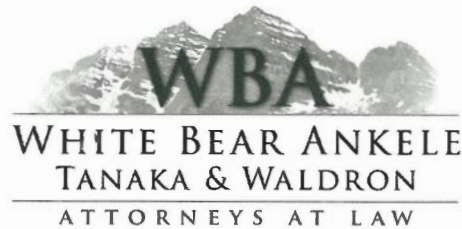


WILLIAM P. ANKELE, JR.
 JENNIFER GRUBER TANAKA
 CLINT C. WALDRON
 KRISTIN BOWERS TOMPKINS
 ROBERT G. ROGERS
 BLAIR M. DICKHONER
 GEORGE M. ROWLEY



OF COUNSEL:
 KRISTEN D. BEAR
 K. SEAN ALLEN
 TRISHA K. HARRIS
 ZACHARY P. WHITE
 HEATHER L. HARTUNG
 MEGAN J. MURPHY

EVE M. G. VELASCO
 AUDREY G. JOHNSON
 CAREY S. SMITH V
 ERIN K. STUTZ
 JON L. WAGNER
 NELSON G. DUNFORD
 RUTH O. BORNE

MEMORANDUM

TO: Mayor Jason Gray and Members of City Council, Town of Castle Rock

FROM: WHITE BEAR ANKELE TANAKA & WALDRON
 Attorneys at Law

RE: Castle Pines Commercial Metropolitan District Nos. 1, 3 and 4: Litigation Settlement and Proposed Financing Transaction

DATE: April 4, 2022

In connection with the Town's consideration of the refinancing transaction proposed between the Castle Pines Commercial Metropolitan Districts Nos. 1, 3 and 4 ("**District No. 1**," "**District No. 3**," and "**District No. 4**," respectively, or the "**Districts**," collectively) and NBH Bank (the "**Proposed 2022 Transaction**"), we offer the following summary of the Proposed 2022 Transaction and surrounding circumstances of the transaction. This proposal is submitted for consideration by the Town Council in accordance with the provisions of the Districts Amended and Restated Consolidated Service Plan, as approved by the Town of Castle Rock on January 6, 2015 (the "**Service Plan**") and the Town of Castle Rock Code requirements set forth at Section 11.02.110. The Districts hereby certify that the Proposed 2022 Transaction is in accordance with the provisions and terms of the Service Plan and does not constitute a material modification thereof.

BACKGROUND

District No. 1 currently has outstanding its \$5,875,000 Limited Tax Supported Revenue Bonds, Series 2015, dated January 16, 2015 (the "**2015 Bonds**"), which are secured by a Capital Pledge Agreement with District Nos. 3 and 4 (the "**Capital Pledge Agreement**"). On March 20, 2020, Castle Pines Commercial Metropolitan District No. 1 ("District No. 1") filed a complaint in Douglas County District Court against Castle Pines Commercial Metropolitan District No. 3 ("District No. 3"), alleging that District No. 3 had failed to remit ad valorem tax revenue to District No. 1 as required by the Capital Pledge Agreement. District No. 1 also asserted claims against three individual defendants, all members of District No. 3's Board of Directors, alleging tortious conduct in preventing District No. 3 from

complying with its contractual obligations. District No. 3 asserted counterclaims, alleging that the requirements of the Capital Pledge Agreement were legally invalid.

The parties to the litigation reached a settlement agreement (the "Settlement") in spring 2021. The Settlement set forth the intent to refinance the 2015 Bonds and contains provisions designed to facilitate the same, notably that District No. 3's pledged mill levy required to support debt service payments to District No. 1 would be limited to the repayment of existing bonds, would not exceed \$150,000 annually, and would not exceed the mill levy imposed by Castle Pines Commercial Metropolitan District No. 4 ("District No. 4").

BENEFITS AND RATIONALE OF FINANCING TRANSACTION

The proceeds of the 2015 Bonds were used to finance the capital improvements. Although District No. 1 issued the 2015 Bonds, its boundaries overlap with Promenade at Castle Rock Metropolitan District No. 1, and pursuant to the provisions of the District No. 1 Service Plan, District No. 1 may not certify any mill levy toward the outstanding debt. Consequently, the pledge of property tax revenues associated with the 2015 Bonds is from District No. 3 and 4, which contain commercial property. The Proposed 2022 Transaction will simplify the overall financing structure of the Districts by refinancing the debt directly through District No. 4 with a pledge from District No. 3, with the ultimate goal of dissolving District No. 1 in the near term. It is not currently anticipated that either District No. 3 or District No. 4 will need to finance further capital improvements.

The Proposed 2022 Transaction will be issued as a tax-exempt refunding loan through NBH Bank in the approximate amount of \$5,800,000, which addresses all outstanding 2015 Bonds and includes the refinancing expenses. The interest rate currently assumed is 3.390% and is based upon a 20-year maturity with a 30-year amortization. At year 20, District Nos. 3 and 4 will work to refund the then outstanding principal amounts.

We anticipate that the Proposed 2022 Transaction will result in considerable net present value and mill levy savings for property owners within District No. 3 and District No. 4. The expected present value savings exceeds \$400,000, or 7.7% of the principal amount of the refunded bonds. In addition to the net present value savings expected, the anticipated average mill levy through maturity will be 14.400 Mills for both District No. 3 and District No. 4, which is a substantial reduction (32.58%) from the present required levy of 21.360 Mills.

As further information regarding the Proposed 2022 Transaction, we are providing copies of a financing plan and Term Sheet with NBH Bank that sets forth the expected structure and parameters of the Proposed 2022 Transaction, and a draft of the proposed Pledge Agreement and Loan Agreement.

**Castle Pines Commercial Metropolitan District No. 4
Douglas County, Colorado**

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**Tax-Exempt Refunding Loan, Series 2022**

~~~~  
**Pay & Cancel Refunding of Series 2015
NBH Bank Loan
20-Year Maturity, 30-Year Amortization**

<u>Bond Assumptions</u>	<u>Series 2022</u>
Closing Date	4/21/2022
First Call Date ³	6/1/2029
Final Maturity	12/1/2042
Amortization Date	12/1/2052
Discharge Date	12/1/2062
Sources of Funds	
Par Amount	5,040,000
Series 2015 Bond Fund ²	132,431
Series 2015 Reserve Fund	470,326
<u>Total</u>	<u>5,642,757</u>
Uses of Funds	
Refunding Escrow	5,341,889
Cost of Issuance	300,400
Rounding	468
<u>Total</u>	<u>5,642,757</u>
Debt Features	
Projected Coverage at Revenue Cap	2.49x
Tax Status	Tax-Exempt
Rating	Non-Rated
Coupon (Interest Rate)	3.390%
Assumed Post Maturity Rate	4.500%
Annual Trustee Fee	\$4,000
Biennial Reassessment	
Commercial	2.00%
Tax Authority Assumptions	
Metropolitan District Revenue	
Debt Service Mills	
Service Plan Mill Levy Cap ¹	50.000
Average Mill Levy through Maturity	
District No.3	14.408
District No.4	14.408
Specific Ownership Tax	6.00%
County Treasurer Fee	1.50%
Castle Pines Metropolitan District 3 Debt Service Cap	150,000

1. MD No. 3 debt cap is the lesser of 50.000 mills or \$150,000 annually

2. 2015 Bond fund is based on 2022 forecasted revenues

3. Per NBH Bank Term Sheet

**Castle Pines Commercial Metropolitan District No. 3
Assessed Value**

	Vacant and Improved Land		Commercial			Total
	Cumulative Statory Actual Value ¹	Assessed Value in Collection Year 2 Year Lag 29.00%	Biennial Reassessment 2.00%	Cumulative Statory Actual Value	Assessed Value in Collection Year 2 Year Lag 29.00%	Assessed Value in Collection Year 2 Year Lag
2015						6,638,040
2016						5,827,560
2017						5,750,710
2018						6,308,340
2019	4,865,379		-	18,536,690		5,946,090
2020	0		370,734	24,487,897		6,943,920
2021	0	1,410,960	-	24,487,897	5,375,640	6,786,600
2022	0	0	489,758	24,977,654	7,101,490	7,101,490
2023	0	0	-	24,977,654	7,101,490	7,101,490
2024	0	0	499,553	25,477,208	7,243,520	7,243,520
2025	0	0	-	25,477,208	7,243,520	7,243,520
2026	0	0	509,544	25,986,752	7,388,390	7,388,390
2027	0	0	-	25,986,752	7,388,390	7,388,390
2028	0	0	519,735	26,506,487	7,536,158	7,536,158
2029	0	0	-	26,506,487	7,536,158	7,536,158
2030	0	0	530,130	27,036,616	7,686,881	7,686,881
2031	0	0	-	27,036,616	7,686,881	7,686,881
2032	0	0	540,732	27,577,349	7,840,619	7,840,619
2033	0	0	-	27,577,349	7,840,619	7,840,619
2034	0	0	551,547	28,128,896	7,997,431	7,997,431
2035	0	0	-	28,128,896	7,997,431	7,997,431
2036	0	0	562,578	28,691,474	8,157,380	8,157,380
2037	0	0	-	28,691,474	8,157,380	8,157,380
2038	0	0	573,829	29,265,303	8,320,527	8,320,527
2039	0	0	-	29,265,303	8,320,527	8,320,527
2040	0	0	585,306	29,850,609	8,486,938	8,486,938
2041	0	0	-	29,850,609	8,486,938	8,486,938
2042	0	0	597,012	30,447,621	8,656,677	8,656,677
2043	0	0	-	30,447,621	8,656,677	8,656,677
2044	0	0	608,952	31,056,574	8,829,810	8,829,810
2045	0	0	-	31,056,574	8,829,810	8,829,810
2046	0	0	621,131	31,677,705	9,006,406	9,006,406
2047	0	0	-	31,677,705	9,006,406	9,006,406
2048	0	0	633,554	32,311,259	9,186,535	9,186,535
2049	0	0	-	32,311,259	9,186,535	9,186,535
2050	0	0	646,225	32,957,485	9,370,265	9,370,265
2051	0	0	-	32,957,485	9,370,265	9,370,265
2052	0	0	659,150	33,616,634	9,557,671	9,557,671
Total			9,499,472			

1. Vacant land value calculated in year prior to construction as 10% build-out market value

Castle Pines Commercial Metropolitan District No. 3

Revenue

	Total Assessed Value in Collection Year	District Mill Levy Revenue			Expense		Total Revenue Available for Debt Service
		Debt Mill Levy ¹ 50.000 Cap	Debt Mill Levy Collections 99.50%	Specific Ownership Taxes 6.00%	County Treasurer Fee 1.50%	Annual Trustee Fee \$2,000	
2015	6,638,040	40.000	264,194	15,852	(3,963)	0	276,083
2016	5,827,560	40.000	231,937	13,916	(3,479)	(2,000)	240,374
2017	5,750,710	40.000	228,878	13,733	(3,433)	(2,000)	237,178
2018	6,308,340	40.000	251,072	15,064	(3,766)	(2,000)	260,370
2019	5,946,090	40.000	236,654	14,199	(3,550)	(2,000)	245,304
2020	6,943,920	22.888	158,138	9,488	(2,372)	(2,000)	163,254
2021	6,786,600	23.000	155,311	9,319	(2,330)	(2,000)	160,300
2022	7,101,490	21.360	150,929	9,100	(2,300)	(1,819)	155,910
2023	7,101,490	16.638	117,561	7,054	(1,763)	(1,819)	121,032
2024	7,243,520	16.411	118,282	7,097	(1,774)	(1,820)	121,785
2025	7,243,520	16.196	116,732	7,004	(1,751)	(1,820)	120,166
2026	7,388,390	15.967	117,379	7,043	(1,761)	(1,820)	120,841
2027	7,388,390	16.042	117,932	7,076	(1,769)	(1,820)	121,419
2028	7,536,158	15.794	118,431	7,106	(1,776)	(1,820)	121,940
2029	7,536,158	15.558	116,659	7,000	(1,750)	(1,820)	120,089
2030	7,686,881	15.308	117,084	7,025	(1,756)	(1,820)	120,532
2031	7,686,881	15.352	117,416	7,045	(1,761)	(1,820)	120,879
2032	7,840,619	15.086	117,693	7,062	(1,765)	(1,821)	121,168
2033	7,840,619	15.110	117,877	7,073	(1,768)	(1,821)	121,361
2034	7,997,431	14.830	118,006	7,080	(1,770)	(1,821)	121,495
2035	7,997,431	14.834	118,043	7,083	(1,771)	(1,821)	121,534
2036	8,157,380	14.541	118,023	7,081	(1,770)	(1,821)	121,513
2037	8,157,380	14.527	117,913	7,075	(1,769)	(1,821)	121,397
2038	8,320,527	14.222	117,745	7,065	(1,766)	(1,822)	121,222
2039	8,320,527	14.191	117,487	7,049	(1,762)	(1,822)	120,952
2040	8,486,938	13.875	117,171	7,030	(1,758)	(1,822)	120,622
2041	8,486,938	13.827	116,765	7,006	(1,751)	(1,822)	120,197
2042	8,656,677	13.755	118,460	7,109	(1,777)	(1,822)	121,990
2043	8,656,677	13.600	117,140	7,028	(1,757)	(1,822)	120,589
2044	8,829,810	13.452	118,180	7,091	(1,773)	(1,822)	121,676
2045	8,829,810	13.298	116,829	7,010	(1,752)	(1,822)	120,264
2046	9,006,406	13.120	117,575	7,055	(1,764)	(1,823)	121,043
2047	9,006,406	13.180	118,109	7,087	(1,772)	(1,823)	121,602
2048	9,186,535	12.960	118,463	7,108	(1,777)	(1,823)	121,971
2049	9,186,535	12.737	116,424	6,985	(1,746)	(1,823)	119,841
2050	9,370,265	12.728	118,664	7,120	(1,780)	(1,823)	122,181
2051	9,370,265	12.701	118,413	7,105	(1,776)	(1,823)	121,919
2052	9,557,671	12.406	117,981	7,079	(1,770)	(1,823)	121,467
Total			5,207,572	312,499	(78,150)	(68,461)	5,373,459

1. MD No. 3 debt cap is the lesser of 50.000 mills or \$150,000 annually

**Castle Pines Commercial Metropolitan District No. 4
Assessed Value**

	Vacant and Improved Land		Commercial			Total
	Cumulative Statory Actual Value ¹	Assessed Value in Collection Year 2 Year Lag 29.00%	Biennial Reassessment 2.00%	Cumulative Statory Actual Value	Assessed Value in Collection Year 2 Year Lag 29.00%	Assessed Value in Collection Year 2 Year Lag
2015						4,588,600
2016						6,543,660
2017						6,517,700
2018						7,598,470
2019	585,483		-	29,149,414		7,590,530
2020	464,345		582,988	28,888,724		8,638,720
2021	464,345	169,790	-	28,888,724	8,453,390	8,623,120
2022	464,345	134,660	577,774	29,466,499	8,377,730	8,512,390
2023	464,345	134,660	-	29,466,499	8,377,730	8,512,390
2024	464,345	134,660	589,330	30,055,829	8,545,285	8,679,945
2025	464,345	134,660	-	30,055,829	8,545,285	8,679,945
2026	464,345	134,660	601,117	30,656,945	8,716,190	8,850,850
2027	464,345	134,660	-	30,656,945	8,716,190	8,850,850
2028	464,345	134,660	613,139	31,270,084	8,890,514	9,025,174
2029	464,345	134,660	-	31,270,084	8,890,514	9,025,174
2030	464,345	134,660	625,402	31,895,486	9,068,324	9,202,984
2031	464,345	134,660	-	31,895,486	9,068,324	9,202,984
2032	464,345	134,660	637,910	32,533,395	9,249,691	9,384,351
2033	464,345	134,660	-	32,533,395	9,249,691	9,384,351
2034	464,345	134,660	650,668	33,184,063	9,434,685	9,569,345
2035	464,345	134,660	-	33,184,063	9,434,685	9,569,345
2036	464,345	134,660	663,681	33,847,745	9,623,378	9,758,038
2037	464,345	134,660	-	33,847,745	9,623,378	9,758,038
2038	464,345	134,660	676,955	34,524,700	9,815,846	9,950,506
2039	464,345	134,660	-	34,524,700	9,815,846	9,950,506
2040	464,345	134,660	690,494	35,215,194	10,012,163	10,146,823
2041	464,345	134,660	-	35,215,194	10,012,163	10,146,823
2042	464,345	134,660	704,304	35,919,497	10,212,406	10,347,066
2043	464,345	134,660	-	35,919,497	10,212,406	10,347,066
2044	464,345	134,660	718,390	36,637,887	10,416,654	10,551,314
2045	464,345	134,660	-	36,637,887	10,416,654	10,551,314
2046	464,345	134,660	732,758	37,370,845	10,624,987	10,759,647
2047	464,345	134,660	-	37,370,845	10,624,987	10,759,647
2048	464,345	134,660	747,413	38,118,058	10,837,487	10,972,147
2049	464,345	134,660	-	38,118,058	10,837,487	10,972,147
2050	464,345	134,660	762,361	38,880,419	11,054,237	11,188,897
2051	464,345	134,660	-	38,880,419	11,054,237	11,188,897
2052	464,345	134,660	777,608	39,658,028	11,275,322	11,409,982
Total			11,352,292			

1. Vacant land value calculated in year prior to construction as 10% build-out market value

**Castle Pines Commercial Metropolitan District No. 4
Revenue**

	Total Assessed Value in Collection Year	District Mill Levy Revenue			Other Revenue	Expense		Total Revenue Available for Debt Service
		Debt Mill Levy 50.00% Cap	Debt Mill Levy Collections 99.50%	Specific Ownership Taxes 6.00%		County Treasurer Fee 1.50%	Annual Trustee Fee \$2,000	
2015	4,588,600	40,000	182,626	10,958	0	(2,739)	0	190,844
2016	6,543,660	40,000	260,438	15,626	0	(3,907)	(2,000)	270,157
2017	6,517,700	40,000	259,404	15,564	0	(3,891)	(2,000)	269,078
2018	7,598,470	40,000	302,419	18,145	0	(4,536)	(2,000)	314,028
2019	7,590,530	40,000	302,103	18,126	0	(4,532)	(2,000)	313,698
2020	8,638,720	22,980	197,525	11,852	0	(2,963)	(2,000)	204,414
2021	8,623,120	24,681	211,763	12,706	0	(3,176)	(2,000)	219,292
2022	8,512,390	24,410	206,749	16,623	2,859	(3,117)	(2,181)	220,933
2023	8,512,390	16,638	140,918	8,465	0	(2,114)	(2,181)	145,078
2024	8,679,945	16,411	141,737	8,504	0	(2,126)	(2,180)	145,935
2025	8,679,945	16,196	139,881	8,393	0	(2,098)	(2,180)	143,995
2026	8,850,850	15,967	140,613	8,437	0	(2,109)	(2,180)	144,760
2027	8,850,850	16,042	141,276	8,477	0	(2,119)	(2,180)	145,453
2028	9,025,174	15,794	141,831	8,510	0	(2,127)	(2,180)	146,033
2029	9,025,174	15,558	139,709	8,383	0	(2,096)	(2,180)	143,817
2030	9,202,984	15,308	140,177	8,411	0	(2,103)	(2,180)	144,305
2031	9,202,984	15,352	140,574	8,434	0	(2,109)	(2,180)	144,721
2032	9,384,351	15,086	140,865	8,452	0	(2,113)	(2,179)	145,025
2033	9,384,351	15,110	141,086	8,465	0	(2,116)	(2,179)	145,256
2034	9,569,345	14,830	141,200	8,472	0	(2,118)	(2,179)	145,375
2035	9,569,345	14,834	141,244	8,475	0	(2,119)	(2,179)	145,421
2036	9,758,038	14,541	141,182	8,471	0	(2,118)	(2,179)	145,357
2037	9,758,038	14,527	141,050	8,463	0	(2,116)	(2,179)	145,218
2038	9,950,506	14,222	140,811	8,449	0	(2,112)	(2,178)	144,969
2039	9,950,506	14,191	140,502	8,430	0	(2,108)	(2,178)	144,646
2040	10,146,823	13,875	140,087	8,405	0	(2,101)	(2,178)	144,213
2041	10,146,823	13,827	139,601	8,376	0	(2,094)	(2,178)	143,705
2042	10,347,066	13,755	141,616	8,497	0	(2,124)	(2,178)	145,811
2043	10,347,066	13,600	140,013	8,401	0	(2,100)	(2,178)	144,136
2044	10,551,314	13,452	141,221	8,473	0	(2,118)	(2,178)	145,399
2045	10,551,314	13,298	139,606	8,376	0	(2,094)	(2,178)	143,711
2046	10,759,647	13,120	140,463	8,428	0	(2,107)	(2,177)	144,607
2047	10,759,647	13,180	141,101	8,466	0	(2,117)	(2,177)	145,273
2048	10,972,147	12,960	141,489	8,489	0	(2,122)	(2,177)	145,679
2049	10,972,147	12,737	139,054	8,343	0	(2,086)	(2,177)	143,134
2050	11,188,897	12,728	141,695	8,502	0	(2,125)	(2,177)	145,894
2051	11,188,897	12,701	141,395	8,484	0	(2,121)	(2,177)	145,581
2052	11,409,982	12,406	140,846	8,451	0	(2,113)	(2,177)	145,008
Total			6,145,874	372,971	2,859	(92,204)	(79,539)	6,349,961

**Castle Pines Commercial Metropolitan District No. 4
Debt Service**

	Total Revenue Available for Debt Service	Net Debt Service		Total	Surplus Fund		Ratio Analysis		
		Series 2015	Series 2022		Annual Surplus	Funds on Hand Used as a Source	Debt Service Coverage	Coverage at Mill Levy Cap ¹	Senior Debt to Assessed Value
		Dated: 1/16/2015 Par: \$5,875,000 Proj: \$5,060,750	Dated: 4/21/2022 Par: \$5,040,000 Proj: \$0 Escr: \$5,341,889						
2015	466,927	257,031		257,031	n/a		182%	227%	n/a
2016	510,531	378,750		378,750	n/a		135%	169%	52%
2017	506,255	379,500		379,500	n/a		133%	167%	46%
2018	574,398	390,000		390,000	n/a		147%	184%	46%
2019	559,002	389,750		389,750	n/a		143%	180%	39%
2020	367,668	394,250		394,250	n/a		93%	204%	40%
2021	379,593	393,250		393,250	n/a		97%	152%	0%
2022	376,843	Refunded	244,412	244,412	132,431	132,431	154%	243%	32%
2023	266,110		266,110	266,110	0		100%	222%	31%
2024	267,720		267,720	267,720	0		100%	224%	30%
2025	264,161		264,161	264,161	0		100%	227%	29%
2026	265,601		265,601	265,601	0		100%	229%	28%
2027	266,872		266,872	266,872	0		100%	228%	27%
2028	267,974		267,974	267,974	0		100%	230%	26%
2029	263,906		263,906	263,906	0		100%	234%	25%
2030	264,838		264,838	264,838	0		100%	236%	24%
2031	265,600		265,600	265,600	0		100%	236%	23%
2032	266,193		266,193	266,193	0		100%	239%	22%
2033	266,617		266,617	266,617	0		100%	238%	21%
2034	266,871		266,871	266,871	0		100%	242%	20%
2035	266,955		266,955	266,955	0		100%	242%	19%
2036	266,870		266,870	266,870	0		100%	245%	18%
2037	266,616		266,616	266,616	0		100%	246%	17%
2038	266,192		266,192	266,192	0		100%	250%	16%
2039	265,598		265,598	265,598	0		100%	250%	15%
2040	264,835		264,835	264,835	0		100%	255%	14%
2041	263,903		263,903	263,903	0		100%	256%	12%
2042	267,801		267,801	267,801	0		100%	256%	11%
2043	264,725		264,725	264,725	0		100%	259%	10%
2044	267,075		267,075	267,075	0		100%	261%	9%
2045	263,975		263,975	263,975	0		100%	264%	8%
2046	265,650		265,650	265,650	0		100%	266%	7%
2047	266,875		266,875	266,875	0		100%	265%	6%
2048	267,650		267,650	267,650	0		100%	268%	5%
2049	262,975		262,975	262,975	0		100%	273%	4%
2050	268,075		268,075	268,075	0		100%	272%	2%
2051	267,500		267,500	267,500	0		100%	273%	1%
2052	266,475		266,475	266,475	0		100%	278%	0%
Total	11,723,420	2,582,531	8,226,615	10,809,146	132,431				

1. MD No. 3 debt cap is the lesser of 50.000 mills or \$150,000 annually

SOURCES AND USES OF FUNDS

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4 Douglas County, Colorado

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#### Tax-Exempt Refunding Loan, Series 2022 Pay & Cancel Refunding of Series 2015 NBH Bank 20 Year Term, 30 Year Amortization

Dated Date                    04/21/2022  
Delivery Date                04/21/2022

*Sources:*

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|                          |              |
|--------------------------|--------------|
| Bond Proceeds:           |              |
| Par Amount               | 5,040,000.00 |
| Other Sources of Funds:  |              |
| Series 2015 Reserve Fund | 470,326.35   |
| Series 2015 Bond Fund    | 132,430.89   |
|                          | <hr/>        |
|                          | 602,757.24   |
|                          | <hr/>        |
|                          | 5,642,757.24 |
|                          | <hr/>        |

*Uses:*

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|                            |              |
|----------------------------|--------------|
| Refunding Escrow Deposits: |              |
| Cash Deposit               | 5,341,888.89 |
| Cost of Issuance:          |              |
| Other Cost of Issuance     | 250,000.00   |
| Underwriter's Discount:    |              |
| Placement Agent            | 50,400.00    |
| Other Uses of Funds:       |              |
| Additional Proceeds        | 468.35       |
|                            | <hr/>        |
|                            | 5,642,757.24 |
|                            | <hr/>        |



## BOND SUMMARY STATISTICS

### CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4 Douglas County, Colorado

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#### Tax-Exempt Refunding Loan, Series 2022 Pay & Cancel Refunding of Series 2015 NBH Bank 20 Year Term, 30 Year Amortization

|                                 |              |
|---------------------------------|--------------|
| Dated Date                      | 04/21/2022   |
| Delivery Date                   | 04/21/2022   |
| Last Maturity                   | 12/01/2052   |
| Arbitrage Yield                 | 3.389344%    |
| True Interest Cost (TIC)        | 3.563681%    |
| Net Interest Cost (NIC)         | 3.598483%    |
| All-In TIC                      | 3.978443%    |
| Average Coupon                  | 3.542455%    |
| Average Life (years)            | 17.848       |
| Duration of Issue (years)       | 12.780       |
| Par Amount                      | 5,040,000.00 |
| Bond Proceeds                   | 5,040,000.00 |
| Total Interest                  | 3,186,615.00 |
| Net Interest                    | 3,237,015.00 |
| Total Debt Service              | 8,226,615.00 |
| Maximum Annual Debt Service     | 268,075.00   |
| Average Annual Debt Service     | 268,746.04   |
| Underwriter's Fees (per \$1000) |              |
| Average Takedown                |              |
| Other Fee                       | 10.000000    |
| Total Underwriter's Discount    | 10.000000    |
| Bid Price                       | 99.000000    |

| <i>Bond Component</i> | <i>Par Value</i> | <i>Price</i> | <i>Average Coupon</i> | <i>Average Life</i> |
|-----------------------|------------------|--------------|-----------------------|---------------------|
| Term Bond due 2052    | 5,040,000.00     | 100.000      | 3.542%                | 17.848              |
|                       | 5,040,000.00     |              |                       | 17.848              |

|                            | TIC          | All-In TIC   | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value                  | 5,040,000.00 | 5,040,000.00 | 5,040,000.00    |
| + Accrued Interest         |              |              |                 |
| + Premium (Discount)       |              |              |                 |
| - Underwriter's Discount   | (50,400.00)  | (50,400.00)  |                 |
| - Cost of Issuance Expense |              | (250,000.00) |                 |
| - Other Amounts            |              |              |                 |
| Target Value               | 4,989,600.00 | 4,739,600.00 | 5,040,000.00    |
| Target Date                | 04/21/2022   | 04/21/2022   | 04/21/2022      |
| Yield                      | 3.563681%    | 3.978443%    | 3.389344%       |

**DETAILED BOND DEBT SERVICE**

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4  
Douglas County, Colorado**

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**Tax-Exempt Refunding Loan, Series 2022
Pay & Cancel Refunding of Series 2015
NBH Bank
20 Year Term, 30 Year Amortization**

Term Bond due 2052 (TERM52)

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
12/01/2022	140,000	3.390%	104,412.00	244,412.00
12/01/2023	100,000	3.390%	166,110.00	266,110.00
12/01/2024	105,000	3.390%	162,720.00	267,720.00
12/01/2025	105,000	3.390%	159,160.50	264,160.50
12/01/2026	110,000	3.390%	155,601.00	265,601.00
12/01/2027	115,000	3.390%	151,872.00	266,872.00
12/01/2028	120,000	3.390%	147,973.50	267,973.50
12/01/2029	120,000	3.390%	143,905.50	263,905.50
12/01/2030	125,000	3.390%	139,837.50	264,837.50
12/01/2031	130,000	3.390%	135,600.00	265,600.00
12/01/2032	135,000	3.390%	131,193.00	266,193.00
12/01/2033	140,000	3.390%	126,616.50	266,616.50
12/01/2034	145,000	3.390%	121,870.50	266,870.50
12/01/2035	150,000	3.390%	116,955.00	266,955.00
12/01/2036	155,000	3.390%	111,870.00	266,870.00
12/01/2037	160,000	3.390%	106,615.50	266,615.50
12/01/2038	165,000	3.390%	101,191.50	266,191.50
12/01/2039	170,000	3.390%	95,598.00	265,598.00
12/01/2040	175,000	3.390%	89,835.00	264,835.00
12/01/2041	180,000	3.390%	83,902.50	263,902.50
12/01/2042	190,000	3.390%	77,800.50	267,800.50
12/01/2043	170,000	3.390%	94,725.00	264,725.00
12/01/2044	180,000	3.390%	87,075.00	267,075.00
12/01/2045	185,000	3.390%	78,975.00	263,975.00
12/01/2046	195,000	3.390%	70,650.00	265,650.00
12/01/2047	205,000	3.390%	61,875.00	266,875.00
12/01/2048	215,000	3.390%	52,650.00	267,650.00
12/01/2049	220,000	3.390%	42,975.00	262,975.00
12/01/2050	235,000	3.390%	33,075.00	268,075.00
12/01/2051	245,000	3.390%	22,500.00	267,500.00
12/01/2052	255,000	3.390%	11,475.00	266,475.00
	5,040,000		3,186,615.00	8,226,615.00

Bond Variable Rate Table

<i>Begin Date</i>	<i>End Date</i>	<i>Interest Rate</i>
04/21/2022	12/01/2042	3.390%
12/01/2042	12/01/2052	4.500%

CALL PROVISIONS

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
Douglas County, Colorado**

**Tax-Exempt Refunding Loan, Series 2022
Pay & Cancel Refunding of Series 2015
NBH Bank
20 Year Term, 30 Year Amortization**

Call Table: CALL

<i>Call Date</i>	<i>Call Price</i>
06/01/2029	100.00

SUMMARY OF BONDS REFUNDED

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4
Douglas County, Colorado**

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**Tax-Exempt Refunding Loan, Series 2022  
Pay & Cancel Refunding of Series 2015  
NBH Bank  
20 Year Term, 30 Year Amortization**

**PC15 - Pay & Cancel Refunding of Series 2015**

| <i>Bond</i>                | <i>Maturity<br/>Date</i> | <i>Interest<br/>Rate</i> | <i>Par<br/>Amount</i> | <i>Call<br/>Date</i> | <i>Call<br/>Price</i> |
|----------------------------|--------------------------|--------------------------|-----------------------|----------------------|-----------------------|
| Series 2015, 2015, TERM39: |                          |                          |                       |                      |                       |
|                            | 12/01/2022               | 5.000%                   | 140,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2023               | 5.000%                   | 150,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2024               | 5.000%                   | 165,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2025               | 5.000%                   | 170,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2026               | 5.000%                   | 190,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2027               | 5.000%                   | 200,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2028               | 5.000%                   | 215,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2029               | 5.000%                   | 230,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2030               | 5.000%                   | 245,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2031               | 5.000%                   | 260,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2032               | 5.000%                   | 280,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2033               | 5.000%                   | 295,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2034               | 5.000%                   | 320,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2035               | 5.000%                   | 335,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2036               | 5.000%                   | 360,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2037               | 5.000%                   | 380,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2038               | 5.000%                   | 405,000               | 04/21/2022           | 100.000               |
|                            | 12/01/2039               | 5.000%                   | 900,000               | 04/21/2022           | 100.000               |
|                            |                          |                          | 5,240,000             |                      |                       |

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**ESCROW REQUIREMENTS**

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4  
Douglas County, Colorado**

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**Tax-Exempt Refunding Loan, Series 2022
Pay & Cancel Refunding of Series 2015
NBH Bank
20 Year Term, 30 Year Amortization**

Dated Date 04/21/2022
Delivery Date 04/21/2022

Pay & Cancel Refunding of Series 2015 (PC15)

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
04/21/2022	101,888.89	5,240,000	5,341,888.89
	101,888.89	5,240,000	5,341,888.89

SUMMARY OF REFUNDING RESULTS

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4 Douglas County, Colorado

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#### Tax-Exempt Refunding Loan, Series 2022 Pay & Cancel Refunding of Series 2015 NBH Bank 20 Year Term, 30 Year Amortization

|                                            |              |
|--------------------------------------------|--------------|
| Dated Date                                 | 04/21/2022   |
| Delivery Date                              | 04/21/2022   |
| Arbitrage yield                            | 3.389344%    |
| Escrow yield                               | 0.000000%    |
| Value of Negative Arbitrage                |              |
| Bond Par Amount                            | 5,040,000.00 |
| True Interest Cost                         | 3.563681%    |
| Net Interest Cost                          | 3.598483%    |
| Average Coupon                             | 3.542455%    |
| Average Life                               | 17.848       |
| Par amount of refunded bonds               | 5,240,000.00 |
| Average coupon of refunded bonds           | 5.000000%    |
| Average life of refunded bonds             | 11.434       |
| PV of prior debt to 04/21/2022 @ 3.389344% | 6,110,008.74 |
| Net PV Savings                             | 407,075.44   |
| Percentage savings of refunded bonds       | 7.768615%    |
| Percentage savings of refunding bonds      | 8.076894%    |

## SAVINGS

### CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4 Douglas County, Colorado

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Tax-Exempt Refunding Loan, Series 2022  
Pay & Cancel Refunding of Series 2015  
NBH Bank  
20 Year Term, 30 Year Amortization

| Date       | Prior<br>Debt Service | Refunding<br>Debt Service | Savings @    | Present Value<br>to 04/21/2022<br>@ 3.3893440% |
|------------|-----------------------|---------------------------|--------------|------------------------------------------------|
| 12/01/2022 | 402,000.00            | 244,412.00                | 157,588.00   | 156,559.18                                     |
| 12/01/2023 | 405,000.00            | 266,110.00                | 138,890.00   | 132,282.79                                     |
| 12/01/2024 | 412,500.00            | 267,720.00                | 144,780.00   | 133,273.96                                     |
| 12/01/2025 | 409,250.00            | 264,160.50                | 145,089.50   | 129,108.06                                     |
| 12/01/2026 | 420,750.00            | 265,601.00                | 155,149.00   | 133,420.37                                     |
| 12/01/2027 | 421,250.00            | 266,872.00                | 154,378.00   | 128,331.72                                     |
| 12/01/2028 | 426,250.00            | 267,973.50                | 158,276.50   | 127,170.60                                     |
| 12/01/2029 | 430,500.00            | 263,905.50                | 166,594.50   | 129,364.22                                     |
| 12/01/2030 | 434,000.00            | 264,837.50                | 169,162.50   | 126,964.13                                     |
| 12/01/2031 | 436,750.00            | 265,600.00                | 171,150.00   | 124,157.56                                     |
| 12/01/2032 | 443,750.00            | 266,193.00                | 177,557.00   | 124,488.15                                     |
| 12/01/2033 | 444,750.00            | 266,616.50                | 178,133.50   | 120,709.88                                     |
| 12/01/2034 | 455,000.00            | 266,870.50                | 188,129.50   | 123,207.41                                     |
| 12/01/2035 | 454,000.00            | 266,955.00                | 187,045.00   | 118,389.48                                     |
| 12/01/2036 | 462,250.00            | 266,870.00                | 195,380.00   | 119,516.88                                     |
| 12/01/2037 | 464,250.00            | 266,615.50                | 197,634.50   | 116,836.92                                     |
| 12/01/2038 | 470,250.00            | 266,191.50                | 204,058.50   | 116,585.25                                     |
| 12/01/2039 | 945,000.00            | 265,598.00                | 679,402.00   | 375,659.05                                     |
| 12/01/2040 |                       | 264,835.00                | (264,835.00) | (142,091.02)                                   |
| 12/01/2041 |                       | 263,902.50                | (263,902.50) | (136,886.39)                                   |
| 12/01/2042 |                       | 267,800.50                | (267,800.50) | (134,286.12)                                   |
| 12/01/2043 |                       | 264,725.00                | (264,725.00) | (128,429.65)                                   |
| 12/01/2044 |                       | 267,075.00                | (267,075.00) | (125,253.69)                                   |
| 12/01/2045 |                       | 263,975.00                | (263,975.00) | (119,680.98)                                   |
| 12/01/2046 |                       | 265,650.00                | (265,650.00) | (116,427.02)                                   |
| 12/01/2047 |                       | 266,875.00                | (266,875.00) | (113,065.53)                                   |
| 12/01/2048 |                       | 267,650.00                | (267,650.00) | (109,613.52)                                   |
| 12/01/2049 |                       | 262,975.00                | (262,975.00) | (104,110.04)                                   |
| 12/01/2050 |                       | 268,075.00                | (268,075.00) | (102,586.66)                                   |
| 12/01/2051 |                       | 267,500.00                | (267,500.00) | (98,950.41)                                    |
| 12/01/2052 |                       | 266,475.00                | (266,475.00) | (95,280.25)                                    |
|            | 8,337,500.00          | 8,226,615.00              | 110,885.00   | 1,009,364.33                                   |

### Savings Summary

|                               |              |
|-------------------------------|--------------|
| PV of savings from cash flow  | 1,009,364.33 |
| Less: Prior funds on hand     | (602,757.24) |
| Plus: Refunding funds on hand | 468.35       |
| Net PV Savings                | 407,075.44   |

**PRIOR BOND DEBT SERVICE**

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4  
Douglas County, Colorado**

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**Tax-Exempt Refunding Loan, Series 2022
Pay & Cancel Refunding of Series 2015
NBH Bank
20 Year Term, 30 Year Amortization**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
06/01/2022			131,000	131,000	
12/01/2022	140,000	5.000%	131,000	271,000	402,000
06/01/2023			127,500	127,500	
12/01/2023	150,000	5.000%	127,500	277,500	405,000
06/01/2024			123,750	123,750	
12/01/2024	165,000	5.000%	123,750	288,750	412,500
06/01/2025			119,625	119,625	
12/01/2025	170,000	5.000%	119,625	289,625	409,250
06/01/2026			115,375	115,375	
12/01/2026	190,000	5.000%	115,375	305,375	420,750
06/01/2027			110,625	110,625	
12/01/2027	200,000	5.000%	110,625	310,625	421,250
06/01/2028			105,625	105,625	
12/01/2028	215,000	5.000%	105,625	320,625	426,250
06/01/2029			100,250	100,250	
12/01/2029	230,000	5.000%	100,250	330,250	430,500
06/01/2030			94,500	94,500	
12/01/2030	245,000	5.000%	94,500	339,500	434,000
06/01/2031			88,375	88,375	
12/01/2031	260,000	5.000%	88,375	348,375	436,750
06/01/2032			81,875	81,875	
12/01/2032	280,000	5.000%	81,875	361,875	443,750
06/01/2033			74,875	74,875	
12/01/2033	295,000	5.000%	74,875	369,875	444,750
06/01/2034			67,500	67,500	
12/01/2034	320,000	5.000%	67,500	387,500	455,000
06/01/2035			59,500	59,500	
12/01/2035	335,000	5.000%	59,500	394,500	454,000
06/01/2036			51,125	51,125	
12/01/2036	360,000	5.000%	51,125	411,125	462,250
06/01/2037			42,125	42,125	
12/01/2037	380,000	5.000%	42,125	422,125	464,250
06/01/2038			32,625	32,625	
12/01/2038	405,000	5.000%	32,625	437,625	470,250
06/01/2039			22,500	22,500	
12/01/2039	900,000	5.000%	22,500	922,500	945,000
	5,240,000		3,097,500	8,337,500	8,337,500

BOND SOLUTION

CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4 Douglas County, Colorado

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#### Tax-Exempt Refunding Loan, Series 2022 Pay & Cancel Refunding of Series 2015 NBH Bank 20 Year Term, 30 Year Amortization

| <i>Period Ending</i> | <i>Proposed Principal</i> | <i>Proposed Debt Service</i> | <i>Total Adj Debt Service</i> | <i>Revenue Constraints</i> | <i>Unused Revenues</i> | <i>Debt Service Coverage</i> |
|----------------------|---------------------------|------------------------------|-------------------------------|----------------------------|------------------------|------------------------------|
| 12/01/2022           | 140,000                   | 244,412                      | 244,412                       | 376,843                    | 132,431                | 154.18%                      |
| 12/01/2023           | 100,000                   | 266,110                      | 266,110                       | 266,110                    |                        | 100.00%                      |
| 12/01/2024           | 105,000                   | 267,720                      | 267,720                       | 267,720                    |                        | 100.00%                      |
| 12/01/2025           | 105,000                   | 264,161                      | 264,161                       | 264,161                    |                        | 100.00%                      |
| 12/01/2026           | 110,000                   | 265,601                      | 265,601                       | 265,601                    |                        | 100.00%                      |
| 12/01/2027           | 115,000                   | 266,872                      | 266,872                       | 266,872                    |                        | 100.00%                      |
| 12/01/2028           | 120,000                   | 267,974                      | 267,974                       | 267,974                    |                        | 100.00%                      |
| 12/01/2029           | 120,000                   | 263,906                      | 263,906                       | 263,906                    |                        | 100.00%                      |
| 12/01/2030           | 125,000                   | 264,838                      | 264,838                       | 264,838                    |                        | 100.00%                      |
| 12/01/2031           | 130,000                   | 265,600                      | 265,600                       | 265,600                    |                        | 100.00%                      |
| 12/01/2032           | 135,000                   | 266,193                      | 266,193                       | 266,193                    |                        | 100.00%                      |
| 12/01/2033           | 140,000                   | 266,617                      | 266,617                       | 266,617                    |                        | 100.00%                      |
| 12/01/2034           | 145,000                   | 266,871                      | 266,871                       | 266,871                    |                        | 100.00%                      |
| 12/01/2035           | 150,000                   | 266,955                      | 266,955                       | 266,955                    |                        | 100.00%                      |
| 12/01/2036           | 155,000                   | 266,870                      | 266,870                       | 266,870                    |                        | 100.00%                      |
| 12/01/2037           | 160,000                   | 266,616                      | 266,616                       | 266,616                    |                        | 100.00%                      |
| 12/01/2038           | 165,000                   | 266,192                      | 266,192                       | 266,192                    |                        | 100.00%                      |
| 12/01/2039           | 170,000                   | 265,598                      | 265,598                       | 265,598                    |                        | 100.00%                      |
| 12/01/2040           | 175,000                   | 264,835                      | 264,835                       | 264,835                    |                        | 100.00%                      |
| 12/01/2041           | 180,000                   | 263,903                      | 263,903                       | 263,903                    |                        | 100.00%                      |
| 12/01/2042           | 190,000                   | 267,801                      | 267,801                       | 267,801                    |                        | 100.00%                      |
| 12/01/2043           | 170,000                   | 264,725                      | 264,725                       | 264,725                    |                        | 100.00%                      |
| 12/01/2044           | 180,000                   | 267,075                      | 267,075                       | 267,075                    |                        | 100.00%                      |
| 12/01/2045           | 185,000                   | 263,975                      | 263,975                       | 263,975                    |                        | 100.00%                      |
| 12/01/2046           | 195,000                   | 265,650                      | 265,650                       | 265,650                    |                        | 100.00%                      |
| 12/01/2047           | 205,000                   | 266,875                      | 266,875                       | 266,875                    |                        | 100.00%                      |
| 12/01/2048           | 215,000                   | 267,650                      | 267,650                       | 267,650                    |                        | 100.00%                      |
| 12/01/2049           | 220,000                   | 262,975                      | 262,975                       | 262,975                    |                        | 100.00%                      |
| 12/01/2050           | 235,000                   | 268,075                      | 268,075                       | 268,075                    |                        | 100.00%                      |
| 12/01/2051           | 245,000                   | 267,500                      | 267,500                       | 267,500                    |                        | 100.00%                      |
| 12/01/2052           | 255,000                   | 266,475                      | 266,475                       | 266,475                    |                        | 100.00%                      |
|                      | 5,040,000                 | 8,226,615                    | 8,226,615                     | 8,359,046                  | 132,431                |                              |





*Confidential*

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March 24, 2022

Castle Pines Commercial MD No.4  
Attn: Matt Morrell  
C/o Piper Sandler  
800 Nicollet Mall  
Minneapolis, MN 55402

Dear Mr. Morrell,

On behalf of NBH Bank, I am pleased to present you with the following Summary of Indicative Terms and Conditions. This Summary has been provided for the sole use of the Borrower and Borrower's paid advisors. The information contained in this document is confidential and proprietary to NBH Bank, and its affiliates, and cannot be disclosed to any third party without prior written consent of the Bank.

The terms and general conditions of the proposed facility are detailed below. Please note that this proposal is for discussion purposes and has not been formally approved nor is it intended to imply that a formal commitment will be approved. We look forward to discussing this proposal after you have had adequate time to review.

Please do not hesitate to contact us with any questions or comments about our proposal. We look forward to speaking with you soon.

Sincerely,

A handwritten signature in cursive script that reads "Maren Eckert".

Maren Eckert  
Government & Nonprofit Finance  
(303) 784-5921  
Maren.Eckert@nbhbank.com



*Confidential*

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**Borrower:** Castle Pines Commercial MD No.4 (the "District" or the "Borrower")

**Lender:** NBH Bank (the "Bank")

**Credit Facility:** 1. Series 2022 bank-qualified tax exempt term loan or direct purchase bond bond.

**Funding Amount:** 1. Up to \$5,000,000

**Purpose:** 1. Current refunding of the Series 2015 Bonds and pay for cost of issuance;

**Security:** The Loan will be secured by a pledge of ad valorem property taxes and specific ownership taxes from the District and Castle Pines Commercial Metropolitan District No. 3 ("District No. 3"), subject to an annual revenue cap District No. 3 of \$150,000

**Maturity:** 20 years from closing

**Amortization:** Principal payments will be due annually on each 12/1 based on the attached schedule, which results in a 30 year amortization.

**Interest Rate:** 1. Fixed through maturity. Priced at the 10-Year Treasury + 1.06%= 3.39% bank qualified, tax-exempt.

The fixed rate is *subject to change based on fluctuations in the index prior to the rate lock date*. The Borrower may lock the rate up to 30 days prior to closing with no additional cost.

Interest shall be computed as twelve 30 day months and a 360 day year and will be due semiannually on each 6/1 and 12/1 beginning 6/1/2022

**Post Maturity Rate:** 1-Year Treasury + 3.00%, repriced annually until repaid in full

**Callability:** Callable any time after 7 years without penalty either in whole or in part

**Covenants:** 1. No additional parity debt without Bank consent

**Reserve Fund:** None

**Reporting:** 1. The District to make available audited financial statements by September 30 of each year;  
2. The District to make available Annual Budgets by February 28<sup>th</sup> of each year;  
3. The District to make available Annual Certification of Assessed Value and Mill Levy due by February 28<sup>th</sup> of the following year;  
4. Other financial information upon request.



*Confidential*

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**Subject To:** Additional due diligence to make a final credit decision

**Fees & Expenses:** Whether or not the Financing Agreement is executed and the Bank has provided a commitment to lend, Obligor will pay all fees and expenses relating to preparation of the loan documents (the Bank intends to use Kline Alvarado Veio).

AGREED AND ACCEPTED:

\_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

***All preliminary terms and conditions outlined herein are confidential and may not be shared with any financial institution without the prior consent of NBH Bank. This information is intended for discussion purposes only, and is offered by NBH Bank. as a preliminary indication of interest.***

***This indication of interest does not represent a commitment to lend monies, nor is it an indication that a formal lending commitment may be forthcoming. Any formal lending commitment that may be issued by NBH Bank. will be subject to the satisfactory conclusion of the Bank's due diligence, completion of the Bank's credit underwriting process, and requisite approval by the Bank's credit authorities.***

**EXHIBIT A**

| <b>Date</b> | <b>Principal Payment</b> |
|-------------|--------------------------|
| 12/1/2022   | \$140,000                |
| 12/1/2023   | \$105,000                |
| 12/1/2024   | \$110,000                |
| 12/1/2025   | \$115,000                |
| 12/1/2026   | \$115,000                |
| 12/1/2027   | \$120,000                |
| 12/1/2028   | \$125,000                |
| 12/1/2029   | \$125,000                |
| 12/1/2030   | \$130,000                |
| 12/1/2031   | \$135,000                |
| 12/1/2032   | \$140,000                |
| 12/1/2033   | \$145,000                |
| 12/1/2034   | \$150,000                |
| 12/1/2035   | \$150,000                |
| 12/1/2036   | \$155,000                |
| 12/1/2037   | \$160,000                |
| 12/1/2038   | \$165,000                |
| 12/1/2039   | \$170,000                |
| 12/1/2040   | \$175,000                |
| 12/1/2041   | \$180,000                |
| 12/1/2042   | \$2,175,000.00           |

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**LOAN AGREEMENT**

by and between

**CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4  
(DOUGLAS COUNTY, COLORADO)**

and

**NBH BANK**

as Bank

Dated as of April \_\_, 2022

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EXHIBIT A FORM OF NOTE

## LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is made and entered into as of April \_\_, 2022, by and between CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and NBH BANK, a Colorado state-chartered bank, in its capacity as lender (the “**Bank**”).

### WITNESSETH:

**WHEREAS**, the District, Castle Pines Commercial Metropolitan District No. 1 (“**District No. 1**”), and Castle Pines Commercial Metropolitan District No. 3 (“**District No. 3**” and collectively, with the District and District No. 1, the “**Districts**”) are each a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (all capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in Article I hereof); and

**WHEREAS**, the Districts are authorized by Title 32, Article 1, Part 1, C.R.S., to furnish certain public facilities and services, including, but not limited to water, streets, sanitation, parks and recreation, traffic and safety control, transportation, mosquito control, fire protection, television relay and translation, and security in accordance with the Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan District No. 1, Castle Pines Commercial Metropolitan District No. 3 and Castle Pines Commercial Metropolitan District No. 4, approved by the Town of Castle Rock, Colorado (the “**Town**”) on January 6, 2015 (the “**Service Plan**”); and

**WHEREAS**, pursuant to Section 32-1-1101(1), C.R.S., the District is authorized to incur indebtedness for the acquisition, construction, installation or completion of any improvements or facilities to carry out the purposes of the District; and

**WHEREAS**, the Service Plan has been prepared pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

**WHEREAS**, the Districts were organized with the approval of the Town, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts as provided herein and in the Service Plan; and

**WHEREAS**, pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and Section 29-1-203, Colorado Revised Statutes, as amended (“**C.R.S.**”), the Taxing Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition and collection of taxes, and the incurring of debt; and

**WHEREAS**, at an election of the qualified electors of the Districts duly called for and held on November 4, 2014 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of eligible electors who voted at such election voted in favor of the issuance of general obligation and/or revenue indebtedness and the imposition of taxes by the Taxing Districts for the

payment thereof, for the purpose of funding certain improvements and facilities (as more particularly defined herein, the “**Public Improvements**”), and for the purpose of refunding such indebtedness; and

**WHEREAS**, the Boards of Directors of the Districts (the “**Board**” or the “**Boards**”, as the context requires) previously determined that it was necessary to acquire, construct, and install a portion of the Public Improvements (the “**Project**”) and to fund the “**Project Costs**” relating thereto, consisting of (i) the “**District Eligible Costs**” identified in that certain Joint Resolution Regarding District Eligible Costs adopted by the Boards on January 7, 2015 (the “**Resolution Regarding Acceptance of District Eligible Costs**”); and (ii) street improvements relating to Meadows Parkway, New Memphis Court and Factory Shops Boulevard; and

**WHEREAS**, for the purpose of funding or reimbursing the Project Costs, District No. 1 has previously issued its Limited Tax Supported Revenue Bonds, Series 2015, in the aggregate principal amount of \$5,875,000 (the “**Series 2015 Bonds**”) pursuant to an Indenture of Trust dated as of January 1, 2015 (the “**2015 Indenture**”), between District No. 1 and UMB Bank, n.a. (as previously defined, the “**2015 Bonds Trustee**”), of which Series 2015 Bonds, \$5,240,000 in aggregate principal amount is presently outstanding; and

**WHEREAS**, in connection with the issuance of the Series 2015 Bonds, and to provide for the payment thereof (and certain other obligations issued by District No. 1, if any), the Districts and the 2015 Bonds Trustee entered into a Capital Pledge Agreement dated as of January 1, 2015 (as previously defined, the “**2015 Pledge Agreement**”), pursuant to which the District and District No. 3 (together, the “**Taxing Districts**”) agreed to impose ad valorem property taxes in the amount of the Required Mill Levy specified therein, and remit the proceeds thereof (including specific ownership taxes resulting from imposition of the Required Mill Levy) to the 2015 Bonds Trustee for application to payment of the Series 2015 Bonds; and

**WHEREAS**, in accordance with the 2015 Indenture, the Series 2015 Bonds bear interest at a rate of 5.000% per annum and, commencing December 1, 2019, became subject to redemption at the option of District No. 1 for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the redemption date, without redemption premium or penalty; and

**WHEREAS**, the Districts have found and determined and hereby find and determine that it is in the best interests of the Districts, and the residents and taxpayers thereof, that the Series 2015 Bonds be refunded; and

**WHEREAS**, notwithstanding that the 2015 Pledge Agreement contemplated that any subsequent debt obligations secured by property taxes of the Taxing Districts and issued for the purpose of financing or refinancing the costs of Public Improvements would be issued by District No. 1, the Districts subsequently determined that any such future indebtedness secured by such property taxes would be issued by the District (District No. 4); and

**WHEREAS**, for the purpose of currently refunding the Series 2015 Bonds and funding associated costs, the District has requested the Bank to make available to the District a loan in the principal amount of \$[ ] (the “**Loan**”); and

**WHEREAS**, the Bank is willing to enter into this Agreement and to make the Loan to the District pursuant to the terms and conditions stated below; and

**WHEREAS**, in order to provide for the payment of the Loan and certain other obligations that may be issued by the District in the future, the District and District No. 3 have entered into a Capital Pledge Agreement (2022) dated as of \_\_\_\_\_, 2022 (the “**Pledge Agreement**”) with the Bank, pursuant to which the Taxing Districts will be obligated to impose ad valorem property taxes in an amount equal to the applicable “**Required Mill Levy**” (as defined therein) and remit the proceeds thereof to the Bank for application to payment of the Loan, or as otherwise provided therein; and

**WHEREAS**, for the purpose of facilitating the execution and delivery of the Pledge Agreement, the incurrence of the Loan and the refunding of the Series 2015 Bonds, the Districts have entered into a Termination of 2015 Pledge Agreement dated as of \_\_\_\_\_, 2022 (the “**Termination Agreement**”), which terminated the 2015 Pledge Agreement effective the date on which the District incurs the Loan and the Series 2015 Bonds are defeased; and

**WHEREAS**, the Loan shall be payable from and secured by the Pledged Revenue, to include ad valorem property taxes of the Taxing Districts, in accordance with the Pledge Agreement; and

**WHEREAS**, it has been determined by the Board that by entering into and completing a refunding program with respect to all of the Series 2015 Bonds, the Board can reduce interest costs and effect other economies through such reduction in interest costs; and

**WHEREAS**, the Loan shall be incurred and the Note shall be issued pursuant to the provisions of Title 32, Article 1, Parts 11 and 13, C.R.S., the Service Plan, and all other laws thereunto enabling; and

**WHEREAS**, the Bank is a financial institution or institutional investor within the meaning of §32-1-103, C.R.S., and the debt represented by the Loan is permitted pursuant to §32-1-1101 (6)(a)(IV), C.R.S.; and

**WHEREAS**, the incurrence of the Loan shall not involve a public offering, and shall be made exclusively to the Bank as an “accredited investor”, as that term is defined under sections 3(b) and (4)(2) of the federal “Securities Act of 1933” by regulation adopted thereunder by the securities and exchange commission, and will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

**NOW THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the parties hereto agree as follows.

## **ARTICLE I DEFINITIONS**

Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meaning set forth in the Authorizing Resolution. In addition, the following terms as used in this Agreement shall have the following meanings, unless the context otherwise

requires. These definitions shall be equally applicable to both the singular and the plural forms of the terms so defined.

*“Agreement” or “Loan Agreement”* means this Loan Agreement and any amendments or supplements made hereto in accordance with the terms herewith.

*“Annual Debt Requirements”* has the meaning assigned it in the Pledge Agreement.

*“Authorized Denominations”* means \$100,000 and any integral multiple of \$5,000 in excess thereof.

*“Authorized Person”* means the President or the Secretary of the District, and also means any other individual authorized by the Board to act as an Authorized Person hereunder.

*“Authorizing Resolution”* means the resolution adopted by the Board on \_\_\_\_\_, 2022, authorizing the District to enter into the Loan and execute and deliver the Note, this Agreement, and the other Financing Documents.

*“Bank”* means NBH Bank, a Colorado state-chartered bank, Denver, Colorado, in its capacity as lender of the Loan.

*“Bond Counsel”* means Ballard Spahr LLP.

*“Business Day”* means any day of the week on which the Bank is conducting its banking operations nationally and on which day the Bank’s offices are open for business in Denver, Colorado.

*“Certified Public Accountant”* means an independent certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

*“Closing”* means the concurrent execution and delivery of the Note, this Agreement, and the other Financing Documents by the respective parties thereto and the issuance and disbursement of the Loan and application of the proceeds thereof in accordance with the provisions hereof.

*“Closing Date”* means the date on which the Closing occurs, estimated to be on or about April \_\_, 2022.

*“Code”* means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

*“Costs of Issuance Fund”* means an account established and held by the District in accordance with Section 3.04 hereof for the purpose of paying costs associated with incurring the Loan and refunding the Series 2015 Bonds.] [*“Costs of Issuance Fund”* means an account established and held by the Escrow Agent under the Escrow Agreement (but not securing payment of the Series 2015 Bonds) for the purpose of paying costs associated with incurring the Loan and refunding the Series 2015 Bonds.] [DETERMINE HOW COI FUND TO BE HELD]



“County” means Douglas County, Colorado.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

“Debt” means, without duplication, all of the following obligations of the District for the payment of which the District has promised or is required to impose, or cause District No. 3 to impose, an ad valorem property tax levy and/or impose fees: (a) borrowed money of any kind; (b) obligations evidenced by bonds, debentures, notes or similar instruments; (c) obligations upon which interest charges are customarily paid; (d) obligations under conditional sale or other title retention agreements relating to property or assets purchased by the District; (e) obligations issued or assumed as the deferred purchase price of property or services; (f) obligations in connection with indebtedness of others secured by (or which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or other encumbrance on property owned or acquired by the District, whether or not the obligations secured thereby have been assumed (only to the extent of the fair market value of such asset if such indebtedness has not been assumed by the District); (g) obligations arising from guarantees made by the District; (h) obligations evidenced by capital leases; (i) obligations as an account party in respect of letters of credit and bankers’ acceptances or similar obligations issued in respect of the District; and (j) obligations evidenced by any interest rate exchange agreement; provided that notwithstanding the foregoing, the term “Debt” does not include obligations issued for any purpose, the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than capital leases as set forth in (h) above, so long as (i) such obligations are payable only to the extent the District has excess moneys on hand, (ii) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Loan in such Fiscal Year, and (iii) the District makes no promise to impose, or cause District No. 3 to impose, any tax, fee, or other governmental charge for the payment of such obligations.

“Determination of Taxability” means, after the date of issuance, any determination, decision, or decree made by the commissioner or any district director of the Internal Revenue Service, or by any court of competent jurisdiction, which results in interest payable on the Loan becoming includable, in whole or in part, in the gross income of the recipient pursuant to Section 103(b) of the Internal Revenue Code, and the rules and regulations promulgated thereunder, if and so long as such determination, decision, or decree is not being appealed or otherwise contested in good faith by the District, and provided that such determination, decision or decree results from the taking of any action by the District, or the failure to take any action by the District, or the making by the District of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Loan. It is understood and agreed that a Determination of Taxability will not result solely from any change in the Constitution or laws of the United States of America or the State of Colorado or interpretation thereof, in and of itself.

“District” or “District No. 4” or “Issuing District” means Castle Pines Commercial Metropolitan District No. 4.

“District No. 1” means Castle Pines Commercial Metropolitan District No. 1.

“District No. 3” means Castle Pines Commercial Metropolitan District No. 3.



“*District No. 3 Required Mill Levy*” shall have the meaning assigned it in the Pledge Agreement.

“*District No. 3 2021 Debt Service Mill Levy*” shall have the meaning assigned it in the Pledge Agreement.

“*Escrow Account*” means a special fund and separate trust account created by the provisions of the Authorizing Resolution, designated as the “Castle Pines Commercial Metropolitan District No. 4 Refunding Escrow Account, 2022”, to be established and maintained by the Escrow Agent pursuant to the Escrow Agreement for the purpose of paying the principal of, premium if any, and interest on the Series 2015 Bonds.

“*Escrow Agent*” means UMB Bank, n.a., in Denver, Colorado, or its successor, a national banking association duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation, and having full and complete trust powers, where the Escrow Account is established and maintained.

“*Escrow Agreement*” means the agreement between the District and the Escrow Agent dated as of the Closing Date, concerning the establishment and maintenance of the Escrow Account.

“*Event of Default*” has the meaning set forth in Section 6.01 hereof.

“*Financing Documents*” means this Agreement, the Note, the Pledge Agreement, the Authorizing Resolution, and any other document or instrument required or stated to be delivered hereunder or thereunder, all in form and substance satisfactory to the Bank.

“*Fiscal Year*” means the 12 months commencing January 1 of any year and ending December 31 of such year.

“*Fixed Rate*” means [\_\_\_\_\_] % per annum.

“*General Counsel*” means White Bear Ankele Tanaka & Waldron, P.C. or any successor General Counsel designated in writing by the District.

“*Interest Differential*” has the meaning set forth in Section 2.02(a)(iii) hereof.

“*Interest Payment Date*” means June 1 and December 1 of each year, commencing June 1, 2022, and continuing through and including the Maturity Date.

“*Interest Period*” means the six month period from one Interest Payment Date to the next Interest Payment Date.

“*Issuing District Required Mill Levy*” has the meaning assigned it in the Pledge Agreement.

“*Loan Payment Fund*” means the fund by that name established by the provisions of Section 3.01 hereof to be administered and maintained by the Bank in the manner and for the purposes set forth in Section 3.03 hereof.

“*Loan*” means the loan made by the Bank to the District hereunder in the principal amount of \$[\_\_\_\_\_].

“*Loan Balance*” means, as of any relevant date, the sum of the Loan less any payments of principal received by the Bank for application to the Loan as of such date.

“*Maturity Date*” means April \_\_, 2042.

“*Maximum Rate*” means 18.00%, the maximum Net Effective Interest Rate permitted by the terms of the Election.

“*Net Effective Interest Rate*” means, as of the end of any Interest Period, the total amount of interest accrued hereunder on the Loan from the date of execution of this Agreement through the last day of such Interest Period, divided by the sum of: (i) the product of the principal amount of the Loan outstanding as of the last day of such Interest Period by the number of years from the date of this Agreement to the last day of such Interest Period; plus (ii) the products derived by multiplying the principal amount(s) of the Loan previously paid by the number of years from the date of this Agreement to the date(s) on which such principal amount(s) were actually paid. For example, the Net Effective Interest Rate for the Interest Period ending November 30, 2024 would be calculated as follows (assuming all principal amounts were paid when due in accordance with Section 2.02(b) hereof): the total amount of interest accrued hereunder on the Loan from the date of execution of this Agreement through November 30, 2024, divided by the sum of (i) \$[\_\_\_\_\_] (the principal amount of the Loan to be outstanding as of November 30, 2024) multiplied by the number of years from the date of this Agreement to December 1, 2024, plus (ii) \$\_\_\_\_\_ multiplied by the number of years from the date of this Agreement to December 1, 2023; plus (iii) \$\_\_\_\_\_ multiplied by the number of years from the date of this Agreement to December 1, 2022.

“*Note*” means the Castle Pines Commercial Metropolitan District No. 4 Limited Tax General Obligation Note, Series 2022 evidencing the Loan issued in the original principal amount of \$[\_\_\_\_\_] from the District, as maker, to the Bank, as payee, and dated April \_\_, 2022.

“*Notice of Taxable Rate Increase*” means a written notice of the Bank to the District stating that, as a result of the occurrence of a Determination of Taxability, the Bank is exercising its right to invoke the Taxable Fixed Rate provided in Section 2.02(a)(ii)(C).

“*Participants*” means one or more commercial banks or other Persons not affiliates of the District, which Participants shall be Accredited Investors.

“*Payment Date*” means a Principal Payment Date or an Interest Payment Date.

“*Permitted Investments*” means any investment or deposit permissible under then applicable law.

“*Permitted Subordinate Debt*” means Debt having a lien on all or any portion of the Pledged Revenue subordinate to the lien thereon of the Loan, or otherwise secured by a pledge of ad valorem property taxes but on a basis subordinate to the Loan, issued pursuant to the provisions of Section 5.11(b) hereof.

“*Person*” means an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“*Pledge Agreement*” means the Capital Pledge Agreement (2022) dated April \_\_, 2022, among the District, District No. 3, and the Bank, pursuant to which the Taxing Districts are required to impose the applicable Required Mill Levy (as defined therein).

“*Pledged Revenue*” means the following, net of any costs of collection:

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues;
- (c) any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue.

“*Post-Maturity Default Interest Rate*” means a fluctuating rate per annum equal to the 1-Year U.S. Treasury Rate as of the applicable Post-Maturity Interest Reset Date plus 3.00%.

“*Post-Maturity Interest Reset Date*” means the Maturity Date and each December 1 occurring thereafter until the Loan and all accrued interest thereon is paid in full.

“*Principal Payment Date*” means December 1 of each year, commencing December 1, 2022, and continuing through and including the Maturity Date.

“*Property Tax Revenues*” means: (i) all moneys derived from imposition by the District of the Issuing District Required Mill Levy and by District No. 3 of the District No. 3 Required Mill Levy; and (ii) all moneys derived from imposition by District No. 3 of the District No. 3 2021 Debt Service 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.)

“*Required Mill Levy*” shall have the meaning assigned it in the Pledge Agreement.

“*Series 2015 Bonds*” means the Limited Tax Supported Revenue Bonds, Series 2015, issued by District No. 1 in the aggregate principal amount of \$5,875,000 pursuant to an Indenture of Trust dated as of January 1, 2015, between District No. 1 and UMB Bank, n.a..

“*Special District Act*” means Title 32, Article 1, C.R.S.

“*Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to the Issuing District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Issuing District of the Issuing District Required Mill Levy and by District No. 3 of the District No. 3 Required Mill Levy and the District No. 3 2021 Debt Service Mill Levy, respectively.

“*Supplemental Public Securities Act*” means Title 11, Article 57, C.R.S.

"*Tax Certificate*" means the tax compliance certificate to be signed by the District, in a form acceptable to Bond Counsel, relating to the requirements of Sections 103 and 141-150 of the Code.

"*Taxability Event Effective Date*" means the first date on which, as the result of a Determination of Taxability, interest payable on the Loan is includable, in whole or in part, in the gross income of the recipient pursuant to Section 103(b) of the Internal Revenue Code.

"*Taxable Fixed Rate*" means [\_\_\_\_\_] % per annum.

"*Taxing Districts*" means, collectively, the District and District No. 3.

"*1-Year U.S. Treasury Rate*" means, as of the applicable Post-Maturity Interest Reset Date, the rate of interest per annum most recently published by the Federal Reserve Board or as otherwise announced by the United States Department of the Treasury with respect to direct obligations of the United States have a stated maturity of one year. [PLEASE CONFIRM/CORRECT].

## ARTICLE II LOAN

### Section 2.01 Terms of Loan.

(a) **Agreement To Make Loan.** The Bank hereby agrees to extend the Loan to the District in Authorized Denominations via physical delivery in the principal amount of \$[\_\_\_\_\_] , subject to the terms and conditions of this Agreement. The Loan shall be evidenced by the Note, the form of which is set forth in Exhibit A attached hereto.

(b) **Disbursement of Loan Proceeds.** On the Closing Date, the Bank will disburse the proceeds of the Loan as follows:

(i) The amount of \$[\_\_\_\_\_] to the Escrow Agent for deposit to the Escrow Account, representing an amount which, when combined with other legally available moneys of the District credited thereto, is sufficient to fund the Escrow Account in accordance with the report of a Certified Public Accountant so as to fully defease the Series 2015 Bonds; and

(ii) The amount of \$[\_\_\_\_\_] to the [District][Escrow Agent] for credit to the Costs of Issuance Fund.

### Section 2.02 Interest Rates; Loan Payments; Fees and Expenses.

(a) **Interest Payments.**

(i) **Payment Dates and Computations; Compounding.** Interest payments on the Loan shall be due on each Interest Payment Date. All interest due and payable hereunder shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest not paid when due shall compound on each Interest Payment Date at the rate of interest then borne by the Loan. The Bank's



internal records of applicable interest rates shall be determinative in the absence of manifest error.

(ii) *Interest Rates.*

(A) Fixed Interest Rate. Subject to the provisions of subsection (C) of this Section 2.02(a)(ii), commencing on the Closing Date, through but not including the Maturity Date, the Loan Balance shall bear interest at the Fixed Rate.

(B) Post-Maturity Default Interest Rate. Commencing on the Maturity Date, the Loan Balance shall bear interest at the Post-Maturity Default Interest Rate (which it is acknowledged will reset each Post-Maturity Interest Reset Date in accordance with the definition of Post Maturity Default Interest Rate), subject to the limitations of Section 2.02(a)(iii). The Bank shall determine the Post-Maturity Default Interest Rate as of each Post-Maturity Interest Reset Date, and will provide written notice of the same to the District not less than five (5) Business Days after each Post-Maturity Interest Reset Date. The Post-Maturity Default Interest Rate determined as of each Post-Maturity Interest Reset Date shall take effect on such Post-Maturity Interest Reset Date and shall remain in effect to but not including any subsequent Post-Maturity Interest Reset Date. In the absence of manifest error, the Bank's computation of the Post-Maturity Default Interest Rate shall be determinative.

(C) Taxable Rate Increase Prior to Maturity. From and after the Taxability Event Effective Date (if any), assuming that such date occurs prior to the Maturity Date, the Loan Balance shall bear interest at the Taxable Fixed Rate from the Taxability Event Effective Date to (but not including) the Maturity Date, but subject to the provision of a Notice of Taxable Rate Increase by the Bank to the District. The provisions of this Section 2.02(a)(ii)(C) shall not apply unless a Notice of Taxable Rate Increase is provided by the Bank to the District. If the Taxability Event Effective Date (if any) occurs after the Maturity Date, the Loan Balance will continue to bear interest at the Post-Maturity Default Interest Rate in accordance with Section 2.02(a)(ii)(B) hereof.

(iii) *Maximum Interest Rate; Interest Rate Differential.*

(A) Maximum Rate. Notwithstanding the foregoing provisions, the maximum Net Effective Interest Rate that the Borrower is authorized to pay with respect to the Loan is 18.00% per annum (the "Maximum Rate"), and the Loan shall not bear interest at a rate in any particular Interest Period that would cause the Net Effective Interest Rate on the Loan, calculated as of the end of such Interest Period, to exceed the Maximum Rate. In addition to the foregoing, to the extent amounts due to the Bank have not been fully

repaid because of the application of this Maximum Rate provision, the provisions of Section 2.02(a)(iii)(B) hereof shall apply.

(B) **Interest Rate Differential.** If the interest due and payable on any obligation hereunder computed at the Post-Maturity Default Interest Rate is in excess of the amount actually paid by the District as a result of the Maximum Rate provisions of Section 2.02(a)(iii)(A) hereof, the difference between what would have been the interest payable on such amounts had they accrued interest at the Post-Maturity Default Interest Rate and the actual interest paid by the District on such obligation (the “Interest Differential”) shall remain an obligation of the District. Notwithstanding anything herein or in the Financing Documents to the contrary, if at any time there is an Interest Differential owed to the Bank, any reduction in interest rate that would result from the application of the Maximum Rate to the Post-Maturity Default Interest Rate shall not reduce the rate of interest below the Maximum Rate until the total amount due has been paid to the Bank as if the applicable Post-Maturity Default Interest Rate had at all times been utilized. It is acknowledged by the Bank that the obligations of the District hereunder are limited by the District’s voted debt authorization with respect to principal amount, Maximum Rate, maximum repayment cost, and maximum annual tax increases, and that, notwithstanding anything herein to the contrary, the District is not authorized and is not obligating itself with respect to the foregoing obligations in excess of that which is permitted under the terms of the District’s voted debt authorization.

(b) **Principal Payments.** Repayment of principal amounts owing under the Loan shall commence on December 1, 2022, and shall occur on each Principal Payment Date, as set forth on the schedule below.

| <b>Principal Payment<br/>Date</b> | <b>Principal Amount<br/>Due on Loan</b> |
|-----------------------------------|-----------------------------------------|
| December 1, 2022                  | \$                                      |
| December 1, 2023                  |                                         |
| December 1, 2024                  |                                         |
| December 1, 2025                  |                                         |
| December 1, 2026                  |                                         |
| December 1, 2027                  |                                         |
| December 1, 2028                  |                                         |
| December 1, 2029                  |                                         |
| December 1, 2030                  |                                         |
| December 1, 2031                  |                                         |
| December 1, 2032                  |                                         |
| December 1, 2033                  |                                         |
| December 1, 2034                  |                                         |
| December 1, 2035                  |                                         |
| December 1, 2036                  |                                         |
| December 1, 2037                  |                                         |

| <b>Principal Payment<br/>Date</b> | <b>Principal Amount<br/>Due on Loan</b> |
|-----------------------------------|-----------------------------------------|
| December 1, 2038                  |                                         |
| December 1, 2039                  |                                         |
| December 1, 2040                  |                                         |
| December 1, 2041                  |                                         |
| April __, 2042 (Maturity Date)    |                                         |

On the Maturity Date, the outstanding principal balance of the Loan shall be due and payable in full.

(c) **Optional Prepayment.** The District may, at its option, prepay the Loan in whole or in part on any date on or after April \_\_, 2029, upon payment to the Bank of the principal so prepaid and accrued interest thereon at the rate then borne by the Loan to the prepayment date, without prepayment fee or penalty. Any prepayment made by the District in accordance with the provisions hereof shall be applied to the principal installments on the Loan set forth in subparagraph (b) above in the inverse order of Principal Payment Dates.

(d) **Obligations Unconditional.** The District's obligation to repay the Loan hereunder and all of its other obligations under this Agreement shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the District may have against the Bank, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of the Loan hereunder, and irrespective of the legality, validity, regularity or enforceability of all or any of the Financing Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Bank explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, all or any of the Financing Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the District hereunder and any other circumstances or happening whatsoever, whether or not similar to any of the foregoing; provided, however, that nothing contained in this Section 2.02(d) shall abrogate or otherwise affect the rights of the District pursuant to Section 7.16 hereof.

(e) **Waivers, Etc.** To the full extent permitted by law: (i) the District hereby waives (A) presentment, demand, notice of demand, protest, notice of protest, notice of dishonor and notice of nonpayment; (B) the right, if any, to the benefit of, or to direct application of, any security hypothecated to the Bank until all obligations of the District to the Bank hereunder, howsoever arising, has been paid; (C) the right to require the Bank to proceed against the District hereunder, or against any Person under any guaranty or similar arrangement, or under any agreement between the Bank and any Person or to pursue any other remedy in the Bank's power; (D) all statutes of limitation; and (E) any defense arising out of the election by the Bank to foreclose on any security by one or more non judicial or judicial sales; (ii) the Bank may exercise any other right or remedy, even though any such election operates to impair or extinguish the District's right to repayment from, or any other right or remedy it may have against, any Person, or any security; and (iii) the District agrees



that the Bank may proceed against the District or any Person directly and independently of any other, and that any forbearance, change of rate of interest, or acceptance, release or substitution of any security, guaranty, or loan or change of any term or condition thereunder or under any Financing Document (other than by mutual agreement between the District and the Bank) shall not in any way affect the liability of the District hereunder.

*(f) Electoral Limitations.* It is acknowledged by the Bank that all of the obligations of the District under this Loan Agreement are limited by the District's voted debt authorization and the Service Plan with respect to principal amount, Maximum Rate, maximum repayment cost, and maximum annual tax increases, and that, notwithstanding anything herein to the contrary, the District is not authorized and is not obligating itself with respect to the foregoing obligations in excess of that which is permitted under the terms of the District's voted debt authorization and the Service Plan. Notwithstanding anything else herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the District's obligations hereunder, including all payments of principal and interest, and prepayment fees, and all of the District's obligations hereunder and under the Loan will be deemed defeased and no longer outstanding upon the payment by the District of such amount. Notwithstanding any other provisions contained herein, any amounts due and owing by the District pursuant to this Agreement which do not constitute principal of, or interest on the Loan shall be subject to prior appropriation by the Board. The District represents and warrants to the Bank that all amounts of principal of and interest due and owing by the District under this Loan Agreement do not exceed the District's voted debt authorization or authorization of the Service Plan

**Section 2.03 Costs and Expenses.** The District agrees to pay all reasonable costs and expenses of the Bank in connection with (a) the preparation, execution and delivery of this Agreement or any other documents, including the other Financing Documents, which may be delivered by any party in connection with this Agreement and the other Financing Documents; and (b) the filing, recording, administration (other than normal, routine administration), enforcement, transfer, amendment, maintenance, renewal or cancellation of this Agreement and all amendments or modifications thereto (or supplements hereto), including, without limitation, the reasonable fees and out of pocket expenses of counsel for the Bank and the allocated cost of in house counsel and legal staff and independent public accountants and other outside experts retained by the Bank in connection with any of the foregoing. In addition, the District agrees to pay promptly all costs and expenses of the Bank, including, without limitation, the fees and expenses of external counsel and the allocated cost of in house counsel, for (i) any and all amounts which the Bank has paid relative to the Bank's curing of any Event of Default under this Agreement or any of the Financing Documents; (ii) the enforcement of this Agreement or any of the Financing Documents; or (iii) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount hereunder. Without prejudice to the survival of any other agreement of the District hereunder, the agreements and obligations contained in this Section 2.03 shall survive the payment in full of all amounts owing to the Bank hereunder.

**Section 2.04 Pledge.** The District hereby pledges, assigns and grants to the Bank a first priority security interest in the Pledged Revenue to secure its obligations to the Bank hereunder and under the other Financing Documents (including, but not limited to, the payment of the Loan

and Note). Except for Permitted Subordinate Debt, the lien of the Bank on the Pledged Revenue hereunder shall be subject to no other liens without the prior written consent of the Bank. The District represents and warrants that, except as permitted in this Agreement, the Pledged Revenue is not and shall not be subject to any other lien or encumbrance without the prior written consent of the Bank.

**Section 2.05 Conditions to Closing.** The funding by the Bank of the Loan is conditioned upon the satisfaction of each of the following:

(a) ***Financing Documents.*** All Financing Documents and other instruments applicable to the Loan are in form and content satisfactory to the Bank and have been duly executed and delivered in form and substance satisfactory to the Bank and shall have not been modified, amended or rescinded, shall be in full force and effect on and as of the Closing Date and executed original or certified copies of each thereof shall have been delivered to the Bank.

(b) ***Certified Proceedings.*** The Bank has received a certified copy of the Authorizing Resolution of the District and the resolutions of the Taxing Districts authorizing the Pledge Agreement, which shall be in form and content satisfactory to the Bank and authorize the District to obtain the Loan and perform all acts contemplated by this Agreement and all other Financing Documents and authorize the Taxing Districts to execute the Pledge Agreement and perform all acts contemplated by this Agreement and all other Financing Documents, and a certified copy of all other ordinances, resolutions and proceedings taken by the District authorizing the District to obtain the Loan and the execution, delivery and performance of this Agreement and the other Financing Documents and the transactions contemplated hereunder and thereunder, together with such other certifications as to the specimen signatures of the officers of the District authorized to sign this Agreement and the other Financing Documents to be delivered by the District hereunder and as to other matters of fact as shall reasonably be requested by the Bank.

(c) ***Districts' Certificates.*** The District and the Taxing Districts have provided certificates certifying that on the Closing Date each representation and warranty on the part of the District and Taxing Districts contained in this Agreement, the Pledge Agreement and in any other Financing Document, to the extent applicable, is true and correct and no Event of Default, or event which would, with the passage of time or the giving of notice, constitute an Event of Default, has occurred and is continuing and no default exists under any other Financing Documents, or under any other agreements by and between the District and the Bank and certifying as to such other matters as the Bank might reasonably request.

(d) ***Bond Counsel Opinion.*** The Bank shall have received an opinion or opinions of Bond Counsel dated as of the Closing Date and addressed to the Bank to the effect that (i) this Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Bank, constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms; (ii) the Notes have been duly authorized, executed and delivered by the District and constitute valid and binding general obligations of the District, payable solely from and to the extent of the Pledged Revenue and the other sources provided therefor in

the Loan Agreement, and are legally enforceable in accordance with their terms; (iii) all taxable property of the District is subject to an ad valorem tax levy at the rate and in the amount of the Required Mill Levy, for the purpose of paying the principal of and interest on the Notes; and (iv) this Agreement creates a valid lien (but not necessarily an exclusive lien) on the Pledged Revenue and all right, title and interest of the District in and to the Pledged Revenue have been validly assigned and pledged to the Bank under the Loan Agreement in accordance with Section 11-57-208, Colorado Revised Statutes, as amended, all subject to the exceptions and limitations provided in this Agreement.

(e) ***Pledge Agreement Opinion.*** The Bank shall have received the opinion of Bond Counsel dated the Closing Date and addressed to the Bank stating in substance that the obligations of the Taxing Districts under the Pledge Agreement constitute limited tax general obligations of the Taxing Districts and that such obligations are binding and enforceable against the Taxing Districts in accordance with the terms thereof.

(f) ***Defeasance Opinion of Bond Counsel.*** The Bank shall have received an opinion of Bond Counsel dated as of the Closing Date and addressed to the Bank, stating in substance that (i) the Series 2015 Bonds have been defeased and are no longer deemed to be outstanding within the meaning of the 2015 Bonds Indenture, and (ii) the Escrow Agreement has been duly authorized, executed and delivered by the District, and assuming due authorization, execution and delivery by the Escrow Agent, constitutes a valid and binding obligation of the District enforceable according to its terms.

(g) ***General Counsel Opinion.*** The Bank shall have received an opinion of General Counsel to the Taxing Districts dated the Closing Date and addressed to the Bank, with respect to such matters as the Bank may require, in form and substance satisfactory to the Bank and its counsel, including opinions as to the validity of the Districts' organization and existence; to the effect that all governmental approvals necessary for the District and the Taxing Districts to execute, deliver and perform their obligations under this Agreement and the other Financing Documents to which each such district is a party have been duly obtained; that the Authorizing Resolution and the resolutions of the Taxing Districts authorizing the Pledge Agreement were duly and properly adopted, are in full force and effect, and have not been rescinded as of the Closing Date; that this Agreement and the other Financing Documents to which the District and the Taxing Districts are parties have been duly authorized, executed and delivered by the District and the Taxing Districts, as applicable; and otherwise in form and substance acceptable to the Bank.

(h) ***Other Proceedings.*** All proceedings taken in connection with the transactions contemplated by this Agreement, and all instruments, authorizations and other documents applicable thereto, are satisfactory to the Bank and its counsel.

(i) ***No Change in Law.*** No law, regulation, ruling or other action of the United States, the State of Colorado or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the District from fulfilling its obligations under this Agreement or the other Financing Documents.



(j) **Payment of Costs and Expenses.** All Bank counsel fees and any other fees and expenses due and payable in connection with the execution and delivery of this Agreement shall have been paid by the District.

(k) **Due Diligence.** The Bank shall have been provided with the opportunity to review all pertinent financial information regarding the District, agreements, documents, and any other material information relating to the District or the Pledged Revenue or any other component of the collateral securing the obligations of the District hereunder.

(l) **Accuracy and Completeness of Information.** All information provided by the District to the Bank shall be, as of the Closing Date, complete and accurate in all respects.

(m) **Due Authorization.** Due authorization and proper execution of the Bank loan documentation detailing the terms and conditions of the Loan, all in form and substance satisfactory to the Bank and its internal and external counsel.

(n) **Other Certificates and Approvals.** The Bank shall have received such other certificates, approvals, filings, opinions and documents as shall be reasonably requested by the Bank.

(o) **Other Legal Matters.** All other legal matters pertaining to the execution and delivery of this Agreement and the other Financing Documents shall be reasonably satisfactory to the Bank.

### ARTICLE III FUNDS AND ACCOUNTS

**Section 3.01 Creation of Funds.** There are hereby created and established the following funds and accounts, which shall be held and administered by the District or the Bank as indicated below in accordance with the provisions hereof:

- (a) the Loan Payment Fund; and
- (b) the Costs of Issuance Fund.

**Section 3.02 Initial Credits.** On the Closing Date, the Bank will cause to be deposited to the Loan Payment Fund and the Costs of Issuance Fund the amounts provided in Section 2.01(b) hereof.

#### **Section 3.03 Loan Payment Fund.**

(a) **General.** The Loan Payment Fund shall be established and maintained by the Bank for so long as the Loan is outstanding in the manner and for the purposes described in this Section 3.03 and administered by the Bank in accordance with the terms of this Agreement. The Loan Payment Fund shall secure the payment of principal of and interest on the Loan.

Notwithstanding any provisions to the contrary contained herein, neither the Bank nor any subsequent successor shall be required to present the Note to the District to receive payment of any interest or principal due in accordance with the provisions hereof.

(b) ***Deposits to the Loan Payment Fund.*** The District shall deposit (or shall cause to be deposited) with the Bank for credit to the Loan Payment Fund all Pledged Revenue received by the District or District No. 3 in each Fiscal Year as soon as practicable, but in no event later than 10 Business Days after receipt, until the total amount of Pledged Revenue deposited with the Bank in such Fiscal Year equals the Annual Debt Requirements coming due in such Fiscal Year; provided, however, that in no event is there required to be deposited with the Bank in any Fiscal Year Pledged Revenue generated by District No. 3 in excess of \$150,000. Any additional Pledged Revenue received by the District or District No. 3 for the remainder of the Fiscal Year shall not be subject to the lien of this Agreement, and shall be retained by the District or District No. 3, as applicable, for application to any lawful purpose. Such transfers to be made to the Lender for credit to the Loan Payment Fund shall be made via wire transfer pursuant to the instructions provided to the District by the Lender.

(c) ***Application of Moneys in Loan Payment Fund.*** Moneys in the Loan Payment Fund shall be used by the Bank to pay principal of and interest on the Loan on each Payment Date.

(d) ***Notice of Deficiency.*** If, on the day which is ten (10) Business Days prior to any Payment Date, the amount then on deposit in the Loan Payment Fund is insufficient to pay the principal of and/or interest on the Loan coming due on such Payment Date or any other amounts then due and owing to the Bank hereunder, the Bank shall notify the District in writing of such shortfall indicating the amount of such deficiency. If, on or before such Payment Date, the District provides funds to the Bank to make up any or all of such deficiency, then the Lender shall accept and deposit such funds into the Loan Payment Fund for the payment of the amounts then due.

(e) ***Investments.*** Moneys credited to the Loan Payment Fund shall be invested or deposited at the direction of the Bank in securities or obligations which are lawful investments and which are Permitted Investments. The investment of moneys credited to the Loan Payment Fund shall, however, be subject to the covenants and provisions of Section [5.03] entitled "Tax Covenants." Except to the extent otherwise required by such Section, all interest income from the investment or reinvestment of moneys credited to the Loan Payment Fund shall be retained in the Loan Payment Fund.

**Section 3.04 Costs of Issuance Fund.** The Costs of Issuance Fund shall be held and disbursed by the [District] in accordance with this Section. [CONFIRM][Alternative: Escrow Agent?] The District shall disburse [or direct the Escrow Agent to disburse] amounts designated to be deposited in the Costs of Issuance Fund to pay the fees, costs, and expenses incurred in connection with the Loan in accordance with the Closing Statement prepared by [Piper Sandler & Co.]. On July 1, 2022, the District shall transfer all amounts then remaining, if any, in the Costs of Issuance Fund to the Loan Payment Fund, and the Costs of Issuance Fund shall thereupon be terminated.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF THE DISTRICT**

While any obligations hereunder or under any of the other Financing Documents are unpaid or outstanding, the District continuously represents and warrants to the Bank as follows:

**Section 4.01 Due Organization.** The District is a public or quasi-municipal subdivision of the State of Colorado and a body corporate duly organized and validly existing under the laws of the State of Colorado.

**Section 4.02 Power and Authorization.** The District has all requisite power and authority to own and convey its properties and to carry on its business as now conducted and as contemplated to be conducted under the Financing Documents; to execute, deliver and to perform its obligations under this Agreement and the other Financing Documents; and to cause the execution, delivery and performance of the Financing Documents.

**Section 4.03 No Legal Bar.** The District is not in violation of any of the provisions of the laws of the State of Colorado or the United States of America or any of the provisions of any order of any court of the State of Colorado or the United States of America which would affect its existence or its powers referred to in the preceding Section 4.02. The execution, delivery and performance by the District of this Agreement and of the other Financing Documents (a) 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; (b) will not violate any provisions of any document constituting, regulating or otherwise affecting the operations or activities of the District; and (c) will not violate any provision of, constitute a default under, or result in the creation, imposition or foreclosure of any lien, mortgage, pledge, charge, security interest or encumbrance of any kind other than liens created or imposed by the Financing Documents, on any of the revenues or other assets of the District which could have a material adverse effect on the assets, financial condition, business or operations of the District, on the District's power to cause the Financing Documents to be executed and delivered, or its ability to pay in full in a timely fashion the obligations of the District under this Agreement or the other Financing Documents.

**Section 4.04 Consents.** The District has obtained all consents, permits, licenses 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 and the other Financing Documents.

**Section 4.05 Litigation.** There is no action, suit, inquiry or 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 or against or affecting the assets of the District, nor, to the best knowledge of the District, is there any basis therefor, wherein an unfavorable decision, ruling or finding (a) would adversely affect the validity or enforceability of, or the authority or ability of the District to perform its obligations under, the Financing Documents; (b) would, in the reasonable opinion of the District, have a materially adverse effect on the ability of the District to conduct its business as presently conducted or as proposed or contemplated to be conducted; or (c) would adversely affect the exclusion of interest

on the Loan from gross income for federal income tax purposes or the exemption of such interest from State of Colorado personal income taxes.

**Section 4.06 Enforceability.** This Agreement and each other Financing Document 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 4.07 Changes in Law.** To the best knowledge of the District, there is no pending change of any law which, if enacted or adopted could have a material adverse effect on the assets, financial condition, business or operations of the District, on the District's power to issue or its ability to pay in full in a timely fashion the obligations of the District under this Agreement or the other Financing Documents.

**Section 4.08 Financial Information and Statements.** The financial statements and other information previously provided to the Bank or provided to the Bank in the future are or will be complete and accurate and prepared in accordance with generally accepted accounting principles. There has been no material adverse change in the District's financial condition since such information was provided to the Bank.

**Section 4.09 Accuracy of Information.** All information, certificates or statements given to the Bank pursuant to this Agreement and the other Financing Documents will be true and complete when given.

**Section 4.10 IRS Listing.** The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is an issuer of obligations whose arbitrage certifications may not be relied upon.

**Section 4.11 Tax Exempt Status.** The District has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Loan from gross income for federal income tax purposes or the exemption of such interest from State of Colorado personal income taxes.

**Section 4.12 Financing Documents.** The District's representations and warranties contained in the Financing Document are true and correct as of the Closing Date.

**Section 4.13 Regulations U and X.** The District is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Loan will be or have been used to extend credit to others for the purpose of purchasing or carrying any margin stock.

**Section 4.14 Default, Etc.** The District is not in default in the performance, observance, or fulfillment of any of the obligations, covenants or conditions contained in any Financing Document or other resolution, agreement or instrument to which it is a party which would have a



material adverse effect on the ability of the District to perform its obligations hereunder or under the other Financing Documents, or which would affect the enforceability hereof or thereof.

**Section 4.15 Sovereign Immunity.** Except for actions that lie or would lie in tort, the District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Agreement or any of the other Financing Documents.

**Section 4.16 No Filings.** No filings, recordings, registrations or other actions are necessary to create and perfect the pledges provided for herein and in the Custodial Agreement; all obligations of the District hereunder are secured by the lien and pledge provided for herein and in the Custodial Agreement; and the liens and pledges provided for herein and in the Custodial Agreement constitute valid prior liens subject to no other liens.

**Section 4.17 Outstanding Debt.** Except for the District's and the other Taxing Districts' obligations under the Pledge Agreement, the District and the Taxing Districts have no other Debt outstanding payable from or secured by the Pledged Revenue or any portion thereof or any other component of the collateral securing the obligations of the District hereunder. The District represents and warrants that it will incur additional Debt only in accordance with the provisions of Section 5.11 of this Agreement.

**Section 4.18 Appropriation.** No portion of the Pledged Revenue securing the obligations of the District hereunder is subject to appropriation by any other Person.

## ARTICLE V COVENANTS OF THE DISTRICT

While any obligations hereunder or under any of the other Financing Documents are unpaid or outstanding, the District continuously warrants and agrees as follows:

**Section 5.01 Performance of Covenants, Authority.** The District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Authorizing Resolution, this Agreement, the Notes, the other Financing Documents and all its proceedings pertaining thereto as though such covenants, undertakings, stipulations, and provisions were set forth in full herein (for the purpose of this provision the Financing Documents shall be deemed to continue in full force and effect notwithstanding any earlier termination thereof so long as any obligation of the District under this Agreement shall be unpaid or unperformed). The District covenants that it is duly authorized under the constitution and laws of the State of Colorado, including, particularly and without limitation, the Special District Act, to issue the Loan and to execute and deliver the Note, this Agreement, and the other Financing Documents, and that all action on its part for the issuance of the Loan and the execution and delivery of the Note, this Agreement, and the other Financing Documents has been duly and effectively taken and will be duly taken as provided herein, and that the Loan, the Note, this Agreement, and the other Financing Documents are and will be valid and enforceable obligations of the District according to the terms hereof and thereof.

**Section 5.02 Laws, Permits and Obligations.** The District will comply with all applicable laws, rules, regulations, orders and directions of any governmental authority and all agreements and obligations binding on the District, noncompliance with which would have a

material adverse effect on the District, its financial condition, assets or ability to perform its obligations under this Agreement and/or the other Financing Documents; provided that the District may in good faith contest such laws, rules, regulations, orders and directions and the applicability thereof to the District to the extent that such action would not be likely to have a material adverse effect on the District's ability to perform its obligations hereunder.

### **Section 5.03 Tax Covenants.**

(a) The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Loan 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 District shall not use or permit the use of any proceeds of the Loan or any funds of the 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 the Loan to be an "arbitrage bond" 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 District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Loan. In the event that at any time the 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 or on behalf of the Bank or held by the District under this Agreement, the District shall so restrict or limit the yield on such investment or shall so instruct the Bank, in a detailed certificate, and the Bank shall take such action as may be necessary in accordance with such instructions.

(c) The 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 the Note is fully paid, satisfied, and discharged.

(e) The District hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

**Section 5.04 Bonding and Insurance.** The District shall carry general liability coverage, workers' compensation, public liability, and such other forms of insurance on insurable District property upon the terms and conditions, and issued by recognized insurance companies, as in the judgment of the District would ordinarily be carried by entities having similar properties of equal value, such insurance being in such amounts as will protect the District and its operations. In addition, each District official or other Person having custody of any District funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

**Section 5.05 Other Liabilities.** The District shall pay and discharge, when due, all of its liabilities, except when the payment thereof is being contested in good faith by appropriate procedures which will avoid financial liability and with adequate reserves provided therefor.

**Section 5.06 Proper Books and Records.** The District shall keep or cause to be kept adequate and proper records and books of account in which complete and correct entries shall be made with respect to the District, the Pledged Revenue and all of the funds and accounts established or maintained pursuant to any of the Financing Documents. The District shall (a) maintain accounting records in accordance with generally recognized and accepted principles of accounting consistently applied throughout the accounting periods involved; (b) provide the Bank with such information concerning the business affairs and financial condition (including insurance coverage) of District as the Bank may request; and (c) without request, provide the Bank with the information set forth below.

**Section 5.07 Reporting Requirements.**

(a) The District shall notify the Bank promptly of all interim litigation or administrative proceedings, threatened or pending, against the District which would, if adversely determined, in District's reasonable opinion, have a material effect on the District's financial condition arising after the date hereof.

(b) The District shall provide the following to the Bank at the times and in the manner provided below:

(i) as soon as available, but not later than September 30 following each Fiscal Year, the District shall furnish to the Bank its audited financial statements prepared in accordance with generally accepted accounting principles consistently applied, in reasonable detail and certified by a firm of Certified Public Accountants selected by the District and satisfactory to the Bank;

(ii) as soon as available, but in no event later than February 28 of each Fiscal Year, the District shall furnish to the Bank the District's annual budget prepared by a Certified Public Accountant for such Fiscal Year and, as soon as available, shall furnish a copy of any proposed amendments thereto, which budget shall include as separate line items all projected Pledged Revenue expected to be received in such Fiscal Year;

(iii) promptly upon certification of the Required Mill Levy by the Taxing Districts to the county each year but in no event later than February 28 of each Fiscal Year, the District shall furnish to the Bank a certificate of an authorized officer of the District setting forth the amount of such Required Mill Levy so certified by each Taxing District;

(iv) promptly upon request of the Bank, the District shall furnish to the Bank such other reports or information regarding the collateral securing the obligations of the District hereunder or the assets, financial condition, business or operations of the District, as the Bank may reasonably request.

(c) The District shall promptly notify the Bank of any Event of Default of which the District has knowledge, setting forth the details of such Event of Default and any action which the District proposes to take with respect thereto.

(d) The District shall notify the Bank as soon as possible after the District acquires knowledge of the occurrence of any event which, in the reasonable judgment of the District, is likely to have a material adverse effect on the financial condition of the District or affect the ability of the District to perform its obligations under this Agreement or under any other Financing Documents.

**Section 5.08 Visitation and Examination.** Unless otherwise prohibited by law, the District will permit any Person designated by the Bank to visit any of its offices to examine the District's books and financial records, and make copies thereof or extracts therefrom, and to discuss its affairs, finances and accounts with its principal officers, all at such reasonable times and as often as the Bank may reasonably request.

**Section 5.09 Further Assurances.** The District shall 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 Bank may reasonably require for the better assuring, transferring, and pledging unto the Bank the Pledged Revenue; provided, however, that the District shall not be obligated to incur in excess of nominal expenses in complying with this covenant.

**Section 5.10 Covenant to Impose Required Mill Levy; Pledge Agreement.** The District covenants to impose the Issuing District Required Mill Levy pursuant to the terms of, and subject to the limitations of, the Pledge Agreement. The District will perform its obligations under the Pledge Agreement and will enforce the collection of all amounts payable to it (or to the Bank, on behalf of the District) under the Pledge Agreement in such time and manner as the District reasonably determines will be most efficacious in collecting the same and will diligently pursue all reasonable remedies available to the District with regard to such enforcement, whether at law or in equity. The District will not amend, supplement or modify the Pledge Agreement without the Bank's consent thereto. It is acknowledged that, in accordance with the Pledge Agreement, NOTWITHSTANDING ANY OTHER PROVISION HEREIN OR THEREIN, NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE APPLICABLE REQUIRED MILL LEVY FOR PAYMENT OF THE LOAN AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061).

**Section 5.11 Additional Debt.**

(a) **Bank Consent Required.** Except for Permitted Subordinate Debt issued in accordance with the provisions of Section 5.11(b), the District shall not issue any additional Debt without the prior written consent of the Bank.

(b) **Permitted Subordinate Debt.** Debt satisfying all of the following conditions may be issued by the District without the consent of the Bank (such Debt satisfying such conditions being referred to herein as "Permitted Subordinate Debt"):

(i) such obligations are fully subordinate and junior to the lien on the Pledged Revenue of the Loan;

(ii) such obligations shall be payable as to both principal and interest only on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on the Loan;

(iii) such obligations are issued in compliance with the Service Plan and, to the extent applicable, the Election;

(iv) such obligations shall not be subject to acceleration for any reason;

(v) at the time of issuing or incurring such obligations, no Event of Default shall have occurred and be continuing under this Agreement; and

(vi) all agreements, resolutions, indentures and other instruments pursuant to which such obligations are incurred shall reflect the limitations imposed under this Section 5.11(b).

**Section 5.12 Continued Existence.** The District shall 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 Loan, 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.

**Section 5.13 Restructuring.** In the event the Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of and interest on the Loan when due, the District shall use its best efforts to refinance, refund or otherwise restructure the Loan so as to avoid such a default.

**Section 5.14 District Operations.** The District shall manage its finances and day to day operations in an economical and efficient manner and in accordance with all applicable laws, rules and regulations.

**Section 5.15 Enforcement and Collection.** The District shall diligently collect all Pledged Revenue and shall take all necessary action to enforce such collection.

**Section 5.16 Material Adverse Action.** The District shall not take any action nor consent to any action that would materially adversely affect any portion of the Pledged Revenue or any other component of the collateral securing the obligations of the District hereunder.

**Section 5.17 No Change in Financing Documents.** The District shall not cancel, terminate, amend, supplement, modify or waive any of the provisions of the Financing Documents to which it is party or consent to any such cancellation, termination, amendment, supplement, modification or waiver, without the prior written consent of the Bank. The District shall take no action under any of the Financing Documents to which it is a party inconsistent with the rights of the Bank under this Agreement including, without limitation, its obligations to make payments to the Bank hereunder.



**Section 5.18 References to Bank.** The District shall not refer to the Bank in any official statement, offering memorandum, or private placement memorandum without the Bank's prior written consent thereto.

**Section 5.19 Termination of Agreement.** So long as the District's obligations hereunder remain unpaid or unperformed, the District shall not terminate this Agreement.

**Section 5.20 No Exclusion of Property.** The District shall take no action that could have the effect of excluding property from the District or the other Taxing Districts unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Pledged Revenue that would otherwise be collected by the District or the Taxing Districts.

**Section 5.21 No Priority Claim.** Except as otherwise permitted hereunder, the District shall not grant or permit to be granted any lien on or security interest in and to any portion of the Pledged Revenue or any other component of the collateral securing the obligations of the District hereunder.

## **ARTICLE VI EVENTS OF DEFAULT AND REMEDIES**

**Section 6.01 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 Agreement (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):

(a) Any Taxing District fails or refuses to impose the Required Mill Levy in accordance with the Pledge Agreement or the District fails to apply the Pledged Revenue as required by this Agreement;

(b) the District fails to pay the principal of or interest on the Loan or any other amount payable to the Bank hereunder when due;

(c) the District fails to observe or perform any of the covenants, agreements or conditions on the part of the District in this Agreement or the other Financing Documents, and the District fails to remedy the same within 30 days after the Bank has provided the District with notice thereof;

(d) any representation or warranty made by the District in this Agreement or in any other Financing Document or any certificate, instrument, financial or other statement furnished by the District to the Bank, proves to have been untrue or incomplete in any material respect when made or deemed made;

(e) the pledge of the collateral or any other security interest created hereunder or under the Custodial Agreement fails to be fully enforceable with the priority required hereunder or thereunder;

(f) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay or satisfy such judgment or court order for 30 days;

(g) the District shall initiate, acquiesce or consent to any proceedings to dissolve the District or to consolidate the District with other similar entities into a single entity or the District shall otherwise cease to exist;

(h) a change occurs in the financial or operating conditions of the District, or the occurrence of any other event that, in the Bank's reasonable judgment, will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District's obligations under this Agreement or its other obligations, and the District fails to cure such condition within the time specified by the Bank in a written notice thereof from the Bank;

(i) (i) the District 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, trustee, custodian or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding or other action of a nature referred to in clause (k)(i) above and the same shall remain undismissed; or (iii) there shall be commenced against the District 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, or stayed or bonded pending appeal, within 30 days from the entry thereof; or (iv) the District 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) the District shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(j) this Agreement, the Custodial Agreement or any other Financing Document, or any material provision hereof or thereof, (i) ceases to be valid and binding on the District or is declared null and void, or the validity or enforceability thereof is contested by the District (unless being contested by the District in good faith), or the District denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder or under the Custodial Agreement fails to be fully enforceable with the priority required hereunder or thereunder;

(k) the District's auditor delivers a qualified opinion with respect to the District's status as an ongoing concern;



(l) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder or under the Custodial Agreement shall become subject to any writ, judgment, warrant or attachment, execution or similar process; or

(m) any determination, decision, or decree is made by the Commissioner of the Internal Revenue Service or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that the interest payable on the Loan is includable in the gross income for federal income tax purposes of the Bank by virtue of the occurrence of any event, including any change in the Constitution or laws of the United States of America or the State of Colorado, which results in interest payable on the Loan becoming includable in the gross income of the Bank pursuant to Section 103(b) of the Internal Revenue Code, and the rules and regulations promulgated thereunder if and so long as such determination, decision or decree is not being appealed or otherwise contested in good faith by the District.

**Section 6.02 Remedies.** Upon the occurrence and during the continuance of any Event of Default, the Bank, at its option, may do any one or more of the following:

(a) exercise any and all remedies available under the Pledge Agreement; or

(b) take any other action or remedy available under the other Financing Documents or any other document, or at law or in equity;

provided however, that notwithstanding the foregoing or anything else herein to the contrary: (i) no remedy will lie at law or in equity for any Event of Default consisting solely of the failure of the District to pay the principal of and interest on the Loan when due, it being acknowledged by the Bank that the amount of Pledged Revenue is limited in accordance with the terms hereof and that neither District nor District No. 3 is obligated to impose an ad valorem mill levy for purposes of payment of the Loan in excess of the applicable Required Mill Levy; provided that the foregoing shall not be construed to prevent the exercise of remedies for any other Event of Default or to impair the Bank's right of setoff hereunder; and (ii) acceleration shall not be an available remedy for an Event of Default.

**Section 6.03 Notice to Bank of Default.** Notwithstanding any cure period described above, the District will immediately notify the Bank in writing when the District obtains knowledge of the occurrence of any Event of Default or any event which would, with the passage of time or the giving of notice, constitute an Event of Default

**Section 6.04 Additional Bank Rights.** Upon the occurrence of an Event of Default the Bank may at any time (a) Setoff (as defined below), and/or (b) take such other steps to protect or preserve the Bank's interest in the Pledged Revenue.

**Section 6.05 Credit Balances; Setoff.** As additional security for the payment of the obligations described in the Financing Documents (collectively the "Obligations"), the District hereby grants to the Bank a security interest in, a lien on and an express contractual right to set off against all depository account balances, cash and any other property of the District now or hereafter

in the possession of the Bank and the right to refuse to allow withdrawals from any account (collectively, "Setoff"). The Bank may, at any time upon the occurrence of an Event of Default hereunder, Setoff against the Obligations whether or not the Obligations (including future payments to be made) are then due, all without any advance or contemporaneous notice or demand of any kind to the District, such notice and demand being expressly waived.

**Section 6.06 Delay or Omission No Waiver.** No delay or omission of the Bank 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 Agreement may be exercised from time to time and as often as may be deemed expedient.

**Section 6.07 No Waiver of One Default To Affect Another; All Remedies Cumulative.** No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Bank 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.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.01 Loan Agreement and Relationship to Other Documents.** The warranties, covenants and other obligations of the District (and the rights and remedies of the Bank) that are outlined in this Agreement and the other Financing Documents are intended to supplement each other. In the event of any inconsistencies in any of the terms in the Financing Documents, all terms will be cumulative so as to give the Bank the most favorable rights set forth in the conflicting documents, except that if there is a direct conflict between any preprinted terms and specifically negotiated terms (whether included in an addendum or otherwise), the specifically negotiated terms will control.

**Section 7.02 Assignments, Participations, etc. by the Bank.** This Agreement and the Note shall be assignable by the Bank to any entity without the consent of the District, provided that (a) no interest in this Agreement or the Note may be assigned, transferred, conveyed or acquired in an amount less than \$500,000 or any integral multiple of \$1,000 in excess thereof or, if less, the then outstanding principal amount of such Note; and (b) the Bank shall not assign or transfer this Loan Agreement or the Note to any person or entity which is not an "accredited investor" as defined in § 11-59-110(1)(g) C.R.S., or to any person or entity which is not a direct affiliate of the Bank (which affiliates shall mean any entity which, by virtue of majority ownership interest, controls, is controlled by, or under common control with the Bank). The Bank agrees that any assignment or transfer in violation of the foregoing shall be null and void and of no force or effect, at the election of the District. In connection with any such assignment or participation, the Bank may disclose to any proposed assignee or participant any information without the District's consent. Any such assignment or participation is also subject to the following conditions:

(a) The rights, options, powers and remedies granted in this Agreement and the other Financing Documents will extend to the Bank and to its successors and assigns, will

be binding upon the District and its successors and assigns and will be applicable hereto and to all renewals and/or extensions hereof.

(b) The Bank may collaterally assign and pledge, without the consent of the District, all or any portion of the obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; provided that any payment in respect of such assigned obligations made by the District to the Bank in accordance with the terms of this Agreement shall satisfy the District's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such collateral assignment shall release the Bank from its obligations hereunder.

(c) The Bank may sell to Participants participating interests in its rights and obligations hereunder or under the other Financing Documents; provided, however, that (i) the Bank's obligations hereunder shall remain unchanged, (ii) the Bank shall remain solely responsible for the performance of such obligations, and (iii) the participation of one or more Participants shall not reduce or alter the Bank's obligations hereunder or affect in any way the rights or obligations of the District hereunder and the District has the right to continue to deal solely with the Bank. The Bank will give notice of the sale of such participation and the name of the Participant to the District within 30 days of the date of such sale. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 2.02(f) (pertaining to yield protection and changes in capital adequacy) and 7.03 (pertaining to litigation and indemnification) hereof as though it were also the Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or has been declared or has become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as the Bank under this Agreement.

**Section 7.03 Litigation/Indemnification.** The District agrees, to the extent permitted by law and as set forth herein, to completely indemnify and hold harmless the Bank and its agents, employees, officers, directors and controlling Persons, together with any Participant and its agents, employees, officers, directors and controlling Persons (hereinafter collectively referred to in this Section 7.03 as the "Indemnitees") from and against any and all claims, damages, liabilities, settlements, judgments, losses, legal fees and costs or expenses incurred (including all reasonable fees and disbursements of the Indemnitees' legal counsel and allocated cost of in house counsel and staff and all of the Indemnitees' reasonable travel and other out of pocket expenses incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation and other proceedings arising therefrom) arising out of or based upon (a) the Loan; or (b) the holding or owning by the Bank, the Participant, or their respective nominees of any collateral securing the obligations of the District hereunder; or (c) any matters for which neither the Bank nor any Participant has any liability as set forth under Section 7.16 of this Agreement; provided, however, that the District shall not be required to indemnify the Indemnitees pursuant to Section 7.03(c) above for any claims, damages, losses, liabilities, settlements, judgments, legal fees or costs or expenses to the extent proven to be caused by the Bank's willful

or grossly negligent failure to make lawful payment under the Loan. Nothing in this Section 7.03 is intended to limit the District's obligations contained in Article II hereof.

If any action, lawsuit or claim shall be brought or asserted against the Indemnitees in respect of which indemnity may be sought by the Indemnitees from the District under this Section 7.03, the Indemnitees shall promptly notify the District in writing, and the District shall promptly assume the defense thereof, including, but not limited to, the employment of counsel (the selection of which has been approved by the Indemnitees and such approval shall not be unreasonably withheld), the payment of all legal fees and expenses and the right to negotiate and consent to settlement; provided, however, that the District shall not settle any such action which may adversely affect the Bank without the Bank's written consent, which consent shall not be unreasonably withheld.

In the event that the Indemnitees shall be advised by counsel experienced in matters of banking or securities laws that the Indemnitees have defenses or causes of action separate from those of the District, or that there is otherwise a conflict of interest, the Indemnitees has the right to employ their own counsel ("Independent Counsel") to defend the Indemnitees against such action at the expense of the District, who shall pay all legal fees and expenses incurred by such Independent Counsel. The Indemnitees' selection of Independent Counsel shall be approved by the District, and such approval shall not be unreasonably withheld. With respect to claims against the Indemnitees defended by Independent Counsel, the Indemnitees has the right to negotiate settlement of any such claims; provided, however, that the District shall not be liable for any such settlement effected by the Indemnitees without the written consent of the District, which consent shall not be unreasonably withheld.

The obligations of the District under this Section 7.03 shall be in addition to any rights that any Indemnitee may have at common law or otherwise and shall survive the payment in full of all amounts owing to the Bank hereunder. If indemnification pursuant to this Section 7.03 shall be found to be unlawful or invalid for any reason, then the District and each Indemnitee shall to the extent lawful make contributions in payment of any liabilities incurred pursuant to the above referenced issuance, sale and distributions and statements or omissions in accordance with the respective fault of the District and each Indemnitee.

**Section 7.04 Notice of Claims Against Bank; Limitation of Certain Damages.** In order to allow the Bank to mitigate any damages to the District from the Bank's alleged breach of its duties under the Financing Documents or any other duty, if any, to the District, the District agrees to give the Bank written notice no later than 10 days after the District knows of any claim or defense it has against the Bank, whether in tort or contract, relating to any action or inaction by the Bank under the Financing Documents, or the transactions related thereto, or of any defense to payment of the obligations of the District hereunder for any reason. The requirement of providing timely notice to the Bank represents the parties' agreed to standard of performance regarding the duty of the Bank to mitigate damages related to claims against the Bank. Notwithstanding any claim that the District may have against the Bank, and regardless of any notice the District may have given the Bank, the Bank will not be liable to the District for indirect, consequential and/or special damages arising therefrom, except those damages arising from the Bank's willful misconduct, gross negligence or bad faith. Failure by the District to give notice to the Bank shall

not waive any claims of the District but such failure shall relieve the Bank of any duty to mitigate damages prior to receiving notice.

**Section 7.05 Notices.** Notice of any record shall be deemed delivered when the record has been (a) deposited in the United States Mail, postage pre-paid; (b) received by overnight delivery service; (c) received by telex; (d) received by facsimile; (e) received through email as a portable document format (“pdf”) or other replicating image attached to an email (with an automatically generated receipt or similar notice not constituting an acknowledgement of an email receipt for purposes of this Section); or (f) when personally delivered at the following addresses:

To the District:           Castle Pines Commercial Metropolitan District No. 4  
                                  [PLEASE PROVIDE]  
                                  Phone:  
                                  Facsimile:  
                                  Email:

With copy to:            To Bank:           [PLEASE PROVIDE]

**Section 7.06** With copies to:           **Payments.** Payments due on the Loan shall be made in lawful money of the United States. All payments may be applied by the Bank to principal, interest and other amounts due under the Note and this Agreement in any order which the Bank elects.

**Section 7.07 Applicable Law and Jurisdiction; Interpretation; Severability.** This Agreement and all other Financing Documents will be governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by Federal law. Invalidation of any provisions of this Agreement will not affect any other provision. THE DISTRICT AND THE BANK HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN DENVER, COLORADO, AND WAIVE ANY OBJECTIONS BASED ON FORUM NON CONVENIENS, WITH REGARD TO ANY ACTIONS, CLAIMS, DISPUTES OR PROCEEDINGS RELATING TO THIS AGREEMENT, THE NOTE, THE PLEDGED REVENUE, ANY OTHER FINANCING DOCUMENT, OR ANY TRANSACTIONS ARISING THEREFROM, OR ENFORCEMENT AND/OR INTERPRETATION OF ANY OF THE FOREGOING. Nothing in this Agreement will affect the Bank’s rights to serve process in any manner permitted by law. This Agreement, the other Financing Documents and any amendments hereto (regardless of when executed) will be deemed effective and accepted only at the Bank’s offices, and only upon the Bank’s receipt of the executed originals thereof. Invalidation of any provision of this Agreement shall not affect the validity of any other provision.

**Section 7.08 Copies; Entire Agreement; Modification.** The District hereby acknowledges the receipt of a copy of this Agreement and all other Financing Documents.

**IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING, EXPRESSING CONSIDERATION AND SIGNED BY THE PARTIES ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN**



CONTRACT MAY BE LEGALLY ENFORCED. THE TERMS OF THIS AGREEMENT MAY ONLY BE CHANGED BY ANOTHER WRITTEN AGREEMENT. THIS NOTICE SHALL ALSO BE EFFECTIVE WITH RESPECT TO ALL OTHER CREDIT AGREEMENTS NOW IN EFFECT BETWEEN THE DISTRICT AND THE BANK. A MODIFICATION OF ANY OTHER CREDIT AGREEMENT NOW IN EFFECT BETWEEN THE DISTRICT AND THE BANK, WHICH OCCURS AFTER RECEIPT BY THE DISTRICT OF THIS NOTICE, MAY BE MADE ONLY BY ANOTHER WRITTEN INSTRUMENT. ORAL OR IMPLIED MODIFICATIONS TO ANY SUCH CREDIT AGREEMENT IS NOT ENFORCEABLE AND SHOULD NOT BE RELIED UPON.

**Section 7.09 Waiver of Jury Trial.** THE DISTRICT AND THE BANK HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE FINANCING DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. THE DISTRICT AND THE BANK EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

**Section 7.10 Attachments.** All documents attached hereto, including any appendices, schedules, riders and exhibits to this Agreement, are hereby expressly incorporated by reference.

**Section 7.11 No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Public Securities Act, if a member of the Board, or any officer or agent of the District, acts in good faith in the performance of his duties as a member, officer, or agent of the Board or the District and in no other capacity, no civil recourse shall be available against such member, officer or agent for payment of the principal of and interest on the Loan. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the delivery of the Notes evidencing the Loan and as a part of the consideration for such transfer, the Bank and any Person purchasing or accepting the transfer of the obligation representing the Loan specifically waives any such recourse. This Section shall not limit recourse against any Person guarantying payment of the Loan, in his capacity as guarantor, whether or not such Person is also a member or officer of the Board or the District.

**Section 7.12 Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, this Agreement is entered into pursuant to certain provisions of the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Agreement after delivery for value.

**Section 7.13 Limitation of Actions.** Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Loan shall be commenced more than 30 days after the authorization of the Loan.

**Section 7.14 Pledge of Revenues.** The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Loan provided herein shall be governed by Section 11-57-208 of the Supplemental Public Securities Act, this Agreement, the Note and the Authorizing



Resolution. The amounts pledged to the payment of the Loan 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 a first priority. 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 District irrespective of whether such Persons have notice of such liens.

**Section 7.15 Additional Acknowledgements Concerning Loan.** The Loan shall not be (i) assigned a separate rating by any rating agency, (ii) registered with the Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP service.

**Section 7.16 No Liability.** Any action taken or omitted by the Bank under or in connection with the Financing Documents, if taken or omitted in good faith and without willful misconduct or gross negligence, shall be binding upon the District and shall not put the Bank under any resulting liability to the District. The Bank, including its agents, employees, officer's directors and controlling Persons, shall not have any liability to the District, and the District assumes all risk, responsibility and liability for (a) the form, sufficiency, correctness, validity, genuineness, falsification and legal effect of any demands and other documents, instruments and other papers relating to the Loan even if such documents, should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (b) the general and particular conditions stipulated therein; (c) the good faith acts of any Person whosoever in connection therewith; (d) failure of any Person (other than the Bank, subject to the terms and conditions hereof) to comply with the terms of the Loan; (e) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telex, telegraph, wireless or otherwise, whether or not they be in code; (f) errors in translation or errors in interpretation of technical terms; (g) for any other consequences arising from causes beyond the Bank's control; or (h) any use of which may be made of the proceeds of the Loan, except to the extent of any direct, as opposed to indirect, consequential, or special damages suffered by the District which direct damages are proven by the District to be caused by the Bank's willful or grossly negligent failure to make lawful payment under the Loan.

**Section 7.17 No Waiver; Modifications in Writing.** No failure or delay on the part of the Bank in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Bank at law or in equity or otherwise. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by the District therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Bank. Any amendment, modification or supplement of or to any provision of this Agreement, and any consent to any departure by the District from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand on the District in any case shall entitle the District to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand.

**Section 7.18 Payment on Non Business Days.** Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, such payment may be made on the next

succeeding Business Day, and such extension of time shall in such case be included in the computation of the amount due.

**Section 7.19 Document Imaging.** The Bank shall be entitled, in its sole discretion, to image all or any selection of the Financing Documents, other instruments, documents, items and records governing, arising from or relating to the Loan, and may destroy or archive the paper originals. The District hereby waives any right to insist that the Bank produce paper originals; agrees that such images shall be accorded the same force and effect as the paper originals; and further agrees that the Bank is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or proceedings.

**Section 7.20 Further Assurances.** The District agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the Bank its rights, powers and remedies hereunder and under the Financing Documents.

**Section 7.21 Execution in Counterparts.** This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

**Section 7.22 Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

**Section 7.23 Headings.** Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

**Section 7.24 Integration.** This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

**Section 7.25 Bank Representation.** The Bank hereby represents that it is a “depository institution” and therefore, a “financial institution” within the meaning of Section 32-1-1101(6)(a)(IV), C.R.S.

**Section 7.26 Patriot Act Notice.** The Bank hereby notifies the District that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the District, which information includes the name and address of the District and other information that will allow the Bank to identify the District in accordance with the Patriot Act. The District hereby agrees that it shall promptly provide such information upon request by the Bank.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

NBH Bank, a Colorado state chartered bank

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

CASTLE PINES COMMERCIAL  
METROPOLITAN DISTRICT NO. 4, a quasi-  
municipal corporation and political subdivision of  
the State of Colorado

By \_\_\_\_\_  
President

[SEAL]

Attest:

By \_\_\_\_\_  
Secretary

**EXHIBIT A**

**FORM OF NOTE**

**THIS NOTE MAY NOT BE SOLD TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN MINIMUM DENOMINATIONS OF \$100,000 AND INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF, AND SHALL BE TRANSFERABLE ONLY TO "ACCREDITED INVESTORS" AS DEFINED IN §11-59110(1)(G) C.R.S..**

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4**

**LIMITED TAX GENERAL OBLIGATION NOTE, SERIES 2022  
IN THE AGGREGATE PRINCIPAL AMOUNT OF**

US \$ \_\_\_\_\_

**MARCH \_\_, 2022**

FOR VALUE RECEIVED, CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4, a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (hereinafter referred to as "Maker"), promises to pay to the order of NBH BANK, a Colorado state chartered bank, its successors and assigns (hereinafter referred to as "Payee"), at the office of Payee or its agent, designee, or assignee at 4th Floor, 950 17th Street, Denver, Colorado 80202, or at such place as Payee or its agent, designee, or assignee may from time to time designate in writing, the principal sum of \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS (US \$ \_\_\_\_\_) (this "Note") pursuant to the terms of the Loan Agreement dated of even date herewith by and between Maker and Payee (the "Loan Agreement"), in lawful money of the United States of America.

This Note shall bear interest, be payable, and mature pursuant to the terms and provisions of the Loan Agreement. The Fixed Rate (as used in the Loan Agreement) for this Note shall be \_\_\_\_\_% per annum. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed in the Loan Agreement.[MODIFY TO TAKE INTO ACCOUNT TAXABLE RATE AND POST MATURITY DEFAULT RATE]

Amounts received by Payee under this Note shall be applied in the manner provided by the Loan Agreement. All amounts due under this Note shall be payable without setoff, counterclaim or any other deduction whatsoever by Maker.

Unless payments are made in the required amount in immediately available funds in accordance with the provisions of the Loan Agreement, remittances in payment of all or any part of the amounts due and payable hereunder shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Payee in funds immediately available at the place where this Note is payable (or any other place as Payee, in Payee's sole discretion, may have established by delivery of written notice thereof to Maker) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Payee of

any payment in an amount less than the amount then due shall be deemed an acceptance on account only and any unpaid amounts shall remain due hereunder, all as more particularly provided in the Loan Agreement.

In the event of nonpayment of this Note, Payee shall be entitled to all remedies under the Loan Agreement and at law or in equity, and all remedies.

It is expressly stipulated and agreed to be the intent of Maker and Payee at all times to comply with applicable state law and applicable United States federal law. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under this Note or under the Loan Agreement, or contracted for, charged, taken, reserved or received with respect to the indebtedness evidenced by this Note, then it is Maker's and Payee's express intent that all excess amounts theretofore collected by Payee be credited on the principal balance of this Note (or, if this Note has been or would thereby be paid in full, refunded to Maker), and the provisions of this Note shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and under the Loan Agreement. All sums paid or agreed to be paid to Payee for the use, forbearance and detention of the indebtedness evidenced hereby and by the Loan Agreement shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the maximum rate permitted under applicable law from time to time in effect and applicable to the indebtedness evidenced hereby for so long as such indebtedness remains outstanding.

Maker and any endorsers, sureties or guarantors hereof jointly and severally waive presentment and demand for payment, protest and notice of protest and nonpayment, all applicable exemption rights, valuation and appraisal, notice of demand, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note and the bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and collateral securing payment hereof. Maker and any surety, endorser or guarantor hereof agree (a) that the time for any payments hereunder may be extended from time to time without notice and consent; (b) to the acceptance of further collateral; (c) to the release of any existing collateral for the payment of this Note; (d) to any and all renewals, waivers or modifications that may be granted by Payee with respect to the payment or other provisions of this Note; and/or (e) that additional makers, endorsers, guarantors or sureties may become parties hereto all without notice to them and without in any manner affecting their liability under or with respect to this Note. No extension of time for the payment of this Note shall affect the liability of Maker under this Note or any endorser or guarantor hereof even though Maker or such endorser or guarantor is not a party to such agreement.

Failure of Payee to exercise any of the options granted herein to Payee upon the happening of one or more of the events giving rise to such options shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event. The acceptance by Payee of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the options granted herein or in the Loan Agreement to Payee at that time or at any



subsequent time or nullify any prior exercise of any such option without the express written acknowledgment of Payee.

Maker (and the undersigned representative of Maker, if any) represents that Maker has full power, authority and legal right to execute, deliver and perform its obligations pursuant to this Note and this Note constitutes the legal, valid and binding obligation of Maker.

All notices or other communications required or permitted to be given hereunder shall be given in the manner and be effective as specified in the Loan Agreement, directed to the parties at their respective addresses as provided therein.

This Note is governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by federal law. Invalidity of any provisions of this Note will not affect any other provision.

Pursuant to Section 11-57-210 of the Colorado Revised Statutes, as amended, this Note is entered into pursuant to and under the authority of certain provisions of the Supplemental Public Securities Act, being Title 11, Article 57, of the Colorado Revised Statutes, as amended. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after delivery for value and shall conclusively impart full compliance with all provisions and limitations of said statutes, and this Note shall be incontestable for any cause whatsoever after delivery for value.

TO THE EXTENT PERMITTED BY LAW, MAKER HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN DENVER, COLORADO, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, WITH REGARD TO ANY ACTIONS, CLAIMS, DISPUTES OR PROCEEDINGS RELATING TO THIS NOTE, THE LOAN AGREEMENT, THE PLEDGED REVENUE, ANY OTHER FINANCING DOCUMENT, OR ANY TRANSACTIONS ARISING THEREFROM, OR ENFORCEMENT AND/OR INTERPRETATION OF ANY OF THE FOREGOING.

TO THE EXTENT PERMITTED BY LAW, MAKER HEREBY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE LOAN AGREEMENT, OR ANY OF THE OTHER FINANCING DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. MAKER REPRESENTS TO PAYEE THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

THE PROVISIONS OF THIS NOTE MAY BE AMENDED OR REVISED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY MAKER AND PAYEE. THERE ARE NO ORAL AGREEMENTS BETWEEN MAKER AND PAYEE WITH RESPECT TO THE SUBJECT MATTER HEREOF.

IN WITNESS WHEREOF, an authorized representative of Castle Pines Commercial Metropolitan District No. 4, as Maker, has executed this Note as of the day and year first above written.



CASTLE PINES COMMERCIAL  
METROPOLITAN DISTRICT NO. 4, a quasi-  
municipal corporation and political subdivision of  
the State of Colorado

By \_\_\_\_\_  
President

[SEAL]

Attest:

By \_\_\_\_\_  
Secretary

**CAPITAL PLEDGE AGREEMENT (2022)**

This **CAPITAL PLEDGE AGREEMENT (2022)** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of \_\_\_\_\_, 2022, by and among **CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 4** (the “**Issuing District**”), **CASTLE PINES COMMERCIAL METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”), and **NBH BANK**, a Colorado state-chartered bank (the “**Lender**”), in its capacity as lender under that certain Loan Agreement dated \_\_\_\_\_, 2022 (the “**Loan Agreement**”), entered into with the Issuing District. The Issuing District and District No. 3 are referred to herein as the “**Taxing Districts.**” Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

This Pledge Agreement supersedes that certain Capital Pledge Agreement dated as of January 1, 2015 (the “**2015 Pledge Agreement**”), by and among the Issuing District, District No. 3, Castle Pines Commercial Metropolitan District No. 1 (“**District No. 1**” and, together with the Taxing Districts, the “**Districts**”) and UMB Bank, n.a. (the “**2015 Bonds Trustee**”), in its capacity as trustee under that certain Indenture of Trust dated as of January 1, 2015, entered into with District No. 1, as more particularly described herein. The 2015 Pledge Agreement has terminated on the date hereof in accordance with a Termination of Capital Pledge Agreement by and among the Districts and the 2015 Bonds Trustee.

**RECITALS**

**WHEREAS**, the Districts are quasi-municipal corporations and political subdivisions of the State duly organized and existing as metropolitan districts under the constitution and laws of the State of Colorado, including particularly Title 32, Article 1, C.R.S.; and

**WHEREAS**, the Districts are authorized by Title 32, Article 1, Part 1, C.R.S., to furnish certain public facilities and services, including, but not limited to water, streets, sanitation, parks and recreation, traffic and safety control, transportation, mosquito control, fire protection, television relay and translation, and security in accordance with the Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan District No. 1, Castle Pines Commercial Metropolitan District No. 3 and Castle Pines Commercial Metropolitan District No. 4, approved by the Town of Castle Rock, Colorado (the “**Town**”) on January 6, 2015 (the “**Service Plan**”); and

**WHEREAS**, the Service Plan has been prepared pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

**WHEREAS**, the Districts were organized with the approval of the Town, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts as provided herein and in the Service Plan; and

**WHEREAS**, pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and Section 29-1-203, Colorado Revised Statutes, as amended (“**C.R.S.**”), the Taxing Districts may cooperate or contract with each other to provide any function, service or facility lawfully

authorized to each, and any such contract may provide for the sharing of costs, the imposition and collection of taxes, and the incurring of debt; and

**WHEREAS**, at an election of the qualified electors of the Taxing Districts duly called for and held on November 4, 2014 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of eligible electors who voted at such election voted in favor of the issuance of general obligation and/or revenue indebtedness and the imposition of taxes by the Taxing Districts for the payment thereof, for the purpose of funding certain improvements and facilities (as more particularly defined herein, the “**Public Improvements**”), and for the purpose of refunding such indebtedness (the ballot questions of the Election being attached hereto as Exhibit A); and

**WHEREAS**, the Boards of Directors of the Districts (the “**Board**” or the “**Boards**”, as the context requires) previously determined that it was necessary to acquire, construct, and install a portion of the Public Improvements (the “**Project**”) and to fund the “**Project Costs**” relating thereto, consisting of (i) the “**District Eligible Costs**” identified in that certain Joint Resolution Regarding District Eligible Costs adopted by the Boards on January 7, 2015 (the “**Resolution Regarding Acceptance of District Eligible Costs**”); and (ii) street improvements relating to Meadows Parkway, New Memphis Court and Factory Shops Boulevard; and

**WHEREAS**, for the purpose of funding or reimbursing the Project Costs, District No. 1 has previously issued its Limited Tax Supported Revenue Bonds, Series 2015, in the aggregate principal amount of \$5,875,000 (the “**Series 2015 Bonds**”) pursuant to an Indenture of Trust dated as of January 1, 2015 (the “**2015 Indenture**”), between District No. 1 and UMB Bank, n.a. (as previously defined, the “**2015 Bonds Trustee**”), of which Series 2015 Bonds, \$5,240,000 in aggregate principal amount is presently outstanding; and

**WHEREAS**, in connection with the issuance of the Series 2015 Bonds, and to provide for the payment thereof (and certain other obligations issued by District No. 1, if any), the Districts and the 2015 Bonds Trustee entered into a Capital Pledge Agreement dated as of January 1, 2015 (as previously defined, the “**2015 Pledge Agreement**”), pursuant to which the Taxing Districts agreed to impose ad valorem property taxes in the amount of the Required Mill Levy specified therein, and remit the proceeds thereof (including specific ownership taxes resulting from imposition of the Required Mill Levy) to the 2015 Bonds Trustee for application to payment of the Series 2015 Bonds; and

**WHEREAS**, in accordance with the 2015 Indenture, the Series 2015 Bonds bear interest at a rate of 5.000% per annum and, commencing December 1, 2019, became subject to redemption at the option of District No. 1 for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the redemption date, without redemption premium or penalty; and

**WHEREAS**, the Districts have found and determined and hereby find and determine that it is in the best interests of the Districts, and the residents and taxpayers thereof, that the Series 2015 Bonds be refunded; and

**WHEREAS**, the Districts have further determined that, notwithstanding that the 2015 Pledge Agreement contemplated that any subsequent debt obligations secured by property taxes of the Taxing Districts and issued for the purpose of financing or refinancing the costs of Public

Improvements would be issued by District No. 1, the Districts now desire to facilitate the issuance of limited tax general obligation indebtedness by the Issuing District (District No. 4) for such purposes, provided that such obligations will continue to be secured by ad valorem property taxes of the Taxing Districts (subject to the limitations provided herein); and

**WHEREAS**, for the purpose of currently refunding the Series 2015 Bonds and paying associated costs, the Board of Directors of the Issuing District has determined to obtain a loan from the Lender in accordance with the Loan Agreement in the aggregate principal amount of \$[ ] (the “**2022 Loan**”); and

**WHEREAS**, the Issuing District’s obligation to repay the 2022 Loan in accordance with the Loan Agreement will be further evidenced by its issuance of a Note (as defined in the Loan Agreement); and

**WHEREAS**, the 2022 Loan matures \_\_\_\_\_, 2042, and, because principal payments on the 2022 Loan are structured assuming a 30 year amortization, the 2022 Loan has a balloon payment of \$ \_\_\_\_\_ due at maturity; accordingly, the Taxing Districts anticipate that the Issuing District will issue limited tax general obligations for the purpose of refinancing the 2022 Loan (such obligations, as more particularly defined herein, referred to herein as the “**Additional Refunding Obligations**”); and

**WHEREAS**, the 2022 Loan is initially issued, and any Additional Refunding Obligations will be issued, either: (i) in denominations of not less than \$500,000 each, or (ii) to “accredited investors” as defined in §11-59-110(1)(g) C.R.S., unless an exemption from the registration requirements of the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute, is otherwise available; and

**WHEREAS**, the 2022 Loan is initially issued, and any Additional Refunding Obligations will be issued, to financial institutions or institutional investors within the meaning of Section 32-1-103(6.5), C.R.S., or otherwise in accordance with the provisions of Section 32-1-1101(6)(a); and

**WHEREAS**, in connection with the execution and delivery by the Issuing District of the Loan Agreement and the Note, the Taxing Districts now desire to enter into this Pledge Agreement to provide for the payment of the 2022 Loan and the Note and any Additional Refunding Obligations (as defined and subject to the limitations provided herein) by undertaking to impose ad valorem property taxes in the amount of the applicable Required Mill Levy (as defined herein) and remit the Pledged Revenue (as defined herein) resulting therefrom to the Lender or as otherwise directed by the Issuing District, as more particularly provided herein; and

**WHEREAS**, in order to accommodate the Issuing District incurring the Loan in accordance with the Loan Agreement and the Taxing Districts entering into this Pledge Agreement, the Districts and the 2015 Bonds Trustee have executed a Termination of Pledge Agreement dated \_\_\_\_\_, 2022, which terminates the 2015 Pledge Agreement effective as of the date hereof; and

**WHEREAS**, District No. 3 has, by the terms of this Agreement, pledged the Pledged Revenues to the Issuing District for the payment of the 2022 Loan and the Note and any Additional

Refunding Obligations and the Taxing Districts have covenanted to take certain actions with respect to generating such revenues, for the benefit of the Lender and the holders or beneficiaries of the Additional Refunding Obligations (the “**Additional Refunding Obligation Beneficiaries**”), and in consideration of the Lender advancing the 2022 Loan and the purchase or funding of the Additional Refunding Obligations by the Additional Refunding Obligation Beneficiaries; and

**WHEREAS**, the Taxing Districts have found and determined, and hereby find and determine, that the execution and delivery of this Pledge Agreement constitutes a refinancing of their respective obligations under the 2015 Pledge Agreement; furthermore, due to the nature of the obligations incurred by the Taxing Districts hereunder, it is not possible to predict with certainty the amount of principal and interest on the 2022 Loan and any Additional Refunding Obligations that each Taxing District will pay hereunder, and as a result, each Taxing District will allocate to their respective electoral authorization from the Election for refunding obligations all of the indebtedness represented by this Pledge Agreement pertaining to the payment of the 2022 Loan, based upon the total principal amount of the 2022 Loan (\$ \_\_\_\_\_), to its (and, in the future, will similarly allocate the principal amount of any Additional Refunding Obligations, to the extent electoral authorization is required therefor, it being acknowledged that Additional Refunding Obligations requiring additional electoral authorization shall be secured by this Agreement only if, and to the extent, such electoral authorization is then available); and

**WHEREAS**, the Taxing Districts have determined and hereby determine that the execution of this Pledge Agreement, the issuance of the 2022 Loan and any Additional Refunding Obligations issued to refund the 2022 Loan, and the refunding of the Series 2015 Bonds are in the best interests of the Taxing Districts and the residents, property owners, and taxpayers thereof; and

**WHEREAS**, all amendments to this Pledge Agreement made pursuant hereto and not in specific conflict with specific limits of the ballot questions, which authorized the debt represented by this Pledge Agreement, shall be deemed part of this Pledge Agreement and fully authorized by such ballot questions.

## **COVENANTS**

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants and stipulations herein, the parties hereby agree as follows:

### **ARTICLE I**

#### **DEFINITIONS**

**Section 1.01. Interpretation.** In this Pledge 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 Pledge 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, the term “now” means the date of execution of this Pledge Agreement, and the term “hereafter” means after the date of execution of this Pledge 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 2.1 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 Pledge 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 Pledge 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 Pledge Agreement shall have the respective meanings set forth below:

*“Additional Refunding Obligations”* means any bonds, notes, certificates or obligations (including a repayment obligation under a loan agreement or similar agreement) issued or incurred by the Issuing District and designated by the Issuing District (in the applicable Additional Refunding Obligation Document) as secured by a lien on all or any portion of the Pledged Revenues payable hereunder, provided that such obligations are issued for the purpose of refinancing the 2022 Loan or any refundings thereof (including any increase in principal necessary to accomplish such refunding, including for the purpose of funding accrued unpaid interest and costs associated with issuing the Additional Refunding Obligations and refunding or defeasing the 2022 Loan or any refundings thereof). In addition, an obligation shall not constitute an Additional Refunding Obligation hereunder unless (i) in satisfaction of Title 11, Article 59, C.R.S., it will be issued, either: (A) in denominations of not less than \$500,000 each, or (B) to “accredited investors” as defined in Section 11-59-110(1)(g) C.R.S., unless an exemption from the registration requirements of the Colorado Municipal Bond Supervision Act, or any successor statute, is otherwise available; AND (ii) in satisfaction of the Service Plan, if not rated as investment grade, it will be initially issued in minimum denominations of not less than \$100,000 to “accredited investors” as defined in rule 501(a) promulgated under the Securities Act of 1933, or to the developer(s) of property in the Taxing Districts; AND (iii) it will initially be issued to financial institutions or institutional investors, or in a manner otherwise satisfying one of the conditions of Section 32-1-1101(6)(a), C.R.S., or will constitute a refunding or restructuring contemplated by Section 32-1-1101(6)(b) C.R.S.

*“Additional Refunding Obligation Documents”* means, collectively, any resolution, indenture, loan agreement or other instrument agreement executed by the Issuing District pursuant



to which Additional Refunding Obligations are issued or incurred, and any undertaking or agreement with respect to the provision of continuing disclosure relating thereto.

“*Agreement*” or “*Pledge Agreement*” means this Amended and Restated Pledge Agreement and any amendment hereto made in accordance herewith.

“*Annual Debt Requirements*” means, with respect to any Fiscal Year, so long as any amounts will be due and owing with respect to the 2022 Loan or any Additional Refunding Obligations in such Fiscal Year, an amount equal to the accrued but unpaid interest then due with respect to the 2022 Loan and any Additional Refunding Obligations (if any), the principal of, premium if any, and interest on the Additional Refunding Obligations anticipated to become due and payable in the immediately succeeding Fiscal Year, whether at maturity or upon earlier redemption, such interest to be calculated at the then applicable rate, but which shall include an estimate of interest to become due if required by the [Loan Agreement or] applicable Additional Refunding Obligation Documents, to be calculated in accordance with the applicable [Loan Agreement or] Additional Refunding Obligation Documents, the amount (if any) necessary to replenish any reserve fund to the amount required by the applicable Additional Refunding Obligation Documents, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the Additional Refunding Obligations, in accordance with the applicable Additional Refunding Obligation Documents, but less the amount then held under the Additional Refunding Obligation Documents available for the payment of such Financing Costs, to the extent such amounts are permitted under the applicable Additional Refunding Obligation Documents to be taken into account in the calculation of the applicable Required Mill Levy.

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of one or both of the Taxing Districts, as the context requires.

“*Board of County Commissioners*” means the Board of County Commissioners for Douglas County, Colorado.

“*Colorado Municipal Bond Supervision Act*” means Title 11, Article 59, Part 1, C.R.S.

“*District No. 1*” means Castle Pines Commercial Metropolitan District No. 1.

“*District No. 3*” means Castle Pines Commercial Metropolitan District No. 3.

“*District No. 3 Required Mill Levy*” means:

(a) *subject to paragraph (b) below*, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed each year upon all taxable property of District No. 3 in an amount to be determined by the Issuing District, in consultation with District No. 3 in good faith, which, if imposed by both of the Taxing Districts for collection in the succeeding Fiscal Year, would generate Property Tax Revenues equal to the Annual Debt Requirements for such Fiscal Year, but not in excess of *the lesser of*:

(i) the number of mills which, if imposed by District No. 3, is projected to generate Property Tax Revenues and Specific Ownership Tax Revenues in the succeeding Fiscal Year equal to \$150,000, assuming: (A) for purposes of projecting Property Tax Revenues, the deduction of County collection fees at the then-applicable rate; and (B) for purposes of projecting Specific Ownership Tax Revenues, that Specific Ownership Tax Revenues will equal 6.00% of the projected Property Tax Revenues (prior to deduction of County collection costs); OR

(ii) 50 mills; provided, however, that in the event that the method of calculating assessed valuation is changed after January 1, 2015, such maximum mill levy of 50 mills provided herein will 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 District No. 3 Required Mill Levy be established at a mill levy which either exceeds the mill levy imposed by the Issuing District for collection in the same Fiscal Year, or would cause District No. 3 to derive tax revenue in any year in excess of the maximum tax increases permitted by District No. 3's electoral authorization, and if the District No. 3 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 District No. 3's electoral authorization, or would exceed the number of mills imposed by the Issuing District for collection in the same Fiscal Year, then the District No. 3 Required Mill Levy shall be reduced to the point that such maximum tax increase, or the number of mills imposed by the Issuing District for collection in the same Fiscal Year, is not exceeded.

*"District No. 3 2021 Debt Service Mill Levy"* means the ad valorem property tax debt service mill levy imposed by District No. 3 in 2021 (for collection in 2022) in the amount of 21.36 mills.

*"Districts"* means, collectively, District No. 1, District No. 3 and the Issuing District.

*"Effective Date"* shall mean the date on which the Issuing District executes and delivers the Loan Agreement and incurs the 2022 Loan.

*"Financing Costs"* shall mean the principal and interest payable on the 2022 Loan in accordance with the Loan Agreement, all fees, costs and expenses payable to the Lender in accordance with the Loan Agreement, and all customary fees and expenses related to the execution and delivery of the Loan Agreement and the Note, the redemption price of, and interest and premium on, any Additional Refunding Obligations, including any scheduled mandatory or cumulative sinking fund payments and any mandatory redemption or principal prepayment amounts as provided in the Additional Refunding Obligation Documents and accumulation or

replenishment of any reserves or surplus funds relating to the Additional Refunding Obligations, customary fees related to the issuance of the Additional Refunding Obligations (including, but not limited to, fees of a lender, trustee, paying agent, rebate agent, and provider of liquidity or credit facility), any reimbursement due to a provider of liquidity or credit facility securing any Additional Refunding Obligations, and any other lawful purpose for which the Property Tax Revenues and Specific Ownership Tax Revenues may be used in accordance with the Additional Refunding Obligation Documents.

*“Fiscal Year”* means the twelve month period ending December 31 of each calendar year.

*“Issuing District”* means Castle Pines Commercial Metropolitan District No. 4.

*“Issuing District Required Mill Levy”* means:

(a) subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed each year upon all taxable property of the Issuing District in an amount to be determined by the Issuing District, in consultation with District No. 3 in good faith, which, if imposed by both of the Taxing Districts for collection in the succeeding Fiscal Year, would generate Property Tax Revenues equal to the Annual Debt Requirements for such Fiscal Year, but not in excess of 50 mills; provided, however, that:

(i) in the event that the number of mills which, if imposed by both Taxing Districts, would generate Property Tax Revenues equal to the Annual Debt Requirements for such Fiscal Year exceeds the maximum mill levy to be imposed by District No. 3 in accordance with the definition of “District No. 3 Required Mill Levy” herein, then the Issuing District shall impose the number of mills on all taxable property of the Issuing District which, together with the Projected District No. 3 Property Tax Revenues, would generate Property Tax Revenues equal to the Annual Debt Requirements for such Fiscal Year, but not in excess of 50 mills (subject to adjustment in accordance with clause (ii) hereof): and

(ii) in the event that the method of calculating assessed valuation is changed after January 1, 2015, such maximum mill levy of 50 mills provided herein will 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 Issuing District Required Mill Levy be established at a mill levy which would cause the Issuing District to derive tax revenue in any year in excess of the maximum tax increases permitted by the Issuing District’s electoral authorization, and if the Issuing District 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 Issuing District District's electoral authorization, the Issuing District Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

*"Payment Obligation"* shall mean each Taxing District's respective obligation to pay the Financing Costs with respect to each of the 2022 Loan and any Additional Refunding Obligations in accordance with the provisions hereof, but solely from Property Tax Revenues and Specific Ownership Tax Revenues, to the extent received by such Taxing District, it being recognized that each such obligation shall arise hereunder upon the issuance of the 2022 Loan or Additional Refunding Obligation with respect to which such obligation relates.

*"Permitted Taxing District Subordinate Obligations"* means any bonds, notes, or other obligations issued by District No. 3 and payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District No. 3 on a basis subordinate to its Payment Obligation hereunder and which satisfy all of the following: (i) the aggregate number of mills which District No. 3 promises to impose for payment of the proposed obligations and all other limited tax general obligations of District No. 3 then outstanding does not exceed 50 mills less the District No. 3 Required Mill Levy then required to be imposed hereunder; (ii) the failure to make a payment when due on the the obligations does not constitute an event of default thereunder; and (iii) the obligations are payable as to both principal and interest only on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on the 2022 Loan and any Additional Refunding Obligations.

*"Pledged Revenue"* means the following):

- (a) all Property Tax Revenues; and
- (b) all Specific Ownership Tax Revenues

*"Projected District No. 3 Property Tax Revenue Amount"* means, for any Fiscal Year, a dollar amount equal to the Property Tax Revenues anticipated to be collected by District No. 3 in such Fiscal Year as a result of its imposition of the District No. 3 Required Mill Levy.

*"Property Tax Revenues"* means: (i) all moneys derived from imposition by the Issuing District of the Issuing District Required Mill Levy and by District No. 3 of the District No. 3 Required Mill Levy; and (ii) all moneys derived from imposition by District No. 3 of the District No. 3 2021 Debt Service Mill Levy (but not in excess of \$150,000). 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.)

*"Required Mill Levy"* means, with respect to the Issuing District, the Issuing District Required Mill Levy, and with respect to District No. 3, the District No. 3 Required Mill Levy.

*"Service Plan"* means the Amended and Restated Consolidated Service Plan for Castle Pines Commercial Metropolitan District No. 1, Castle Pines Commercial Metropolitan District No.

3 and Castle Pines Commercial Metropolitan District No. 4, approved by the Town on January 6, 2015 as the same may be amended from time to time.

“*Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to the Issuing District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Issuing District of the Issuing District Required Mill Levy and by District No. 3 of the District No. 3 Required Mill Levy and the District No. 3 2021 Debt Service Mill Levy, respectively.

“*State*” means the State of Colorado.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

“*Taxing Districts*” means, collectively, the Issuing District and District No. 3.

“*Termination Date*” means the earlier of: (a) the date on which all amounts due with respect to the 2022 Loan (including all amounts payable under the Loan Agreement) and any Additional Refunding Obligations have been defeased or paid in full; or (b) December 31, 2061.

## ARTICLE II

### PAYMENT OBLIGATION

**Section 2.01. No Additional Electoral Approval Required.** The authorization for issuance of debt, fiscal year spending, revenue collections and other constitutional matters requiring voter approval for purposes of this Pledge Agreement, was approved at the Election, in accordance with law and pursuant to due notice. The performance of the terms of this Pledge Agreement requires no further electoral approval.

#### **Section 2.02. Funding of Financing Costs Generally; Payment Obligations.**

(a) In exchange for the issuance by the Lender of the 2022 Loan and, in the event that Additional Refunding Obligations are issued by the Issuing District, the purchase or funding by the Additional Refunding Obligation Beneficiaries of the Additional Refunding Obligations, the proceeds of which are to be applied to the costs of financing or refinancing Facilities in accordance with the Loan Agreement and the Additional Refunding Obligation Documents, as applicable, each of the Taxing Districts hereby agrees to cause the payment of such portion of the Financing Costs as may be funded with the Property Tax Revenues and Specific Ownership Tax Revenues available to each such Taxing District from imposition of the applicable Required Mill Levy, in accordance with the provisions hereof.

(b) The obligation of each Taxing District to pay its portion of the Financing Costs as provided herein (each a “**Payment Obligation**”) shall constitute a limited tax general obligation of each Taxing District payable solely from and to the extent of the Property Tax Revenues and Specific Ownership Tax Revenues available to such Taxing



District. The Payment Obligation shall constitute an irrevocable lien upon the Property Tax Revenues and Specific Ownership Tax Revenues of the Taxing Districts. District No. 3 hereby pledges its Property Tax Revenues and Specific Ownership Tax Revenues to the Issuing District for the payment of District No. 3's Payment Obligation hereunder, for the benefit of the Lender and Additional Refunding Obligation Beneficiaries (if any). The Property Tax Revenues and Specific Ownership Tax Revenues of the Issuing District are pledged to the payment of its Payment Obligation, for the benefit of the Lender and Additional Refunding Obligation Beneficiaries (if any). The Payment Obligation of the Issuing District hereunder is the same, and not in addition to, its obligation under the Loan Agreement and any Additional Refunding Obligation Document to which the Issuing District is a party. It is hereby acknowledged that the Issuing District has pledged in the Loan Agreement, for the benefit of the Lender, and may pledge in subsequent Additional Refunding Obligation Documents, for the benefit of any Additional Refunding Obligation Beneficiaries for the payment of Financing Costs, all Pledged Revenues payable under this Pledge Agreement. The Taxing Districts hereby elect to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Payment Obligation.

(c) In no event shall the total or annual obligations of any Taxing District hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Payment Obligation of each Taxing District will be deemed defeased and no longer outstanding upon the payment by such Taxing District of such amount.

(d) Because the actual total amount of revenues payable by each Taxing District hereunder cannot be determined with any certainty at this time, no Taxing District shall be permitted to pre-pay any amounts due hereunder.

### **Section 2.03. Imposition of Applicable Required Mill Levy.**

(a) In order to fund their respective Payment Obligations hereunder, and with respect to the Issuing District only, in order to satisfy its covenant to the Lender under the Loan Agreement and any other covenant made by the Issuing District in any other Additional Refunding Obligation Document to contribute to the payment of the 2022 Loan and any Additional Refunding Obligations, each Taxing District (including the Issuing District) agrees to levy on all of the taxable property in such Taxing District, in addition to all other taxes, direct annual taxes in 2022 (for collection in 2023), and in each year thereafter so long as the 2022 Loan or any Additional Refunding Obligations remain outstanding (subject to paragraph (b) hereof), in the amount of the applicable Required Mill Levy. Nothing herein shall be construed to require a Taxing District to impose an ad valorem property tax levy for the payment of its Payment Obligation in excess of the applicable Required Mill Levy or after the Termination Date.

(b) NOTWITHSTANDING ANY OTHER PROVISIONS HEREIN, NEITHER TAXING DISTRICT SHALL BE REQUIRED TO IMPOSE THE APPLICABLE REQUIRED MILL LEVY FOR PAYMENT OF THE 2022 LOAN OR ADDITIONAL REFUNDING OBLIGATIONS AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061).



(c) In order to facilitate the determination of the Issuing District Required Mill Levy and the District No. 3 Required Mill Levy, District No. 3 shall provide to the Issuing District: (i) on or before September 30 of each year, commencing September 30, 2022, the preliminary certification of assessed value for District No. 3 provided by the Douglas County Assessor; and (ii) no later than one business day after receipt by District No. 3, the final certified assessed value for District No. 3 provided by the Douglas County Assessor (expected to be provided to District No. 3 no later than December 10 of each year). In accordance with the definition of the District No. 3 Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to District No. 3, the District No. 3 Required Mill Levy no later than October 15 of each year, and shall finally determine, and provide to District No. 3, the District No. 3 Required Mill Levy no later than December 12 of each year.

(d) District No. 3 acknowledges that it has actively participated in the development of the calculation for determining the District No. 3 Required Mill Levy and the Issuing District Required Mill Levy, that such calculation is designed to reasonably allocate between District No. 3 and the Issuing District the Financing Costs based on the mutual benefit to the Taxing Districts of the Project and the relative ability of such Taxing Districts, dependent upon the relative stages of development therein, to fund such Financing Costs in any given year and that, so long as made in accordance with the foregoing, the determinations of the Issuing District as to the District No. 3 Required Mill Levy shall be final and binding upon District No. 3.

(e) The Issuing District and the Lender hereby acknowledge and agree, and any Additional Refunding Obligation Beneficiary shall, by accepting any Additional Refunding Obligation, be deemed to have acknowledged and agreed, that in no event will the ad valorem property tax levy required to be imposed by District No. 3 hereunder for collection in any Fiscal Year for payment of the 2022 Loan and any Additional Refunding Obligations exceed the ad valorem property tax levy imposed by the Issuing District hereunder for collection in such Fiscal Year for payment of the 2022 Loan and any Additional Refunding Obligations.

(f) This Section 2.03 is hereby declared to be the certificate of each Taxing District (the Issuing District and District No. 3) to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying its Payment Obligation due hereunder.

(g) It shall be the duty of each Taxing District annually at the time and in the manner provided by law for the levying of such Taxing District's taxes, if such action shall be necessary to effectuate the provisions of this Pledge Agreement, to ratify and carry out the provisions hereof with reference to the levy and collection of the ad valorem property taxes herein specified, and to require the officers of such Taxing District to cause the appropriate officials of Douglas County, to levy, extend and collect said ad valorem taxes in the manner provided by law for the purpose of providing funds for the payment of the amounts to be paid hereunder promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid hereunder.

(h) 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.

(i) Each Taxing District shall pursue all reasonable remedies to collect, or cause the collection of, delinquent ad valorem taxes within its boundaries.

**Section 2.04. Payment and Application of Pledged Revenue.**

(a) Each Taxing District hereby agrees to remit to the Lender (or, in the event that the 2022 Loan and the Note no longer remain outstanding, to such other entity that may be designated by the Issuing District in accordance with the applicable Additional Refunding Obligation Documents) as soon as practicable, but in no event later than 10 business days after receipt, all revenues comprising Pledged Revenue, which Pledged Revenue shall be applied by the Lender or other recipient thereof only to Financing Costs, in accordance with the Loan Agreement or Additional Refunding Obligation Documents, as applicable; provided, however, that, *if and to the extent provided in the Loan Agreement or Additional Refunding Obligation Documents*, as applicable, the Taxing Districts shall not be required to continue to remit to the Lender or other recipient thereof any portion of the Pledged Revenue received in any Fiscal Year after the funding of the full amount of the Annual Debt Requirements for such Fiscal Year, and such amounts shall be deemed released from the lien hereof. To the extent any portion of such Pledged Revenue is released from the lien of the Loan Agreement and Additional Refunding Obligation Documents (if any) and remitted to the Issuing District, the Issuing District will remit to District No. 3 as soon as practicable any such amounts constituting Pledged Revenue generated by District No. 3. In addition, notwithstanding any other provisions hereof, or of the Loan Agreement or Additional Refunding Obligation Documents, each Fiscal Year, at such time as District No. 3 has remitted to the Lender or other entity designated by the Issuing District an aggregate amount of Pledged Revenue in such Fiscal Year equal to \$150,000, then all Pledged Revenue (if any) received by District No. 3 for the remainder of such Fiscal Year may be retained by District No. 3 for application to any lawful purpose, and shall be deemed released from the lien hereof without further action from the Issuing District, the Lender or any Additional Refunding Obligation Beneficiary.

(b) District No. 3 agrees to remit to or at the direction of the Issuing District, on or prior to the Effective Date hereof, all Property Tax Revenues and all Specific Ownership Tax Revenues derived from its imposition of the District No. 3 2021 Debt Service Mill Levy and collected as of the Effective Date hereof, not to exceed the amount of \$150,000.

(c) All Pledged Revenue shall be paid by the Taxing Districts in lawful money of the United States of America by check mailed or delivered, or by wire transfer, or such other method as may be mutually agreed to by the Taxing Districts and the Lender.

(d) Each Taxing District hereby covenants that all property tax revenue collected by such Taxing District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Pledged Revenue in any Fiscal Year to pay annual debt

service on the 2022 Loan and any Additional Refunding Obligations and to fund such funds and accounts as are required in accordance with the terms of the Loan Agreement or other applicable Additional Refunding Obligation Documents (including to fill the surplus fund for any Additional Refunding Obligations to the required amount under the applicable Additional Refunding Obligation Documents, and to replenish any reserve fund securing Additional Refunding Obligations to the requisite level, if needed), and only after the funding of such payments and accumulations required in such Fiscal Year can property tax revenue be applied to pay any Subordinate Taxing District Obligations (if any). The debt service property tax levy imposed for the payment of any Subordinate Taxing District Obligations shall be deemed reduced to the number of mills (if any) available for payment of such obligation in any Fiscal Year after first providing for the full payment and accumulation of all amounts due on the 2022 Loan and any Additional Refunding Obligations in such Fiscal Year (but subject to the applicable maximum Required Mill Levy).

**Section 2.05. Effectuation of Pledge of Security, Current Appropriation.** The sums herein required to pay the amounts due hereunder are hereby appropriated for that purpose, and said amounts for each year shall be included in the annual budget and the appropriation resolution or measures to be adopted or passed by the Board of each Taxing District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Pledge Agreement shall in any manner be construed as limiting or impairing the obligation of each Taxing District to levy ad valorem property taxes, or as limiting or impairing the obligation of each Taxing District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

Furthermore, each Taxing District acknowledges that third parties may provide financial commitments and additional security for the Additional Refunding Obligations and, as a result, shall be entitled to rely on the payment obligations of each Taxing District contained hereunder. Accordingly, it is acknowledged by each Taxing District that the purpose of this Section 2.05 is to ensure that the Issuing District receives (or that there is paid on behalf of the Issuing District) all payments due herein in a timely manner in order to pay debt service on the 2022 Loan and the Additional Refunding Obligations, as applicable, and to pay Financing Costs for the benefit of the Lender, the Additional Refunding Obligation Beneficiaries and such third parties.

In addition, and without limiting the generality of the foregoing, the obligations of each Taxing District to transfer funds as described herein for each payment described herein shall survive any Court determination of the invalidity of this Agreement as a result of a failure, or alleged failure, of any of the directors of the Taxing Districts to properly disclose, pursuant to State law, any potential conflicts of interest related hereto in any way, provided that such disclosure is made on the record of Taxing Districts' meetings as set forth in their official minutes.

**Section 2.06. Limited Defenses; Specific Performance.** It is understood and agreed by each Taxing District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of such Taxing District hereunder remains unfulfilled, each Taxing District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other

defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to, or on behalf of, the Issuing District, the Lender or the Additional Refunding Obligation Beneficiaries or impair the ability of the Issuing District, the Lender or the Additional Refunding Obligation Beneficiaries to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of each Taxing District, in the event that such Taxing District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Section 2.06, it shall, nevertheless, make all payments as described herein and then may attempt or seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

**Section 2.07. Future Exclusion of Property.** The parties to this Agreement hereby agree that this Agreement constitutes “indebtedness” as contemplated by Section 32-1-503, C.R.S. Any property excluded from a Taxing District after the date hereof is to remain liable for the imposition of the applicable Required Mill Levy and payment of the proceeds thereof in accordance with the provisions hereof, to the same extent as such property otherwise remains liable for the debt of such Taxing District, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from a Taxing District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, each Taxing District hereby agrees to take all actions necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Pledge Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Issuing District.

**Section 2.08. Additional Covenants.**

(a) District No. 3 agrees that it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District No. 3 or other Pledged Revenue generated by District No. 3 without the prior written consent of the Issuing District; provided, however that District No. 3 may issue Permitted District No. 3 Subordinate Obligations without the consent of the Issuing District. The issuance of additional indebtedness by the Issuing District shall be subject to the limitations set forth in the Loan Agreement and any Additional Refunding Obligation Documents and, aside from the indebtedness created by the Loan Agreement and any Additional Refunding Obligation Documents, District No. 3 and the properties located therein shall have no obligation whatsoever with regard to additional indebtedness issued by the Issuing District. District 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such additional indebtedness not constituting Additional Refunding Obligations hereunder.

(b) At least once a year, each Taxing District will cause an audit to be performed of the records relating to its revenues and expenditures and shall use its best efforts to have such audit report or application for audit exemption completed and a copy of such audit provided to the Lender (and, to the extent required by Additional Refunding Obligation Documents, to the Additional Refunding Obligation Beneficiaries and/or any trustee or dissemination agent for Additional Refunding Obligations) no later than September 30 of each calendar year. The foregoing covenant will apply notwithstanding any different time requirements for the completion of such audit or application for audit exemption under State law. In addition, at least once a year in the time and manner provided

by law, each Taxing District will cause a budget to be prepared and adopted. Copies of the budget and the audit or audit exemption will be filed and recorded in the places, time, and manner provided by law.

(c) Not later than February 15 of each Fiscal Year, commencing February 15, 2023, each Taxing District will provide to the Lender (and, to the extent required by Additional Refunding Obligation Documents, to the Additional Refunding Obligation Beneficiaries and/or any trustee or dissemination agent for Additional Refunding Obligations) a copy of each Taxing District's adopted budget for such Fiscal Year, which shall include a certificate of an authorized officer of the Taxing District, setting forth the applicable Required Mill Levy certified in December of the immediately preceding Fiscal Year for collection in the then current Fiscal Year and final certified assessed valuation of the Taxing District for such Fiscal Year.

(d) District No. 3 agrees to provide the Issuing District with information, promptly upon request by the Issuing District necessary for the Issuing District to comply on an ongoing basis with the requirements of any Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of any Additional Refunding Obligations.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

**Section 3.01. Representations and Warranties of the Taxing Districts.** Each of the Taxing Districts hereby makes the following representations and warranties with respect to itself:

(a) The Taxing District is a quasi-municipal corporation and political subdivision duly organized and validly existing under the laws of the State.

(b) The Taxing District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Pledge Agreement. The Taxing District's execution, delivery, and performance of this Pledge Agreement has been duly authorized by all necessary action.

(c) The Taxing 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 Taxing District to perform its obligations hereunder. The execution, delivery and performance by the Taxing District of this Pledge 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 Taxing 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 Taxing District pursuant to the



provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Taxing District is a party or which purports to be binding upon the Taxing District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The Taxing 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 Taxing District of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Taxing 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 Taxing District threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the Taxing 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 Taxing District to perform its obligations under, this Pledge Agreement. Without limiting the foregoing, the Taxing Districts confirm that this Pledge Agreement satisfies the requirements of section II C.1 d. and Exhibit A of that certain Confidential Settlement Agreement and Release of Claims and Potential Claims executed by District No. 1, District No. 3 and Shawn Batterberry, Linda Batterberry and Kelly McCurley with respect to civil action number 2020CV030269 filed in the Douglas County District court.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the Taxing District, enforceable against the Taxing 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).

## ARTICLE IV

### NON-COMPLIANCE AND REMEDIES

**Section 4.01. Events of Non-Compliance.** The occurrence or existence of any one or more of the following events shall be an "Event of Non-Compliance" hereunder, and there shall be no default or Event of Non-Compliance hereunder except as provided in this Section:

(a) Any Taxing District fails or refuses to impose the applicable Required Mill Levy or to remit the Pledged Revenue as required by the terms of this Pledge Agreement;

(b) any representation or warranty made by any party in this Pledge Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompleteness would have a material adverse effect upon any other party;



(c) any party fails in the performance of any other of its covenants in this Pledge Agreement, and such failure continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(d) (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, 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 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 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 4.02. Remedies For Events of Non-Compliance.** Upon the occurrence and continuance of an Event of Non-Compliance, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Non-Compliance 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. 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 V

### MISCELLANEOUS

**Section 5.01. Pledge of Revenue.** The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The Pledged Revenue 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 valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against any of the Taxing Districts irrespective of whether such persons have notice of such liens.

**Section 5.02. No Recourse against Officers and Agents.** Pursuant to §11-57-209 of the Supplemental Act, if a member of the Board of Directors of any of the Taxing Districts, or any officer or agent of any of the Taxing Districts acts in good faith, no civil recourse shall be available

against such member, officer, or agent for payment of the Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board or the Taxing District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Pledge Agreement and as a part of the consideration hereof, each of the Taxing Districts and the Lender specifically waives any such recourse.

**Section 5.03. Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Act, this Pledge Agreement contains a recital that it is issued pursuant to certain provisions of the Supplemental Act, and such recital is conclusive evidence of the validity and the regularity of this Pledge Agreement after its delivery for value.

**Section 5.04. 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, execution, or delivery of this Pledge Agreement shall be commenced more than 30 days after the authorization of this Pledge Agreement.

**Section 5.05. Notices.** Except as otherwise provided herein, all notices or payments required to be given under this Pledge 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:

|                          |                                                                         |
|--------------------------|-------------------------------------------------------------------------|
| To the Issuing District: | Castle Pines Commercial Metropolitan District No. 4<br>[PLEASE PROVIDE] |
| To District No. 3:       | Castle Pines Commercial Metropolitan District No. 3<br>[PLEASE PROVIDE] |
| Lender:                  | [PLEASE PROVIDE]                                                        |

All notices or documents delivered or required to be delivered under the provisions of this Pledge Agreement shall be deemed received one day after hand delivery or three days after mailing. Any Taxing District by written notice so provided may change the address to which future notices shall be sent.

**Section 5.06. Rights of Lender.** Notwithstanding any other provision herein, at such time as no amounts remain due and owing under the Loan Agreement, all rights of the Lender hereunder (including, but not limited to, the right to consent to any amendment hereto as a party hereof), shall terminate and be of no force or effect without further action by the parties hereto.

**Section 5.07. Miscellaneous.**

(a) This Pledge Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Pledge Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. This Pledge Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. No party has been induced to enter into this Pledge Agreement by, nor is any party relying on, any representation,

understanding, agreement, commitment, or warranty outside those expressly set forth in this Pledge Agreement.

(b) If any term or provision of this Pledge 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 Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Pledge Agreement. If any provision or part thereof of this Pledge 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 Pledge Agreement, other than the Additional Refunding Obligation Beneficiaries, if any. Nothing contained herein, expressed or implied, is intended to give to any person other than the Taxing Districts and the Lender (so long as the 2022 Loan remains outstanding) 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 Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties, with the exception of an assignment by the Issuing District to a lender, trustee or custodian for Additional Refunding Obligations or other Additional Refunding Obligation Beneficiary.

(e) This Pledge Agreement shall be governed by and construed under the applicable laws of the State.

(f) This Pledge 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; provided, however, that execution by the Lender shall not be required in the event that the 2022 Loan and the Note are no longer outstanding. The right of the Issuing District to amend or supplement this Pledge Agreement shall also be subject to the limitations set forth in the Loan Agreement and any Additional Refunding Obligation Documents then in effect.

(g) 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 Pledge Agreement, 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 Pledge Agreement.

(h) Each party has participated fully in the review and revision of this Pledge Agreement. Any rule of construction to the effect that ambiguities are to be resolved

against the drafting party shall not apply in interpreting this Pledge Agreement. The language in this Pledge Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

(i) This Pledge 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.

(j) District No. 3 hereby consents to the terms of the 2022 Loan set forth in the Loan Agreement. It is acknowledged that District No. 3's consents shall not be required with respect to the issuance or incurrence by the Issuing District of any Additional Refunding Obligations, so long as satisfying the provisions hereof.

**Section 5.08. Effective Date and Termination Date.** This Agreement shall become effective on the Effective Date, and shall remain until the Termination Date.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the Issuing District, District No. 3, and the Lender have executed this Pledge Agreement as of the day and year first above written.

**CASTLE PINES COMMERCIAL  
METROPOLITAN  
DISTRICT NO. 4**

\_\_\_\_\_  
President

ATTESTED:

\_\_\_\_\_  
Secretary or Assistant Secretary

**CASTLE PINES COMMERCIAL  
METROPOLITAN  
DISTRICT NO. 3**

\_\_\_\_\_  
President

ATTESTED:

\_\_\_\_\_  
Secretary or Assistant Secretary

**NBH BANK,**  
a Colorado state-chartered bank

\_\_\_\_\_  
Authorized Signatory

[Signature Page to Capital Pledge Agreement]

**EXHIBIT A**  
**TO**  
**CAPITAL PLEDGE AGREEMENT**  
**BALLOT QUESTIONS**