AS OF [_____] 1, 2022

between

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT
(IN THE TOWN OF CASTLE ROCK)
DOUGLAS COUNTY, COLORADO

and

UMB BANK, N.A.
DENVER, COLORADO
AS TRUSTEE

relating to

LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2022
IN THE AGGREGATE PRINCIPAL AMOUNT OF
$[PAR-A]

Table of Contents

Page

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

ARTICLE II

THE BONDS

ARTICLE III

REVENUES AND FUNDS

ARTICLE IV

COVENANTS OF SUB DISTRICT

ARTICLE V

PRIOR REDEMPTION

ARTICLE VI

INVESTMENTS

ARTICLE VII

DISCHARGE OF LIEN

ARTICLE VIII

DEFAULT AND REMEDIES

ARTICLE IX

CONCERNING TRUSTEE

ARTICLE X

SUPPLEMENTAL INDENTURES

ARTICLE XI

MISCELLANEOUS

This **INDENTURE OF TRUST** (the "**Indenture**") dated as of [_____] 1, 2022, by and between **CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT**, in the Town of Castle Rock, Douglas County, Colorado, a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (the "**Sub District**"), and **UMB BANK, N.A.**, a banking institution authorized to accept and execute trusts of the character herein set out, having an office and corporate trust offices in Denver, Colorado, as trustee (the "**Trustee**").

R E C I T A L S

WHEREAS, the Sub District is a quasi-municipal corporation and political subdivision of the State of Colorado (the "**State**") duly organized and existing as a special district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended ("**C.R.S.**"); and

WHEREAS, the Sub District is a sub district of Crystal Valley Metropolitan District No. 2 ("**District No. 2**"), a quasi-municipal corporation and political subdivision of the State duly organized and existing as a special district under the constitution and laws of the State; and

WHEREAS, the Sub District was duly created by a resolution adopted by the Board of Directors of District No. 2 on August 24, 2020, pursuant to Section 32-1-1101(1)(f), C.R.S., and all other enabling laws, and took effect on September 14, 2020; and

WHEREAS, the Second Amendment to the Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 was approved by the Town of Castle Rock (the "**Town**") in Douglas County, Colorado (the "**County**") on July 21, 2020 and specifically authorized District No. 2 to organize the Sub District; and

WHEREAS, pursuant to Section 32-1-1101(1)(f), District No. 2 provided notice of its intent to create a sub district to the Town Council of the Town and to the Board of County Commissioners of the County on August 14, 2020, and neither the Town nor the County elected within thirty days of such notice to treat District No. 2's action as a material modification of District No. 2's Service Plan (as defined herein); and

WHEREAS, the Sub District is authorized by Title 32, Article 1, Part 1, C.R.S. (the "**Act**") and the Amended Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 and Crystal Valley Metropolitan District No. 2 approved by the Town Council of the Town on December 13, 2001, as amended by the First Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on May 6, 2014, and the Second Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on June 10, 2020, as the same may be further amended or restated from time to time, the "**Service Plan**") to finance certain water system improvements, including the Facilities (defined below); and

WHEREAS, at an election of the qualified electors of the Sub District, duly called and held on Tuesday, November 2, 2021 (the "**Election**"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of Sub District indebtedness and the imposition of taxes for the payment thereof, for

the purpose of providing certain improvements and facilities including, in particular, certain water system improvements and facilities for which indebtedness is authorized in the principal amount of up to $5,000,000, as provided in Ballot Issue B of the Election set forth in **Exhibit B** hereto (as more particularly defined herein, the "**Facilities**"); and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the Sub District by certified mail to the board of county commissioners of each county in which the Sub District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S., within 45 days after the Election; and

WHEREAS, the Sub District has not heretofore issued any indebtedness authorized by the Election; and

WHEREAS, District No. 2 has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A, in the principal amount of $56,660,000 (the "**District 2020 Bonds**"), pursuant to an Indenture of Trust dated as of September 17, 2020 (the "**District 2020 Bonds Indenture**") which District 2020 Bonds are secured by, among other revenues, ad valorem property taxes of District No. 2; and

WHEREAS, the Board of Directors of the Sub District (the "**Board**") has previously determined that it was necessary to finance, design, engineer, construct, and install, or cause to be constructed and installed, a portion of the Facilities (as more particularly defined herein, the "**Project**") and, in connection therewith, has previously entered into a Construction Escrow Agreement dated [_____], 2022 (the "**Escrow Agreement**") with the Town and [_____] (the "**Escrow Agent**"), pursuant to which the Sub District and the Town each agreed to deposit its pro rata portion of the costs of the Project with the Escrow Agent, for deposit to a fund held by the Escrow Agent in accordance with the terms of the Escrow Agreement (the "**Escrow Account**") and application to the costs of the Project, all as more particularly provided in the Escrow Agreement; and

WHEREAS, for the purpose of funding or reimbursing a portion of the costs of the Project (comprised of making its requisite deposit to the Escrow Account held under the Escrow Agreement), the Board has previously determined and hereby determines to issue its Limited Tax General Obligation Bonds, Series 2022, in the aggregate principal amount of $[PAR-A] (the "**Bonds**"); and

WHEREAS, pursuant to an Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [____ _], 2022 (the "**District IGA**"), entered into between District No. 2 and the Sub District, District No. 2 has assigned to the Sub District certain Development Fees (as defined herein) collected within the boundaries of the Sub District, for the payment of the Bonds, and has made certain covenants relating to the issuance of additional District Debt Obligations (as defined herein); and

WHEREAS, the Service Plan currently limits the aggregate principle amount of "long term financial obligations" that may be issued by the Sub District to $3,600,000 (the "**Sub District Service Plan Debt Cap**"); and

WHEREAS, the Sub District has not previously issued long term financial obligations subject to the Sub District Service Plan Debt Cap and the aggregate principal amount of the Bonds does not exceed $3,600,000; and

WHEREAS, the Bonds shall be issued pursuant to the provisions of Title 32, Article 1, Part 11, C.R.S., the Service Plan, and all other laws thereunto enabling; and

WHEREAS, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, the Bonds shall be limited tax general obligations of the Sub District and shall be payable solely from the Pledged Revenue (as defined herein); and

WHEREAS, the Bonds shall be issued in denominations of $500,000 each, and in integral multiples above $500,000 of not less than $1,000 each, and will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S., the Bonds are being issued only to "financial institutions or institutional investors" as such terms are defined in Section 32-1-103(6.5), C.R.S.; and

WHEREAS, the principal amount of the Bonds shall be allocated to the Sub District's electoral authorization provided in Ballot Issue B of the Election (for water system improvements and facilities); and

WHEREAS, the Sub District has duly authorized the execution and delivery of this Indenture to provide for the issuance of the Bonds; and

WHEREAS, all things necessary to make the Bonds, when executed by the Sub District and authenticated and delivered by the Trustee hereunder, the valid obligations of the Sub District, and to make this Indenture a valid agreement of the Sub District, in accordance with their and its terms, have been done;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The Sub District, in consideration of the premises and of the mutual covenants herein contained, the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium if any, and interest on the Bonds at any time Outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all of the covenants and conditions in the Bonds, the Bond Resolution, and this Indenture, and to declare the terms and

conditions upon and subject to which the Bonds are issued and secured, does hereby grant and assign to the Trustee, and to its successors in trust, and to them and their assigns forever, the following (said property being referred to herein as the "Trust Estate"):

GRANTING CLAUSE FIRST:

The Pledged Revenue, the Bond Fund, and all other moneys, securities, revenues, receipts, and funds from time to time held by the Trustee under the terms of this Indenture, subject to the provisions of Sections 3.08 and 9.02 hereof, and a security interest therein; and

GRANTING CLAUSE SECOND:

All right, title and interest of the Sub District in the District IGA, including the Pledged Development Fees payable to or on behalf of the Sub District thereunder; and

GRANTING CLAUSE THIRD:

All right, title, and interest of the Sub District in any and all other revenue of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the Sub District or by anyone on its behalf to the Trustee as and for additional security hereunder, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

THE TRUSTEE SHALL HOLD the Trust Estate for the benefit of the Owners from time to time of the Bonds, as their respective interests may appear; and the Trust Estate granted herein is also granted for the equal benefit of all present and future Owners of the Bonds as if all the Bonds had been executed and delivered simultaneously with the execution and delivery of this Indenture;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of all Owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any other of the Bonds, and as to the Pledged Revenue (excluding the Pledged Revenue described in clause (d) of the definition thereof), on a parity with the lien thereon of any Parity Bonds;

PROVIDED, HOWEVER, that if the Sub District, its successors, or assigns, shall well and truly pay, or cause to be paid, the principal of, premium if any, and interest on the Bonds at the times and in the manner provided in the Bonds, according to the true intent and meaning thereof; or shall provide, as permitted hereby and in accordance herewith, for the payment thereof by depositing with the Trustee or placing in escrow and in trust the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept,

performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture shall be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said moneys, securities, revenues, receipts, and funds hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Sub District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. In this Indenture, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

"*Act*" means the "Special District Act," Title 32, Article 1, C.R.S.

"*Additional Obligations*" means (a) all obligations of the Sub District for borrowed money and reimbursement obligations; (b) all obligations of the Sub District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the Sub District or any part of the Pledged Revenue; (c) all obligations of the Sub District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds and Subordinate Obligations; (d) all obligations of the Sub District to pay the deferred purchase price of property or services; (e) all obligations of the Sub District as lessee under leases, but excluding such obligations outstanding from time to time with respect to which the aggregate maximum repayment costs for all terms thereof do not exceed $1,000,000; and (f) all obligations of others guaranteed by the Sub District; provided that notwithstanding the foregoing, the term "Additional Obligations" does not include:

(i) obligations which do not obligate the Sub District to impose any tax, fee, or other governmental charge and either: (A) are subject to termination by the Sub District at least annually; or (B) the repayment of which is contingent upon the Sub District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

(ii) obligations which are solely for the purpose of paying operations and maintenance costs of the Sub District and either: (A) are subject to termination by the Sub District at least annually; or (B) the repayment of which is contingent upon the Sub District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

(iii) obligations which are payable solely from the proceeds of Additional Obligations, when and if issued;

(iv) obligations payable solely from periodic, recurring service charges imposed by the Sub District for the use of any Sub District facility or service, which obligations do not constitute a debt or indebtedness of the Sub District or an obligation required to be approved at an election under State law;

(v) obligations with respect to which the Sub District has irrevocably committed funds equal to the full amount due or to become due thereunder;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any Parity Bonds or Subordinate Obligations, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the Parity Bonds or Subordinate Obligations has been made, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Parity Bonds or Subordinate Obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the Sub District.

"*Annual District Debt Obligation Requirements*" means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest to become due and payable on the District 2020 Bonds and any other District Debt Obligations in such calendar year, whether at maturity or upon earlier mandatory redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any District Debt Obligation Documents, the amount (if any) necessary to replenish any reserve fund held under any District Debt Obligation Document to the amount required by the applicable District Debt Obligation Document, and any other Financing Costs anticipated to be payable in such calendar year with respect to the District 2020 Bonds and any other District Debt Obligations, in accordance with the District Debt Obligation Documents, as applicable, ***but less*** any amount then held under any reserve fund securing the District Debt Obligation Documents funded from proceeds of the District Debt Obligations which is available for the payment of such Financing Costs in the applicable calendar year, to the extent such amounts are permitted under the applicable District Debt Obligation Documents to be taken into account in the calculation of the applicable District Debt Obligation Mill Levy.

"*Authorized Denominations*" means the amount of $500,000 or any integral multiple of $1,000 in excess thereof, provided that:

(a) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and

(b) in the event a Bond is partially redeemed and the unredeemed portion is less than $500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than $500,000, in an integral multiple of $1,000.

"*Beneficial Owner*" means any person for which a Participant acquires an interest in the Bonds.

"*Board*" means the Board of Directors of the Sub District.

"*Bond Counsel*" means any firm of nationally recognized municipal bond attorneys selected by the Sub District and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

"*Bond Fund*" means the "Crystal Valley Metropolitan District No. 2 Sub District Limited Tax General Obligation Bonds, Series 2022, Bond Fund," established by Section 3.02 hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

"*Bond Resolution*" means the resolution authorizing the issuance of the Bonds and the execution of this Indenture, certified by the Secretary or Assistant Secretary of the Sub District to have been duly adopted by the Sub District and to be in full force and effect on the date of such certification, including any amendments or supplements made thereto.

"*Bond Year*" means the period commencing on the date of issuance of the Bonds through and including December 1, 2022 and, thereafter, the period from December 2 of any calendar year through and including December 1 of the following calendar year.

"*Bonds*" means the Limited Tax General Obligation Bonds, Series 2022, in the aggregate principal amount of $[PAR-A] dated as of the date of issuance, and issued by the Sub District pursuant to this Indenture and the Bond Resolution.

"*Business Day*" means a day on which the Trustee or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

"*Cede*" means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

"*Certified Public Accountant*" means a certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State.

"*Code*" means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

"*Colorado Municipal Bond Supervision Act*" means Title 11, Article 59, C.R.S.

"*Consent Party*" means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond, or if so designated in writing by a Participant, the Beneficial Owner of such Bond.

"*Costs of Issuance Fund*" means the "Crystal Valley Metropolitan District No. 2 Sub District Limited Tax General Obligation Bonds, Series 2022, Costs of Issuance Fund," established by Section 3.02 hereof.

"*Counsel*" means a person, or firm of which such a person is a member, authorized in any state to practice law.

"*County*" means Douglas County, Colorado.

"*C.R.S.*" means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

"*Depository*" means any securities depository that the Sub District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

"*Development Fees*" means those fees imposed and collected by District No. 2 pursuant to the Fee Resolution.

"*District No. 2*" means Crystal Valley Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado.

"*District 2020 Bonds*" means the Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A, in the aggregate principal amount of $56,600,000 dated as of the date of issuance, and issued by District No. 2 pursuant to the District 2020 Bonds Indenture.

"*District 2020 Bonds Indenture*" means the Indenture of Trust dated as of September 17, 2020, by and between District No. 2 and UMB Bank, n.a., as trustee, pursuant to which the District 2020 Bonds were issued.

"*District Debt Obligation Mill Levy*" means the sum of the District 2020 Bonds Required Mill Levy and any other ad valorem property tax levy required to be imposed by District No. 2 for the payment of District Debt Obligations.

"*District Debt Obligations*" means, collectively, the District 2020 Bonds, any obligations constituting "Parity Bonds" under the District 2020 Bonds Indenture, and any other obligation of District No. 2 payable from an ad valorem property tax debt service mill levy of District No. 2 which, pursuant to the terms of the Service Plan, is subject to the Maximum Debt Service Mill Levy (as defined in the Service Plan)..

"*District Debt Obligation Documents*" means any resolution, indenture, loan agreement or other instrument or agreement pursuant to which District Debt Obligations are issued or incurred.

"*District 2020 Bonds Required Mill Levy*" means the "Required Mill Levy" required to be imposed by District No. 2 in accordance with the District 2020 Bonds Indenture.

"*District IGA*" means the Intergovernmental Agreement Regarding Sub District Bonds Pledged Revenues dated [_____ _], 2022, entered into between District No. 2 and the Sub District.

"*DTC*" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns. References herein to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

"*Effective Interest Rate*" means, as of the date of the calculation, for any obligations for which the Effective Interest Rate is to be calculated hereunder, the total remaining Interest Cost for such obligations divided by the sum of the products derived by multiplying the remaining principal amount of each such obligation maturing on each maturity date by the number of years from the date of calculation to their respective maturities. In all cases, Effective Interest Rate shall be computed without regard to any option of redemption prior to the designated maturity dates of the obligations, but shall assume the payment of principal due as a result of mandatory sinking fund redemption (i.e., scheduled mandatory principal payments), which mandatory sinking fund redemption dates shall be deemed a maturity of the stated mandatory sinking fund redemption amount for purposes of this definition. For any obligation without a schedule of mandatory principal redemption (e.g., a "cash flow bond"), 100% of the then-outstanding principal of that obligation shall be assumed to mature at the stated maturity date for purposes of this definition.

"*Election*" means the election held within the Sub District on November 2, 2021.

"*Escrow Account*" means the Escrow Account created pursuant to the Escrow Agreement.

"*Escrow Agent*" means [_____].

"*Escrow Agreement*" means the Construction Escrow Agreement by and among the Sub District, the Town and the Escrow Agent dated _____, 2022.

"*Event of Default*" means any one or more of the events set forth in Section 8.01 hereof.

"*Facilities*" means public facilities (including, without limitation, necessary or appropriate equipment) the debt for which was authorized by Ballot Issue B of the Election.

"*Federal Securities*" means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"*Fee Resolution*" means the Third Amended and Restated Joint Resolution Concerning Imposition of District Development Fee adopted by the Board of Directors of District No. 2 on July 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020, and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021.

"*Financing Costs*" means the principal and redemption price of, and interest and premium on, the District 2020 Bonds and any other District Debt Obligations, required deposits to or replenishments of funds or accounts securing the District 2020 Bonds and any other District Debt Obligations, and customary fees and expenses relating to the District 2020 Bonds and any other District Debt Obligations (including, but not limited to, fees of a trustee, paying agent, and rebate agent) and any reimbursement due to a provider of liquidity or credit facility securing any District Debt Obligations, all in accordance with the District Debt Obligation Documents, as applicable, including the principal and interest components of any mandatory redemption payments as provided in the District 2020 Bonds and any other District Debt Obligation Documents, but

excluding the principal amount of any District Debt Obligations to be optionally redeemed in the applicable calendar year.

"*Indenture*" means this Indenture of Trust as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"*Interest Cost*" means the total amount of interest to accrue on obligations (including compounded interest) from the date of calculation to their respective maturities. In all cases Interest Cost shall be computed without regard to any option of redemption prior to the designated maturity dates of the obligations, but shall assume the payment of principal due as a result of mandatory sinking fund redemption (i.e., scheduled mandatory principal payments), which mandatory sinking fund redemption dates shall be deemed a maturity of the stated mandatory sinking fund redemption amount for purposes of this definition. For any obligation without a schedule of mandatory principal redemption (e.g., a "cash flow bond"), for purposes of this definition, 100% of the then-outstanding principal of that obligation shall be assumed to mature at the stated maturity date, and no interest shall be assumed to be paid prior to such stated maturity date (rather, interest shall assume to accrue and compound to such stated maturity date in accordance with the applicable documents authorizing such obligation).

"*Interest Payment Date*" means December 1 of each year, commencing December 1, 2022 and continuing for so long as the Bonds are Outstanding.

"*Letter of Representations*" means the Blanket District Letter of Representations from the Sub District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

"*Mandatory Redemption Date*" shall have the meaning assigned it in Section 5.01(b) hereof.

"*Mandatory Redemption Price*" shall have the meaning assigned it in Section 5.01(b) hereof.

"*Maximum Permitted District Debt Service Mill Levy*" means, for each calendar year, the number of mills which, if imposed by District No. 2 for collection in the succeeding calendar year (referred to herein as the "**Collection Year**"), would be sufficient to generate ad valorem property tax revenues equal to 101% of the Annual District Debt Obligations Requirements for such Collection Year.

"*Outstanding*" or "*Outstanding Bonds*" means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption of which

moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been placed in escrow and in trust; and

(c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to Section 2.06 or Section 2.09 hereof.

"*Owner(s)*" or "*Owner(s) of Bonds*" means the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee, including the Depository for the Bonds, if any, or its nominee.

"*Parity Bonds*" means any bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof on parity with the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the Sub District and designated by the Sub District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Parity Bond hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04 hereof. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the Sub District, and shall be designated in such resolutions, indentures, or other documents as constituting Parity Bonds hereunder.

"*Participants*" means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

"*Permitted District Debt Obligations*" shall have the meaning assigned it in the District IGA.

"*Permitted Investments*" means any investment or deposit the Sub District is permitted to make under then applicable law.

"*Pledged Revenue*" means the following:

(a) all Property Tax Revenues;

(b) all Specific Ownership Tax Revenues;

(c) all Pledged Development Fees; and

(d) any other legally available moneys which the Sub District determines, in its absolute discretion, to credit to the Bond Fund.

"*Pledged Development Fees*" means the Development Fees (whether such Development Fees are collected directly by the Sub District or received from District No. 2 in accordance with the District IGA), but solely to the extent collected with respect to the property located within the boundaries of the Sub District, and including, but not limited to, the revenue derived from any action to enforce the collection of such Development Fees, and the revenue derived from the sale or other disposition of property acquired by District No. 2 or the Sub District from any action to enforce the collection of such Development Fees.

"*Project*" means the financing, design, engineering, construction, and installation of the Facilities identified in the Escrow Agreement as the "Project."

"*Property Tax Revenues*" means all moneys derived from imposition by the Sub District of the Required Mill Levy. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Property Tax Revenues do not include specific ownership tax revenues.)

"*Record Date*" means the 15th day of the calendar month next preceding the Interest Payment Date.

"*Refunding Parity Bonds*" means Parity Bonds issued solely for the purpose of refunding all or any portion of the Bonds or any other Parity Bonds; provided, however, that proceeds of such Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding.

"*Required Mill Levy*" means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Sub District each year in an amount equal to (i) 49.854 mills less the District Debt Obligation Mill Levy for such year, or (ii) such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Bond Fund, will pay the Bonds in full in the year such levy is collected; provided however, that:

(a) in the event that the method of calculating assessed valuation is changed after July 21, 2020, the mill levy of 49.854 mills provided herein (less the District Debt Obligation Mill Levy) shall be increased or decreased to reflect such changes, such increases or 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 mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation); and

(b) notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause the Sub District to derive tax revenue in any year in excess of the maximum tax increases permitted by the Sub District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the Sub District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

"*Service Plan*" means the Amended Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 and Crystal Valley Metropolitan District No. 2 approved by the Town Council of the Town on December 13, 2001, as amended by the First Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on May 6, 2014, and the Second Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the

Town Council of the Town on June 10, 2020, as the same may be further amended or restated from time to time.

"*Special Record Date*" means the record date for determining Bond ownership for purposes of paying unpaid interest, as such date may be determined pursuant to this Indenture.

"*Specific Ownership Tax Revenues*" means the specific ownership taxes remitted to the Sub District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy.

"*State*" means the State of Colorado.

"*Sub District*" means Crystal Valley Metropolitan District No. 2 Sub District in the Town of Castle Rock, Douglas County, Colorado.

"*Sub District Representative*" means the Sub District President or the person or persons at the time designated to act on behalf of the Sub District by the Bond Resolution or as designated by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Sub District by its President and attested by its Secretary or Assistant Secretary, and any alternate or alternates designated as such therein.

"*Subordinate Obligations*" means any bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the Sub District and designated by the Sub District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Subordinate Obligation hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04(d) hereof. Any Subordinate Obligations hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the Sub District.

"*Supplemental Act*" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, C.R.S.

"*Tax Certificate*" means the certificate to be signed by the Sub District relating to the requirements of Sections 103 and 141-150 of the Code, and any amendment or modification of any such certificate, instrument or instructions that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

"*Town*" means the Town of Castle Rock, Colorado.

"*Trustee*" means UMB Bank, n.a., Denver, Colorado, in its capacity as trustee hereunder, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of this Indenture.

"*Trustee Fees*" means the amount of the fees and expenses of the Trustee charged or incurred in connection with the performance of its ordinary services and duties hereunder (and

under any other indenture entered into by the Sub District in connection with Parity Bonds or Subordinate Obligations), as the same become due and payable as described in Section 9.02(a) hereof, but not in excess of $4,000 annually per bond issue then outstanding; provided however, that this definition does not include expenses incurred by the Trustee in connection with the performance of extraordinary services and duties as described in Section 9.02(b) hereof, which expenses shall be payable by the Sub District in accordance with the provisions thereof.

"*Trust Estate*" means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.

"*Underwriter*" means Wells Fargo Securities, LLC, Denver, Colorado, the original purchaser of the Bonds.

Section 1.02. Interpretation. In this Indenture, unless the context otherwise requires:

(a) the terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar term, refer to this Indenture as a whole and not to any particular article, section, or subdivision hereof; the term "heretofore" means before the date of execution of this Indenture, the term "now" means at the date of execution of this Indenture, and the term "hereafter" means after the date of execution of this Indenture;

(b) words of the masculine gender include correlative words of the feminine and neuter genders; words importing the singular number include the plural number and vice versa; and the word "person" or similar term includes, but is not limited to, natural persons, firms, associations, corporations, partnerships, and public bodies;

(c) the captions or headings of this Indenture, and the table of contents appended to copies hereof, are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Indenture;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(e) in no event shall the term "available" when used to modify revenue described herein be interpreted to mean that the Trustee or the Sub District has any discretion to determine that only a portion of such revenue shall be applied as provided herein; and

(f) all exhibits referred to herein are incorporated herein by reference.

Section 1.03. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Indenture shall be made on the assumption that: (a) the principal of and interest on all Bonds shall be paid as and when the same become due as therein and herein provided; and (b) all credits required by this Indenture to be made to any fund shall be made in the amounts and at the times required.

Section 1.04. Exclusion of Bonds Held By the Sub District. In determining whether the Consent Parties with respect to the requisite principal amount of the Outstanding Bonds have given

any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds for which the Sub District is the Consent Party shall be disregarded and deemed not to be Outstanding.

Section 1.05. Certificates and Opinions.

(a) Except as otherwise specifically provided in this Indenture, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person making the certificate or opinion has read the covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination and investigation as is necessary to enable him to express an informed opinion as to whether the covenant or condition has been complied with; (iv) a statement as to whether, in the opinion of such person, the condition or covenant has been complied with; and (v) an identification of any certificate or opinion relied on in such certificate or opinion.

(b) Any opinion of Counsel may be qualified by reference to the constitutional powers of the United States of America, the police and sovereign powers of the State, judicial discretion, bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights or municipal corporations or similar matters.

(c) In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

(d) Any certificate or opinion of an officer of the Sub District may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Sub District stating that the information with respect to such factual matters is in the possession of the Sub District, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(e) When any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, such instruments may, but need not, be consolidated to form one instrument.

Section 1.06. Acts of Consent Parties.

(a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Consent Parties may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Consent Party in person or by agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, the Sub District. Proof of execution of any such instrument or of a writing appointing any such agent made in the manner set forth in subsection (b) hereof shall be sufficient for any purpose of this Indenture and (subject to Section 9.01 hereof) conclusive in favor of the Trustee and the Sub District.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

(c) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by the Consent Parties with respect to a specified percentage or portion of the Outstanding Bonds shall be conclusive and binding upon all present and future Owners and Consent Parties if the Consent Parties with respect to the specified percentage or portion of the Outstanding Bonds take such action in accordance herewith; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder. In addition, any request, demand, authorization, direction, notice, consent, waiver, or other action by any Consent Party (notwithstanding whether such action was also taken by any other Owner or Consent Party) shall bind the Owner and the Consent Party, and the Owner of and Consent Party with respect to every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Sub District in reliance thereon; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder.

Section 1.07. Indenture to Constitute Contract. This Indenture shall constitute a contract among the Sub District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding hereunder.

ARTICLE II

THE BONDS

Section 2.01. Authorization, Terms, Payment, and Form of Bonds.

(a) In accordance with the Constitution of the State; the Supplemental Act; the Election; Title 32, Article 1, Part 11, C.R.S.; and all other laws of the State thereunto enabling, there shall be issued the Bonds for the purposes hereinafter stated. The aggregate principal amount of the Bonds that may be authenticated and delivered under this Indenture is limited to and shall not exceed $[PAR-A], except as provided in Section 2.06 and Section 2.09 hereof.

(b) The Bonds shall be issued only as fully registered Bonds without coupons in Authorized Denominations. Unless the Sub District shall otherwise direct, the Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "R-."

(c) The Bonds shall be dated as of the date of issuance, and shall mature on the dates and in the aggregate principal amounts, and shall bear interest at the rates per annum, set forth in the following table, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor annually on each December 1, commencing on December 1, 2022: [CONFORM TO FINAL PRICING]

Principal Amount	**Maturity Date**	**Interest Rate**
$[PAR-A]	December 1, [2052]	[_____]%

(d) The maximum net effective interest rate authorized for this issue of Bonds pursuant to the Election is 18% per annum, and the actual net effective interest rate of the Bonds does not exceed such maximum rate. The maximum repayment costs of the Bonds do not exceed the limitations of the Election. The maximum annual debt service on the Bonds does not exceed the maximum annual tax increases authorized in the Election.

(e) The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the Sub District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such unpaid interest.

(f) Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the Sub District shall not be required to incur any expenses in connection with such alternative means of payment.

(g) To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until paid, subject to Section 7.03 hereof. To the extent interest on any Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein to the contrary, the Sub District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the Sub District of such amount, subject to Section 7.03 hereof.

(h) Subject to the provisions of this Indenture, the Bonds shall be in substantially the form set forth in Exhibit A attached hereto, with such variations, omissions, and insertions as may be required by the circumstances, be required or permitted by this Indenture, or be consistent with this Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The Sub District may cause a copy of the text of the opinion of Bond Counsel to be printed on the Bonds. Pursuant to the recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such other endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Section 2.02. Purpose of Issuance of Bonds. The Bonds are being issued for the purpose of: (a) paying a portion of the costs of the Project pursuant to the Escrow Agreement, and (b) paying other costs in connection with the issuance of the Bonds.

Section 2.03. Trustee as Paying Agent and Bond Registrar.

(a) The Trustee shall perform the functions of paying agent and authenticating registrar with respect to the Bonds. The Trustee shall establish the registration books for the Bonds and thereafter maintain such books in accordance with the provisions hereof. The Sub District shall cause the Underwriter to provide the Trustee with an initial registry of the Owners within a reasonable time prior to delivery of the Bonds. The Sub District shall be permitted to review the registration books at any time during the regular business hours of the Trustee and, upon written request to the Trustee, shall be provided a copy of the list of Owners of the Bonds. Upon the termination of this Indenture, the Trustee shall promptly return such registration books to the Sub District.

(b) The Trustee shall make payments of principal and interest on the Bonds on each date established herein for payment thereof, in the manner and from the sources set forth herein.

(c) The Trustee will register, exchange, or transfer (collectively, "transfer") the Bonds in the manner provided herein. The Trustee reserves the right to refuse to transfer any Bond until it is satisfied that the endorsement on the Bond is valid and genuine, and for that purpose it may require a guarantee of signature by a firm having membership in the Midwest, New York, or American Stock Exchange, or by a bank or trust company or firm approved by it. The Trustee also reserves the right to refuse to transfer any Bond until it is satisfied that the requested transfer is legally authorized, and it shall incur no liability for any refusal in good faith to make a transfer which it, in its judgment, deems improper or unauthorized.

(d) The Sub District shall furnish the Trustee with a sufficient supply of blank Bonds for the sole purpose of effecting transfers in accordance herewith and from time to time shall renew such supply upon the request of the Trustee. Blank Bonds shall be signed and sealed by the Sub District in the manner set forth herein.

(e) In the event the Sub District receives any notice or order which limits or prohibits dealing in the Bonds, it will immediately notify the Trustee of such notice or order and give a copy thereof to the Trustee.

(f) In any circumstances concerning the payment or registration of the Bonds not covered specifically by this Indenture, the Trustee shall act in accordance with federal and state banking laws and its normal procedures in such matters.

Section 2.04. Execution of Bonds; Signatures. The Bonds shall be executed on behalf of the Sub District by the manual or facsimile signature of the President of the Sub District, sealed with a manual impression or facsimile of its corporate seal, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Sub District. In case any officer who shall have signed any of the Bonds shall cease to be such officer of the Sub District before the Bonds have been authenticated by the Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Trustee and delivered, and may be sold by the Sub District, as though the person or persons who signed such Bonds had remained in office.

Section 2.05. Persons Treated as Owners. The Sub District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Bond is overdue, and neither the Sub District nor the Trustee shall be affected by notice to the contrary.

Section 2.06. Lost, Stolen, Destroyed, or Mutilated Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced (or paid if the Bond has matured or come due by reason of prior redemption) by the Trustee in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, provide such indemnification satisfactory to the Trustee, and present such proof of ownership and loss as may be required by the Trustee. If lost, stolen, destroyed or mutilated, (a) the Sub District shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee

may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 2.07. Delivery of Bonds. Upon the execution and delivery of this Indenture, the Sub District shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or for the account of the purchasers thereof, directed by the Sub District and in accordance with a written certificate of the Sub District. The Trustee shall be entitled to conclusively rely upon such direction and authorization from the Sub District as to the names of the purchasers and the amount of such purchase price.

Section 2.08. Trustee's Authentication Certificate. The Trustee's certificate of authentication upon the Bonds shall be substantially in the form and tenor set forth in Exhibit A attached hereto. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit hereunder unless and until a certificate of authentication on such Bond substantially in such form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Registration, Exchange, and Transfer of Bonds.

(a) The Trustee shall act as bond registrar and maintain the books of the Sub District for the registration of ownership of each Bond as provided herein.

(b) Bonds may be exchanged at the principal office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Trustee, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books. In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the registration books, and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate principal amount which the Owner is entitled to receive at the earliest practicable time in accordance with the provisions hereof.

(c) The Trustee shall charge the Owner of such Bond for every such transfer or exchange of a Bond an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(d) The Sub District and Trustee shall not be required to issue or transfer any Bonds: (i) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date, or (ii) during the period beginning at the opening of business on a date 45 days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

(e) New Bonds delivered upon any transfer or exchange shall be valid obligations of the Sub District, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.10. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture and upon payment of the principal amount, premium if any, and interest due thereon, or whenever any Outstanding Bond shall be delivered to the Trustee for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

Section 2.11. Book-Entry System.

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a Depository, neither the Sub District nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; or (iii) the payment to any Participant, Beneficial Owner, or person other than the Owner, of the principal of, premium if any, and interest on the Bonds. The Sub District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Sub District's obligations with respect to the payment of the same. No person, other than an Owner, shall receive a certificated Bond evidencing the obligations of the Sub District pursuant to this Indenture.

(c) Notwithstanding any provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, all payments with respect to the principal of and interest on such Bond shall be made as provided in the Letter of Representations.

(d) DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the Sub District and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the Sub District or, if the Sub District determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the Sub District that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Bonds. The Bonds shall constitute limited tax general obligations of the Sub District payable from the Pledged Revenue as provided herein. Principal of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of the Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts herein created, and the Pledged Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive lien. The Bonds are secured by a lien on the Pledged Revenue on parity with the lien thereon of any Parity Bonds issued hereafter.

Section 3.02. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts, which shall be established with the Trustee and maintained by the Trustee in accordance with the provisions of this Indenture:

(a) the Bond Fund and, therein the Interest Account and the Mandatory Redemption Account; and

(b) the Costs of Issuance Fund.

Section 3.03. Initial Credits. Immediately upon issuance of the Bonds and from the proceeds thereof (after payment of the Underwriter's discount), the Trustee shall make the following credits:

(a) to the Costs of Issuance Fund, the amount of $[_____]; and

(b) to the Escrow Agent for deposit to the Escrow Account, the amount of $[_____].

Section 3.04. Application of Pledged Revenue. The Sub District is to transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the Sub District, subject to the last paragraph of this Section 3.04; provided, however, that in the event that the total amount of Pledged Revenue received by the Sub District in a calendar month is less than $50,000, the Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the Sub District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than October 15th for Pledged Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). IN NO EVENT IS THE SUB DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. The Trustee shall credit all Pledged Revenue as received in the following order of priority (excluding the Pledged Revenue described in clause (d) of the definition thereof, which is to be deposited directly to the Bond Fund). For purposes of the following, when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank pari passu with each other.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee Fees then due and payable;

SECOND: To the credit of the Bond Fund and any other fund or account created for the payment of the principal of, premium if any, and interest on Parity Bonds, including any sinking fund, reserve fund, surplus fund or similar fund or account established therefor, pro rata in accordance with the then outstanding principal amounts of the Bonds and any Parity Bonds, all Pledged Revenue received until the funding of all amounts to become due and payable on the Bonds and the Parity Bonds through maturity; and

THIRD: To the Sub District, for credit to any other fund or account as may be designated by the Sub District in writing to the Trustee, to be used for any lawful purpose, any Pledged Revenue received for the remainder of the Bond Year after the payments and accumulations set forth above (which revenues, upon disbursement to or at the direction of the Sub District in accordance with this clause THIRD, shall be released from the lien hereof and shall thereafter no longer constitute "Pledged Revenue" hereunder).

In the event that any Pledged Revenue is available to be disbursed in accordance with clause THIRD above, the Sub District will, in making its determination as to the application of such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue from a debt service mill levy, and any then existing pledge or encumbrance on such revenues. For purposes of determining the nature of the Pledged Revenue available for disbursement pursuant to THIRD above, the Pledged Revenue applied in FIRST and SECOND above shall be deemed to be funded, first, from Property Tax

Revenues resulting from imposition of the Required Mill Levy;; and second, from Specific Ownership Tax Revenues resulting from imposition of the Required Mill Levy.

The Sub District covenants that all property tax revenue collected by the Sub District from a debt service mill levy, or so much thereof as is needed, shall first be designated as Property Tax Revenues unless and until the Sub District has funded the full amount outstanding with respect to the Bonds and any Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Parity Bonds). The debt service property tax levy imposed for the payment of Subordinate Obligations shall be deemed reduced to the number of mills (if any) available for payment of such Subordinate Obligations in any Bond Year after first providing for the payment or funding of the full amount outstanding with respect to the Bonds and any Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Parity Bonds).

Section 3.05. Bond Fund. Moneys in the Bond Fund shall be used by the Trustee solely to pay the principal of, premium if any, and interest on the Bonds.

(a) Pledged Revenue required to be credited to the Bond Fund in accordance with Section 3.05 hereof shall be credited each Bond Year as received as follows:

FIRST: to the credit of the Interest Account, the amount required for amounts on deposit therein to equal the interest payable on the Bonds in such Bond Year; and

SECOND: to the credit of the Mandatory Redemption Account, all remaining Pledged Revenue credited to the Bond Fund for such Bond Year.

(b) On each Interest Payment Date, the Trustee is to apply amounts on deposit in the Interest Account to the payment of interest on the Bonds (including current interest, accrued but unpaid interest and unpaid compound interest, and including the accrued interest portion of any Mandatory Redemption Price) then due.

(c) On the 45th day prior to each Mandatory Redemption Date, the Trustee shall determine the amounts on deposit in the Mandatory Redemption Account available for application to redemption of the Bonds in accordance with Section 5.01(b) hereof, taking into account any requirements of Section 5.02 hereof with respect to the amount to be redeemed. The Trustee shall provide notice of the mandatory redemption to occur on each Mandatory Redemption Date as a result of amounts credited to the Mandatory Redemption Account, as provided in Section 5.02 hereof.

(d) On each Mandatory Redemption Date, the Trustee is to apply amounts on deposit in the Mandatory Redemption Account to the payment of the principal portion of any Mandatory Redemption Price.

(e) Moneys credited to the Bond Fund may be invested or deposited as provided in Section 6.01 hereof.

(f) The Sub District acknowledges and agrees that, notwithstanding anything herein to the contrary, borrowed moneys shall not be used for the purpose of redeeming principal of the Bonds pursuant to Section 5.01(b) hereof and paragraph (d) of this Section 3.06.

Section 3.06. Costs of Issuance Fund. The Costs of Issuance Fund shall be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund shall be applied by the Trustee at the direction of the Sub District in accordance with the closing memorandum prepared by the Underwriter, which summarizes the approved costs of issuance, or other direction of the Sub District, to the payment of costs in connection with the issuance of the Bonds, including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter's counsel and other counsel, the fees and expenses of the Sub District's accountant, manager, special consultants, and other professionals, the costs of the Trustee, and other costs and expenses of the Sub District relating to the issuance of the Bonds, and to Trustee Fees due with respect to services to be provided through the second anniversary of the date of issuance of the Bonds. The Trustee may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the Bonds shall be transferred by the Trustee into the Bond Fund.

Section 3.07. Trustee's Fees, Charges, and Expenses. The Sub District shall pay the Trustee's fees for services rendered hereunder in accordance with its then-current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by this Indenture and in or about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

Section 3.08. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and except for amounts due and owing to the Trustee for its fees and expenses in performance of its duties hereunder, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in clause THIRD of Section 3.04, Article VII, and Section 8.05 hereof, the Sub District shall have no claim to or rights in any moneys deposited with or paid to the Trustee hereunder.

Section 3.09. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue and funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Pledged Revenue pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be on parity with the lien thereon of the Parity Bonds (if any), excluding the Pledged Revenue described in clause (d) of the definition thereof. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Sub District irrespective of whether such persons have notice of such liens.

ARTICLE IV

COVENANTS OF SUB DISTRICT

Section 4.01. Performance of Covenants, Authority. The Sub District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolution, this Indenture, the Bonds, and all its proceedings pertaining hereto. The Sub District covenants that it is duly authorized under the constitution and laws of the State, including, particularly and without limitation, the Act, to issue the Bonds and to execute this Indenture and that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Bonds are and will be valid and enforceable obligations of the Sub District according to the terms thereof.

Section 4.02. Covenant to Impose Required Mill Levy.

(a) For the purpose of paying the principal of, premium if any, and interest on the Bonds, the Board shall annually determine and certify to the Board of County Commissioners for the County, in each of the years 2022 through [2051], inclusive (for tax collection in years 2023 through [2052], inclusive), and in any year thereafter in which the Bonds remain Outstanding, in addition to all other taxes, the Required Mill Levy, subject to clause (b) below. Nothing herein shall be construed to require the Sub District to levy an ad valorem property tax for payment of the Bonds in excess of the Required Mill Levy. When collected, the taxes levied for the foregoing purposes shall be deposited with the Trustee in accordance with Section 3.04 hereof.

(b) NOTWITHSTANDING ANY OTHER PROVISION HEREIN, THE SUB DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2059 (FOR COLLECTION IN CALENDAR YEAR 2060).

(c) The foregoing provisions of this Indenture are hereby declared to be the certificate of the Board to the Board of County Commissioners for the County, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

(d) The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due are hereby appropriated for said purposes, and such amounts as appropriated for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

(e) It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other Sub District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

(f) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State, and when collected said taxes shall be paid to the Sub District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to this Indenture.

Section 4.03. Instruments of Further Assurance. The Sub District covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, and pledging unto the Trustee all and singular the Trust Estate.

Section 4.04. Additional Obligations.

(a) The Sub District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue superior to the lien thereof of the Bonds.

(b) Any Additional Obligations secured by a lien on ad valorem property taxes of the Sub District shall be issued as either Parity Bonds or Subordinate Obligations. The Sub District shall not issue or incur any other Additional Obligations except as provided in subparagraph (c) of this Section with respect to Parity Bonds and in subparagraph (d) of this Section with respect to Subordinate Obligations, unless such issuance is consented to by the Consent Parties with respect to 100% in aggregate principal amount of the Bonds then Outstanding.

(c) The Sub District may issue Additional Obligations constituting Refunding Parity Bonds without the consent of the Consent Parties if each of the following conditions is met as of the date of issuance of such Additional Obligations:

(i) the Effective Interest Rate of such Refunding Parity Bonds will be at least 25 basis points less than the Effective Interest Rate of the obligations refunded (in both cases calculated as of the date of such issuance of Refunding Parity Bonds and, in the case of the refunded obligations, calculated without giving effect to the refunding); and

(ii) in the event that the Refunding Parity Bonds are secured by a lien on ad valorem property taxes of the Sub District, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Parity Bonds, together with the Required Mill Levy required to be imposed hereunder, shall not be higher than the maximum mill levy set forth in the definition of Required Mill Levy herein, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such Parity Bonds shall be applied in the same manner and priority as provided in Section 3.04 hereof with respect to the Pledged Revenue.

(d) The Sub District may issue Additional Obligations constituting Subordinate Obligations without the consent of the Consent Parties and the terms of such Subordinate Obligations shall be as provided in the documents pursuant to which they are issued,

provided that each of the following conditions is met as of the date of issuance of the Subordinate Obligations:

(i) the aggregate number of mills which the Sub District promises to impose for payment of all Subordinate Obligations (including the Subordinate Obligations proposed to be issued) does not exceed 49.854 mills less the District Debt Obligation Mill Levy for such year (adjusted as described in clause (a) of the definition of the Required Mill Levy herein), less the Required Mill Levy required to be imposed hereunder and the mill levy required to be imposed for the payment of any Parity Bonds;

(ii) the failure to make a payment when due on the Subordinate Obligations shall not constitute an event of default thereunder; and

(iii) the Subordinate Obligations shall be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year, and only after the payment or defeasance of the full amount of the Bonds.

(e) A written certificate by the President or Treasurer of the Sub District that the conditions set forth herein are met shall conclusively determine the right of the Sub District to authorize, issue, sell, and deliver Additional Obligations in accordance herewith.

(f) Except as provided in Section 4.04(a), nothing herein shall affect or restrict the right of the Sub District to issue or incur additional debt or other financial obligations that are not Additional Obligations hereunder.

(g) Notwithstanding any other provision contained herein, under no circumstances shall the Sub District issue Additional Obligations in excess of that authorized by eligible electors of the Sub District, if applicable, and the Service Plan, as the same may be amended from time to time.

Section 4.05. Additional Covenants and Agreements. The Sub District hereby further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

(a) The Sub District will maintain its existence and shall not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the Bonds, and will continue to operate and manage the Sub District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) At least once a year the Sub District will cause an audit to be performed of the records relating to its revenues and expenditures (which may consist of the presentation of such information in an audit of District No. 2), and the Sub District shall use its best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. The foregoing covenant shall apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the Sub District will cause a budget to be prepared and

adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(c) The Sub District will carry general liability, public officials liability, and such other forms of insurance coverage on insurable Sub District property upon the terms and conditions, and in such amount, as in the judgment of the Sub District will protect the Sub District and its operations.

(d) Each Sub District official or other person having custody of any Sub District funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

(e) In the event any ad valorem taxes are not paid when due, the Sub District shall diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed.

(f) In the event that any amount of the Pledged Revenue is released to the Sub District as provided in THIRD of Section 3.04 hereof, the Sub District will, in making its determination as to which obligations will be paid with such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.

(g) Subject to Owners of a majority in aggregate principal amount of the Bonds assuming control of the enforcement of remedies upon default, the Sub District will cause District No. 2 to enforce the collection of all Pledged Development Fees in such time and manner as the Sub District reasonably determines will be most efficacious in collecting the same (including without limitation the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith), will enforce the covenants of District No. 2 in the District IGA pertaining to the issuance of additional District Debt Obligations and the limitation of the District Debt Obligation Mill Levy to not in excess of the Maximum Permitted District Debt Service Mill Levy, and will diligently pursue all reasonable remedies available to the Sub District with regard to such enforcement, whether at law or in equity. The Sub District will not take any of the following actions without the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding: (i) consent to the reduction of the amount of the Development Fees or an amendment or supplement to the Fee Resolution in any way which would materially adversely affect the amount or timing of Pledged System Development Fees to be collected, (ii) consent to the issuance of District Debt Obligations not constituting Permitted District Debt Obligations, (iii) consent to the imposition of a District Debt Obligation Mill Levy in excess of the Maximum Permitted District Debt Service Mill Levy, or (iv) amend or supplement the District IGA in any way which would materially adversely affect the amount of revenues to be paid to or on behalf of the Sub District thereunder, or would permit the issuance of District Debt Obligations in addition to those presently constituting Permitted District Debt Obligations.

ARTICLE V

PRIOR REDEMPTION

Section 5.01. Prior Redemption.

(a) ***Optional Redemption***. The Bonds are subject to redemption prior to maturity, at the option of the Sub District, as a whole or in integral multiples of $1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the Sub District shall determine and by lot within maturities), on _____ 1, 20__, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows: [CONFORM TO FINAL PRICING]

Date of Redemption	**Redemption Premium**
	[___]%

(b) ***Mandatory Redemption***. The Bonds are subject to mandatory redemption in part by lot on December 1 of each year (each a "**Mandatory Redemption Date**"), commencing December 1, 2022, to the extent of moneys on deposit, if any, in the Mandatory Redemption Account of the Bond Fund 45 days prior to the applicable Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Bonds to be redeemed as set forth in Section 5.02 hereof, at a redemption price (the "**Mandatory Redemption Price**") equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date. The Sub District acknowledges and agrees that, notwithstanding anything herein to the contrary, borrowed moneys shall not be used for the purpose of redeeming principal of the Bonds pursuant to this paragraph.

Section 5.02. Redemption Procedure and Notice.

(a) If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of $1,000. In the event a Bond is of a denomination larger than $1,000, a portion of such Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by $1,000. In the event a portion of any Bond is redeemed, the Trustee shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

(b) In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 20 days prior to the redemption date to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the Sub District by the Trustee. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the Sub District. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments.

(a) All moneys held by the Trustee in any of the funds or accounts created hereby shall be promptly invested or reinvested by the Trustee, upon receipt by the Trustee of written direction of the Sub District Representative, in Permitted Investments only. The Trustee may conclusively rely upon the Sub District Representative's written instruction as to both the suitability and legality of the directed investments. If the Sub District fails to provide written directions concerning investment of moneys held by the Trustee, the Trustee shall, in accordance with this subsection, invest and reinvest the moneys in a money market fund which is a Permitted Investment, subject to any other requirements of this Section 6.01. Any such investments shall mature, be redeemable at the option of the owner thereof, pay interest or, in the case of money market funds, shall be available for withdrawal, no later than the respective dates when moneys held for the credit of such fund or account will be required for the purposes intended. The interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee under this Indenture shall be credited to the fund or account from which the moneys invested were derived.

(b) The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Trustee is not required to issue confirmations of Permitted Investments for any month in which a monthly statement is rendered by the Trustee. The Trustee will not issue a monthly statement for any fund or account if no activity occurred in such fund or account during such month. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Sub District Representative shall confirm that the

investment transactions identified therein accurately reflect the investment directions of the Sub District Representative, unless the Sub District Representative notified the Trustee in writing to the contrary within 30 days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

(c) Any and all such investments shall be subject to full and complete compliance at all times with the covenants and provisions of Section 6.02 hereof.

Section 6.02. Tax Matters.

(a) The Sub District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The Sub District shall not use or permit the use of any proceeds of Bonds or any funds of the Sub District, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the Sub District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Sub District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time the Sub District is of the opinion that for purposes of this paragraph it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or held by the Sub District under this Indenture, the Sub District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) The Sub District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(d) The covenants contained in this Section shall continue in effect until all Bonds are fully paid, satisfied, and discharged.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Discharge of the Lien of this Indenture.

(a) If the Sub District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of and interest to become due thereon at the times and in the manner stipulated herein, and if the Sub District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by this Indenture to be paid shall have been paid, then these presents and the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Sub District such instruments in writing as shall be required to satisfy the lien hereof, and assign and deliver to the Sub District any property at the time subject to the lien of this Indenture which may then be in its possession, and deliver any amounts required to be paid to the Sub District under Section 8.05 hereof, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Bonds.

(b) Any Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 7.01 if, for the purpose of paying such Bond (i) there shall have been deposited with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there shall have been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be invested) to pay the principal of, premium if any, and interest on such Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Sub District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant. With respect to any accrued and unpaid interest on the Bonds, including any compound interest remaining unpaid, it is acknowledged that such amounts are due and payable immediately at the time of funding any escrow intended to accomplish a defeasance of the Bonds. Upon the funding of an escrow defeasing Bonds in accordance with the provisions of this Section 7.01, the Bonds shall cease to be subject to mandatory redemption in accordance with the provisions of Section 5.01(b), and the principal of the Bonds shall be due and payable only on the designated redemption date(s).

(c) Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to this Section 7.01, nor principal or interest

payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, shall, to the extent practicable, be reinvested subject to the provisions of Article VI hereof in Federal Securities maturing at the times and in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

(d) Prior to the investment or reinvestment of such moneys or such Federal Securities as herein provided, the Trustee shall receive and may rely upon: (i) an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that such investment or reinvestment does not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds; and (ii) a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of and interest on the Bonds when due.

(e) The release of the obligations of the Sub District under this Section shall be without prejudice to the rights of the Trustee to be paid reasonable compensation by the Sub District for all services rendered by it hereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust hereby created, the exercise of its powers, and the performance of its duties hereunder.

Section 7.02. Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Bonds prior to maturity and the discharge of this Indenture as provided in Section 7.01 hereof, the Trustee shall continue to fulfill its obligations under Section 2.03 hereof until the Bonds are fully paid, satisfied, and discharged.

Section 7.03. Discharge on December 1, 2060. Notwithstanding any other provision in this Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Bonds and the lien of this Indenture securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Sub District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the Sub District or any property of the Sub District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree,

rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The Sub District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by this Indenture;

(b) The Sub District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Sub District in this Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof; or

(c) The Sub District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE SUB DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS INDENTURE AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE SUB DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THIS ARTICLE VIII. THE SUB DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT THE SUB DISTRICT TO RETAIN ANY PORTION OF THE PLEDGED REVENUE.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

IN ADDITION, IT IS ACKNOWLEDGED THAT THE SUB DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2059 (FOR COLLECTION IN CALENDAR YEAR 2060).

Section 8.02. Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

(i) *Receivership*. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional

limitations inherent in the sovereignty of the Sub District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(ii) *Suit for Judgment*. The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, this Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

(iii) *Mandamus or Other Suit*. The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

(c) If any Event of Default under Section 8.01(a) shall have occurred and if requested by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners, subject to Section 8.03 hereof; provided that the Trustee at its option shall be indemnified as provided in Section 9.01(m) hereof.

(d) Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

Section 8.03. Majority of Consent Parties May Control Proceedings. The Consent Parties of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof; and provided further that at its option the Trustee shall be indemnified as provided in Section 9.01(m) hereof.

Section 8.04. Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 9.01(h) hereof, or of which under that Section it is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the

Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in Section 9.01(m) hereof; and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and costs of any other professionals hired by the Trustee hereunder), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate accounts or accounts created hereunder in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds has been paid in full. NOTWITHSTANDING THE FOREGOING, IT IS ACKNOWLEDGED THAT THE SUB DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2059 (FOR COLLECTION IN CALENDAR YEAR 2060). Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 8.05 and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held hereunder shall be paid to the Sub District.

Section 8.06. Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 8.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Sub District, the Trustee shall, to the extent permitted by law, file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence

therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Sub District and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.11. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of all the Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to 100% of the Bonds then Outstanding as to which the Event of Default exists any Event of Default under Section 8.01(a) hereof. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the Sub District, the Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. Notice of Default; Opportunity to Cure Defaults.

(a) The Trustee shall give to the Owners of all Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all Events of Default of which the Trustee is by Section 9.01(h) required to take notice, or if notice of an Event of Default is given as provided in said section, within 90 days after the Trustee has knowledge of the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

(b) No default under subsection 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Bonds Outstanding to the Sub District, and the Sub District shall have had 30 days after

receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

ARTICLE IX

CONCERNING TRUSTEE

Section 9.01. Acceptance of Trusts and Duties of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising the rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standard specified in Section 9.01(g) hereof, and shall be entitled to act upon the advice or an opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay (and be reimbursed as provided in Section 9.02 hereof) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice or an Opinion of Counsel, but the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or an opinion of Counsel chosen with due care.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the validity of the execution by the Sub District of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, or for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith (excluding the continuation of originally filed Uniform Commercial Code financing statements) and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Sub District, except as herein set forth; but the Trustee may require of the Sub District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or

liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee) or as to the validity or sufficiency of this Indenture or the Bonds. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee, in its individual capacity or any other capacity, may become the Owner of the Bonds with the same rights which it would have if not the Trustee. The Trustee shall not be accountable for the use or application by the Sub District of the proceeds of any of the Bonds or of any money paid to or upon the order of the Sub District under any provision of this Indenture.

(e) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the Sub District by the Sub District Representative or the Sub District's President or such other person as may be designated for such purpose as provided hereunder or by a certified resolution of the Sub District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in Section 9.01(h) hereof or of which by said Section it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure to be made of any of the payments to the Trustee required to be made hereby, unless the Trustee shall be specifically notified in writing of such default by the Sub District or by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by this

Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law. The Trustee shall not be under any liability to invest any moneys received hereunder except as provided in Article VI hereof.

(j) At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the Sub District pertaining to the Bonds and the Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

(k) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the Sub District to the authentication of any Bonds, or the taking of any other action by the Trustee.

(l) All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the Sub District.

(m) The Trustee shall not be required to advance its own funds, and before taking any action under this Indenture, other than the payment of monies on deposit in any of the funds as provided for herein, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorneys' fees, and to protect it against all liability, except liability which has been adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(n) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(o) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum, remarketing circular or other disclosure material prepared or distributed with respect to the Bonds.

(p) The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

Section 9.02. Fees and Expenses of the Trustee.

(a) The Trustee shall be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered hereunder as and when the same become due (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances and expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services, including legal fees and expenses. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services. In no event shall the Trustee be obligated to advance its own funds in order to take any action hereunder.

(b) In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor.

(c) The Trustee shall have a lien upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred and unpaid, but subject to the right of prior payment of the principal and interest on the Bonds when due; provided, however, that the payment of principal and interest on the Bonds shall not have priority over the Trustee Fees payable in accordance with clause FIRST of Section 3.04 hereof. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or the Trustee's resignation or removal hereunder and payment in full of the Bonds.

Section 9.03. Resignation or Replacement of Trustee.

(a) The Trustee may resign, subject to the appointment of a successor, by giving 30 days' notice of such resignation to the Sub District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by a majority of the Owners in aggregate principal amount of the Bonds then Outstanding. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

(b) In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Sub District so long as it is not in default hereunder; otherwise by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact appointed; provided however, that even if the

Sub District is in default hereunder it may appoint a successor until a new successor shall be appointed by the Sub District or the Owners as herein authorized. The Sub District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Sub District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Sub District or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, as applicable.

(c) Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act hereunder, and having a capital surplus of not less than $50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed hereunder shall execute, acknowledge, and deliver to the Sub District an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as the Trustee hereunder and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor and upon payment of the fees and expenses owed to the predecessor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under this Indenture. If any instrument from the Sub District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the Sub District on request of such successor.

(d) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed or recorded.

Section 9.04. Conversion, Consolidation, or Merger of Trustee. Anything herein to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under this Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Section 9.05. Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and the Trustee shall not be required to make any independent investigation in connection therewith. Such resolutions,

opinions, certificates, and other instruments shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash hereunder. Except as provided herein, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in this Indenture; provided however, that nothing contained in this Section shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of this Indenture.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent. Subject to the provisions of this Article, the Sub District and the Trustee may, without the consent of or notice to the Consent Parties, enter into such indentures supplemental hereto, which supplemental indentures shall thereafter form a part hereof, for any one or more of the following purposes:

(a) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not in the opinion of Bond Counsel materially adversely affect the interests of the Owners of the Bonds;

(b) To subject to this Indenture additional revenues, properties, or collateral;

(c) To grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and

(d) To qualify this Indenture under the Trust Indenture Act of 1939.

Section 10.02. Supplemental Indentures Requiring Consent.

(a) Except for supplemental indentures delivered pursuant to Section 10.01 hereof, and subject to the provisions of this Article, the Consent Parties with respect to not less than a majority (or for modifications of provisions hereof which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Sub District and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Sub District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided however, that without the consent of the Consent Parties with respect to all the

Outstanding Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(i) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

(ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

(iii) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

(iv) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

(b) If at any time the Sub District shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond to the address shown on the registration books of the Trustee or by electronic means to DTC or its successors, at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Sub District following the giving of such notice, the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, the Sub District may execute and deliver such supplemental indenture and no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Sub District from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution and Effect of Supplemental Indenture.

(a) The Trustee is authorized to join with the Sub District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under Section 10.01 or 10.02 hereof) the Trustee and the Sub District shall receive and shall be fully protected in relying upon an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the Sub District, to the effect that: (a) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest paid or to be

paid on the Bonds; (b) the Sub District is permitted by the provisions hereof to enter into the supplement; and (c) the supplement is a valid and binding obligation of the Sub District, enforceable in accordance with its terms, subject to matters permitted by Section 1.05 hereof.

(b) Upon the execution of any supplemental indenture pursuant to the provisions of this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the Sub District, the Trustee, and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Sub District, the Trustee, and the Owners of the Bonds, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof; and all the covenants, stipulations, promises, and agreements in this Indenture by and on behalf of the Sub District shall be for the sole and exclusive benefit of the Sub District, the Trustee, and the Owners of the Bonds.

Section 11.02. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, the intent being that such remaining provisions shall remain in full force and effect.

Section 11.03. Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.04. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.05. Notices; Waiver.

(a) Except as otherwise provided herein, all notices, certificates, or other communications required to be given to any of the persons set forth below pursuant to any provision of this Indenture shall be in writing, shall be given either in person, by electronic mail, or by certified or registered mail, and if mailed, shall be deemed received three days after having been deposited in a receptacle for United States mail, postage prepaid, addressed as follows:

Sub District: Crystal Valley Metropolitan District No. 2 Sub District
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122
Telephone: 303-858-1800
Email: kbear@wbapc.com
Attention: Kristen Bear

[Trustee: UMB Bank, n.a.
Corporate Trust and Escrow Services
1670 Broadway
Denver, Colorado 80202
Telephone:
Email:
Attention:]

(b) The persons designated above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

(c) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.06. Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee is located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.07. Application of Supplemental Act. The Board specifically elects to apply all of the provisions of the Supplemental Act, to the Bonds.

Section 11.08. Pledged Revenue Subject to Immediate Lien. The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue and the funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Trust Estate pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described herein. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Sub District irrespective of whether such persons have notice of such liens.

Section 11.09. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the Sub District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the Sub District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 11.10. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 11.11. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of the Bonds.

Section 11.12. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that any individual or individuals who are authorized to execute or consent to this Indenture or any supplement or consent relating thereto on behalf of the Sub District, the Trustee or any Owner are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Indenture or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Signatures appear on following page]

IN WITNESS WHEREOF, Crystal Valley Metropolitan District No. 2 Sub District, in the Town of Castle Rock, Douglas County, Colorado, has caused this Indenture to be executed on its behalf by its President and attested by its Secretary or Assistant Secretary, and to evidence its acceptance of the trusts hereby created, UMB Bank, n.a., Denver, Colorado, as Trustee, has caused this Indenture to be executed on its behalf by one of its authorized officers, all as of the date first above written.

(S E A L)

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT, in the Town of Castle Rock, Douglas County, Colorado

_____

President

ATTESTED:

_____

Secretary or Assistant Secretary

UMB BANK, N.A., as Trustee

_____

Authorized Officer

EXHIBIT A

TO

INDENTURE OF TRUST

[Form of Bond]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A LIMITED PURPOSE TRUST COMPANY ORGANIZED UNDER THE LAWS OF THE STATE OF NEW YORK ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF COLORADO

No. R-__ $_____

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT
(IN THE TOWN OF CASTLE ROCK)
DOUGLAS COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION BOND
SERIES 2022

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____%	December 1, [2052]	[_____] __, 2022	

REGISTERED OWNER: CEDE & CO.
Tax Identification Number: _____

PRINCIPAL AMOUNT: _____ Thousand and 00/100 U.S. Dollars

Crystal Valley Metropolitan District No. 2 Sub District, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue (defined below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the Sub District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 1, 2022, in which event this Bond shall bear interest from its date of delivery, at the interest rate per annum specified above, payable annually on December 1 each year, commencing on December 1, 2022, until the principal amount is paid at maturity or upon prior redemption.

To the extent principal of this Bond is not paid when due, such principal shall remain Outstanding until paid, subject to the immediately succeeding paragraph. To the extent interest on

this Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein or in the Indenture to the contrary, the Sub District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of this Bond, including all payments of principal and interest, and this Bond will be deemed defeased and no longer Outstanding upon the payment by the Sub District of such amount.

IT IS ACKNOWLEDGED THAT THE SUB DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE REQUIRED MILL LEVY FOR PAYMENT OF THIS BOND AFTER DECEMBER 2059 (FOR COLLECTION IN CALENDAR YEAR 2060). FURTHERMORE, PURSUANT TO THE INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THIS BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL PLEDGED REVENUE AVAILABLE THEREFOR ON DECEMBER 1, 2060, THE BONDS AND THE LIEN OF THE INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT THE OWNERS WILL HAVE NO RECOURSE TO THE SUB DISTRICT OR ANY PROPERTY OF THE SUB DISTRICT FOR THE PAYMENT OF ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THE BOND REMAINING UNPAID.

The Bonds are issued pursuant to that certain Indenture of Trust (the "Indenture") dated as of [_____] 1, 2022, between the Sub District and UMB Bank, n.a., as trustee (the "Trustee"). All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in the Indenture.

The principal of this Bond is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the principal office of the Trustee. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the Sub District maintained by or on behalf of the Sub District by the Trustee at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"), and shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to such registered owner at his address as it appears on such registration books. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Trustee as provided in the Indenture. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") established for the payment of any unpaid interest. Notice of the Special Record Date and the date fixed for the payment of unpaid interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Trustee.

This Bond is one of a series aggregating $[PAR-A] par value, all of like date, tenor, and effect, issued by the Board of Directors of Crystal Valley Metropolitan District No. 2 Sub District, in the Town of Castle Rock, Douglas County, Colorado, for the purpose of paying the costs of providing certain public improvements within and without the Sub District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and

pursuant to the duly adopted Bond Resolution and the Indenture. Pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the Sub District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; and that at the election lawfully held within the Sub District on November 2, 2021, the issuance of this Bond was duly authorized by a majority of the electors of the Sub District qualified to vote and voting at said election.

All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of certain moneys held under the Indenture and the "Pledged Revenue," as defined by the Indenture. The Bonds constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this issue or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Indenture.

Reference is hereby made to the Indenture for an additional description of the nature and extent of the security for the Bonds, the accounts and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Indenture may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the Sub District Secretary.

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 Sub District authorizing the issuance of this Bond and in the Service Plan for creation of the Sub District. This Bond does not constitute a debt, financial obligation or liability of the Town, the County, the State or any political subdivision of the State (other than the Sub District) and neither the Town, the County, the State nor any political subdivision of the State (other than the Sub District) is liable for payment of the principal of, premium, if any, and interest on the Bond.

The Bonds are subject to redemption prior to maturity as provided in the Indenture. The Bonds will be redeemed only in integral multiples of $1,000. In the event a Bond is of a denomination larger than $1,000, a portion of such Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Bond will be treated for the purposes of redemption as that number of Bonds which results from dividing the principal amount of such Bond by $1,000. In the event a portion of this Bond is redeemed, the Trustee shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of prior redemption shall be given by mailing a copy of the redemption notice or by electronic means to DTC or its successors, not less than 20 days prior to the date fixed for

redemption, to the registered owner of this Bond at the address shown on the registration books maintained by or on behalf of the Sub District by the Trustee, in the manner set forth in the Indenture. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The Sub District and Trustee shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date or (b) during the period beginning at the opening of business on a date 45 days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The Sub District and the Trustee may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the Sub District or the Trustee.

This Bond may be exchanged at the principal office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Trustee of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Trustee shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Indenture, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee is located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in the Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN TESTIMONY WHEREOF, the Board of Directors of Crystal Valley Metropolitan District No. 2 Sub District has caused this Bond to be signed by the manual or facsimile signature of the President of the Sub District, sealed with a manual impression or a facsimile of the seal of the Sub District, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary thereof, all as of the Original Issue Date set forth above.

[SEAL]

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT

By _____
President

Attested:

By _____
Secretary or Assistant Secretary

CERTIFICATE OF AUTHENTICATION

Date of Registration and Authentication:

_____

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

UMB BANK, N.A., as Trustee

By _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____ _____ (Social Security or Federal Employer Identification Number of Assignee) _____ (Name and Address of Assignee) the within Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

SIGNATURE OF REGISTERED OWNER:

Dated: _____ _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

_____

(Bank, Trust Company, or Firm)

EXHIBIT B

TO

INDENTURE OF TRUST

BALLOT QUESTIONS OF THE ELECTION

INTERGOVERNMENTAL AGREEMENT REGARDING SUB DISTRICT BONDS PLEDGED REVENUES

This **INTERGOVERNMENTAL AGREEMENT REGARDING SUB DISTRICT BONDS PLEDGED REVENUES** (the "**Agreement**"), is made and entered into as of _____ __, 2022, by and among CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 ("**District No. 2**") and CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT (the "**Sub District**"), both quasi municipal corporations and political subdivisions of the State of Colorado. All capitalized terms used herein and not otherwise defined shall have the meanings assigned them in Article I hereof.

RECITALS

WHEREAS, District No. 2 and the Sub District is a quasi-municipal corporation and political subdivision of the State of Colorado (the "**State**") duly organized and existing as a special district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended ("**C.R.S.**"); and

WHEREAS, the Sub District is a sub district of District No. 2, duly created by a resolution adopted by the Board of Directors of District No. 2 on August 24, 2020, pursuant to Section 32-1-1101(1)(f), C.R.S., and all other enabling laws, and took effect on September 14, 2020; and

WHEREAS, the Second Amendment to the Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 was approved by the Town of Castle Rock (the "**Town**") in Douglas County, Colorado (the "**County**") on July 21, 2020 and specifically authorized District No. 2 to organize the Sub District; and

WHEREAS, pursuant to Section 32-1-1101(1)(f), the District provided notice of its intent to create a sub district to the Town Council of the Town and to the Board of County Commissioners of the County on August 14, 2020, and neither the Town nor the County elected within thirty days of such notice to treat District No. 2's action as a material modification of the District's Service Plan (as defined herein); and

WHEREAS, the Sub District is authorized by Title 32, Article 1, Part 1, C.R.S. (the "**Act**") and the Amended Consolidated Service Plan for Crystal Valley Metropolitan District No. 1 and Crystal Valley Metropolitan District No. 2 approved by the Town Council of the Town on December 31, 2001, as amended by the First Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on May 6, 2014, and the Second Amendment to Amended Consolidated Service Plan for Crystal Valley Metropolitan District Nos. 1 and 2 approved by the Town Council of the Town on June 10, 2020, as the same may be further amended or restated from time to time, the "**Service Plan**") to finance certain water system improvements, including the Facilities (defined herein); and

WHEREAS, District No. 2 has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A, in the principal amount of $56,660,000 (the "**District 2020 Bonds**"), pursuant to an Indenture of Trust dated as of September 17, 2020 (the

"**District 2020 Bonds Indenture**") which District 2020 Bonds are secured by, among other revenues, ad valorem property taxes of District No. 2; and

WHEREAS, the Board of Directors of the Sub District has previously determined that it was necessary to finance, design, engineer, construct, and install, or cause to be constructed and installed, certain Facilities more particularly defined herein as the "**Project**" and, for the purpose of funding or reimbursing a portion of the costs thereof, the Sub District has issued its Limited Tax General Obligation Bonds, Series 2022, in the aggregate principal amount of $[PAR-A] (the "**Sub District 2022 Bonds**") pursuant to an Indenture of Trust dated as of _____ 1, 2022 (the "**Sub District 2022 Bonds Indenture**") between the Sub District and UMB Bank, n.a. (the "**Trustee**"); and

WHEREAS, in accordance with the Service Plan, the ad valorem property taxes imposed by District No. 2 and the Sub District for the payment of debt obligations may not exceed, in the aggregate, the Maximum Debt Service Mill Levy (as defined in the Service Plan) and, as a result, the number of mills available to be pledged by the Sub District for payment of the Sub District 2022 Bonds is limited by the number of mills imposed by District No. 2 for payment of the District 2020 Bonds; and

WHEREAS, District No. 2 is authorized to impose and collect, and does impose and collect, a "**Development Fee**" from all property within the boundaries of District No. 2 (including the property within the boundaries of the Sub District) pursuant to a Third Amended and Restated Joint Resolution Concerning Imposition of District Development Fee adopted by the Board of Directors of District No. 2 on July 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020, and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021 (collectively, the "**Fee Resolution**"); and

WHEREAS, the Sub District and District No. 2 have determined that it is necessary and appropriate for Development Fees collected from property within the boundaries of the Sub District to be applied to the payment of the Sub District 2022 Bonds; and

WHEREAS, in order to facilitate the issuance of the Sub District 2022 Bonds, the parties desire to enter into this Agreement for the purpose of: (i) providing for the assignment by District No. 2 to the District of certain Development Fees collected within the boundaries of the Sub District, (ii) limiting the issuance of additional indebtedness by District No. 2 (thereby limiting the number of mills that District No. 2 may be required to impose in the future for general obligation indebtedness); and (iii) limiting the number of mills that District No. 2 may impose for the payment of general obligation indebtedness in excess of that required by the applicable authorizing documents; and

WHEREAS, in connection with the issuance of the Sub District 2022 Bonds, the Sub District and District No. 2 have determined that it is necessary and appropriate for District No. 2 to undertake certain administrative services for the benefit of the Sub District and, accordingly,

have determined to provide herein the arrangement between such parties with respect to the provisions of such services and funding of costs related thereto; and

WHEREAS, District No. 2 expressly acknowledges that the assignment, covenants and other undertakings of District No. 2 provided herein are for the benefit of the holders of the Sub District 2022 Bonds and any other holders or beneficial owners of Sub District Refunding Bonds (as defined herein); and

WHEREAS, the Sub District and District No. 2 have determined and hereby determine that the execution of this Agreement, the issuance of the Sub District 2022 Bonds and any Sub District Refunding Bonds, and the provision of the Project are in the best interests of the Sub District, District No. 2, and the residents, property owners, and taxpayers thereof and in furtherance of the purposes of the Sub District and District No. 2, as set forth in the Service Plan; and

COVENANTS

NOW, THEREFORE, for and in consideration of the foregoing recitals which are incorporated by reference as though fully set forth below, the promises and the mutual covenants and stipulations herein, and other good and valuable consideration the receipt and sufficient of which are acknowledged by the parties, the Districts hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Interpretation. In this Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

(a) The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, refer to this Agreement as a whole and not to any particular article, section, or subdivision hereof; the term "heretofore" means before the date of execution of the Agreement; and the term "hereafter" means after the date of execution of this Agreement.

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

Section 1.02. Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below.

"*Agreement*" shall mean this Agreement and any amendment hereto made in accordance herewith.

"*Annual District Debt Obligation Requirements*" means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest to become due and payable on the District 2020 Bonds and any other District Debt Obligations in such calendar year, whether at maturity or upon earlier mandatory redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any District Debt Obligation Documents, the amount (if any) necessary to replenish any reserve fund held under any District Debt Obligation Document to the amount required by the applicable District Debt Obligation Document, and any other Financing Costs anticipated to be payable in such calendar year with respect to the District 2020 Bonds and any other District Debt Obligations, in accordance with the District Debt Obligation Documents, as applicable, ***but less*** any amount then held under any reserve fund securing the District Debt Obligation Documents funded from proceeds of the District Debt Obligations which is available for the payment of such Financing Costs in the applicable calendar year, to the extent such amounts are permitted under the applicable District Debt Obligation Documents to be taken into account in the calculation of the applicable District Debt Obligation Mill Levy.

"*Business Day*" means a day on which the Trustee or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

"*Development Fees*" means those fees imposed and collected by District No. 2 pursuant to the Fee Resolution.

"*District 2020 Bonds*" means the Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A, in the aggregate principal amount of $56,600,000 dated as of the date of issuance, and issued by the District pursuant to the District 2020 Bonds Indenture.

"*District 2020 Bonds Indenture*" means the Indenture of Trust dated as of September 17, 2020, by and between the District and UMB Bank, n.a., as trustee, pursuant to which the District 2020 Bonds were issued.

"*District 2020 Bonds Required Mill Levy*" means the "Required Mill Levy" required to be imposed by District No. 2 in accordance with the District 2020 Bonds Indenture.

"*District Debt Obligation Mill Levy*" means the sum of the District 2020 Bonds Required Mill Levy and any other ad valorem property tax levy imposed by District No. 2 for the payment of District Debt Obligations.

"*District Debt Obligations*" means, collectively, the District 2020 Bonds, any obligations constituting "Parity Bonds" under the District 2020 Bonds Indenture, and any other obligation of District No. 2 payable from an ad valorem property tax debt service mill levy of the District

which, pursuant to the terms of the Service Plan, is subject to the Maximum Debt Service Mill Levy (as defined in the Service Plan).

"*District Debt Obligation Documents*" means any resolution, indenture, loan agreement or other instrument or agreement pursuant to which District Debt Obligations are issued or incurred.

"*District Refunding Debt Obligations*" means District Debt Obligations issued solely for the purpose of refunding all or any portion of the District 2020 Bonds or any refundings thereof; provided, however, that proceeds of such District Debt Obligations may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding.

"*Effective Date*" shall mean the date on which the Sub District issues and delivers the Sub District 2022 Bonds.

"*Facilities*" means public facilities (including, without limitation, necessary or appropriate equipment) the debt for which was authorized by Ballot Issue B of an election held within the Sub District on November 2, 2021.

"*Fee Resolution*" means the Third Amended and Restated Joint Resolution Concerning Imposition of District Development Fee adopted by the Board of Directors of District No. 2 on July 23, 2020, as amended by the Fourth Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on November 4, 2020, and as further amended by the 2022 Amendment to Resolution Concerning Imposition of District Development Fees adopted by the Board of Directors of District No. 2 on December 8, 2021.

"*Financing Costs*" means the principal and redemption price of, and interest and premium on, the District 2020 Bonds and any other District Debt Obligations, required deposits to or replenishments of funds or accounts securing the District 2020 Bonds and any other District Debt Obligations, and customary fees and expenses relating to the District 2020 Bonds and any other District Debt Obligations (including, but not limited to, fees of a trustee, paying agent, and rebate agent) and any reimbursement due to a provider of liquidity or credit facility securing any District Debt Obligations, all in accordance with the District Debt Obligation Documents, as applicable, including the principal and interest components of any mandatory redemption payments as provided in the District 2020 Bonds and any other District Debt Obligation Documents, but excluding the principal amount of any District Debt Obligations to be optionally redeemed in the applicable calendar year.

"*Maximum Permitted District Debt Service Mill Levy*" means, for each calendar year, the number of mills which, if imposed by District No. 2 for collection in the succeeding calendar year (referred to herein as the "**Collection Year**"), would be sufficient to generate ad valorem property tax revenues equal to 101% of the Annual District Debt Obligations Requirements for such Collection Year.

"*Permitted District Debt Obligations*" means District Refunding Debt Obligations satisfying both of the following:

(i) upon issuance of such District Refunding Debt Obligations, the total of the Annual District Debt Obligation Requirements on all District Debt Obligations (to the extent to remain outstanding upon the issuance of such District Refunding Debt Obligations) will not exceed in any year the total Annual District Debt Obligation Requirements on the District Debt Obligations outstanding immediately prior to the issuance of such District Refunding Debt Obligations (excluding from such calculation of Annual District Debt Obligation Requirements any amount on deposit in a reserve fund anticipated to be available for payment of Annual District Debt Obligation Requirements at final maturity, as reasonably determined by the Board of Directors of District No. 2 in good faith, such determination to be binding and final). For purposes of the foregoing, the issuance of District Refunding Debt Obligations that have a scheduled payment date in any year that is after the latest maturity date of the District Debt Obligations outstanding immediately prior to the issuance of the District Refunding Senior Obligations shall be deemed to increase the Annual District Debt Obligation Requirements and shall not be permitted by this clause (i); and

(ii) the aggregate maximum ad valorem property tax levy pledged to the payment of any District Debt Obligations to remain outstanding upon issuance of the proposed District Refunding Debt Obligations will not exceed 48 mills; provided, however, that in the event that the method of calculating assessed valuation is changed after July 21, 2020, the maximum mill levy of 48 mills provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board of Directors of District No. 2 in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation).

"*Pledged Development Fees*" means the Development Fees, but solely to the extent collected with respect to the property located within the boundaries of the Sub District, and including, but not limited to, the revenue derived from any action to enforce the collection of such Development Fees, and the revenue derived from the sale or other disposition of property acquired by District No. 2 from any action to enforce the collection of such Development Fees.

"*Project*" means the financing, design, engineering, construction, and installation of the Facilities identified as the "Project" in that certain Construction Escrow Agreement dated _____, 2022, by and among the Sub District, the Town and [_____] as escrow agent.

"*Service Plan*" has the meaning assigned it in the recitals hereto.

"*Specific Ownership Taxes*" means specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute.

"*Sub District Bond Beneficiaries*" means the holders of the Sub District 2022 Bonds and any other holders or beneficial owners of Sub District Refunding Bonds.

"*Sub District 2022 Bonds*" means the Limited Tax General Obligation Bonds, Series 2022, in the aggregate principal amount of $[_____] dated as of the date of issuance, and issued by the Sub District pursuant to the Sub District 2022 Bonds Indenture.

"*Sub District 2022 Bonds Indenture*" means the Indenture of Trust dated as of [_____] 1, 2022, by and between the Sub District and UMB Bank, n.a., as trustee, pursuant to which the Sub District 2022 Bonds were issued.

"*Sub District Refunding Bonds*" means any bonds, notes or other obligations issued by the Sub District for the purpose of refunding the Sub District 2022 Bonds or any refundings thereof.

"*Sub District Operations*" means annual compliance matters or other compulsory actions and filings that are required to be undertaken by District No. 2 on behalf of the Sub District pursuant to this Agreement, the provisions of Colorado State law, the Service Plan, the Sub District 2022 Indenture and any other resolution, indenture, loan agreement or other agreement or instrument pursuant to which Sub District Refunding Bonds are issued. This shall include, but not necessarily be limited to, collection and enforcement of the Pledged Development Fees and annual audits required of the Sub District.

"*Term*" means the period commencing on the Effective Date, and ending on the date on which all amounts due with respect to the Sub District 2022 Bonds and any Sub District Refunding Bonds have been defeased and/or paid in full, in accordance with the Sub District 2022 Bonds Indenture and any other resolution, indenture, loan agreement or other agreement or instrument pursuant to which Sub District Refunding Bonds are issued.

ARTICLE II

ASSIGNMENT AND REMITTANCE OF PLEDGED DEVELOPMENT FEES

Section 2.01. Assignment of Pledged Development Fees. In exchange for the Sub District incurring indebtedness in the form of the Sub District 2022 Bonds, the net proceeds of which are to be applied to costs of the Project in furtherance of the purposes of the Service Plan, District No. 2 hereby irrevocably assigns, transfers and conveys to the Sub District, and the Sub District hereby accepts, all right, title and interest of District No. 2 in and to all Pledged Development Fees. The sufficiency of the consideration for such assignment is hereby acknowledged by the parties hereto. It is hereby further acknowledged that: (a) such assignment of Pledged Development Fees is made without reservation or deduction for costs relating to collection of the Pledged Development Fees, which costs are to be funded and reimbursed as more particularly described in Article IV hereof; (b) the Sub District is the sole owner of all such Pledged Development Fees; and (c) the Sub District has pledged in the Sub District 2022 Bonds Indenture, for the benefit of the Trustee, all Pledged Development Fees assigned to the Sub District pursuant to this Agreement, as more particularly provided in the Sub District 2022 Bonds Indenture.

Section 2.02. Collection and Remittance of Pledged Development Fees on Behalf of District. Notwithstanding the assignment of all Pledged Development Fees by District No. 2 to

the Sub District, the Sub District hereby engages District No. 2 for the purpose of collecting the Pledged Development Fees on behalf of the Sub District, as more particularly provided herein. District No. 2 agrees to collect the Pledged Development Fees on behalf of the Sub District in the same manner as District No. 2 collects all other Development Fees, in accordance with the Fee Resolution and such procedures as may be adopted by District No. 2 from time to time. District No. 2 hereby agrees to remit all revenues comprising Pledged Development Fees to the Trustee, or as otherwise directed by the Sub District, no less frequently than quarterly.

Section 2.03. No Right to Setoff. It is understood and agreed by District No. 2 that its obligations hereunder with respect to the remittance of the Pledged Development Fees is absolute, irrevocable, and unconditional. District No. 2 acknowledges that the Pledged Development Fees constitute the sole property of the Sub District and that, notwithstanding any fact, circumstance, dispute, or any other matter, the obligation of District No. 2 hereunder to remit the Pledged Development Fees in accordance with the provisions hereof shall not be subject to any rights of setoff, counterclaim, estoppel, or other defense.

Section 2.04. Additional Covenants Concerning Pledged Development Fees. District No. 2 will enforce the collection of all Pledged Development Fees in such time and manner as District No. 2 reasonably determines will be most efficacious in collecting the same in accordance with State law and the Fee Resolution (including without limitation the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith). District No. 2 will not, without the consent of the Sub District: (i) reduce the amount of the Development Fees to be collected within the boundaries of the Sub District; or (ii) amend or supplement the Fee Resolution in any way which would materially adversely affect the amount or timing of Pledged Development Fees to be collected; provided, however, that nothing herein shall prevent District No. 2 from increasing the amount of the Development Fees, or from taking actions which solely impact revenues resulting from the Development Fees to be collected from property outside the boundaries of the Sub District without the consent of the Sub District.

ARTICLE III

DISTRICT NO. 2 COVENANTS RELATING TO SUB DISTRICT DEBT

Section 3.01. Limitations on Issuance of District Debt Obligations. District No. 2 covenants that it will not issue or incur any additional District Debt Obligations without the prior written consent of the Sub District; provided, however, that District No. 2 may issue Permitted District Debt Obligations without the consent of the Sub District.

Section 3.02. Limitations on Imposition of District Debt Obligation Mill Levy. District No. 2 acknowledges that: (i) as a result of the limitations of the Service Plan, the number of mills that the Sub District may impose in any year for payment of the Sub District 2022 Bonds and any Sub District Refunding Bonds is dependent upon the number of mills imposed by District No. 2 for payment of the District Debt Obligations; (ii) the Sub District has evaluated the feasibility of payment of the Sub District 2022 Bonds based upon certain assumptions regarding the District Debt Obligations, including compliance with the provisions of Section 3.01 hereof; and (iii) in the event that District No. 2 imposes a mill levy for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy, the number of

mills that may be imposed by the Sub District for the payment of the Sub District 2022 Bonds (and any subsequently issued Sub District Refunding Bonds) may be materially adversely affected, which could materially adversely affect the ability of the Sub District to pay the Sub District 2022 Bonds (and any subsequently issued Sub District Refunding Bonds) when due. Accordingly, District No. 2 covenants that, without the prior written consent of the Sub District, District No. 2 will not impose ad valorem property taxes for payment of District Debt Obligations in excess of the Maximum Permitted District Debt Service Mill Levy.

Section 3.03. Additional District No. 2 Covenants. District No. 2 hereby further irrevocably covenants and agrees so long as any of the Sub District Bonds remain outstanding:

(a) District No. 2 will maintain its existence and shall not merge or otherwise alter its corporate structure, and will continue to operate and manage the District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) At least once a year District No. 2 will cause an audit to be performed of the records relating to its revenues and expenditures, and reflecting the Sub District and its revenues and expenditures as a component unit of District No. 2. District No. 2 shall use its best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. The foregoing covenant shall apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, District No. 2 will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(c) District No. 2 will carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions, and in such amount, as in the judgment of District No. 2 will protect District No. 2 and its operations.

(d) Each District No. 2 official or other person having custody of any District No. 2 funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

ARTICLE IV

COSTS ASSOCIATED WITH ADMINISTRATION OF THE DISTRICT

Section 4.01. District No. 2 Cooperation. In addition to the covenants included herein regarding collection and enforcement of the Pledged Development Fees pursuant to Article 2, District No. 2 hereby agrees that it shall cooperate and coordinate with the Sub District in the provision of unaudited financial statements and annual audits on behalf of the Sub District to the extent it is deemed a "component unit" of District No. 2 under the provisions of GASB Statement No. 14.

Section 4.02. Sub District Payment of Costs to District No. 2. On or prior to October 15 of each fiscal year, District No. 2 shall provide an invoicing to the Sub District with

an allocation of all costs incurred by District No. 2 for Sub District Operations through such date. The allocation shall be based upon actual costs incurred for Sub District Operations or, if actual costs cannot be reasonably determined by the District Accountant, shall be based upon the proportionate number of currently authorized lots in the Sub District boundaries of 142 versus authorized lots in District No. 2 boundaries of 3,093 for a percentage attributable to the Parties as follows:

Sub District: 4%

District: 96%

The Sub District agrees that it shall certify a general fund mill levy annually in an amount of not more than [10] mills from which the Sub District shall first allocate and appropriate general fund revenues to its anticipated general fund expenditures and thereafter to reimburse District No. 2 for Sub District Operations costs then outstanding. Until paid, all Sub District Operations costs shall remain an obligation of the Sub District as to District No. 2, but shall not accrue interest. The obligations of the Sub District under this Section 4.02 shall be subject to annual appropriation of the Sub District.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an "Event of Default" hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) any representation or warranty made by any party in this Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompletion would have a material adverse effect upon any other party;

(b) any party fails in the performance of any other of its covenants in this Agreement, and such failure continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(c) (i) any party shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, the Trustee, custodian, or other similar official for itself or for any substantial part of its property, or any party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any party any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain not dismissed within ninety (90) days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution,

distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 5.02. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance; provided the Districts waive any claims against each other for consequential damages arising out of or relating to this Agreement, including, but not limited to, special, incidental, consequential, or punitive damages of any kind arising out of or related to the performance or non-performance of the Agreement. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions hereof, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Representations and Warranties of the Districts. Each of the Districts makes the following representations and warranties with respect to itself (the term "District" as used in this Section 5.01 referring to each respective district): [subject to further review/confirm]

(a) The District is a quasi-municipal corporation and political subdivision duly organized and validly existing under the laws of the State of Colorado.

(b) The District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Agreement. The District's execution, delivery, and performance of this Agreement has been duly authorized by all necessary action.

(c) The District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the District to perform its obligations hereunder. The execution, delivery and performance by the District of this Agreement (i) will not violate any provision of any applicable law or regulation or of any order, writ, judgment or decree of any court, arbitrator, or governmental authority, (ii) will not violate any provision of any document or agreement constituting, regulating, or otherwise affecting the operations or activities of the District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the

revenues or other assets of the District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the District is a party or which purports to be binding upon the District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the District of this Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the District threatened, in connection with any of the transactions contemplated by this Agreement nor, to the best knowledge of the District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the District to perform its obligations under, this Agreement.

(f) This Agreement constitutes the legal, valid, and binding obligation of the District, enforceable against the District in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

Section 6.02. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

Sub District: Crystal Valley Metropolitan District No. 2 Sub District
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122
Telephone: 303-858-1800
Email: kbear@wbapc.com
Attention: Kristen Bear

District No. 2 Crystal Valley Metropolitan District No. 2
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122
Telephone: 303-858-1800
Email: kbear@wbapc.com
Attention: Kristen Bear

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after

mailing. Any notice party by written notice so provided may change the address to which future notices shall be sent.

Section 6.03. Miscellaneous.

(a) This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. This Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. In the event of any conflict between provisions of this Agreement and any other agreement between the Districts, provisions of this Agreement shall control. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Agreement.

(b) If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third party beneficiaries of this Agreement, other than the Trustee and the Sub District Bond Beneficiaries. The Trustee and the Sub District Bond Beneficiaries are hereby made express third party beneficiaries to this Agreement with respect to the provisions of Articles II and III, including, without limitations, the covenants and undertakings of District No. 2 with respect to Pledged Development Fees, District Debt Obligations and limitations on the District Debt Obligation Mill Levy. Nothing contained herein, expressed or implied, is intended to give to any person other than the parties hereto, Sub District Bond Beneficiaries and the Trustee any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term contained herein required to be observed or performed by or on behalf of any party hereto shall be for the sole and exclusive benefit of the other party.

(d) This Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties and, with respect to the rights of the Sub District in the Pledged Development Fees, without the consent of the Trustee (so long as the Sub District 2022 Bonds remain outstanding).

(e) This Agreement shall be governed by and construed under the applicable laws of the State of Colorado.

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the Douglas County, State of Colorado.

(g) This Agreement may be amended or supplemented by the parties, but any such amendment or supplement must be in writing and must be executed by all parties; and further provided that any such amendment or supplement shall be subject to the limitations set forth in the Indenture.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

(j) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.04. Effective Date. This Agreement shall become effective on the Effective Date.

Section 6.05. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that any individual or individuals who are authorized to execute or consent to this Agreement or any supplement or consent relating thereto on behalf of a District are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the Districts have executed this Agreement as of the day and year first above written.

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2 SUB DISTRICT

By:_____
President

ATTEST:

_____
Secretary

CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2

By:_____
President

ATTEST:

_____
Secretary