

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NOS. 1-3

www.lakesatcenterramd.com

NOTICE PURSUANT TO § 32-1-903(3), C.R.S.: The Board of Directors of **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2** (“District No. 2”) intend to make a final determination to issue general obligation indebtedness and to refund existing debt by adopting an approving resolution authorizing the issuance of District No. 2’s Limited Tax General Obligation Refunding Bonds, Series 2024A and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (collectively, the “Series 2024 Bonds”) and, related thereto, the approval and execution of: an Indenture of Trust (Senior) with UMB Bank, n.a., an Indenture of Trust (Subordinate) with UMB Bank, n.a., a Senior Capital Pledge Agreement (the “Senior Pledge Agreement”) among District No. 2, The Lakes at Centerra Metropolitan District No. 3 (“District No. 3”) and UMB Bank, n.a., a Subordinate Capital Pledge Agreement (the “Subordinate Pledge Agreement”) among District No. 2, District No. 3, and UMB Bank, n.a., a Tax Compliance Certificate, a Bond Purchase Agreement with Wells Fargo Securities, LLC, a Continuing Disclosure Agreement, a Preliminary Official Statement, an Escrow Deposit Agreement with District No. 2 and UMB Bank, n.a. with respect to District No. 2’s refunding of its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A, Subordinate Limited Tax General Obligation Bonds, Series 2018B, and Junior Lien Limited Tax General Obligation Bonds, Series 2022C (collectively, the “Refunded Debt”), and all other financing documents related to District No. 2’s issuance of the Series 2024 Bonds.

NOTICE PURSUANT TO § 32-1-903(3), C.R.S.: The Board of Directors of **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3** intend to make a final determination to issue general obligation debt by adopting a resolution authorizing the approval and execution of the Senior Pledge Agreement and the Subordinate Pledge Agreement in connection with the issuance of District No. 2’s Series 2024 Bonds.

NOTICE OF SPECIAL MEETINGS AND AGENDAS

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Kim Perry	President & Chairperson	May 2025
Tim DePeder	Vice President/Asst. Secretary	May 2027
Josh Kane	Secretary/Treasurer	May 2025
Vacant		May 2027
Samantha Salazar	Assistant Secretary	May 2025

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2

James Laferriere	President & Chairperson	May 2025
Todd Carnes	Vice President	May 2025
Ralph Mathes	Secretary/Treasurer	May 2027
Josh Kane	Assistant Secretary	May 2025
Harold Lamport	Assistant Secretary	May 2025

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3

Kim Perry	President & Chairperson	May 2025
Tim DePeder	Vice President/Asst. Secretary	May 2027
Josh Kane	Secretary/Treasurer	May 2025
Susan Draut	Assistant Secretary	May 2027
Karl Sutton	Assistant Secretary	May 2025

DATE: March 29, 2024 (Friday)

TIME: 11:00 A.M.

PLACE: MS TEAMS

[Click here to join the meeting](#)

Meeting ID: 268 433 119 204 Passcode: hGuiy5

Or call in (audio only)

[+1 720-721-3140,,42901046#](#) Phone Conference ID: 429 010 46#

The Lakes at Centerra Metropolitan District No. 1

I. ADMINISTRATIVE ITEMS

- A. Declaration of Quorum/Call to Order.
- B. Director disclosure of any potential conflicts of interest.
- C. Consider Appointment to fill Board Vacancy and Election of Officers.
- D. Consider Approval of Agenda. **(Pages 1-5)**
- E. Public Comment. Limited to three (3) minutes per speaker.

II. CONSENT AGENDA

- A. Approval of Minutes – November 30, 2023, Special Meeting, and November 30, 2023, Annual Community Meeting Minutes. **(To Be Distributed Under Separate Cover)**

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- B. Ratification of Claims Presented for Payment. **(Pages 6-12)**
- C. Ratification of Contract Modifications. **(To Be Distributed Under Separate Cover)**

III. FINANCIAL ITEMS

- A. Finance Manager's Report.
- B. Financial Statements as of December 31, 2023. **(Pages 13-21)**
- C. Public Hearing regarding the Proposed Amended 2024 Budgets.
- D. Consider Adoption of Amended 2024 Budgets; Consideration and Approval of Resolution to Amend Budgets; and Appropriate Sums of Money. **(Pages 13-21)**
- E. Discussion of Bond Refinance.

IV. DISTRICT MANAGER ITEMS

- A. District Managers' Report. **(Pages 22-23)**

V. CAPITAL INFRASTRUCTURE ITEMS

- A. District Capital Infrastructure Report and Project Manager Update. **(To Be Distributed Under Separate Cover)**
- B. Capital Fund Summary Review. **(To Be Distributed Under Separate Cover)**
- C. Budget Approval and Contracting.
 - i. Lakes Phase 9 (CFS #5)
 - 1. Consider Approval of Construction Contract with e3 Signs for Entry Sign (\$50,163.10).

VI. LEGAL ITEMS

- A. Consideration and Acceptance of Real Property from C R Development, Inc., Centerra Investments, LLC, C R II, LLC and Centerra Properties West, LLC. **(Pages 24-66)**
- B. Consideration and Approval of Termination of Reservoir Access Agreement. **(Pages 67-68)**
- C. Consideration and Approval of Reservoir Public Access Agreement. **(To Be Distributed Under Separate Cover)**

VII. DIRECTOR ITEMS

VIII. OTHER MATTERS

- IX. EXECUTIVE SESSION, pursuant to Colorado Open Meeting Law §24-6-402(4)(b) to consult with or receive advice from attorney regarding specific legal items, if necessary.

X. ADJOURNMENT

The Lakes at Centerra Metropolitan District No. 2

I. ADMINISTRATIVE ITEMS

- A. Declaration of Quorum/Call to Order.
- B. Director disclosure of any potential conflicts of interest.
- C. Consider Approval of Agenda. **(Pages 1-5)**
- D. Approval of Minutes – November 30, 2023, Special Meeting, and November 30, 2023, Annual Community Meeting Minutes. **(To Be Distributed Under Separate Cover)**
- E. Public Comment. Limited to three (3) minutes per speaker.

II. FINANCIAL ITEMS

- A. Finance Manager's Report.
- B. Financial Statements as of December 31, 2023. **(Pages 13-21)**
- C. Consideration and Approval of an Authorizing Resolution Regarding the Issuance of District No. 2's Limited Tax General Obligation Refunding Bonds, Series 2024A and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the collectively, the "Series 2024 Bonds"), and in connection therewith, approving the following and authorizing the execution of same: Indenture of Trust (Senior) with UMB Bank, n.a., Indenture of Trust (Subordinate) with UMB Bank, n.a., Senior Capital Pledge Agreement among District No. 2, The Lakes at Centerra Metropolitan District No. 3 ("District No. 3") and UMB Bank, n.a., Subordinate Capital Pledge Agreement among District No. 2, District No. 3, and UMB Bank, n.a., a Tax Compliance Certificate, a Bond Purchase Agreement with Wells Fargo Securities, LLC, a Continuing Disclosure Agreement, a Preliminary Official Statement, an Escrow Deposit Agreement with District No. 2 and UMB Bank, n.a. with respect to District No. 2's refunding of its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A, Subordinate Limited Tax General Obligation Bonds, Series 2018B, and Junior Lien Limited Tax General Obligation Bonds, Series 2022C, and all other financing documents related to District No. 2's issuance of the Series 2024 Bonds. **(Pages 69-73)**

III. LEGAL ITEMS

- A. D2 Authorizing Resolution **(Pages 74-88)**
- B. Senior Indenture **(Pages 89-163)**
- C. Subordinate Indenture **(Pages 164-240)**
- D. Senior Pledge Agreement **(Pages 241-265)**
- E. Subordinate Pledge Agreement **(Pages 266-293)**
- F. Preliminary Offering Statement **(Pages 294-449)**
- G. Market Study **(Pages 450-522)**
- H. Bond Purchase Agreement **(Pages 523-552)**
- I. Continuing Disclosure Agreement **(Pages 553-562)**
- J. Escrow Deposit Agreement **(Pages 563-575)**
- K. 2024A Bond Insurance Letter and Commitment **(Pages 576-595)**
- L. 2024B Bond Insurance Letter and Commitment **(Pages 596-616)**
- M. Rating Letter and Report **(Pages 617-619)**
- N. Cash Flow/Forecast **(Pages 620-627)**

IV. DIRECTOR ITEMS

V. OTHER MATTERS

- VI. **EXECUTIVE SESSION**, pursuant to Colorado Open Meeting Law §24-6-402(4)(b) to consult with or receive advice from attorney regarding specific legal items, if necessary.

VII. ADJOURNMENT

The Lakes at Centerra Metro District Nos. 1-3

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I. ADMINISTRATIVE ITEMS

- A. Declaration of Quorum/Call to Order.
- B. Director disclosure of any potential conflicts of interest.
- C. Consider Approval of Agenda. **(Pages 1-5)**
- D. Approval of Minutes – November 30, 2023, Special Meeting, and November 30, 2023, Annual Community Meeting Minutes. **(To Be Distributed Under Separate Cover)**
- E. Public Comment. Limited to three (3) minutes per speaker.

II. FINANCIAL ITEMS

- A. Finance Manager’s Report.
- B. Financial Statements as of December 31, 2023. **(Pages 13-21)**
- C. Consideration and Approval of a Resolution of District No. 3 authorizing the approval and execution of a Senior Capital Pledge Agreement among District No. 3, The Lakes at Metropolitan District No. 2 (“District No. 2”) and UMB Bank, n.a., and a Subordinate Capital Pledge Agreement among District No. 3, District No. 2, and UMB Bank, n.a., in connection with the issuance of District No. 2’s Series 2024 Bonds. **(Pages 628-690)**

III. LEGAL ITEMS

IV. DIRECTOR ITEMS

V. OTHER MATTERS

VI. EXECUTIVE SESSION, pursuant to Colorado Open Meeting Law §24-6-402(4)(b) to consult with or receive advice from attorney regarding specific legal items, if necessary.

VII. ADJOURNMENT

The next Regular Meeting is scheduled for April 25, 2024

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	11/29/2023	RCD Construction	1072 - Bill.com Money Out Clearing	
Bill	6	09/15/2023		1-23030 - Retainage Payable	32,616.57
TOTAL					<u>32,616.57</u>
Bill Pmt -Check		11/30/2023	City of Loveland	1-11010 - Checking, First Bank	
Bill	0188028-052003 10.23	10/31/2023	City of Loveland	1-23000 - Accounts Payable	0.00
TOTAL					<u>0.00</u>
Bill Pmt -Check		11/30/2023	City of Loveland	1-11010 - Checking, First Bank	
Bill	0136043-047840 10.23	10/31/2023	City of Loveland	1-23000 - Accounts Payable	0.00
TOTAL					<u>0.00</u>
Bill Pmt -Check	Bill.com	12/01/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25313	10/31/2023		1-51040 - District Management	5,583.31
				1-51045 - Facilities Management	1,125.00
				1-51000 - Accounting	4,624.98
				1-51120 - Office & Other	9.83
TOTAL					<u>11,343.12</u>
Bill Pmt -Check	Bill.com	12/01/2023	Ramey Environmental Compliance Inc	1072 - Bill.com Money Out Clearing	
Bill	26596	10/31/2023		1-52603 - Non-Potable Water Facility O&M	2,725.00
TOTAL					<u>2,725.00</u>
Bill Pmt -Check	Bill.com	12/01/2023	John Cutler & Associates	1072 - Bill.com Money Out Clearing	
Bill	2022 Final Audit 2	10/31/2023		1-51010 - Audit	5,500.00
TOTAL					<u>5,500.00</u>
Bill Pmt -Check	Bill.com	12/01/2023	Icenogle Seaver Pogue, P.C	1072 - Bill.com Money Out Clearing	
Bill	24516	10/31/2023		1-51110 - Legal	1,836.00
TOTAL					<u>1,836.00</u>
Bill Pmt -Check	Bill.com	12/01/2023	John Cutler & Associates	1072 - Bill.com Money Out Clearing	
Bill	2022 Final Audit	10/31/2023		1-51010 - Audit	5,500.00
TOTAL					<u>5,500.00</u>
Bill Pmt -Check	Bill.com	12/04/2023	King Surveyors	1072 - Bill.com Money Out Clearing	
Bill	419998	10/15/2023		3-55564 - Engineering	2,603.50
TOTAL					<u>2,603.50</u>
Bill Pmt -Check	Bill.com	12/04/2023	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	415690	10/15/2023		3-51070 - Capital-General Master Planning	352.00
TOTAL					<u>352.00</u>
Bill Pmt -Check	Bill.com	12/04/2023	CMS Environmental Solutions, LLC	1072 - Bill.com Money Out Clearing	
Bill	159683	10/15/2023		3-55541 - Project Direct	395.00
TOTAL					<u>395.00</u>

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	12/04/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25233	10/15/2023		3-51040 - Capital-General District Mgmt	1,687.50
TOTAL					<u>1,687.50</u>
Bill Pmt -Check	Bill.com	12/04/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25235	10/15/2023		3-55533 - Project Administration	1,237.50
TOTAL					<u>1,237.50</u>
Bill Pmt -Check	Bill.com	12/04/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25234	10/15/2023		3-55563 - Project Administration	2,362.50
TOTAL					<u>2,362.50</u>
Bill Pmt -Check	Bill.com	12/04/2023	Waterwise	1072 - Bill.com Money Out Clearing	
Bill	05-723-5177	10/15/2023		3-55561 - Project Direct	57,373.32
TOTAL					<u>57,373.32</u>
Bill Pmt -Check	Bill.com	12/04/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25236	10/15/2023		3-55543 - Project Administration	637.50
TOTAL					<u>637.50</u>
Bill Pmt -Check	3099826864	12/05/2023	CO Special Districts Property & Liab Pool	1-11010 - Checking, First Bank	
Bill	24PL-60359-2367	10/23/2023		1-12000 - Prepaid Expenses	6,629.00
TOTAL					<u>6,629.00</u>
Bill Pmt -Check	ACH	12/06/2023	Bill.com	1-11010 - Checking, First Bank	
Bill	23125390473	11/30/2023		1-51120 - Office & Other	126.34
TOTAL					<u>126.34</u>
Bill Pmt -Check	2403	12/15/2023	Mwater Development, LLC.	1-11010 - Checking, First Bank	
Bill	Purchase 11.23	11/01/2023		3-55561 - Project Direct	220,826.00
TOTAL					<u>220,826.00</u>
Bill Pmt -Check	Bill.com	12/22/2023	Zonda Advisory, LLC	1072 - Bill.com Money Out Clearing	
Bill	CO11258-23A	11/30/2023		1-51120 - Office & Other	5,500.00
TOTAL					<u>5,500.00</u>
Bill Pmt -Check	Bill.com	12/22/2023	Icenogle Seaver Pogue, P.C	1072 - Bill.com Money Out Clearing	
Bill	24612	11/30/2023		1-51110 - Legal	6,244.00
TOTAL					<u>6,244.00</u>
Bill Pmt -Check	Bill.com	12/22/2023	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	420127	11/30/2023		1-52703 - Lakes O&M	3.71
TOTAL					<u>3.71</u>

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	12/22/2023	Prairie Mountain Media	1072 - Bill.com Money Out Clearing	
Bill	0000367190	11/30/2023		1-51120 · Office & Other	31.03
TOTAL					<u>31.03</u>
Bill Pmt -Check	Bill.com	12/22/2023	Ramey Environmental Compliance Inc	1072 - Bill.com Money Out Clearing	
Bill	26644	11/08/2023		1-52603 · Non-Potable Water Facility O&M	7,374.24
TOTAL					<u>7,374.24</u>
Bill Pmt -Check	Bill.com	12/22/2023	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	416552	11/17/2023		1-52703 · Lakes O&M	166.70
TOTAL					<u>166.70</u>
Bill Pmt -Check	Bill.com	12/22/2023	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25461	11/30/2023		1-51040 · District Management	5,583.38
				1-51045 · Facilities Management	1,125.00
				1-51000 · Accounting	4,625.04
				1-51120 · Office & Other	0.63
TOTAL					<u>11,334.05</u>
Bill Pmt -Check		12/26/2023	City of Loveland	1-11010 - Checking, First Bank	
Bill	0136043-047840 11.23	11/30/2023	City of Loveland	1-23000 · Accounts Payable	0.00
TOTAL					<u>0.00</u>
Bill Pmt -Check	ACH	12/27/2023	City of Loveland	1-11010 - Checking, First Bank	
Bill	0188028-052003 11.23	11/30/2023		1-51120 · Office & Other	66.93
TOTAL					<u>66.93</u>
Bill Pmt -Check	2404	01/02/2024	City of Loveland Water and Power	1-11010 - Checking, First Bank	
Bill	EP Fees	12/01/2023		3-55561 · Project Direct	27,265.00
TOTAL					<u>27,265.00</u>
Bill Pmt -Check	ACH	01/08/2024	Bill.com	1-11010 - Checking, First Bank	
Bill	24015759920	12/31/2023		1-51120 · Office & Other	136.74
TOTAL					<u>136.74</u>
Bill Pmt -Check	Bill.com	01/18/2024	DTJ Design, Inc.	1072 - Bill.com Money Out Clearing	
Bill	67119	11/15/2023		3-55564 · Engineering	508.00
TOTAL					<u>508.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25384	11/15/2023		3-55543 · Project Administration	637.50
TOTAL					<u>637.50</u>
Bill Pmt -Check	Bill.com	01/18/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25382	11/15/2023		3-51070 · Capital-General Master Planning	1,687.50
TOTAL					<u>1,687.50</u>

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	01/18/2024	Prairie Mountain Media	1072 - Bill.com Money Out Clearing	
Bill	2015611	11/15/2023		3-55565 - Permits, Fees, and Other	50.00
TOTAL					<u>50.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	King Surveyors	1072 - Bill.com Money Out Clearing	
Bill	420166	11/15/2023		3-55564 - Engineering	723.50
TOTAL					<u>723.50</u>
Bill Pmt -Check	Bill.com	01/18/2024	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	383962	11/15/2023		3-51070 - Capital-General Master Planning	168.50
TOTAL					<u>168.50</u>
Bill Pmt -Check	Bill.com	01/18/2024	SWPPP Colorado, LLC	1072 - Bill.com Money Out Clearing	
Bill	6721	11/15/2023		3-55541 - Project Direct	183.00
TOTAL					<u>183.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	CMS Environmental Solutions, LLC	1072 - Bill.com Money Out Clearing	
Bill	160911	11/15/2023		3-55541 - Project Direct	395.00
TOTAL					<u>395.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	King Surveyors	1072 - Bill.com Money Out Clearing	
Bill	419872	11/15/2023		3-55564 - Engineering	3,022.00
TOTAL					<u>3,022.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	Sprinkler Technologies Corp	1072 - Bill.com Money Out Clearing	
Bill	20916	11/15/2023		3-55541 - Project Direct	3,305.00
TOTAL					<u>3,305.00</u>
Bill Pmt -Check	Bill.com	01/18/2024	Waterwise	1072 - Bill.com Money Out Clearing	
Bill	05-723-5251	11/15/2023		3-55561 - Project Direct	21,659.22
TOTAL					<u>21,659.22</u>
Bill Pmt -Check	Bill.com	01/18/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25383	11/15/2023		3-55563 - Project Administration	2,587.50
TOTAL					<u>2,587.50</u>
Bill Pmt -Check	ACH	01/26/2024	City of Loveland	1-11010 - Checking, First Bank	
Bill	0188028-052003 12.23	12/31/2023		1-51120 - Office & Other	68.18
TOTAL					<u>68.18</u>
Bill Pmt -Check	Bill.com	01/31/2024	CMS Environmental Solutions, LLC	1072 - Bill.com Money Out Clearing	
Bill	162261	12/15/2023		3-55541 - Project Direct	395.00
TOTAL					<u>395.00</u>

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25562	12/15/2023		3-55543 · Project Administration	2,775.00
TOTAL					<u>2,775.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25560	12/15/2023		3-55513 · Project Administration	450.00
TOTAL					<u>450.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25643	12/31/2023		1-51040 · District Management	5,583.31
				1-51045 · Facilities Management	1,125.00
				1-51000 · Accounting	4,624.98
TOTAL					<u>11,333.29</u>
Bill Pmt -Check	Bill.com	01/31/2024	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	393990	06/29/2023		1-52703 · Lakes O&M	2,185.00
TOTAL					<u>2,185.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25561	12/15/2023		3-55533 · Project Administration	750.00
TOTAL					<u>750.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	CMS Environmental Solutions, LLC	1072 - Bill.com Money Out Clearing	
Bill	153612	12/15/2023		3-55541 · Project Direct	395.00
TOTAL					<u>395.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25558	12/15/2023		3-55553 · Project Administration	420.00
TOTAL					<u>420.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25557	12/15/2023		3-55563 · Project Administration	1,912.50
TOTAL					<u>1,912.50</u>
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25559	12/15/2023		3-55523 · Project Administration	675.00
TOTAL					<u>675.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	Icenogle Seaver Pogue, P.C	1072 - Bill.com Money Out Clearing	
Bill	24784	12/31/2023		1-51110 · Legal	1,600.90
TOTAL					<u>1,600.90</u>
Bill Pmt -Check	Bill.com	01/31/2024	SWPPP Colorado, LLC	1072 - Bill.com Money Out Clearing	
Bill	6732	12/20/2023		1-52403 · Storm Structure Maintenance	260.00
TOTAL					<u>260.00</u>

The Lakes at Centerra Metropolitan District
Check Detail
November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	Bill.com	01/31/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25556	12/15/2023		3-51040 - Capital-General District Mgmt	1,575.00
TOTAL					<u>1,575.00</u>
Bill Pmt -Check	Bill.com	01/31/2024	McWhinney Real Estate Services, Inc.	1072 - Bill.com Money Out Clearing	
Bill	425619	12/15/2023		3-51070 - Capital-General Master Planning	912.50
TOTAL					<u>912.50</u>
Bill Pmt -Check		02/01/2024	City of Loveland	1-11010 - Checking, First Bank	
Bill	0136043-047840 12.23	12/31/2023	City of Loveland	1-23000 - Accounts Payable	0.00
TOTAL					<u>0.00</u>
Bill Pmt -Check	ACH	02/06/2024	Bill.com	1-11010 - Checking, First Bank	
Bill	24026085574	01/31/2024		1-51120 - Office & Other	126.34
TOTAL					<u>126.34</u>
Bill Pmt -Check	Bill.com	02/26/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25778	01/31/2024		1-51040 - District Management	5,974.98
				1-51045 - Facilities Management	1,200.00
				1-51000 - Accounting	4,649.98
				1-51120 - Office & Other	27.63
TOTAL					<u>11,852.59</u>
Bill Pmt -Check	Bill.com	02/26/2024	Special District Association of Colorado	1072 - Bill.com Money Out Clearing	
Bill	2024 Membership3	01/31/2024		1-51120 - Office & Other	588.09
TOTAL					<u>588.09</u>
Bill Pmt -Check	Bill.com	02/26/2024	Special District Association of Colorado	1072 - Bill.com Money Out Clearing	
Bill	2024 Membership2	01/31/2024		1-51120 - Office & Other	568.21
TOTAL					<u>568.21</u>
Bill Pmt -Check	Bill.com	02/26/2024	Special District Association of Colorado	1072 - Bill.com Money Out Clearing	
Bill	2024 Membership1	01/31/2024		1-51120 - Office & Other	650.04
TOTAL					<u>650.04</u>
Bill Pmt -Check	Bill.com	02/26/2024	Icenogle Seaver Pogue, P.C	1072 - Bill.com Money Out Clearing	
Bill	24995	01/31/2024		1-51110 - Legal	7,252.00
TOTAL					<u>7,252.00</u>
Bill Pmt -Check	ACH	02/27/2024	City of Loveland	1-11010 - Checking, First Bank	
Bill	0188028-052003 01.24	01/31/2024		1-51120 - Office & Other	78.40
TOTAL					<u>78.40</u>

The Lakes at Centerra Metropolitan District
Check Detail
 November 22, 2023 through March 21, 2024

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check		02/29/2024	City of Loveland	1-11010 - Checking, First Bank	
Bill	0136043-047840 01.24	01/31/2024	City of Loveland	1-23000 - Accounts Payable	0.00
TOTAL					<u>0.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	High Plains Environmental Center	1072 - Bill.com Money Out Clearing	
Bill	RB12341842470	01/15/2024		3-55531 - Project Direct	6,264.00
TOTAL					<u>6,264.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25699	01/15/2024		3-51040 - Capital-General District Mgmt	1,560.00
TOTAL					<u>1,560.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25701	01/15/2024		3-55543 - Project Administration	1,200.00
TOTAL					<u>1,200.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	CMS Environmental Solutions, LLC	1072 - Bill.com Money Out Clearing	
Bill	164203	01/15/2024		3-55541 - Project Direct	395.00
TOTAL					<u>395.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	Waterwise	1072 - Bill.com Money Out Clearing	
Bill	05-724-5328	01/15/2024		3-55561 - Project Direct	60,800.00
TOTAL					<u>60,800.00</u>
Bill Pmt -Check	Bill.com	03/05/2024	Pinnacle Consulting Group, Inc.	1072 - Bill.com Money Out Clearing	
Bill	25700	01/15/2024		3-55563 - Project Administration	760.00
TOTAL					<u>760.00</u>
Total					<u><u>\$ 564,602.01</u></u>



Management Financial Statements

BOARD OF DIRECTORS
THE LAKES AT CENTERRA METROPOLITAN DISTRICT NOS. 1-3

We have prepared the accompanying management financial statements for the periods ending as of December 31, 2022 and December 31, 2023. We have also presented the accompanying 2024 adopted budgets of revenues, expenditures, and funds available prepared on the modified accrual basis.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position and results of operations.

A handwritten signature in blue ink, appearing to read "Jo Bud", is positioned above the typed name and date.

Pinnacle Consulting Group, Inc.
February 5, 2024

Offices Located in Loveland and Denver

Main office located at 550 W. Eisenhower Blvd., Loveland, CO 80537
(970)669-3611 (303)333-4380
www.PCGI.com

Serving our clients and community through excellent dependable service.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1		
BALANCE SHEET		
	Audited	Unaudited
	Actual	Actual
	12/31/2022	12/31/2023
Assets		
Current Assets		
Cash	\$ 467,647	\$ 552,588
Lakes Phase 9 Escrow	33,360	-
Accounts Receivable	88,806	113,323
Service Fee Receivable District #2	1,162	1,126
Service Fee Receivable District #3	661	865
Prepaid Expense	11,109	12,116
Surety Deposit	348,357	196,350
Total Current Assets	\$ 951,103	\$ 888,368
Long-Term Assets		
Construction in Progress	\$ 21,842,382	\$ 21,842,382
Fixed Assets	3,178,835	3,298,380
Less: Accumulated Depreciation	(608,562)	(728,107)
Total Long-Term Assets	\$ 24,412,654	\$ 24,412,654
Total Assets	\$ 25,363,757	\$ 25,301,022
Liabilities		
Current Liabilities		
Accounts Payable	\$ 87,520	\$ 60,911
Due to District #2	12,532	-
Due to District #3	50	-
Retainage Payable	28,938	24,689
Total Current Liabilities	\$ 129,039	\$ 85,600
Total Liabilities	\$ 129,039	\$ 85,600
Fund Equity		
Net Investment in Fixed Assets	\$ 24,412,654	\$ 24,412,654
Fund Balance		
Non-Spendable	359,466	208,466
Restricted	11,450	11,450
Unassigned	451,147	582,852
Total Fund Equity	\$ 25,234,718	\$ 25,215,422
Total Liabilities and Fund Equity	\$ 25,363,757	\$ 25,301,022
	=	=

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Audited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Service Fees District #2	\$ 237,496	\$ 254,252	\$ 253,260	\$ (992)	\$ 349,199
Service Fees District #3	135,024	195,349	195,045	(304)	383,888
Interest and Other Income	9,158	-	38,117	38,117	8,500
Total Revenues	\$ 381,678	\$ 449,601	\$ 486,422	\$ 36,820	\$ 741,587
Expenditures					
Operations & Maintenance:					
Payment to HOA	\$ 77,000	\$ 84,700	\$ 84,700	\$ -	\$ 200,000
Landscape Maintenance	-	1,500	-	(1,500)	1,500
Stormwater Facilities	3,925	14,000	1,958	(12,042)	14,000
Non-Potable Water Facilities	-	30,000	10,625	(19,375)	30,000
Amenities	14,745	8,000	8,529	529	10,000
Facilities Management	8,400	13,500	13,500	-	14,400
Administration:					
Accounting	51,220	55,500	55,500	-	55,800
Audit	11,000	12,000	11,000	(1,000)	15,000
District Management	70,120	67,000	67,000	-	71,700
Directors Fees	5,798	8,000	5,657	(2,343)	7,700
Election Expense	5,193	25,000	5,161	(19,839)	4,500
Engineering	760	10,000	-	(10,000)	-
Insurance	10,464	12,000	11,529	(471)	12,500
Legal	31,141	66,000	34,529	(31,471)	50,000
Office and Other	7,893	7,650	12,780	5,130	8,000
Website Hosting	-	-	-	-	1,200
Contingency	-	10,000	-	(10,000)	10,000
Total Operating Expenditures	\$ 297,658	\$ 424,850	\$ 322,469	\$ (102,381)	\$ 506,300
Revenues Over/(Under) Expenditures	\$ 84,019	\$ 24,751	\$ 163,953	\$ 139,201	\$ 235,287
Beginning Fund Balance	\$ 191,028	\$ 223,757	\$ 275,047	\$ 51,290	\$ 413,558
Ending Fund Balance	\$ 275,047	\$ 248,508	\$ 439,000	\$ 190,492	\$ 648,845
				=	
Components of Ending Fund Balance					
Repairs and Maintenance Reserve					
Beginning	\$ 74,523	\$ 109,523	\$ 109,523	\$ -	\$ 149,523
Addition	35,000	40,000	40,000	-	50,000
Less: Expense	-	-	-	-	-
Ending	\$ 109,523	\$ 149,523	\$ 149,523	\$ -	\$ 199,523
Operating Reserve	85,000	85,000	85,000	-	85,000
TABOR Reserve	11,450	11,450	11,450	-	22,248
Unreserved	69,074	2,535	193,027	190,492	342,074
Total Ending Fund Balance	\$ 275,047	\$ 248,508	\$ 439,000	\$ 190,492	\$ 648,845
Mill Levy					
Operating	0.000	0.000	0.000		0.000
Debt Service	0.000	0.000	0.000		0.000
Total Mill Levy	0.000	0.000	0.000		0.000
Assessed Value	\$ 2,465	\$ 2,465	\$ 2,465		\$ 2,609
Property Tax Revenue					
Operating	-	-	-		-
Debt Service	-	-	-		-
Total Property Tax Revenue	\$ -	\$ -	\$ -		\$ -

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
CAPITAL PROJECTS FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Audited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Capital Advance	\$ 87,387	\$ 1,806,414	\$ 1,397,137	\$ (409,277)	\$ 762,829
Contribution from Other Government	8,681	-	-	-	-
Capital Reimbursements	72,515	-	-	-	-
Transfer from District #2	16,316,276	-	-	-	-
Interest and Other Income	-	-	29,272	29,272	-
Total Revenues	\$ 16,484,859	\$ 1,806,414	\$ 1,426,409	\$ (380,005)	\$ 762,829
Expenditures					
District Management	\$ 22,435	\$ 25,000	\$ 18,750	\$ (6,250)	\$ 24,960
District Planning/Engineering Mgmt	2,202	5,000	4,186	(814)	2,500
District Engineering	-	15,000	-	(15,000)	-
Lakes Residential - PH7	106,600	20,191	22,740	2,549	-
Lakes Residential - PH6C	5,838	7,900	675	(7,225)	-
Lakes Residential - PH8	16,127	21,541	3,321	(18,220)	6,765
Lakes Residential - PH9	44,727	359,421	19,457	(339,964)	330,182
Lakes Residential - PH10	10,287	14,833	3,466	(11,367)	19,351
Explorer Park	175,549	2,100,000	1,537,062	(562,938)	379,071
Developer Advance Repayment	16,316,276	-	-	-	-
Total Capital Project Expenditures	\$ 16,700,041	\$ 2,568,886	\$ 1,609,657	\$ (959,229)	\$ 762,829
Revenues over/(under) Expenditures	\$ (215,182)	\$ (762,472)	\$ (183,248)	\$ 579,224	\$ -
Beginning Fund Balance	\$ 762,199	\$ 762,472	\$ 547,017	\$ (215,455)	\$ -
Ending Fund Balance	\$ 547,017	\$ -	\$ 363,768	\$ 363,768	\$ -
				=	

Modified Accrual Budgetary Basis

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2			
BALANCE SHEET			
	Audited	Unaudited	
	Actual	Actual	
	<u>12/31/2022</u>	<u>12/31/2023</u>	
Assets			
Current Assets			
Cash - Restricted	\$ 2,301,604	\$ 2,398,749	
Service Fee Receivables	2,424	-	
Due from District #1	12,532	-	
Due from District #3	50	3,172	
Property Tax Receivable	1,124,683	1,544,637	
Receivable from County	5,424	5,254	
Total Current Assets	\$ 3,446,716	\$ 3,951,812	
Total Assets	\$ 3,446,716	\$ 3,951,812	
Liabilities			
Current Liabilities			
Service Fee Payable District #1	1,162	1,126	
Service Fee Payable District #3	-	-	
Deferred Property Tax Revenue	1,124,683	1,544,637	
Total Current Liabilities	\$ 1,125,845	\$ 1,545,763	
Long-Term Liabilities			
Bond Payable	\$ 49,516,163	\$ 49,341,163	
Total Long-Term Debt	\$ 49,516,163	\$ 49,341,163	
Total Liabilities	\$ 50,642,008	\$ 50,886,926	
Fund Equity			
Net Investment in Fixed Assets	\$ (49,516,163)	\$ (49,341,163)	
Fund Balance			
Restricted	2,320,871	2,406,050	
Total Fund Equity	\$ (47,195,292)	\$ (46,935,114)	
Total Liabilities and Fund Equity	\$ 3,446,716	\$ 3,951,812	
	=	=	

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Audited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Property Taxes	\$ 225,678	\$ 240,997	\$ 240,610	\$ (387)	\$ 330,994
Specific Ownership Taxes	16,135	18,075	17,361	(714)	24,825
Interest & Other Income	201	5,000	104	(4,896)	5,000
Total Revenues	\$ 242,014	\$ 264,072	\$ 258,074	\$ (5,998)	\$ 360,819
Expenditures					
Payment for Services to District #1	\$ 237,496	\$ 254,252	\$ 253,260	\$ (992)	\$ 349,199
Treasurer's Fees	4,518	4,820	4,814	(6)	6,620
Contingency	-	5,000	-	(5,000)	5,000
Total Operating Expenditures	\$ 242,014	\$ 264,072	\$ 258,074	\$ (5,998)	\$ 360,819
Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Mill Levy					
Operating	16.716	17.025	17.025		19.365
Debt Service	61.293	62.427	62.427		71.005
Total Mill Levy	78.009	79.452	79.452		90.370
Assessed Value	\$ 13,492,295	\$ 14,155,498	\$ 14,155,498		\$ 17,092,361
Property Tax Revenue					
Operating	225,537	240,997	240,997		330,994
Debt Service	826,983	883,685	-		1,213,643
Total Property Tax Revenue	\$ 1,052,520	\$ 1,124,683	\$ 1,124,683	=	1,544,637

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
DEBT SERVICE FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Audited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Property Taxes	\$ 827,499	\$ 883,685	\$ 882,265	\$ (1,420)	\$ 1,213,643
Specific Ownership Taxes	59,161	66,276	63,657	(2,619)	91,023
Service Fees: District No. 3	495,088	716,279	715,164	(1,115)	1,407,606
Interest & Other Income	572,983	10,000	119,095	109,095	100,000
Total Revenues	\$ 1,954,731	\$ 1,676,241	\$ 1,780,181	\$ 103,941	\$ 2,812,272
Expenditures					
2018A Bond Interest	\$ 1,502,350	\$ 1,502,350	\$ 1,502,350	\$ -	\$ 1,494,256
2018A Bond Principal	-	175,000	175,000	-	310,000
Trustee Fees	6,000	6,000	-	(6,000)	6,000
Treasurer's Fees	16,565	17,674	17,653	(21)	24,273
Contingency	-	10,000	-	(10,000)	10,000
Total Expenditures	\$ 1,524,915	\$ 1,711,024	\$ 1,695,003	\$ (16,021)	\$ 1,844,529
Revenues over/(under) Expenditures	\$ 429,816	\$ (34,783)	\$ 85,178	\$ 119,961	\$ 967,743
Other Sources/(Uses) of Funds:					
Bond Proceeds	\$ 16,316,276	\$ -	\$ -	\$ -	\$ -
Loan Issuance Costs	(514,710)	-	-	-	-
Transfer to District No. 1	(16,316,276)	-	-	-	-
Developer Contributions	-	-	-	-	-
Net Other Sources/(Uses) of Funds	\$ (514,710)	\$ -	\$ -	\$ -	\$ -
Rev Over/(Under) Expenditures after Other	\$ (84,894)	\$ (34,783)	\$ 85,178	\$ 119,961	\$ 967,743
Beginning Fund Balance	\$ 2,405,766	\$ 2,277,051	\$ 2,320,871	\$ 43,820	\$ 2,370,288
Ending Fund Balance	\$ 2,320,871	\$ 2,242,268	\$ 2,406,050	\$ 163,781	\$ 3,338,031
				=	
Components of Ending Fund Balance					
Reserve Requirement (\$2,390,713)	\$ 2,320,871	\$ 2,242,268	\$ 2,376,088	\$ (14,625)	\$ 2,390,713
Surplus Fund (Maximum \$2,903,500)	-	-	-	-	947,318
Total	\$ 2,320,871	\$ 2,242,268	\$ 2,376,088	\$ (14,625)	\$ 3,338,031
Debt Summary					
Series	Original Issuance	Outstanding Principal	Maturity Date		
2018A Bonds	\$ 29,035,000	\$ 28,934,887	12/1/2047		
2018B Bonds	4,090,000	4,090,000	12/1/2047		
2022C Bonds	8,500,000	8,500,000	12/15/2052		
2022D Bonds	7,816,276	7,816,276	12/15/2056		
Total Debt	\$ 49,441,276	\$ 49,341,163			

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Unaudited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Property Taxes	\$ 128,311	\$ 185,165	\$ 185,309	\$ 144	\$ 363,875
Specific Ownership Taxes	9,179	13,887	13,338	(549)	27,291
Interest & Other Income	102	5,000	105	(4,895)	5,000
Total Revenues	\$ 137,592	\$ 204,052	\$ 198,753	\$ (5,300)	\$ 396,166
Expenditures					
Payment for Services to District #1	\$ 135,024	\$ 195,349	\$ 195,045	\$ (304)	\$ 383,888
Treasurer's Fees	2,568	3,703	3,708	5	7,278
Contingency	-	5,000	-	(5,000)	5,000
Total Operating Expenditures	\$ 137,592	\$ 204,052	\$ 198,753	\$ (5,299)	\$ 396,166
Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
				=	
Mill Levy					
Operating	16.230	16.905	16.905		18.968
Debt Service	59.510	61.985	61.985		69.550
Total Mill Levy	75.740	78.890	78.890		88.518
Assessed Value	\$ 7,871,991	\$ 10,953,256	\$ 10,953,256		\$ 19,183,647
Property Tax Revenue					
Operating	\$ 127,762	\$ 185,165	\$ 185,165		\$ 363,875
Debt Service	468,462	678,938	678,938		1,334,223
Total Property Tax Revenue	\$ 596,225	\$ 864,102	\$ 864,102		\$ 1,698,098

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
DEBT SERVICE FUND					
	(a)	(b)	(c)	(c-b)	(d)
	2022	2023	Actual	Variance	2024
	Unaudited	Adopted	Through	Through	Adopted
	Actual	Budget	12/31/2023	12/31/2023	Budget
Revenues					
Property Taxes	\$ 470,474	\$ 678,938	\$ 679,467	\$ 530	\$ 1,334,223
Specific Ownership Taxes	33,657	50,920	48,908	(2,013)	100,067
Interest & Other Income	375	10,000	386	(9,614)	10,000
Total Revenues	\$ 504,505	\$ 739,858	\$ 728,761	\$ (11,097)	\$ 1,444,290
Expenditures					
Payment for Services to District #2	\$ 495,088	\$ 716,279	\$ 715,164	\$ (1,115)	\$ 1,407,606
Treasurer's fees	9,417	13,579	13,597	18	26,684
Contingency	-	10,000	-	(10,000)	10,000
Total Expenditures	\$ 504,505	\$ 739,858	\$ 728,761	\$ (11,097)	\$ 1,444,290
Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -



To: Lakes at Centerra Metropolitan District Board of Directors
 From: Pinnacle Consulting Group, Inc.
 Subject: Managers' Report
 Board Meeting Date: March 29, 2024

General District Matters

- **Primary Contact:** Please contact Bryan Newby, District Manager, at Bryann@pcgi.com or LakesCenMDAdmin@pcgi.com for any District matters which include operations, Board of Directors relations, financial management, compliance, and constituent relations.
- **Website Analytics:** Website analytics allows management to review website activity throughout the year.

Last Month	YTD	Top 3 Pages Viewed
164 Visits	411 Visits	Amenities
158 Unique Visitors	364 Unique Visitors	Community Map
369 Page Views	1000 Page Views	Governing Documents

- **Compliance Matters:** Annually, District Management ensures the District meets required statutory responsibilities and tracks compliance accordingly.

Compliance Matters	Responsible	Due Date	Status
File Boundary Map	PCGI	01/01/24	Completed
Post Transparency Notice	PCGI	01/15/24	Completed
File Certified Copy of Adopted Budget	PCGI	01/30/24	Completed
Renew SDA Membership	PCGI	03/01/24	Completed
File Audit Exemptions	PCGI	03/31/24	Completed
Submit Audit to Governing Board	PCGI	06/30/24	
File Audit	PCGI	07/30/24	
File Annual Report	PCGI	10/01/24	
Draft 2025 Budgets Distributed to Board of Directors	PCGI	10/15/24	
Renew Property & Liability Insurance	PCGI	12/01/24	
Certify Mill Levies	PCGI	12/15/24	
Adopt Budget	PCGI	12/31/24	
Ensure Website Compliance	PCGI	12/31/24	
Payables	PCGI/Board	Monthly	Sent to Board third week of the month

Lakes at Centerra MD Nos. 1-3
 c/o Pinnacle Consulting Group, Inc.
 Main office located at 550 W. Eisenhower Blvd., Loveland, CO 80537
 Phone: (970) 669-3611
 Email: lakescenmdadmin@pcgi.com

Serving our clients and community through excellent dependable service.

Operations & Maintenance Updates & Activities

- **Budget and Contract Notes:**
 - Annual maintenance contracts have been executed for 2024 services with budget allowances.

- **Operations Updates**
 - Houts dock access will be put into place and open for the season on April 19th.
 - Non pot pump activation will be completed mid to late April, we are coordinating the final schedule date with Ramey (north and south pumps).
 - SWPPP quarterly maintenance was completed in February – continuing on a quarterly basis throughout the year or as needed.



Lakes at Centerra MD Nos. 1-3
c/o Pinnacle Consulting Group, Inc.
Main office located at 550 W. Eisenhower Blvd., Loveland, CO 80537
Phone: (970) 669-3611
Email: lakescenmdadmin@pcgi.com

Serving our clients and community through excellent dependable service.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1**

A RESOLUTION ACCEPTING THE CONVEYANCE OF REAL PROPERTY FROM C R DEVELOPMENT, INC., CENTERRA INVESTMENTS, LLC, C R II, LLC AND CENTERRA PROPERTIES WEST, LLC

WHEREAS, The Lakes at Centerra Metropolitan District No. 1 (the “District”) was organized pursuant to Section 32-1-1001 *et seq.*, C.R.S. of the “Special District Act;” and

WHEREAS, pursuant to Section 32-1-1001(l)(f), C.R.S, the Board of Directors (the “Board”) for the District has the power, for and on behalf of the District, to acquire real property; and

WHEREAS, the recorded plats for (i) Millennium Northwest Sixth Subdivision, City of Loveland, County of Larimer, State of Colorado, (ii) Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado, Millennium Northwest Thirteenth Subdivision, Amendment No. 1, (iii) City of Loveland, County of Larimer, State of Colorado (iv) Millennium Northwest Seventeenth Subdivision, City of Loveland, County of Larimer, State of Colorado, and (v) Millennium Northwest Twenty-First Subdivision, City of Loveland, County of Larimer, State of Colorado, anticipated C R Development, Inc. (“CRD”), Centerra Investments LLC (“CILLC”), C R II, LLC (“CRII”) and Centerra Properties West, LLC (“CPW”) conveying certain Outlots to the District for ownership; and

WHEREAS, CRD recorded the following Bargain and Sale Deeds conveying real property described therein to the District, as attached hereto as **Exhibit A-1** (collectively, the “CRD Conveyances”):

(i) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder’s office on January 24, 2024 at Reception No. 20240002849, conveying Outlot C, Millennium Northwest Twenty-First Subdivision, City of Loveland, County of Larimer, State of Colorado;

(ii) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder’s office on January 24, 2024 at Reception No. 20240002855, conveying Tract A, Millennium Northwest Seventeenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(iii) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder’s office on January 24, 2024 at Reception No. 20240002843, conveying Outlot A, Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(iv) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder’s office on January 24, 2024 at Reception No. 20240002847, conveying Outlot B, Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(v) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder’s office on January 24, 2024 at Reception No. 20240002848, conveying Outlot C, Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(vi) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002853, conveying Outlot L, Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(vii) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002854, conveying Outlot M, Millennium Northwest Thirteenth Subdivision, City of Loveland, County of Larimer, State of Colorado;

(viii) Bargain and Sale Deed recorded in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002841, conveying Lot 1, Block 1, Millennium Northwest Thirteenth Subdivision, Amendment No. 1, City of Loveland, County of Larimer, State of Colorado; and

(ix) Bargain and Sale Deed in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002842, conveying Outlot A, Millennium Northwest Sixth Subdivision, City of Loveland, County of Larimer, State of Colorado; and

WHEREAS, CILLC recorded a Bargain and Sale Deed in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002845, conveying Outlot A, Millennium Northwest Twenty-First Subdivision, City of Loveland, County of Larimer, State of Colorado, to the District, as attached hereto as **Exhibit A-2** (the "CILLC Conveyance"); and

WHEREAS, CRII recorded a Bargain and Sale Deed in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002844, conveying Outlot A, Millennium Northwest Twenty-First Subdivision, City of Loveland, County of Larimer, State of Colorado, to the District, as attached hereto as **Exhibit A-3** (the "CRII Conveyance"); and

WHEREAS, CPW recorded (i) a Bargain and Sale Deed in the Larimer County Clerk and Recorder's office on January 24, 2024 at Reception No. 20240002846, conveying Outlot A, Millennium Northwest Twenty-First Subdivision, City of Loveland, County of Larimer, State of Colorado, to the District, as attached hereto as **Exhibit A-4** (the "CPW Conveyance," together with the CRD Conveyances, the CILLC Conveyance, and the CRII Conveyance, the "Outlot Conveyances"); and

WHEREAS, the District desires to adopt this resolution to memorialize the District's acceptance of the Outlot Conveyances from CRD, CILLC, CRII, and CPW.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1 AS FOLLOWS:

1. The Board hereby accepts the Outlot Conveyances, as set forth in Exhibits A-1, A-2, A-3 and A-4 attached hereto, from CRD, CILLC, CRII, and CPW for ownership by the District.
2. The provisions of this Resolution shall take effect as of the date of adoption.

ADOPTED AND APPROVED THIS 29th DAY OF MARCH, 2024.

**THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 1**

By: Kim L. Perry

Its: President

*Signature page to LCMD No. 1 Resolution Accepting the Conveyance of Real Property from
Centerra Investments, LLC to The Lakes at Centerra Metropolitan District No. 1*

EXHIBIT A-1
CRD CONVEYANCES

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, all of Grantor's interest to that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot C, Millennium Northwest Twenty-First Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

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NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Tract A, Millennium Northwest Seventeenth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot A, Millennium Northwest Thirteenth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot B, Millennium Northwest Thirteenth Subdivision Plat,
City of Loveland, County of Larimer, State of Colorado

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot C, Millennium Northwest Thirteenth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot L, Millennium Northwest Thirteenth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

IN WITNESS WHEREOF, Grantor has caused its name to be hereunto subscribed as of the 23rd day of January 2024.

C R DEVELOPMENT, INC., a Colorado corporation



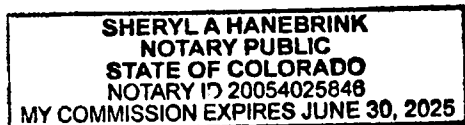
By: Bethany Johnson
Bethany Johnson
EVP, General Counsel

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 23rd day of January, 2024, by Bethany Johnson, EVP, General Counsel of C R Development, Inc., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires: 6/30/2025



Sheryl A Hanabrink
Notary Public

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot M, Millennium Northwest Thirteenth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Lot 1, Block 1, Millennium Northwest Thirteenth Subdivision, Amendment No. 1,
City of Loveland, County of Larimer, State of Colorado.

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R DEVELOPMENT, INC., a Colorado corporation ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, all of Grantor's interest to that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot A, Millennium Northwest Sixth Subdivision,
City of Loveland, County of Larimer, State of Colorado.

EXHIBIT A-2
CILLC CONVEYANCE

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

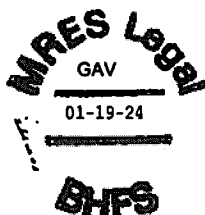
CENTERRA INVESTMENTS, LLC, a Colorado limited liability company, f/k/a Centerra Residential, LLC, a Colorado limited liability company ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, all of Grantor's interest to that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

IN WITNESS WHEREOF, Grantor has caused its name to be hereunto subscribed as of
the 23rd day of January, 2024.

CENTERRA INVESTMENTS, LLC, a Colorado
limited liability company, f/k/a Centerra
Residential, LLC, a Colorado limited liability
company



By: **MCWHINNEY REAL ESTATE
SERVICES, INC.**, a Colorado corporation,
Manager

By: *Bethany Johnson*
Bethany Johnson
EVP, General Counsel

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 23rd day of
January, 2024, by Bethany Johnson, EVP, General Counsel of McWhinney Real Estate
Services, Inc., a Colorado corporation, as Manager of Centerra Investments, LLC, a Colorado
limited liability company, f/k/a Centerra Residential, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: 6/30/2025



SHERYL A HANEBRINK
Notary Public

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot A, Millennium Northwest Twenty-First Subdivision,
City of Loveland, County of Larimer, State of Colorado.

EXHIBIT A-3

CRII CONVEYANCE

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

C R II, LLC, a Colorado limited liability company ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, all of Grantor's interest to that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot A, Millennium Northwest Twenty-First Subdivision,
City of Loveland, County of Larimer, State of Colorado.

EXHIBIT A-4
CPW CONVEYANCE

After recording return to:
Brownstein Hyatt Farber Schreck, LLP
675 15th Street, Suite 2900
Denver, CO 80202
Attn: Gregory A. Vallin

BARGAIN AND SALE DEED
[Statutory Form – C.R.S. § 38-30-115]

CENTERRA PROPERTIES WEST, LLC, a Colorado limited liability company ("**Grantor**"), for the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, in hand paid, hereby sells and conveys to THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1, a political subdivision and public corporation of the State of Colorado formed pursuant to C.R.S. Section 29-1-203.5 ("**Grantee**"), whose address is 550 W Eisenhower Boulevard, Loveland, CO 80537, all of Grantor's interest to that certain real property located in the County of Larimer, State of Colorado and described on **Exhibit A** attached hereto and made a part hereof, with all its appurtenances.

NOTE: No documentary fee is required in connection with this Deed pursuant to C.R.S. §39-13-102(2)(a).

[signature and acknowledgment appears on following page]

IN WITNESS WHEREOF, Grantor has caused its name to be hereunto subscribed as of
the 23rd day of January, 2024.

CENTERRA PROPERTIES WEST, LLC, a
Colorado limited liability company



By: *Bethany Johnson*
Bethany Johnson
EVP, General Counsel

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 23rd day of
January, 2024, by Bethany Johnson, EVP, General Counsel of Centerra Properties
West, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: 01/30/2025



Sheryl A Hanabrink
Notary Public

**EXHIBIT A
TO
BARGAIN AND SALE DEED**

Legal Description of Property

Outlot A, Millennium Northwest Twenty-First Subdivision,
City of Loveland, County of Larimer, State of Colorado.

TERMINATION OF RESERVOIR ACCESS AGREEMENT

THIS TERMINATION OF RESERVOIR ACCESS AGREEMENT (the “Termination Agreement”) is made and entered into on this ____ day of _____, 2024 (the “Effective Date”), by and among The Lakes At Centerra Master Homeowners Association, Inc., a Colorado nonprofit corporation (“Association”), The Lakes At Centerra Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (“District”), The High Plains Environmental Center, a Colorado nonprofit corporation (“HPEC”), and The High Plains Environmental Center, a Colorado nonprofit corporation (“HPEC”), and The High Plains Foundation, a Colorado nonprofit corporation (“HPF”), individually, the “Party,” collectively, the “Parties.”

RECITALS

WHEREAS, the Parties entered into a Reservoir Access Agreement, dated May 13, 2015, to memorialize their understandings regarding access to Houts Reservoir, as well as the responsibilities and obligations for maintenance, repair and replacement of the Dock, allowing, among other terms and conditions, boating and recreational fishing rights for Association members and their guests, as amended by that Amendment to Reservoir Access Agreement dated April 14, 2021 (collectively, the “Agreement”); and

WHEREAS, upon evaluation of the Parties’ obligations set forth in the Agreement, the Parties have collectively agreed to terminate the Agreement, as provided in this Termination Agreement.

NOW THEREFORE, in consideration of the foregoing, and in consideration of the mutual promises contained herein, the Parties agree as follows:

1. Termination. The Parties hereby terminate the Agreement as of the Effective Date. As a result of such termination, the Parties acknowledge and agree that each Party’s respective rights and obligations pursuant to the Agreement are hereby terminated as of the Effective Date and the Parties shall have no further liability to each other pursuant to the Agreement.
2. Counterparts. This Termination Agreement may be executed in counterparts, each of which shall constitute an original, and all of which constitute the entire Termination Agreement.
3. Binding Effect. This Termination Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective legal representatives, successors and assigns.

(Signature Pages Follow.)

IN WITNESS WHEREOF, the Parties have executed this Termination Agreement as of the Effective Date.

Association:

The Lakes at Centerra Master Homeowners Association, Inc.,
a Colorado nonprofit corporation

By: _____
Title

District:

The Lakes at Centerra Metropolitan District No. 1,
a quasi-municipal corporation and political
subdivision of the State of Colorado

By: _____
Kim L. Perry, President

HPEC:

The High Plains Environmental Center,
a Colorado nonprofit corporation

By: _____
Title

HPF:

The High Plains Foundation,
a Colorado nonprofit corporation

By: _____
Title

RatingsDirect®

Summary:

The Lakes at Centerra Metropolitan District No. 2, Colorado; General Obligation

Primary Credit Analyst:

Amahad K Brown, Dallas + 1 (214) 765 5876; amahad.brown@spglobal.com

Secondary Contact:

Treasure D Walker, Englewood + 303-721-4531; treasure.walker@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

The Lakes at Centerra Metropolitan District No. 2, Colorado; General Obligation

Credit Profile

US\$40.185 mil ltd tax GO rfdg bnds ser 2024A due 12/15/2054

Long Term Rating

BBB/Stable

New

Credit Highlights

- S&P Global Ratings assigned its 'BBB' rating to The Lakes at Centerra Metropolitan District No. 2, Colo.'s proposed \$40.2 million series 2024A limited-tax general obligation (GO) refunding bonds.
- The outlook is stable.

Security

The bonds are limited-tax general obligations of the district secured by property tax revenues, specific ownership tax revenues, and any other legally available revenues of The Lakes at Centerra Metropolitan Districts Nos. 2 and 3. The districts' taxing capacity is capped at 55.477 mills for debt service, although the mill rate cap is adjusted for residential assessment rate changes. Despite the inherent tax rate limitation, we do not differentiate between the limited-tax pledge and our view of the districts' general creditworthiness. In our view, there are no limitations on the fungibility of resources available for debt service, supporting our view of the districts' overall willingness and ability to make timely debt service payments.

We understand that the bonds will additionally be secured by a reserve fund with a reserve requirement equal to maximum annual debt service on the district's senior bonds. The series 2024 bonds are being issued to refund a portion of the district's debt outstanding for savings.

Credit overview

The 'BBB' rating reflects our view of the districts' mature status of development and expanding tax base, which are somewhat offset by an elevated debt burden and higher mill rates to generate sufficient revenues to cover annual debt service payments. The Lakes at Centerra development is in the City of Loveland, about 50 miles north of Denver. Of the 1,231 planned homes within the development, about 1,000 have received certificates of occupancy through February 2024, and construction on the remaining lots is projected to be completed by 2027. Rapid development within the districts has been supported by general expansion in the Denver metropolitan area, leading to tax base growth in the past five years. We understand that infrastructure development in the districts is virtually complete, limiting the need for additional debt.

Based on home constructions completed in the past year, the districts' estimated total assessed value is \$44.5 million for tax year 2024-2025, which equates to about \$591 million of statutory actual value. Property tax revenues have generally increased in line with the districts' tax bases, resulting in rising, albeit modest, operating reserves and

Summary: The Lakes at Centerra Metropolitan District No. 2, Colorado; General Obligation

improved coverage on the senior bonds. The districts expect to generate property taxes sufficient to cover senior debt service by 1.25x. Despite the districts' improving financial position and expanding tax base to support debt service, we anticipate that the districts' elevated debt burden and lack of additional revenue flexibility will remain key credit weaknesses over the near term.

The Lakes at Centerra Metropolitan District No. 1 is the administrator of the bond proceeds and of all operations within the three districts. While District No. 2 is the issuer of the debt, the taxable property is within Districts No. 2 and 3, and the taxes are collected and transferred to District No. 2 for debt service payments. Districts No. 2 and 3 also remit revenue from their general fund mill levy taxes to District No. 1 for administrative services and for the operations of public improvements, as determined by an intergovernmental agreement among districts No. 1, 2, and 3. Because of this, operations of Districts No. 2 and 3 are very limited, with revenue being used only for transfers to District No. 1 and a small amount of annual administration fees.

The rating reflects our opinion of the districts':

- Largely residential tax base in southeastern Larimer County that is poised to keep expanding and diversify as the remaining homes are constructed and sold;
- Mature status of infrastructure development, resulting in limited need for additional debt;
- Limited operating profile and maintenance of healthy, albeit nominally thin available reserves;
- Moderately high-to-high debt burden relative to the tax base, with very slow debt amortization including two series of non-amortizing subordinate bonds; and
- Inherent limitation on the districts' ability to raise the mill levy, given the maximum debt service millage rate.

Environmental, social, and governance

Our rating considers the environmental, social, and governance factors relative to economic indicators, financial position, and debt. We understand that the districts are located in an area of Larimer County that is not exposed to significant wildfire risk. We view the districts' environmental, social, and governance factors as neutral within our credit rating analysis.

Outlook

The stable outlook reflects our view of the districts' expanding residential tax base and recent improvement in reserves, which we expect will be maintained throughout the two-year outlook horizon.

Downside scenario

We could lower the rating if the districts experience a sustained operating imbalance, resulting in a material reduction in reserves. In addition, we could lower the rating if the districts were to issue additional debt not commensurate with tax base growth, leading to a material deterioration, in our view, of the debt burden.

Upside scenario

All else equal, ongoing growth in the tax base leading to further moderation in the debt burden could lead to a higher rating.

Summary: The Lakes at Centerra Metropolitan District No. 2, Colorado; General Obligation

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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STATE OF COLORADO)
)
 LARIMER COUNTY) ss
)
 THE LAKES AT CENTERRA)
 METROPOLITAN DISTRICT NO. 2)

I, the Secretary of The Lakes at Centerra Metropolitan District No. 2, in Larimer County, Colorado (the "District"), do hereby certify that:

1. Attached hereto is a true and correct copy of a resolution (the "Resolution") adopted by the Board of Directors (the "Board") of The Lakes at Centerra Metropolitan District No. 2, in Larimer County, Colorado (the "District") at a special meeting held at 11:00 a.m. on Friday, March 29, 2024, via Microsoft Teams:

[INFORMATION TO BE ADDED]

2. Notice of such meeting was posted in a designated public place within the boundaries of the District no less than twenty-four (24) hours prior to the meeting, in accordance with law.

3. Upon roll call, the members of the Board not marked absent below, were present, constituting a quorum, and the Resolution was duly introduced, moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of the Board as follows:

Board Member	Yes	No	Absent	Abstaining
James Laferriere, President and Chairperson				
Todd Carnes, Vice President/Asst. Secretary				
Ralph Mathes, Secretary/Treasurer				
Josh Kane, Asst. Secretary				
Harold Lamport, Asst. Secretary				

4. The Resolution was duly approved by the Board, signed by the President of the District, sealed with the District's seal, attested by the Secretary of the District and recorded in the minutes of the Board.

5. The meeting at which the Resolution was adopted was noticed, and all proceedings relating to the adoption of the Resolution were conducted in accordance with all applicable bylaws, rules, regulations and resolutions of the District, in accordance with the normal procedures of the District relating to such matters, and in accordance with applicable constitutional provisions and statutes of the State of Colorado.

WITNESS my hand and the seal of the District this 29th day of March, 2024.

(SEAL)

By _____

Secretary

(Attach copy of notice of meeting, as posted)

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RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2, IN LARIMER COUNTY, COLORADO, OF ITS LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024A AND SUBORDINATE LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024B, FOR THE PURPOSE OF REFUNDING OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS OF THE DISTRICT, AND PAYING COSTS OF ISSUANCE OF THE BONDS; AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST (SENIOR), AND AN INDENTURE OF TRUST (SUBORDINATE); AND APPROVING OTHER DOCUMENTS RELATING TO THE BONDS.

WHEREAS, The Lakes at Centerra Metropolitan District No. 2, in Larimer County, Colorado (the “**District**”) is a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado, including particularly Title 32 of the Colorado Revised Statutes, as amended (“**C.R.S.**”); and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to provide certain public improvements and services to and for the benefit of the properties within and without the boundaries of the Districts (defined herein), in accordance with the Consolidated Service Plan for the District, The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) and The Lakes at Centerra Metropolitan District No. 3 (“**District No. 3**” and, together with the District and District No. 1, the “**Districts**”) approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007 (as amended and restated from time to time, the “**Service Plan**”); and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 6, 2007 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain public improvements and facilities (as more particularly defined herein, the “**Facilities**”), and for the refunding of such indebtedness, the questions relating thereto being as set forth on Exhibit B to the Senior Indenture (as defined herein); and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S. within forty-five days after the Election, and with the division of securities created by Section 11-51-701, C.R.S.; and

WHEREAS, the District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the District and the Trustee (the “**2018 Senior Indenture**”), and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the original aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the District and the Trustee

(the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Facilities and refunding in full prior loans; and

WHEREAS, the District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 (the “**2022D Indenture**”) by and between the District and the Trustee, each for the purpose of financing or reimbursing the costs of Facilities; and

WHEREAS, for the purpose of refunding on a current basis the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”) the Board of Directors of the District (the “**Board**”) hereby determines to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of up to \$50,000,000 (the “**Series 2024A Senior Bonds**”) and its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of up to \$50,000,000 (the “**Series 2024B Subordinate Bonds**” and, together with the Series 2024A Senior Bonds, the “**Bonds**”); and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and certain other obligations that may be issued by the District in the future, the District intends to enter into a Senior Capital Pledge Agreement (the “**Senior Pledge Agreement**”), among the District, District No. 3 and the Trustee, pursuant to which Senior Pledge Agreement the District and District No. 3 will each be obligated to impose ad valorem property taxes in an amount equal to the “**Senior Required Mill Levy**” (as defined therein) and pay the proceeds thereof to the trustee for the 2024A Senior Bonds, or, as otherwise directed by the District; and

WHEREAS, in order to provide for the payment of the 2024B Subordinate Bonds and certain other obligations that may be issued by the District in the future, the District intends to enter into a Subordinate Capital Pledge Agreement (the “**Subordinate Pledge Agreement**”), among the the District, District No. 3 and the Trustee, pursuant to which the District and District No. 3 will each be obligated to impose ad valorem property taxes in an amount equal to the “**Subordinate Required Mill Levy**” (as defined therein) and pay the proceeds thereof to the trustee for the 2024B Subordinate Bonds, or as otherwise directed by the District; and

WHEREAS, the Series 2024A Senior Bonds shall be equally and ratably secured by certain revenues to be received by the District and pledged under an Indenture of Trust (Senior) (the “**Senior Indenture**”) by and between the District and UMB Bank, n.a., as trustee (the “**Trustee**”), and shall be payable solely from the sources set forth in the Senior Indenture, including the Senior Pledged Revenue (as defined therein), which includes amounts derived under the Senior Pledge Agreement; and

WHEREAS, the Series 2024B Subordinate Bonds shall be equally and ratably secured by certain revenues to be received by the District and pledged under an Indenture of Trust (Subordinate) (the “**Subordinate Indenture**”) by and between the District and the Trustee, and shall be payable solely from the sources set forth in the Subordinate Indenture, including the Subordinate Pledged Revenue (as defined therein), which includes amounts derived under the Subordinate Pledge Agreement; and

WHEREAS, the Series 2024A Senior Bonds are permitted “Senior Obligations” under the 2022D Indenture; and

WHEREAS, the Series 2024B Subordinate Bonds are permitted “Subordinate Obligations” under the 2022D Indenture; and

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

WHEREAS, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, the Series 2024A Senior Bonds shall be limited tax general obligations of the District, and shall be payable solely from the Senior Pledged Revenue (as defined in the Senior Indenture); and

WHEREAS, the Series 2024B Subordinate Bonds shall be limited tax general obligations of the District, and shall be payable solely from the Subordinate Pledged Revenue (as defined in the Subordinate Indenture); and

WHEREAS, the Bonds will be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Bonds pursuant to §32-1-1101 (6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under Title 11, Article 59, C.R.S. (the “Colorado Municipal Bond Supervision Act”); and

WHEREAS, there has been presented to this meeting of the Board a proposal from Wells Fargo Securities, LLC, Denver, Colorado (the “**Underwriter**”), to purchase the Bonds in accordance with the terms and conditions set forth in a Bond Purchase Agreement (the “**Bond Purchase Agreement**”) in a form to be reviewed and approved by the Sale Delegate (defined herein); and

WHEREAS, after consideration, the Board has determined that the sale of the Bonds to the Underwriter upon the terms and conditions presented to the Board and to be set forth in the Bond Purchase Agreement (subject to the limitations of the authority delegated to the Sale Delegate set forth herein) is in the best interests of the District, the taxpayers thereof, and the citizens of the County and the State; and

WHEREAS, there has been presented to this meeting of the Board of Directors of the District (the “**Board**”) substantially final forms of the following (all as defined herein): the Senior Indenture, the Subordinate Indenture, the Senior Pledge Agreement, the Subordinate Pledge Agreement, the Continuing Disclosure Agreement, the Post Issuance Tax Compliance Policy, the Escrow Deposit Agreement with respect to the Refunded Bonds to be refunded (the “**Escrow Agreement**”), and the Bond Purchase Agreement; and

WHEREAS, the Board has been presented with: (a) ~~a commitment~~separate commitments each dated March 20, 2024 (the “**Senior ~~Commitment~~Commitments**”), to provide (i) a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (the “**Bond Insurer**”) guaranteeing the scheduled payment of principal of and interest on the Series 2024A Senior Bonds when due, and (ii) a municipal bond debt service reserve insurance policy issued by the Bond Insurer to be deposited in the debt service reserve fund for the Series 2024A Senior Bonds; and (b) ~~a commitment~~separate commitments each dated March 20, 2024 (the “**Subordinate ~~Commitment~~Commitments**” and, together with the Senior ~~Commitment~~Commitments, the “**Commitments**”), to provide (i) a municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2024B Subordinate Bonds when due, and (ii) a municipal bond debt service reserve insurance policy issued by the Bond Insurer to be deposited in the debt service reserve fund for the Series

2024B Subordinate Bonds; and

WHEREAS, after consideration, the Board has determined that the acceptance of the Commitments from the Bond Insurer is in the best interests of the District and the taxpayers and residents thereof; and

WHEREAS, the Board desires to authorize the issuance and sale of the Bonds and the execution of the foregoing documents; and delegate the authority to the Sale Delegate pursuant to Section 11-57-205(1), C.R.S. to execute and deliver the Bond Purchase Agreement and make other determinations regarding the Bonds; and authorize the execution, completion, and delivery of such certificates and other documents as may be necessary to effect the intent of this Resolution, the Senior Indenture, the Subordinate Indenture, the Senior Pledge Agreement, and the Subordinate Pledge Agreement, as such delegation authority is more specifically delineated by, and subject to the limitations set forth in, this Resolution; and

WHEREAS, the Board desires, as provided in the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, C.R.S., to delegate the authority to any member of the Board of the District to determine certain provisions of the Bonds to be set forth in the Bond Purchase Agreement, in accordance with the provisions of this Resolution; and

WHEREAS, pursuant to Section 32-1-902(3), C.R.S., and Section 18-8-308, C.R.S., all known potential conflicting interests of the Directors were disclosed to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bonds in writing to the Secretary of State and the Board; finally, the Board members have stated for the record immediately prior to the adoption of this Resolution the fact that they have such interests and the summary nature of such interests and the participation of those Board members is necessary to obtain a quorum or otherwise enable the Board to act.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2, IN LARIMER COUNTY, COLORADO:

Section 1. Definitions. Unless the context indicates otherwise, as used herein, capitalized terms shall have the meanings ascribed by the preambles hereto, the Senior Indenture and the Subordinate Indenture, and the following capitalized terms shall have the respective meanings set forth below:

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

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“*Bonds*” means the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds.

“*Commitments*” means, collectively, the Senior ~~Commitment~~Commitments and the Subordinate ~~Commitment~~Commitments.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement to be dated as of the date of issuance of the Bonds, by and among the District and the Trustee.

“*Escrow Agreement*” means the Escrow Deposit Agreement by and between the District and

UMB Bank, n.a., as escrow agent, as the same may be amended from time to time in accordance with the terms thereof.

“*Facilities*” means public improvements the debt for which was approved at the Election, including without limitation necessary or appropriate equipment.

“*Financing Documents*” means, collectively, this Resolution, the Senior Indenture, the Subordinate Indenture, the Senior Pledge Agreement, the Subordinate Pledge Agreement, the Tax Compliance Certificate, the Bond Purchase Agreement, the Escrow Deposit Agreement, and the Continuing Disclosure Agreement.

“*Official Statement*” means the final Official Statement relating to the offer and sale of the Bonds.

“*Post Issuance Tax Compliance Policy*” means the Post Issuance Tax Compliance Policy to be set forth as an exhibit to the Tax Compliance Certificate.

“*Resolution*” means this Resolution which authorizes the issuance of the Bonds.

“*Sale Delegate*” means any member of the Board.

“*Senior ~~Commitment~~Commitments*” means ~~the Commitment~~separate commitments each dated March 20 2024 from the Bond Insurer to provide (i) a municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2024A Senior Bonds when due, and (ii) a municipal bond debt service reserve insurance policy issued by the Bond Insurer to be deposited in the debt service reserve fund for the Series 2024A Senior Bonds, in each case as the same may be amended from time to time.

“*Series 2024A Senior Bonds*” means the District's Limited Tax General Obligation Refunding Bonds, Series 2024A, dated their date of delivery.

“*Series 2024B Subordinate Bonds*” means the District's Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, dated their date of delivery.

“*Subordinate ~~Commitment~~Commitments*” means ~~the Commitment~~separate commitments each dated March 20 2024 from the Bond Insurer to provide (i) a municipal bond insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2024B Subordinate Bonds when due, and (ii) a municipal bond debt service reserve insurance policy issued by the Bond Insurer to be deposited in the debt service reserve fund for the Series 2024B Subordinate Bonds, in each case as the same may be amended from time to time.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S.

“*Tax Compliance Certificate*” means the Tax Compliance Certificate of the District in a form approved by bond counsel to the District governing issues relating to the Bonds under the Internal Revenue Code of 1986.

“*Underwriter*” means Wells Fargo Securities, LLC, of Denver, Colorado, the original purchaser of the Bonds.

Section 2. Approval and Authorization of Financing Documents. The Financing Documents are incorporated herein by reference and are hereby approved. The District shall enter into and perform its obligations under the Financing Documents in the form of such documents presented at or prior to this meeting, with such changes as are made pursuant to this Section 2 and are not inconsistent herewith (including specifically the provisions of Section 5 hereof). The President or Vice President of the District and the Secretary or Assistant Secretary of the District are hereby authorized and directed to execute and attest the Financing Documents and to affix the seal of the District thereto, and the President or Vice President of the District, Secretary or Assistant Secretary of the District, and other appropriate officers of the District are further authorized to execute and authenticate such other documents, instruments, or certificates as are deemed necessary or desirable in order to issue, secure, sell, deliver and administer the Bonds, and to accomplish the refunding of the Refunded Bonds, including to authorize the payment of net proceeds of the Bonds after payment of the Underwriter's discount in accordance with the Bond Purchase Agreement, for costs of issuance of the Bonds, in addition to the other uses contemplated by the Senior Indenture and the Subordinate Indenture. The Financing Documents and such other documents are to be executed in substantially the form presented at or prior to this meeting of the Board, provided that such documents may be completed, corrected, or revised as deemed necessary and approved by the officer of the District executing the same in order to carry out the purposes of this Resolution, including to incorporate provisions required by the Bond Insurer in connection with the Commitments, subject to the limitations of Section 5 hereof, such approval to be evidenced by their execution thereof. To the extent any Financing Document has been executed prior to the date hereof, said execution is hereby ratified and affirmed. Copies of all of the Financing Documents shall be delivered, filed, and recorded as provided therein.

Upon execution of the Financing Documents, the covenants, agreements, recitals, and representations of the District therein shall be effective with the same force and effect as if specifically set forth herein, and such covenants, agreements, recitals, and representations are hereby adopted and incorporated herein by reference.

The appropriate officers of the District are hereby authorized and directed to prepare and furnish to any interested person certified copies of all proceedings and records of the District relating to the Bonds and such other affidavits and certificates as may be required to show the facts relating to the authorization and issuance thereof.

The execution of any instrument by the President of the District, Secretary of the District or other appropriate officer of the District in connection with the issuance, sale, delivery or administration of the Bonds not inconsistent herewith shall be conclusive evidence of the approval by the District of such instrument in accordance with the terms thereof and hereof.

Section 3. Authorization of Bonds. In accordance with the Constitution of the State of Colorado; the Act; the Supplemental Act; the Election; and all other laws of the State of Colorado thereunto enabling, there shall be issued the Bonds for the purpose of refunding the Refunded Bonds, paying costs of issuance of the Bonds and providing for, if necessary, from the proceeds of the Series 2024A Senior Bonds, the funding of a Reserve Fund funding the purchase of the municipal bond debt service insurance policies from the Bond Insurer to be deposited in the respective debt service reserve funds for the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds, all as further provided in the Senior Indenture and the Subordinate Indenture. The Series 2024A Senior Bonds shall constitute limited tax general obligations of the District and the Series 2024B Subordinate

Bonds shall constitute limited tax general obligations as provided in the Senior Indenture and the Subordinate Indenture, respectively, secured by the respective Trust Estates as defined and more particularly provided therein.

Section 4. Bond Details. The Series 2024A Senior Bonds shall be issued only as fully registered bonds in the aggregate principal amount of up to \$50,000,000, and dated the date of delivery of the Series 2024A Senior Bonds. The Series 2024B Subordinate Bonds shall be issued only as fully registered bonds in the aggregate principal amount of up to \$50,000,000, and dated the date of delivery of the Series 2024B Subordinate Bonds. The Bonds shall mature and shall be subject to optional and mandatory redemption prior to maturity, and shall bear interest, as provided in the Bond Purchase Agreement, the Senior Indenture and the Subordinate Indenture, as applicable. The Bonds shall be issued in Authorized Denominations (as defined in the Senior Indenture and Subordinate Indenture, as applicable), and be payable, shall be registered, numbered and subject to transfer and exchange, and shall otherwise be subject to the terms and conditions as provided in the Senior Indenture and the Subordinate Indenture.

Section 5. Delegation and Parameters.

(a) In accordance with the Constitution and the laws of the State and the provisions of this Resolution, and for the purposes described herein, the Board hereby authorizes to be issued the Bonds in the aggregate principal amount provided in the Bond Purchase Agreement, subject to the parameters and restrictions set forth below.

(b) Section 11-57-204 of the Supplemental Act provides that a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Board hereby elects to apply all of the Supplemental Act to the Bonds, except for Section 11-57-211 of the Supplemental Act.

(c) Pursuant to Section 11-57-205 of the Supplemental Act, the Board hereby delegates to any member of the Board the authority to sign the Bond Purchase Agreement, and to make the following determinations with respect to the Bonds, subject to the parameters and restrictions set forth in this Section:

- (i) the rates of interest on the Bonds;
- (ii) the terms on which and the prices at which the Bonds may be redeemed prior to maturity, including, without limitation, the principal amounts of the Series 2024A Senior Bonds subject to mandatory sinking fund redemption and the years in which such Series 2024A Senior Bonds will be subject to such redemption;
- (iii) the prices at which the Bonds will be sold;
- (iv) the principal amounts of the Bonds;
- (v) the dates on which principal and interest shall be paid;
- (vi) the amount of principal maturing in any particular year;
- (vii) the date of issuance and delivery of the Bonds;

- (viii) the dated date of the Bonds;
 - (ix) the Record Date of the Bonds;
 - (x) the Reserve Requirement (applicable to the ~~Series 2024A Senior~~ Bonds only);
 - (xi) the terms, if any, of bond insurance and/or a debt service reserve fund surety policy with respect to the ~~Series 2024A Senior~~ Bonds.
- (d) Such determinations shall be subject to the following parameters:
- (i) the net effective interest rate on the Bonds shall be less than the net effective interest rate of the Refunded Bonds;
 - (ii) the final maturity date of the Bonds shall not exceed December 15, 2054;
 - (iii) the aggregate principal amount of the Series 2024A Senior Bonds shall not exceed \$50,000,000;
 - (iv) the aggregate principal amount of the Series 2024B Subordinate Bonds shall not exceed \$50,000,000; and
 - (v) any redemption premium shall not be in excess of 3.00% of the principal amount so redeemed.

Section 6. Permitted Amendments to Bond Resolution. Except as otherwise provided herein, the District may amend this Resolution in the same manner, and subject to the same terms and conditions, as apply to an amendment or supplement to the Senior Indenture and the Subordinate Indenture, respectively, as provided in the Senior Indenture and the Subordinate Indenture.

Section 7. Appointment of District Representatives. The President of the Board is hereby appointed as a District Representative, as defined in the Senior Indenture and the Subordinate Indenture. A different District Representative may be appointed by resolution adopted by the Board and a certificate filed with the Trustee.

Section 8. Disposition and Investment of Proceeds; Tax Covenants. The Bonds shall be issued and sold for the purposes aforesaid. Neither the Underwriter nor any subsequent Owners of the Bonds shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

All or any portion of the Bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations which are both lawful investments and which are Permitted Investments (as defined in the Senior Indenture and the Subordinate Indenture, as applicable). It is hereby covenanted and agreed by the District that it will not make, or permit to be made, any use of the original proceeds of the Bonds, or of any moneys treated as proceeds of the Bonds within the meaning of the Code and applicable regulations, rulings, and decisions, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions.

Section 9. Post Issuance Tax Compliance Policy. The Board hereby confirms its approval of the previously-adopted Post Issuance Tax Compliance Policy, adopted on September 26, 2016, and reaffirms the designation of the person so identified therein as the “Responsible Person.”

Section 10. Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Bonds shall be paid either from the proceeds of the Bonds or from legally available moneys of the District, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

Section 11. Official Statement. The completion of the Preliminary Official Statement and its use and distribution in connection with the sale of the Bonds is hereby authorized and approved. The Board hereby authorizes the preparation and distribution of a supplement to the Preliminary Official Statement if deemed necessary by the Underwriter in connection with its marketing of the Bonds. The Board hereby authorizes the preparation and distribution of a final Official Statement. The Preliminary Official Statement and the Official Statement shall contain such corrections and additional or updated information so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, as of the respective dates thereof. The President of the District is hereby authorized to execute copies of the Official Statement on behalf of the District.

Section 12. Pledge of Revenues. The creation, perfection, enforcement, and priority of the revenues pledged to secure or pay the Bonds as provided herein and in the Senior Indenture and the Subordinate Indenture shall be governed by Section 11-57-208 of the Supplemental Act, this Resolution, the Senior Indenture and the Subordinate Indenture. The revenues pledged for the payment of the Bonds, as received by or otherwise credited to the District or the Trustee, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues of the District and the obligation to perform the contractual provisions made herein and in the Senior Indenture and the Subordinate Indenture shall have priority over any or all other obligations and liabilities of the District. 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 13. Acceptance of the Commitments. The Board hereby accepts the Commitments from the Bond Insurer, and agrees that the provisions with respect to implementation of the terms of the Commitments shall be contained in the Financing Documents. The Board hereby delegates to the Sale Delegate the authority to execute the Commitments.

Section 14. No Recourse Against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 15. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the

Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 15. Limitation of Actions. Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than thirty days after the authorization of such securities.

Section 16. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, sale, issuance, and delivery of the Bonds, or the execution of any documents in connection with the Bonds, are hereby ratified, approved, and confirmed.

Section 17. Resolution Irrepealable. After any of the Bonds have been issued, this Resolution shall constitute a contract between the Owners and the District and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided and as provided in the Senior Indenture and the Subordinate Indenture.

Section 18. Repealer. All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

Section 19. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

Section 20. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this 29th day of March, 2024.

(SEAL)

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2, IN LARIMER COUNTY,
COLORADO

President

ATTESTED:

By: _____
Secretary or Assistant Secretary

**INDENTURE OF TRUST
(SENIOR)**

DATED AS OF [_____] 1, 2024

between

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND)
LARIMER COUNTY, COLORADO**

and

**UMB BANK, N.A.
DENVER, COLORADO
AS TRUSTEE**

relating to

**LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2024A
IN THE AGGREGATE PRINCIPAL AMOUNT OF
\$[A PAR]**

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This **INDENTURE OF TRUST (SENIOR)** (the “Indenture”) dated as of [_____] 1, 2024, by and between **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2**, (in the City of Loveland), Larimer County, Colorado, a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (the “District”), and **UMB BANK, N.A.**, a banking institution authorized to accept and execute trusts of the character herein set out, having an office and corporate trust offices in Denver, Colorado, as trustee (the “Trustee”).

R E C I T A L S

WHEREAS, the District is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”) duly organized and existing as a metropolitan district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended (“**C.R.S.**”); and

WHEREAS, the District was organized by Order and Decree of the District Court for Larimer County, Colorado issued on November 21, 2007, recorded in the real property records of Larimer County, Colorado (the “**County**”) on December 12, 2007; and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to furnish certain public facilities and services, including, but not limited to, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities in accordance with the The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007 (as amended and restated from time to time, the “**Service Plan**”); and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 6, 2007 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities (as more particularly defined herein, the “**Facilities**”), and for the refunding of such indebtedness, the questions relating thereto being as set forth in Exhibit B hereto; and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S. within 45 days after the Election; and

WHEREAS, the District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the District and the Trustee (the “**2018 Senior Indenture**”), and

its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the original aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Facilities and refunding in full prior loans; and

WHEREAS, the District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 (the “**2022D Indenture**”) by and between the District and the Trustee, each for the purpose of financing or reimbursing the costs of Facilities; and

WHEREAS, for the purpose of refunding on a current basis the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”), the Board of Directors of the District (the “**Board**”) has previously determined and hereby determines to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Bonds**”); and

WHEREAS, in order to provide for the payment of the Bonds and any Parity Bonds that may be issued by the District in the future, the District has entered into a Senior Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Senior Pledge Agreement**”), pursuant to which the District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the Trustee, or as otherwise directed by the District; and

WHEREAS, for the purpose of refunding on a current basis the Refunded Bonds, on or about the date of issuance of the Bonds, the Board intends to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Series 2024B Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of [_____] 1, 2024 (the “**2024B Subordinate Indenture**”), by and between the District and UMB Bank, n.a., as trustee; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by the District in the future, the District has entered into a Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Subordinate Pledge Agreement**”), pursuant to which the District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024B Subordinate Bonds, or as otherwise directed by the District, and the District has further agreed to remit to District No. 1, for payment of the District No. 1 Reimbursement Obligations (as defined therein), revenues resulting from the imposition of the Subordinate Required Mill Levy, after the payment in full or defeasance of the Series 2024B

Subordinate Bonds and, if required, Additional Subordinate Obligations, and any requisite fund accumulations relating thereto; and

WHEREAS, the Bonds are permitted “Senior Obligations” under the 2022D Indenture; and

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

WHEREAS, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, the Bonds shall be limited tax general obligations of the District, and shall be payable solely from the Senior Pledged Revenue (as defined herein), which includes amounts derived under the Senior Pledge Agreement; and

WHEREAS, the Bonds are to be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Bonds pursuant to Section 32-1-1101(6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, the principal amount of the Bonds allocable to the refunding of the Refunded Bonds (\$[____]) constitutes a refinancing of District indebtedness at a lower interest rate, and, to the extent not in excess of the principal amount of the Refunded Bonds refunded (\$[____]) is permitted by Article X, Section 20 of the Colorado Constitution (although the District also recognizes that sufficient electoral authorization is available to allocate such amount to refunding authorization if the District elects to do so in the future); and

WHEREAS, the principal amount of the Bonds allocable to the refunding of the Refunded Bonds in excess of the principal amount of the Refunded Bonds to be refunded (i.e., \$[____] in principal amount of the Bonds, representing \$[____] less \$[____]) is allocated to the electoral authorization of the Election for refundings; and

WHEREAS, concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (the “**Bond Insurer**”) is issuing (i) its Municipal Bond Insurance Policy (the “**Bond Insurance Policy**”) guaranteeing the scheduled payment of principal and interest on the Bonds when due and (ii) its Municipal Bond Debt Service Reserve Insurance Policy (the “**Reserve Policy**”) providing for the funding of 100% of the Reserve Requirement for the Bonds as provided therein; and; and

WHEREAS, the District has duly authorized the execution and delivery of this Indenture to provide for the issuance of the Bonds; and

WHEREAS, all things necessary to make the Bonds, when executed by the District and authenticated and delivered by the Trustee hereunder, the valid obligations of the District, and to make this Indenture a valid agreement of the District, in accordance with their and its terms, have been done;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The District, in consideration of the premises and of the mutual covenants herein contained, the acceptance by the Trustee of the trusts hereby created, and of the issuance of the Policies by the Bond Insurer, and of the purchase and acceptance of the Bonds by the Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium if any, and interest on the Bonds at any time Outstanding under this Indenture, according to their tenor and effect, any Bond Insurer Reimbursement Amounts and Policy Costs, and to secure the performance and observance of all of the covenants and conditions in the Bonds, the Bond Resolution, and this Indenture of Trust, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, does hereby grant and assign to the Trustee, and to its successors in trust, and to them and their assigns forever, the following (as more particularly defined hereafter, the "Trust Estate"):

GRANTING CLAUSE FIRST:

The Senior Pledged Revenue, the Senior Bond Fund, the Reserve Fund and all other moneys, securities, revenues, receipts, and funds from time to time held by or owed to the Trustee under the terms of this Indenture, and a security interest therein; and

GRANTING CLAUSE SECOND:

All right, title and interest of the District in the Senior Pledge Agreement, including all revenues payable to or on behalf of the District under the Senior Pledge Agreement; and

GRANTING CLAUSE THIRD:

All right, title, and interest of the District in any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the District or by anyone on its behalf as and for additional security hereunder, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

THE TRUSTEE SHALL HOLD the Trust Estate for the benefit of the Bond Insurer and the Owners from time to time of the Bonds, as their respective interests may appear; and the Trust Estate granted herein is also granted for the equal benefit, of all present and future Owners of the Bonds as if all the Bonds had been executed and delivered simultaneously with the execution and delivery of this Indenture;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of the Bond Insurer and all Owners of the Bonds

issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any other of the Bonds, and as to the Senior Pledged Revenue (excluding the Senior Pledged Revenue described in clause (c) of the definition thereof), on a parity with the lien thereon of any Parity Bonds;

PROVIDED, HOWEVER, that if the District, its successors, or assigns, shall well and truly pay, or cause to be paid, the principal of, premium if any, and interest on the Bonds at the times and in the manner provided in the Bonds, according to the true intent and meaning thereof; or shall provide, as permitted hereby and in accordance herewith, for the payment thereof by depositing with the Trustee or placing in escrow and in trust the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture shall be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said moneys, securities, revenues, receipts, and funds hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. In this Indenture, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

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

“*Additional Obligations*” means (a) all obligations of the District for borrowed money and reimbursement obligations; (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or District No. 3 or any part of the Senior Pledged Revenue; (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds and Subordinate Bonds; (d) all obligations of the District to pay the deferred purchase price of property or services; (e) all obligations of the District as lessee under capital leases; and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term “Additional Obligations” does not include:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the

District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (A) no amounts due or to become due on such obligations are payable from the District's or District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from a District or District No. 3 operations and maintenance mill levy in excess of that permitted by the applicable Service Plan (after taking into account the Senior Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(ii) 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 (e) above, so long as (A) such obligations are payable only to the extent the District has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Bonds in such Fiscal Year, and (C) the District makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iii) obligations which are payable solely from the proceeds of Additional Obligations, when and if issued;

(iv) obligations payable solely from periodic, recurring service charges imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law;

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any Parity Bonds or Subordinate Bonds, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the Parity Bonds or Subordinate Bonds has been made, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Parity Bonds or Subordinate Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vi) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

"Authorized Denominations" means the amount of \$5,000 or any integral multiple thereof.

"Beneficial Owner" means any person for which a Participant acquires an interest in the Bonds.

"Board" means the Board of Directors of the District.

“*Bond Counsel*” means any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“*Bond Insurance Policy*” means the Municipal Bond Insurance Policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the ~~Series 2024A Senior~~ Bonds when due.

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“*Bond Insurer Default*” means the occurrence and continuance of one or more of the following events, in each case subject to the Bond Insurer’s rights of subrogation as provided herein: (a) the Bond Insurer has failed to make any payment under the Bond Insurance Policy when due and owing in accordance with their respective terms; or (b) the Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar proceeding or the filing of any such petition, which proceeding or filing is not discharged or terminated within ninety (90) days from the commencement date or filing date thereof, as applicable, (ii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iii) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (iv) take action for the purpose of effecting any of the foregoing; or (c) any state or federal agency or instrumentality shall order the suspension of payment on the Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York insurance law), which order or approval is not discharged or terminated within ninety (90) days from the date it was granted.

“*Bond Insurer Reimbursement Amounts*” has the meaning specified in Section 11.03(b) hereof.

“*Bond Resolution*” means the resolution authorizing the issuance of the Bonds and the execution of this Indenture, certified by the Secretary of the District to have been duly adopted by the District and to be in full force and effect on the date of such certification, including any amendments or supplements made thereto.

“*Bond Year*” means the period from December 2 of any calendar year to December 1 of the following calendar year.

“*Bonds*” means the Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] dated as of the date of issuance, and issued by the District pursuant to this Indenture and the Bond Resolution and insured by the Bond Insurer.

~~“*Bond Year*” means the period from December 2 of any calendar year to December 1 of the following calendar year.~~

“*Business Day*” means a day on which the Trustee or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

“*Cede*” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“*Certified Public Accountant*” means a certified public accountant within the meaning of Section 12-100-112, C.R.S., and any amendment thereto, licensed to practice in the State and acceptable to the Bond Insurer.

“*Code*” means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

“*Colorado Governmental Immunity Act*” means Title 24, Article 10, Part 1, C.R.S.

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

“*Consent Party*” means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond or the Bond Insurer as provided in Section 11.03 hereof. The District may at its option determine whether the Owner, the Participant or the Bond Insurer is the Consent Party with respect to any particular amendment or other matter hereunder.

“*Costs of Issuance Fund*” means the “The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024A, Costs of Issuance Fund,” established by Section 3.02 hereof.

“*Counsel*” means a person, or firm of which such a person is a member, authorized in any state to practice law.

“*County*” means Larimer County, Colorado.

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

“*Depository*” means any securities depository that the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

“*District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado.

“*District No. 1*” means The Lakes at Centerra Metropolitan District No. 1, Larimer County, Colorado.

“*District No. 3*” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado.

“*District Representative*” means the District President or the person or persons at the time designated to act on behalf of the District by the Bond Resolution or as designated by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the District by its President and attested by its Secretary, and any alternate or alternates designated as such therein.

“*Districts*” means, collectively, the District, District No. 1 and District No. 3.

“*DTC*” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns. References herein to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

“*Election*” means the election held within the District on November 6, 2007.

“*Escrow Agent*” means UMB Bank, n.a., acting in its capacity as escrow agent under the Escrow Agreement.

“*Escrow Agreement*” means the Escrow Deposit Agreement, dated as of [CLOSING DATE], 2024 by and between the District and the Escrow Agent, as the same may be amended from time to time in accordance with the terms thereof.

“*Event of Default*” means any one or more of the events set forth in Section 8.01 hereof.

“*Facilities*” means public facilities the debt for which was approved at the Election, including without limitation necessary or appropriate equipment.

“*Federal Securities*” means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“*Final Assessed Valuation*” means the final certified assessed valuation of all taxable property of the District and District No. 3, as calculated and recorded by the County Assessor on or about December 10 of each year, or on such other date as may be established by law for the annual final certification of assessed valuation.

“*Fiscal Year*” means the 12-month period ending December 31 of each calendar year.

“*Indenture*” means this Indenture of Trust (Senior) as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

“*Insolvency Proceeding*” has the meaning specified in Section 11.03(a) hereof.

“*Interest Payment Date*” means June 1 and December 1 of each year, commencing June 1, 2024 and continuing for so long as the Bonds are Outstanding.

“*Junior Lien Obligations*” means bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Senior Pledged Revenue or any part thereof junior

and subordinate to the lien thereon of the Bonds and any Subordinate Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Junior Lien Obligation hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04(d) hereof. Any Junior Lien Obligation hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District.

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (the “Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3% (with respect to the Bond Insurance Policy) or 5% (with respect to the Reserve Policy), and (ii) the then-applicable highest rate of interest on the Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. Interest at the Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

“*Letter of Representations*” means the Blanket District Letter of Representations from the District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

“*Outstanding or Outstanding Bonds*” means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been placed in escrow and in trust; and

(c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to Section 2.06 or Section 2.09 hereof.

“*Owner(s) or Owner(s) of Bonds*” means the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee, including the Depository for the Bonds, if any, or its nominee.

“*Parity Bonds*” means any other bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Senior Pledged Revenue or any part thereof on parity with the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Parity Bond hereunder, provided that such obligations are required to be issued in accordance with the

provisions of Section 4.04 hereof. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and shall be designated in such resolutions, indentures or other documents as constituting Parity Bonds hereunder.

“*Parity Bonds Reserve Requirement*” means, with respect to any particular series of Parity Bonds, an amount set forth in the documents authorizing such Parity Bonds, but not less than the least of the following (calculated as of the date of issuance of such Parity Bonds): (a) 10% of the principal amount of such Parity Bonds; (b) the maximum annual debt service in any calendar year on such Parity Bonds; or (c) 125% of the average annual debt service on such Parity Bonds; provided, however, that the Parity Bonds Reserve Requirement may be reduced if, in the opinion of Bond Counsel, the funding or maintenance of it at the level otherwise determined pursuant to this definition will adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds or Parity Bonds.

“*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Permitted Investments*” means any investment or deposit the District is permitted to make under then applicable law.

“*Policy Costs*” has the meaning specified in Section 3.08(g) hereof.

“*Policies*” means collectively, the Bond Insurance Policy and the Reserve Policy.

“*Record Date*” means the 15th day of the calendar month next preceding each Interest Payment Date.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the Bonds and the Series 2024B Subordinate Bonds.

“*Refunding Act*” means the “Public Securities Refunding Act,” being Title 11, Article 56, C.R.S., as amended.

“*Reserve Fund*” means the “The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024A, Reserve Fund,” established by Section 3.02 hereof.

“*Reserve Policy*” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer providing for the funding of 100% of the Reserve Requirement for the Bonds.

“*Reserve Requirement*” means \$[_____], which is being funded by the District’s purchase of the Reserve Policy.

“*Senior Bond Fund*” means the “The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024A, Senior Bond Fund,”

established by Section 3.02 hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

“*Senior Debt*” means, for any particular calculation date, the aggregate outstanding principal amount (or, if issued as capital appreciation bonds, the then accreted value), as of such calculation date, of the Bonds, and any Parity Bonds.

“*Senior Debt to Assessed Ratio*” means, as of any date of calculation, the ratio derived by dividing the then-outstanding principal amount of Senior Debt outstanding by the most recent aggregate Final Assessed Valuation of the District and District No. 3, which ratio calculation shall be set forth in a written certificate of the District Representative provided to the Trustee; provided, however, that the Final Assessed Valuation of District No. 3 shall be included in such calculation only if all of the Senior Debt is then secured by the Senior Pledge Agreement.

“*Senior Pledge Agreement*” means the Senior Capital Pledge Agreement, dated as of [_____] 1, 2024, by and among the District, District No. 3, and the Trustee.

“*Senior Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all Senior Property Tax Revenues;
- (b) all Senior Specific Ownership Tax Revenues; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

“*Senior Property Tax Revenues*” means all moneys derived from imposition by the District and District No. 3 of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*Senior Required Mill Levy*” has the meaning assigned to it in the Senior Pledge Agreement.

“*Senior Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to the District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of: (a) imposition by the District of the Senior Required Mill Levy in accordance with the provisions hereof, and (b) imposition by District No. 3 of the “Senior Required Mill Levy” in accordance with the Senior Pledge Agreement, which moneys remitted to District No. 3 are payable to the District in accordance with the Senior Pledge Agreement.

“*Series 2018 Bonds*” means the Series 2018A Bonds and the Series 2018B Bonds.

“*Series 2018A Bonds*” means the District’s Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A.

“*Series 2018B Bonds*” means the District’s Subordinate Limited Tax General Obligation Bonds, Series 2018B.

“*Series 2022C Bonds*” means the District’s Junior Lien Limited Tax General Obligation Bonds, Series 2022C.

“*Series 2022D Bonds*” means the District’s Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D.

“*Series 2024B Subordinate Bonds*” means the District’s Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, dated as of the date of issuance and issued by the District pursuant to the 2024B Subordinate Indenture

“*Service Plan*” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“*Special Record Date*” means the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Indenture.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means the Series 2024B Subordinate Bonds, and any bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Senior Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds, any Parity Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Subordinate Bond hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04(d) hereof. Any Subordinate Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Tax Certificate*” means the certificate to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code, and any amendment or modification of any such certificate, instrument or instructions that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

“*Termination Date*” means December 2, 2063.

“*Trust Estate*” means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.

“*Trustee*” means UMB Bank, n.a., in Denver, Colorado, in its capacity as trustee hereunder, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of this Indenture.

~~“*Trust Estate*” means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.~~

“*Underwriter*” means Wells Fargo Securities, LLC, of Denver, Colorado, the original purchaser of the Bonds.

“*2018 Indentures*” means the 2018 Senior Indenture and the 2018 Subordinate Indenture.

“*2018 Senior Indenture*” means the Indenture of Trust (Senior) dated March 1, 2018, by and between the District and the Trustee

“*2018 Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated March 1, 2018, by and between the District and the Trustee

“*2022D Indenture*” shall have the meaning assigned thereto in Recitals hereto.

“*2024B Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated as of [_____] 1, 2024, by and between the District and UMB Bank, n.a., as trustee, authorizing the issuance of the Series 2024B Subordinate Bonds.

Section 1.02. Interpretation. In this Indenture, unless the context otherwise requires:

(a) the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar term, refer to this Indenture as a whole and not to any particular article, section, or subdivision hereof; the term “heretofore” means before the date of execution of this Indenture, the term “now” means at the date of execution of this Indenture, and the term “hereafter” means after the date of execution of this Indenture;

(b) words of the masculine gender include correlative words of the feminine and neuter genders; words importing the singular number include the plural number and vice versa; and the word “person” or similar term includes, but is not limited to, natural persons, firms, associations, corporations, partnerships, and public bodies;

(c) the captions or headings of this Indenture, and the table of contents appended to copies hereof, are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Indenture;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(e) in no event shall the term “available” when used to modify revenue described herein be interpreted to mean that the Trustee or the District has any discretion to determine that only a portion of such revenue shall be applied as provided herein; and

(f) all exhibits referred to herein are incorporated herein by reference.

Section 1.03. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Indenture shall be made on the assumption that: (a) the principal of and interest on all Bonds shall be paid as and when the same become due as therein and herein provided; and (b) all credits required by this Indenture to be made to any fund shall be made in the amounts and at the times required.

Section 1.04. Exclusion of Bonds Held By the District. In determining whether the Consent Parties with respect to the requisite principal amount of the Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds for which the District is the Consent Party or the entity entitled to direct the actions of the Consent Party shall be disregarded and deemed not to be Outstanding.

Section 1.05. Certificates and Opinions.

(a) Except as otherwise specifically provided in this Indenture, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person making the certificate or opinion has read the covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination and investigation as is necessary to enable him to express an informed opinion as to whether the covenant or condition has been complied with; (iv) a statement as to whether, in the opinion of such person, the condition or covenant has been complied with; and (v) an identification of any certificate or opinion relied on in such certificate or opinion.

(b) Any opinion of Counsel may be qualified by reference to the constitutional powers of the United States of America, the police and sovereign powers of the State, judicial discretion, bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors’ rights or municipal corporations or similar matters.

(c) In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

(d) Any certificate or opinion of an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such officer knows, or in the exercise of reasonable care should know,

that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the District stating that the information with respect to such factual matters is in the possession of the District, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(e) When any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, such instruments may, but need not, be consolidated to form one instrument.

Section 1.06. Acts of Consent Parties.

(a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Consent Parties may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Consent Party in person or by agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, the District. Proof of execution of any such instrument or of a writing appointing any such agent made in the manner set forth in subsection (b) hereof shall be sufficient for any purpose of this Indenture and (subject to Section 9.01 hereof) conclusive in favor of the Trustee and the District.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

(c) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by the Consent Parties with respect to a specified percentage or portion of the Outstanding Bonds shall be conclusive and binding upon all present and future Owners and Consent Parties if the Consent Parties with respect to the specified percentage or portion of the Outstanding Bonds take such action in accordance herewith; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder. In addition, any request, demand, authorization, direction, notice, consent, waiver, or other action by any Consent Party (notwithstanding whether such action was also taken by any other Owner or Consent Party) shall bind the Owner and the Consent Party, and the Owner of and Consent Party with respect to every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the

Trustee or the District in reliance thereon; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder.

Section 1.07. Notices for Bonds Held by a Depository. Notwithstanding the provisions hereof which provide for notices to Owners by mail, so long as the Bonds are held by DTC or any other Depository, such notices may be given by electronic means in lieu of mailed notice

Section 1.08. Indenture To Constitute Contract. This Indenture shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding hereunder.

ARTICLE II

THE BONDS

Section 2.01. Authorization, Terms, Payment, and Form of Bonds.

(a) In accordance with the Constitution of the State; the Election; the Supplemental Act; Title 32, Article 1, Part 11 and Part 13, C.R.S.; and all other laws of the State thereunto enabling, there shall be issued the Bonds for the purposes hereinafter stated. The aggregate principal amount of the Bonds that may be authenticated and delivered under this Indenture is limited to and shall not exceed \$[A PAR], except as provided in Section 2.06 and Section 2.09 hereof.

(b) The Bonds shall be issued only as fully registered Bonds without coupons in Authorized Denominations. Unless the District shall otherwise direct, the Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "RA-."

(c) The Bonds shall be dated as of the date of issuance, and shall mature on the dates and in the aggregate principal amounts, and shall bear interest at the rates per annum, set forth in the following table, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Senior Pledged Revenue available therefor semiannually on each June 1 and December 1, commencing on June 1, 2024:

Maturity	Principal Amount	Interest Rate
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(d) The maximum net effective interest rate authorized for this issue of Bonds is 12% per annum, and the actual net effective interest rate of the Bonds does not exceed such maximum rate. The maximum repayment costs of the Bonds do not exceed the limitations of the Election. The maximum annual debt service on the Bonds does not exceed the maximum annual tax increases authorized in the Election.

(e) The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

(f) Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

(g) To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until paid and shall continue to bear interest at the rate then borne by the Bond; or as otherwise provided in this Indenture. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything 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 Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

(h) Subject to the provisions of this Indenture, the Bonds shall be in substantially the form set forth in Exhibit A attached hereto, with such variations, omissions, and insertions as may be required by the circumstances, be required or permitted by this Indenture, or be consistent with this Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The District may cause a copy of the text of the opinion of Bond Counsel to be printed on the Bonds. Pursuant to the recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such

other endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Section 2.02. Purpose of Issuance of Bonds. The Bonds are being issued for the purpose of: (a) refunding the Refunded Bonds, (b) funding the purchase of the Reserve Fund to the Reserve Requirement Policy, and (c) paying other costs in connection with the issuance of the Bonds and the Series 2024B Subordinate Bonds.

Section 2.03. Trustee as Paying Agent and Bond Registrar.

(a) The Trustee shall perform the functions of paying agent and authenticating registrar with respect to the Bonds. The Trustee shall establish the registration books for the Bonds and thereafter maintain such books in accordance with the provisions hereof. The District shall cause the Underwriter to provide the Trustee with an initial registry of the Owners within a reasonable time prior to delivery of the Bonds. The District shall be permitted to review the registration books at any time during the regular business hours of the Trustee and, upon written request to the Trustee, shall be provided a copy of the list of Owners of the Bonds. Upon the termination of this Indenture, the Trustee shall promptly return such registration books to the District.

(b) The Trustee shall make payments of principal and interest on the Bonds on each date established herein for payment thereof, in the manner and from the sources set forth herein.

(c) The Trustee will register, exchange, or transfer (collectively, “transfer”) the Bonds in the manner provided herein. The Trustee reserves the right to refuse to transfer any Bond until it is satisfied that the endorsement on the Bond is valid and genuine, and for that purpose it may require a guarantee of signature by a firm having membership in the Midwest, New York, or American Stock Exchange, or by a bank or trust company or firm approved by it. The Trustee also reserves the right to refuse to transfer any Bond until it is satisfied that the requested transfer is legally authorized, and it shall incur no liability for any refusal in good faith to make a transfer which it, in its judgment, deems improper or unauthorized.

(d) The District shall furnish the Trustee with a sufficient supply of blank Bonds for the sole purpose of effecting transfers in accordance herewith and from time to time shall renew such supply upon the request of the Trustee. Blank Bonds shall be signed and sealed by the District in the manner set forth herein.

(e) In the event the District receives any notice or order which limits or prohibits dealing in the Bonds, it will immediately notify the Trustee of such notice or order and give a copy thereof to the Trustee.

(f) In any circumstances concerning the payment or registration of the Bonds not covered specifically by this Indenture, the Trustee shall act in accordance with federal and state banking laws and its normal procedures in such matters.

Section 2.04. Execution of Bonds; Signatures. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the District, sealed with a manual impression or facsimile of its corporate seal, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the District. In case any officer who shall have signed any of the Bonds shall cease to be such officer of the District before the Bonds have been authenticated by the Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Trustee and delivered, and may be sold by the District, as though the person or persons who signed such Bonds had remained in office.

Section 2.05. Persons Treated as Owners. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Trustee shall be affected by notice to the contrary.

Section 2.06. Lost, Stolen, Destroyed, or Mutilated Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced (or paid if the Bond has matured or come due by reason of prior redemption) by the Trustee in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, provide such indemnification satisfactory to the Trustee, and present such proof of ownership and loss as may be required by the Trustee. If mutilated, (a) the District shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 2.07. Delivery of Bonds. Upon the execution and delivery of this Indenture, the District shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or for the account of the purchasers thereof, directed by the District and in accordance with a written certificate of the District. The Trustee shall be entitled to conclusively rely upon such direction and authorization from the District as to the names of the purchasers and the amount of such purchase price.

Section 2.08. Trustee's Authentication Certificate. The Trustee's certificate of authentication upon the Bonds shall be substantially in the form and tenor set forth in Exhibit A attached hereto. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit hereunder unless and until a certificate of authentication on such Bond substantially in such form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Registration, Exchange, and Transfer of Bonds.

(a) The Trustee shall act as bond registrar and maintain the books of the District for the registration of ownership of each Bond as provided herein.

(b) Bonds may be exchanged at the designated office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Trustee, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books. In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the registration books, and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate principal amount which the Owner is entitled to receive at the earliest practicable time in accordance with the provisions hereof.

(c) The Trustee shall charge the Owner of such Bond for every such transfer or exchange of a Bond an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(d) The District and Trustee shall not be required to issue or transfer any Bonds: (i) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date, or (ii) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

(e) New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.10. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture and upon payment of the principal amount, premium if any, and interest due thereon, or whenever any Outstanding Bond shall be delivered to the Trustee for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

Section 2.11. Non-presentment of Bonds. In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Senior Bond Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the District to the Owner or Owners thereof for the payment of such Bonds, shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, this Indenture. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the District the funds theretofore held by it for payment of such Bond and payment of such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the District. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

Section 2.12. Book-Entry System.

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a Depository, neither the District nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; or (iii) the payment to any Participant, Beneficial Owner, or person other than the Owner, of the principal of, premium if any, and interest on the Bonds. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the payment of the same. No person, other than an Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Indenture.

(c) DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the District or, if the District determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the District that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Bonds. The Bonds shall constitute limited tax general obligations of the District payable from the Senior Pledged Revenue as provided herein. Principal of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of the Senior Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts herein created, and the Senior Pledged Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable lien upon the Senior Pledged Revenue and the moneys and earnings thereon held in the funds and accounts herein created, but not necessarily an exclusive such lien.

Section 3.02. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts, which shall be established with the Trustee and maintained by the Trustee in accordance with the provisions of this Indenture:

- (a) the Senior Bond Fund;
- (b) the Reserve Fund; and
- (c) the Costs of Issuance Fund.

Section 3.03. Initial Credits. Immediately upon issuance of the Bonds and from the proceeds thereof (after payment of the Underwriter's discount of \$[_____] and \$[_____] to the Bond Insurer for payment of the premium for issuance of the Policies, the Trustee shall make the following credits:

- (a) to the Escrow Agent, an amount equal to \$[_____] to be used to defease and redeem the Series 2018A Bonds pursuant to the Escrow Agreement;
- (b) to the trustee for the Series 2018B Bonds, an amount equal to \$[_____] to be used to pay and redeem the Series 2018B Bonds on the date of delivery of the Bonds;

(c) to the trustee for the Series 2022C Bonds, an amount equal to \$[_____] to be used to pay and redeem the Series 2022C Bonds on the date of delivery of the Bonds; and

~~(d) to the Reserve Fund, the amount of \$[_____] (which is being funded by the Senior Reserve Policy); and~~

~~(e)~~(d) to the Costs of Issuance Fund, the amount of \$[_____].

Section 3.04. Reserved.

Section 3.05. Application of Senior Pledged Revenue. The District shall transfer, or cause to be transferred, all amounts comprising Senior Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Senior Pledged Revenue received by the District in a calendar month is less than \$50,000, the Senior Pledged Revenue received during such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Senior Pledged Revenue received in January, February or March, no later than July 15th for Senior Pledged Revenue received in April, May or June, no later than October 15th for Senior Pledged Revenue received in July, August or September, and no later than January 15th for Senior Pledged Revenue received in October, November or December). In addition, in order to assure the proper application of moneys constituting Senior Pledged Revenue, on and after the date of issuance of any Additional Obligations, the District shall also transfer to the Trustee all moneys pledged to the payment of such Additional Obligations which are derived from ad valorem taxes of the District or specific ownership taxes, and any such moneys shall constitute part of the Trust Estate. IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE. To the extent permitted by law, the Trustee shall apply the Senior Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered “waterfall” structure in which no Senior Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided herein; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other, and (iii) when credits are required to go to funds or accounts which are not held by the Trustee under this Indenture, the Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee fees then due and payable;

SECOND: To the credit of the Senior Bond Fund, the amounts required by Section 3.06 hereof entitled “Senior Bond Fund,” and to the credit of any other similar fund or account established for the current payment of the principal of, premium if any,

and interest on any other Parity Bonds, the amounts required by the documents pursuant to which the Parity Bonds are issued;

THIRD: To the Bond Insurer, any Bond Insurer Reimbursement Amounts not otherwise paid pursuant to SECOND above;

FOURTH: To the credit of the Reserve Fund the amount, if any, necessary for the amounts therein to equal the Reserve Requirement, including, without limitation, any Policy Costs owing to the Bond Insurer, and to the credit of any reserve fund or other similar fund or account established in connection with any Parity Bonds to secure the payment of the principal of, premium if any, and interest on any such Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds;

FOURTHFIFTH: To the District, for credit to any other fund or account as may be designated by the District in writing to the Trustee, to be used for any lawful purpose, (including without limitation the payment of any Subordinate Bonds or Junior Lien Obligations, as applicable), any Senior Pledged Revenue received for the remainder of the Bond Year after the payments and accumulations set forth above.

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

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Senior Property Tax Revenues in any Bond Year to pay annual debt service on the Bonds and any Parity Bonds and to fund such funds and accounts as are required in accordance with the terms hereof and the resolution, indenture or other enactment authorizing such Parity Bonds (including to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue be applied to pay Subordinate Bonds. The debt service property tax levy imposed for the payment of Subordinate Bonds shall be deemed reduced to the number of mills (if any) available for payment of such Subordinate Bonds in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Bonds and any Parity Bonds in such Bond Year. Property tax revenues from a debt service mill levy received by or on behalf of the District from District No. 3 shall similarly be designated, first, as Senior Property Tax Revenues payable under the Senior Pledge Agreement until the funding and accumulation of amounts required with respect to the Bonds and Parity Bonds in the applicable Bond Year.

Section 3.06. Senior Bond Fund. There shall be credited to the Senior Bond Fund each Bond Year an amount of Senior Pledged Revenue which, when combined with other legally available moneys in the Senior Bond Fund (not including moneys deposited thereto from other funds pursuant to the terms hereof), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the Bond Year in which the credit is made, including as a result of mandatory sinking fund redemption in accordance with Section 5.01(b) hereof.

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

FIRST: to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued and payable but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Senior Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms hereof) are insufficient for the payment of the principal of, premium if any, and interest due on the Bonds on any due date, the Trustee shall apply such amounts on such due date as follows:

FIRST: the Trustee shall pay such amounts as are available, ~~proportionally in accordance with the amount to the payment of all installments~~ to the payment of all installments of interest then due on each Bond in the order of maturity of such amounts. If the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any preference or priority; and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many Bonds which shall have become due in the order of their maturity as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof, plus any premium. ~~Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Bonds the principal of which is due and owing on the due date. If the amount available shall not be sufficient to pay in full all principal of and premium, if any, due whether at maturity or by call for redemption on any particular date, then to the amount of such principal of and premium, if any, ratably, according to the amount of principal of and premium, if any due on such date, to the Owners entitled thereto, without any preference or priority.~~

Moneys credited to the Senior Bond Fund may be invested or deposited as provided in Section 6.01 hereof.

Section 3.07. Reserved.

Section 3.08. Reserve Fund.

(a) Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose. The Trustee shall transfer moneys from the Reserve Fund to the Senior Bond Fund to pay the principal of or interest on the Bonds to the extent moneys on deposit in the Senior Bond Fund are insufficient therefor on any Interest Payment Date.

(b) If a withdrawal from the Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement for the Bonds, the District shall include in the computation of its next mill levy certification the amount necessary to replenish the Reserve Fund to the Reserve Requirement as provided in Section 4.02 hereof (subject to the limitations of the Senior Required Mill Levy).

~~(c) There shall be deposited to the Reserve Fund from the proceeds of the Bonds, an amount equal to the Reserve Requirement for the Bonds. The Reserve Fund shall be funded and maintained, with cash or Permitted Investments, or any combination of the foregoing.~~

(c) The Reserve Requirement will be satisfied initially by the Reserve Policy to be issued concurrently with the delivery of the Bonds by the Bond Insurer.

(d) Moneys credited to the Reserve Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the State. The investment of moneys credited to the Reserve Fund shall, however, be subject to the covenants and provisions of the Section hereof entitled "Tax Matters." Investments in the Reserve Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Reserve Fund shall remain in and become part of the Reserve Fund if the Reserve Fund balance is less than the Reserve Requirement for the Bonds. At any time that the Trustee determines that the Reserve Fund balance exceeds the Reserve Requirement for the Bonds, such excess amounts shall be transferred by the Trustee to the Senior Bond Fund on or before the next Interest Payment Date.

(e) If at any time the amounts on deposit in the Reserve Fund are sufficient to pay, whether by redemption or at maturity, all principal, premium, if any, and interest on the Bonds that will accrue to the redemption date or final maturity date, all amounts on deposit in the Reserve Fund shall be transferred to the Senior Bond Fund and used to pay the principal of, premium, if any, and interest on the Bonds at the times and in the amounts required for the payment of the principal of, premium, if any, and interest on the Bonds.

(f) Amounts on deposit in the Reserve Fund, if any, on the final maturity date of the Bonds shall be applied to the payment of the Bonds on such date. The availability

of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the year immediately preceding final maturity of the Bonds.

(g) Notwithstanding anything in this Indenture to the contrary, so long as the Reserve Policy is in effect and no Bond Insurer Default exists, the provisions of this paragraph (g) shall govern with respect to the Reserve Policy.

(i) The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by the Bond Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (g)(i) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(ii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the calendar year immediately following the calendar year in which the draw was made.

(iii) Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The District hereby covenants and agrees the Policy Costs are secured by a lien on and pledge of the Trust Estate (subject only to the priority of payment provisions set forth under this Indenture).

(iv) All cash and investments in the Reserve Fund shall be transferred to the Senior Bond Fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (the "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the

coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(v) If the District shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (g)(i) hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Owners of the Bonds.

(vi) The Trustee will ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (g)(iv) hereof and to provide notice to the Bond Insurer in accordance with the terms of the Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the District with the Trustee to the ~~debt service fund~~ Senior Bond Fund for the Bonds more often than semi-annually, the Trustee will give notice to the Bond Insurer of any failure of the District to make timely payment in full of such deposits within two (2) Business Days of the date due.

(h) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in substitution of the Reserve Policy or in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth herein, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

Section 3.09. Costs of Issuance Fund. The Costs of Issuance Fund shall be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund shall be applied by the Trustee in accordance with a closing memorandum executed by a District Representative, for the payment of costs in connection with the issuance of the Bonds, the Series 2024B Subordinate Bonds and the refunding of the Refunded Bonds, including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter’s counsel and other counsel, the fees and expenses of the District’s accountant, manager, special consultants, and other professionals, and the costs of the Trustee, and other costs and expenses of the District relating to the issuance of the Bonds, the Series 2024B Subordinate Bonds and the refunding of the Refunded Bonds. The Trustee may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the Bonds shall be transferred by the Trustee into the Senior Bond Fund.

Section 3.10. Moneys To Be Held in Trust. All moneys deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and except for moneys paid to the Trustee for its fees and expenses, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in Article VII, and Section 8.05 hereof, the District shall have no claim to or rights in any moneys deposited with or paid to the Trustee hereunder.

Section 3.11. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The amounts pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge and the obligation to perform the contractual provisions hereof and of the Bond Resolution shall have priority over any and all other obligations and liabilities of the District, except as may be otherwise provided in the Supplemental Act, in this Indenture, in the Bond Resolution, or in any other instrument, but subject to any prior pledges and liens. 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.

ARTICLE IV

COVENANTS OF DISTRICT

Section 4.01. 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 Bond Resolution, this Indenture, the Bonds, and all its proceedings pertaining hereto. The District covenants that it is duly authorized under the constitution and laws of the State, including, particularly and without limitation, the Act, to issue the Bonds and to execute this Indenture and that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Bonds are and will be valid and enforceable obligations of the District according to the terms thereof.

Section 4.02. Covenant to Impose Senior Required Mill Levy. For the purpose of paying the principal of, premium if any, and interest on the Bonds the Board has covenanted, and hereby covenants, to impose the Senior Required Mill Levy as provided in the Senior Pledge Agreement.

Section 4.03. Instruments of Further Assurance. The District covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, and pledging unto the Trustee all and singular the Trust Estate.

Section 4.04. Additional Obligations.

(a) The District shall not incur any additional debt or other financial obligation having a lien upon the Senior Pledged Revenue superior to the lien thereof of the Bonds.

(b) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as either Parity Bonds or Subordinate Bonds and, until such time as the 2024B Subordinate Bonds have been paid in full, shall be subject to the prior written consent of the Bond Insurer. The issuance of the Series 2024B Subordinate Bonds in accordance with the 2024B Subordinate Indenture is permitted. The District shall not issue or incur any other Additional Obligations except as provided in subparagraph (c) of this Section with respect to Parity Bonds and in subparagraph (d) of this Section with respect to Subordinate Bonds, unless such issuance is consented to by the Bond Insurer, or, if the Bond Insurance Policy is no longer in effect, by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding. Notwithstanding anything in this Section to the contrary, the District shall not issue Additional Obligations, including without limitation any Subordinate Bonds or Junior Lien Obligations, at any time when the Bond Insurer has made any payments under the Bond Insurance Policy or the Reserve Policy that have not been reimbursed in full by the District.

(c) The District may issue Additional Obligations constituting Parity Bonds without the consent of the Consent Parties (but subject to the Bond Insurer's rights in subparagraph (b) above) if each of the following conditions is met as of the date of issuance of such Additional Obligations:

(i) no Event of Default shall have occurred and be continuing and no amounts of principal or interest on the Bonds or any other Parity Bonds are due but unpaid, unless: (A) such Event of Default or failure to pay principal or interest on the Bonds will be cured upon issuance of the Parity Bonds, or (B) the conditions of clause ~~(vii)~~(B) below are satisfied;

(ii) the amount on deposit in the Reserve Fund for the Bonds is not less than the Reserve Requirement, and the amount on deposit in any similar fund established in connection with any other outstanding Parity Bonds is not less than the amount required by the documents pursuant to which such other Parity Bonds were issued, provided that if such deficiencies will be fully cured upon issuance of the Parity Bonds, this condition will be deemed to have been met;

(iii) the Parity Bonds shall be secured by a reserve fund funded on the date of issuance of the Parity Bonds in the amount of the Parity Bonds Reserve Requirement, which thereafter shall be required to be maintained in the same manner as the Reserve Fund with respect to the Bonds, in the amount of (and not greater than) the applicable Parity Bonds Reserve Requirement;

(iv) in the event that the Parity Bonds are secured by a lien on ad valorem property taxes of the District or District No. 3, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Parity Bonds, together with the Senior Required Mill Levy required to be imposed hereunder and the “Senior Required Mill Levy” required to be imposed under the Senior Pledge Agreement, shall be not higher than the maximum mill levy set forth in the definition of Senior Required Mill Levy herein, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such Parity Bonds shall be applied in the same manner and priority as provided in Section 3.05 hereof with respect to the Senior Pledged Revenue; and

(v) one of the following two conditions shall be satisfied:

(A) upon issuance of the Parity Bonds, the Senior Debt to Assessed Ratio will be 50% or less; OR

(B) the Parity Bonds are issued solely for the purpose of refunding all or any portion of the Bonds, any other Parity Bonds and/or Subordinate Bonds (provided that proceeds of the refunding Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding), and the total of the District’s scheduled debt service on such refunding Parity Bonds, the Bonds and any other Parity Bonds (to the extent to remain outstanding upon such refunding) does not exceed in any year the total debt service on the Bonds and Parity Bonds prior to the issuance of such refunding Parity Bonds (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District’s Parity Bonds debt service in any year and shall not be permitted by this clause (B): (1) the issuance of refunding Parity Bonds that have any scheduled payment dates in any year that are after the maturity of the Bonds or Parity Bonds being refunded, and (2) the issuance of refunding Parity Bonds that refund only Subordinate Bonds. Notwithstanding the foregoing, so long as the 2024B Subordinate Bonds remain outstanding, the Bonds shall not be refunded or refinanced unless such 2024B Subordinate Bonds will be refunded or refinanced concurrently with the Bonds.

(d) The District may issue Additional Obligations constituting Subordinate Bonds without the consent of the Consent Parties (but subject to the Bond Insurer’s rights under subparagraph (b) above) and the terms of such Subordinate Bonds shall be as provided in the documents pursuant to which they are issued, provided that each of the following conditions is met as of the date of issuance of the Subordinate Bonds:

(i) the bondholders with respect to 100% in aggregate principal amount of the Series 2022D Bonds then Outstanding provide consent;

(ii) the maximum mill levy which the District promises to impose for payment of the Subordinate Bonds is 55.477 mills (adjusted as described in clause (a)(ii) of the definition of the Senior Required Mill Levy herein), less the Senior Required Mill Levy required to be imposed hereunder and the mill levy required to be imposed for the payment of any Parity Bonds;

(iii) the failure to make a payment when due on the Subordinate Bonds shall not constitute an event of default thereunder; and

(iv) the Subordinate Bonds shall be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year.

(e) The District may issue Additional Obligations constituting Junior Lien Obligations if the requirements for such issuance in the 2022D Indenture are met. The Bond Insurer's consent shall not be required for the issuance of any such Junior Lien Obligations.

~~(e)~~(f) A written certificate by the President or Treasurer of the District that the conditions for issuance of Additional Obligations set forth herein are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance herewith.

~~(f)~~(g) Nothing herein shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations hereunder.

~~(g)~~(h) Notwithstanding any other provision contained herein, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the Series 2024B Subordinate Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the Election until such time as the full amount of indebtedness represented by the Bonds has been allocated to such electoral authorization for indebtedness approved at the Election.

Section 4.05. Additional Covenants and Agreements. The District hereby further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

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

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

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

(d) 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.

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

(f) In the event the Senior Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Bonds when due, the District shall use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall.

(g) In the event that any amount of the Senior Pledged Revenue is released to the District as provided in ~~FOURTH~~FIFTH of Section 3.05 hereof, the District will, in making its determination as to which obligations will be paid with such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.

(h) In the event that an exemption from registration for the Bonds under the Colorado Municipal Bond Supervision Act (including any rules or orders promulgated thereunder) becomes available that permits the issuance or reissuance of the Bonds in denominations of \$1,000 or integral multiples thereof, and if requested in writing by the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds, the District shall, at the expense of the Consent Parties so requesting, use its good faith efforts to obtain such an exemption, amend this Indenture as may be required in connection therewith, and issue or reissue the Bonds in denominations of \$1,000 or integral multiples thereof.

(i) Subject to the Owners of a majority in aggregate principal amount of the Bonds assuming control of the enforcement of remedies upon default, the District will enforce the collection of all amounts payable to it under the Senior 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 take any of the following actions without the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding: (i) reduce the amounts due to the District (or to the Trustee on behalf of the District) under the Senior Pledge Agreement, (ii) amend or supplement the Senior Pledge Agreement in any way which would materially adversely affect the amount of revenues to be paid to or on behalf of the District thereunder, or (iii) consent to the issuance of bonds, notes, or other obligations by District No. 3 (in the event such consent is required under the Senior Pledge Agreement).

ARTICLE V

PRIOR REDEMPTION

Section 5.01. Prior Redemption.

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

<u>Date of Redemption</u>	<u>Redemption Premium</u>
[December 1, 20__, to November 30, 20__]	3.00%
[December 1, 20__, to November 30, 20__]	2.00
[December 1, 20__, to November 30, 20__]	1.00
[December 1, 20__], and thereafter	0.00

(b) ***Mandatory Sinking Fund Redemption.*** The Bonds maturing on December 1, 20[__] also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 20[__], and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

**Year of Redemption
(December 1) Redemption Amount**

20__*

* final maturity, not a sinking fund redemption

The Bonds maturing on December 1, 20[___] also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 20[___], and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

**Year of Redemption
(December 1) Redemption Amount**

20[___]*

* final maturity, not a sinking fund redemption

On or before forty-five (45) days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District.

~~Upon the occurrence of an optional or mandatory sinking fund redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Bond Insurer.~~

Section 5.02. Redemption Procedure and Notice.

(a) If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond shall be treated for the

purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of any Bond is redeemed, the Trustee shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

(b) In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 30 days prior to the redemption date to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the District. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments.

(a) All moneys held by the Trustee in any of the funds or accounts created hereby shall be promptly invested or reinvested by the Trustee, at the written direction of the District Representative, in Permitted Investments only. The Trustee may conclusively rely upon the District Representative's written instruction as to both the suitability and legality of the directed investments. If the District fails to provide written directions concerning investment of moneys held by the Trustee, the Trustee shall, in accordance with this subsection, invest and reinvest the moneys in a money market fund which is a Permitted Investment, subject to any other requirements of this Section 6.01. Any such investments shall mature, be redeemable at the option of the owner thereof, pay interest or, in the case of money market funds, shall be available for withdrawal, no later than the respective dates when moneys held for the credit of such fund or account will be required for the purposes intended. The interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee under the Indenture shall be credited to the fund or account from which the moneys invested were derived.

(b) The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Trustee is not

required to issue confirmations of Permitted Investments for any month in which a monthly statement is rendered by the Trustee. The Trustee will not issue a monthly statement for any fund or account if no activity occurred in such fund or account during such month. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District Representative shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District Representative, unless the District Representative notified the Trustee in writing to the contrary within 30 days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

(c) Any and all such investments shall be subject to full and complete compliance at all times with the covenants and provisions of Section 6.02 hereof.

Section 6.02. Tax Matters.

(a) The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The District shall not use or permit the use of any proceeds of Bonds 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 any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the 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 Bonds. 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 the Trustee or held by the District under this Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(d) The covenants contained in this Section shall continue in effect until all Bonds are fully paid, satisfied, and discharged.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Discharge of the Lien of the Indenture.

(a) If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of and interest to become due thereon at the times and in the manner stipulated herein, and if the District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by this Indenture to be paid shall have been paid, then these presents and the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be required to satisfy the lien hereof, and assign and deliver to the District any property at the time subject to the lien of this Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under Section 8.05 hereof, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Bonds.

(b) Any Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 7.01 if, for the purpose of paying such Bond (i) there shall have been deposited with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there shall have been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be invested) to pay the principal of, premium if any, and interest on such Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant.

(c) To accomplish defeasance of the Bonds, the District shall cause to be delivered to the Bond Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a report of a Certified Public Accountant verifying the sufficiency of the escrow established to pay the

Bonds in full on the maturity or redemption date (“Verification”), (ii) an ~~Escrow-Deposit Agreement~~ escrow deposit agreement or other written instructions (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under this Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

(d) Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to this Section 7.01, nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium if any, and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, shall, to the extent practicable, be reinvested subject to the provisions of Article VI hereof in Federal Securities maturing at the times and in amounts sufficient to pay, when due, the principal of, premium if any, and interest on the Bonds.

(e) Prior to the investment or reinvestment of such moneys or such Federal Securities as herein provided, the Trustee may require and may rely upon: (i) an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that the investment or reinvestment of such moneys or such Federal Securities complies with Section 6.02 hereof; and (ii) either a report of a nationally-recognized verification agent or a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of, premium if any, and interest on the Bonds when due.

(f) The release of the obligations of the District under this Section shall be without prejudice to the rights of the Trustee to be paid reasonable compensation by the District for all services rendered by it hereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust hereby created, the exercise of its powers, and the performance of its duties hereunder.

(g) In the event that the principal of and/or interest due on Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, such Bonds shall remain Outstanding for all purposes, shall not be deemed to be defeased or otherwise satisfied, and shall not be considered paid by the District. This Indenture shall not be discharged until all Bond Insurance Reimbursement Amounts and Policy Costs owing to the Bond Insurer shall have been paid in full or duly provided for. The District’s obligation to pay such amounts will expressly survive payment in full of the Bonds.

Section 7.02. Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Bonds prior to maturity and the discharge of this Indenture as provided in Section 7.01 hereof, the Trustee shall continue to fulfill its obligations under Section 2.03 hereof until the Bonds are fully paid, satisfied, and discharged.

Section 7.03. Discharge on Termination Date. Notwithstanding any other provision in this Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on the Termination Date, the Bonds and the lien of this Indenture securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by this Indenture, or District No. 3 fails or refuses to impose the Senior Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Senior Pledged Revenue as required by the Senior Pledge Agreement;

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in this Indenture or the Bond Resolution, other than as described in Section 8.01(a) hereof, and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof, or District No. 3 defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of District No. 3 in the Senior Pledge Agreement and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof;

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

(d) District No. 3 files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Senior Pledge Agreement.

It is acknowledged that due to the limited nature of the Senior Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

IN ADDITION, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL

LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS INDENTURE AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THIS ARTICLE VIII. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SENIOR PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUE.

Section 8.02. Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

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

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

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

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee

hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

(c) If any Event of Default under Section 8.01(a) shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners, subject to Section 8.03 hereof; provided that the Trustee at its option shall be indemnified as provided in Section 9.01(m) hereof. For purposes of the foregoing, so long as no Bond Insurer Default exists, upon the occurrence and continuation of an Event of Default, the Bond Insurer shall be deemed to be the Owner of the Bonds.

(d) Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

Section 8.03. Control of Proceedings. ~~The~~So long as no Bond Insurer Default exists, the Bond Insurer shall have the right to control and direct the enforcement of all remedies upon an Event of Default. Except as provided in the preceding sentence, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof; and provided further that at its option the Trustee shall be indemnified as provided in Section 9.01(m) hereof.

Section 8.04. Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 9.01(h) hereof, or of which under that Section it is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in Section 9.01(m) hereof; and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in

equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including reasonable attorneys' fees and costs of any other professionals hired by the Trustee hereunder), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate accounts or accounts created hereunder in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds has been paid in full. NOTWITHSTANDING THE FOREGOING, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063). Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 8.05 and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held hereunder shall be paid to the District.

Section 8.06. Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 8.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the District, the Trustee shall, to the extent permitted by law, file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the District and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.11. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of all the Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to one hundred percent (100%) of the Bonds then Outstanding as to which the Event of Default exists any Event of Default under Section 8.01(a) hereof: provided further, that so long as no Bond Insurer Default exists, neither the Trustee nor any other person shall waive any Event of Default without the Bond Insurer's prior written consent. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. Notice of Default; Opportunity to Cure Defaults.

(a) The Trustee shall give to the Owners of all Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all Events of Default of which the Trustee is by Section 9.01(h) required to take notice, or if notice of an Event of Default is given as provided in said section, within 90 days after the Trustee has knowledge of the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

(b) No default under subsection 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee, the Bond Insurer, or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds Outstanding to the District, and the District shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected and the Bond Insurer consents in writing.

(c) Notwithstanding the foregoing, no grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days without the prior written consent of the Bond Insurer, and no grace period shall be permitted for payment defaults.

ARTICLE IX

CONCERNING TRUSTEE

Section 9.01. Acceptance of Trusts and Duties of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in Section 9.01 (g) hereof, and shall be entitled to rely and act upon the advice or an opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay (and be reimbursed as provided in Section 9.02 hereof) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice or an ~~Opinion~~opinion of Counsel, but the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers, or employees chosen with due care.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording or filing of this Indenture or any financing statements (other than continuation statements), or for the validity of the execution by the District of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as expressly herein set forth; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof or as to the validity or sufficiency of this Indenture or the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof (except for funds or investments held by the Trustee) or of any of the Bonds or of any money paid to or upon the order of the District under any provision of this Indenture. The Trustee, in its individual or any other capacity, may become the Owner of the Bonds with the same rights which it would have if not the Trustee.

(e) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the District by the District Representative or the District's President or Vice President or such other person as may be designated for such purpose by a certified resolution of the District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in Section 9.01(h) hereof or of which by said Section it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the District, the Bond Insurer or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law.

(j) At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the District pertaining to the Bonds and the Senior Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

(k) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Bonds, or the taking of any other action by the Trustee.

(l) All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the District.

(m) The Trustee shall not be required to advance its own funds, and before taking any action to enforce the terms of this Indenture against the District, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including reasonable attorneys' fees, and to protect it against all liability, except liability is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken.

(n) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise with respect to the Bonds.

(o) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum, remarketing circular or other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities in connection with the Bonds.

(p) The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Senior Pledge Agreement or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

(q) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(r) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

Section 9.02. Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its reasonable fees and expenses for ordinary services rendered hereunder (which compensation is not intended by the parties hereto to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent, and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services.

In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to any compensation or reimbursement therefor. The Trustee shall have a first lien upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred and unpaid, but subject to the right of prior payment of the principal and interest on the Bonds when due; provided, however, that the payment of principal and interest on the Bonds shall not have priority over the Trustee Fees payable in accordance with clause FIRST of Section 3.05 hereof. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or the Trustee's resignation or removal hereunder and payment in full of the Bonds.

Section 9.03. Resignation or Replacement of Trustee.

(a) The Trustee may resign, subject to the appointment of a successor, by giving thirty (30) days' notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding with the prior consent of the Bond Insurer. Prior to an Event of Default, the Bond Insurer shall have the right to remove the Trustee for cause, and upon the occurrence of an event which would with notice or the passage of time constitute an Event of Default, the Bond Insurer shall have the right to remove the Trustee for any reason. Any removal or resignation of the Trustee and appointment of a

successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

(b) In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District so long as it is not in default hereunder; otherwise by the Consent Parties with respect to ~~of~~ a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Consent Parties, or their attorneys-in-fact appointed; provided however, that even if the District is in default hereunder it may appoint a successor until a new successor shall be appointed by the District or the Consent Parties as herein authorized. The District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the District or the Consent Parties, as applicable.

(c) Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act hereunder, and having a capital surplus of not less than \$50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed hereunder shall execute, acknowledge, and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as the Trustee hereunder and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor and upon payment of the fees and expenses owed to the predecessor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under this Indenture. If any instrument from the District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the District on request of such successor.

(d) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed or recorded.

Section 9.04. Conversion, Consolidation, or Merger of Trustee. Anything herein to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under this Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing

of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Section 9.05. Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and the Trustee shall not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates, and other instruments shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash hereunder. Except as provided herein, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in this Indenture; provided however, that nothing contained in this Section shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of this Indenture.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent. Subject to the provisions of this Article, the District and the Trustee may, without the consent of or notice to the Owners or Consent Parties, but with the prior written consent of the Bond Insurer, enter into such indentures supplemental hereto, which supplemental indentures shall thereafter form a part hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;
- (b) To subject to this Indenture additional revenues, properties, or collateral;
- (c) To grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and
- (d) To qualify this Indenture under the Trust Indenture Act of 1939.

Section 10.02. Supplemental Indentures Requiring Consent.

- (a) Except for supplemental indentures delivered pursuant to Section 10.01 hereof, and subject to the provisions of this Article, the Consent Parties with respect to not less than a majority (or for modifications of provisions hereof which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding shall have the

right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(i) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

(ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

(iii) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

(iv) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

(b) Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the District, the Trustee, the Bond Insurer and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

(c) If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be given to each Owner of a Bond at the address shown on the registration books of the Trustee and to the Bond Insurer prior to the proposed date of execution and delivery of any such supplemental indenture. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture or the Bond Insurer, as the case may be, consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the

execution of any such supplemental indenture (whether under Section 10.01 or 10.02 hereof) the Trustee and the District shall receive and shall be fully protected in relying upon an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (a) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest on the Bonds; (b) the District is permitted by the provisions hereof to enter into the supplement; and (c) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by Section 1.05 hereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the District, the Trustee, the Bond Insurer, the Owners of the Bonds, and for Bonds held by a Depository, the Beneficial Owners and the Participants, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof; and all the covenants, stipulations, promises, and agreements in this Indenture by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, the Bond Insurer, the Owners of the Bonds, and for Bonds held by a Depository, the Beneficial Owners and the Participants. Without limiting the foregoing, the Bond Insurer is a third-party beneficiary hereof and may enforce any right, remedy, or claim conferred, given, or granted hereunder.

Section 11.02. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, the intent being that such remaining provisions shall remain in full force and effect.

~~Section 11.03. The Bond Insurer and the Policy.~~

Section 11.03. Anything in this Indenture to the contrary notwithstanding, as long as the Bond Insurance Policy is in effect and no Bond Insurer Default exists, the following provisions shall govern:

(a) The Bond Insurer shall be deemed to be the sole ~~holder~~Owner of the ~~Series 2024A Senior~~ Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the ~~holders~~Owners of the ~~Series 2024A Senior~~ Bonds are entitled to take pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each ~~Series 2024A Senior~~ Bond, ~~the Trustee and each Owner~~ appoint of the Bonds appoints the Bond Insurer as ~~their~~its agent and attorney-in-fact and ~~agree~~agrees that the Bond Insurer may at any time during the continuation of any proceeding by or against the District or District No. 3 under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters

relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, ~~supersedes~~supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, ~~the Trustee and~~ each Owner ~~delegate of the Bonds delegates~~ and ~~assign assigns~~ to the Bond Insurer, to the fullest extent permitted by law, the rights of ~~the Trustee and~~ each Owner of the Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Bonds for the Bond Insurer’s benefit, and agrees to cooperate with the Bond Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus. ~~Notwithstanding the foregoing, the provisions of this Indenture related to the Bond Insurer shall only apply so long as the Bond Insurance Policy is in effect and no Bond Insurance Default exists.~~

(b) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the ~~Series 2024A Senior~~ Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the “Bond Insurer’s Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the ~~Series 2024A Senior~~ Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the ~~Series 2024A Senior~~ Bonds and the amount required to pay principal of the ~~Series 2024A Senior~~ Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current ~~Bond holder~~Owner of the Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the District on any ~~Series 2024A Senior~~ Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any ~~Series 2024A Senior~~ Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Bonds referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of the Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Bonds in the same manner as principal and interest payments are to be made with respect to the ~~Series 2024A Senior~~ Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the District agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the “Bond Insurer Advances”); and (ii) interest on such Bond Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the “Bond Insurer Reimbursement Amounts”). The District hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the ~~Series 2024A Senior~~ Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any The Trustee shall notify the Bond Insurer of any funds remaining in the Policy Payments Account following after the Trustee has made the payments for which a Series 2024A Senior Bond payment date shall claim was made to the Owners of the Bonds and shall, at the direction of the Bond Insurer, promptly be remitted remit such funds remaining to the Bond Insurer.

The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the ~~Series 2024A Senior~~ Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding, ~~as previously defined~~). Each obligation of the District to the Bond Insurer under this Indenture shall survive discharge or termination hereof.

The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on

the Bonds as a result of acceleration of the maturity thereof, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

(c) The District shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in ~~this Indenture or the Senior Pledge Agreement~~any Related Document (defined below); (ii) the pursuit of any remedies under this Indenture or ~~the Senior Pledge Agreement~~any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, this Indenture or ~~the Senior Pledge Agreement~~any other Related Document whether or not executed or completed; or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with this Indenture or ~~the Senior Pledge Agreement~~any other Related Document or the transactions contemplated hereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture or any other Related Document. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Bond Insurer until the date the Bond Insurer is paid in full. The obligation to reimburse the Bond Insurer shall survive discharge or termination of the Related Documents.

(d) The District shall not amend, supplement, modify or waive any provision of this Indenture, the Senior Pledge Agreement or any other transaction document, including any underlying security agreement (each a “Related Document”), without the prior written consent of the Bond Insurer.

(e) The rights granted to the Bond Insurer under this Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the ~~Bondholders~~Owners of the Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the Bonds or any other person is required in addition to the consent of the Bond Insurer.

(f) The District covenants to provide or cause to be provided to the Bond Insurer:

(i) To the extent not otherwise filed with the Municipal Securities Rulemaking Board’s ~~EMAA~~EMMA system, copies of the District’s annual audited financial statements within 210 days of the District’s Fiscal Year End (together with a certification of the District that it is not aware of any default or Event of Default under this Indenture), and, upon request, the District’s annual budget within thirty (30) days after the filing thereof, together with such other

information, data or reports as the Bond Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the ~~Senior~~ Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default or Event of Default under this Indenture known to the ~~Trustee or~~ District within five (5) Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any ~~proceeding by or against the District commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding")~~;

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents; and

(x) To the extent not otherwise filed with the Municipal Securities ~~Rulemaking~~ Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Bonds.

(g) Notwithstanding the foregoing, the Bond Insurer shall have the right to receive such additional information as it may reasonably request. The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the ~~Series 2024A Senior~~ Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the District on any business day upon reasonable prior notice.

(h) The Trustee shall notify the Bond Insurer of ~~any~~(i) any default or Event of Default under this Indenture known to the Trustee within five (5) Business Days after knowledge thereof and (ii) any known failure of the District to provide notices, certificates and other information under the ~~transaction documents~~Related Documents that are required to be delivered to the Owners of the Bonds.

(i) Notwithstanding satisfaction of the other conditions to the issuance of Additional BondsObligations set forth herein, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional BondsObligations, in either case unless otherwise permitted by the Bond Insurer.

(j) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Series 2024A Senior Bonds or the rights of the Bondholders, ~~the Trustee shall consider~~Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Bond Insurance Policy.

(k) No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Series 2024A Senior Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

(l) The District shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate without the prior written consent of the Bond Insurer.

Section 11.04. Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.05. Execution in Counterparts; Electronic Signatures. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

Section 11.06. Notices; Waiver.

(a) Except as otherwise provided herein, all notices, certificates, or other communications required to be given to any of the persons set forth below pursuant to any provision of this Indenture shall be in writing, shall be given either ~~in person or~~(i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified or registered mail, and if mailed, shall be deemed received

three (3) days after having been deposited in a receptacle for United States mail, postage prepaid, addressed as follows:

District: The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

With copies to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

Trustee: UMB Bank, n.a.
Corporate Trust and Escrow Services
1670 Broadway
Denver, Colorado 80202
Telephone: 303-839-2220
Email: john.wahl@umb.com
Attention: John Wahl

Bond Insurer: Assured Guaranty Municipal Corp.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Municipal Surveillance
Re: Policy Nos. -N (Bond Insurance Policy) and
- R (Reserve Policy)
Telephone: 212-974-0100
Email: munidisclosure@agltd.com

In each case in which the notice or other communication refers to a claim on the Bond Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked "URGENT MATERIAL ENCLOSED" and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@agltd.com.

(b) In lieu of mailed notice to any person set forth above, the persons designated above may provide notice by email to any email address set forth above for any other person designated above, or by facsimile transmission to any facsimile number set forth above for such person, and any such notices shall be deemed received upon receipt by the sender of an email or facsimile transmission from such person confirming

such receipt, or upon receipt by the sender of such other confirmation of receipt as may be reasonably reliable under the circumstances.

(c) The persons designated above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

(d) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.07. Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the designated office of the Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.08. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 11.09. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 11.10. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of the Bonds.

Section 11.11. Force Majeure. In no event shall the parties hereto be responsible or liable for any failure or delay in the performance of its respective obligations hereunder, other than any obligation to make payments required under this Indenture, arising out of or caused by, directly or indirectly, forces beyond its reasonable control which result in the suspension of operations of the respective parties hereto, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics,

recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the respective parties' technological infrastructure exceeding authorized access; it being understood that in such an event, each of the parties hereto shall: (i) use reasonable efforts that are consistent with accepted practices; (ii) use its best efforts to resume and perform its respective obligations hereunder at the earliest practicable time; and (iii) use its best efforts to provide the other party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure.

Section 11.12. Electronic Storage. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Signatures appear on following page]

IN WITNESS WHEREOF, The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, has caused this Indenture to be executed on its behalf by its President and attested by its Secretary, and to evidence its acceptance of the trusts hereby created, UMB Bank, n.a., Denver, Colorado, as Trustee, has caused this Indenture to be executed on its behalf by one of its authorized officers, all as of the date first above written.

(S E A L)

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2,
Larimer County, Colorado

President

ATTESTED:

Secretary

UMB BANK, N.A., as Trustee

Authorized Officer

EXHIBIT A
TO
INDENTURE OF TRUST
[FORM OF BOND]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A LIMITED PURPOSE TRUST COMPANY ORGANIZED UNDER THE LAWS OF THE STATE OF NEW YORK (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF COLORADO**

No. RA-___ \$_____

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
LARIMER COUNTY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING BOND
SERIES 2024A**

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____ %	December 1, 20___	_____, 2024	

REGISTERED OWNER: Cede & Co.
Tax Identification Number: 13-2555119

PRINCIPAL AMOUNT: _____ Thousand and 00/100 U.S. Dollars

The Lakes at Centerra Metropolitan District No. 2, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Senior Pledged Revenue (as defined in the Indenture described below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to June 1, 2024, in which event this Bond shall bear interest from its date of delivery, at the interest rate per annum specified above, payable on June 1 and December 1 each year, commencing on June 1, 2024, until the principal amount is paid at maturity or upon prior redemption.

To the extent principal of this Bond is not paid when due, such principal shall remain Outstanding until paid. To the extent interest on this Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein or in the Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of this Bond, including all payments of principal and interest, and this Bond will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THIS BOND AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063). FURTHERMORE, PURSUANT TO THE INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THIS BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL SENIOR PLEDGED REVENUE AVAILABLE THEREFOR ON DECEMBER 2, 2063, THE BONDS AND THE LIEN OF THE INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT THE OWNERS WILL HAVE NO RECOURSE TO THE DISTRICT OR ANY PROPERTY OF THE DISTRICT FOR THE PAYMENT OF ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THE BOND REMAINING UNPAID.

The Bonds are issued pursuant to that certain Indenture of Trust (Senior) (the “Indenture”) dated as of [_____] 1, 2024, between the District and UMB Bank, n.a., as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in the Indenture.

The principal of this Bond and premium, if any, is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the designated office of the Trustee. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by the Trustee at the close of business on the fifteenth (15th) day of the calendar month next preceding each Interest Payment Date (the “Record Date”), and shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to such registered owner at his address as it appears on such registration books. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Trustee as provided in the Indenture. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the “Special Record Date”) established for the payment of any unpaid interest. Notice of the Special Record Date and the date fixed for the payment of unpaid interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Trustee.

This Bond is one of a series aggregating \$[A PAR] par value, all of like date, tenor, and effect, issued by the Board of Directors of The Lakes at Centerra Metropolitan District No. 2,

County of Larimer, State of Colorado, for the purpose of paying the costs of providing certain public improvements within and without the District and refunding certain indebtedness of the District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11 and Part 13, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution and the Indenture. Pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; and that at the election lawfully held within the District on November 6, 2007, the incurrence of the indebtedness represented by this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election.

The Bonds are payable solely from and to the extent of the Senior Pledged Revenue (as defined by the Indenture) and the Senior Pledged Revenue is pledged to the payment of the Bonds. The Bonds constitute an irrevocable lien upon the Senior Pledged Revenue, but not necessarily an exclusive such lien.

Reference is hereby made to the Indenture for an additional description of the nature and extent of the security for the Bonds, the accounts and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Indenture may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

Bonds of this issue are subject to redemption prior to maturity as provided in the Indenture. The Bonds will be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond will be treated for the purposes of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of this Bond is redeemed, the Trustee shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of prior redemption shall be given to the registered owner of this Bond not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, in the manner set forth in the Indenture. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Trustee shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date or (b) during the

period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District and the Trustee may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District or the Trustee.

This Bond may be exchanged at the designated office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the designated office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Trustee of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity, and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Trustee shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or performing any action shall be a Saturday, Sunday, legal holiday or a day on which the designated office of the Trustee is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which the designated office of the Trustee is authorized or required by law to remain closed.

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the Indenture and in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN TESTIMONY WHEREOF, the Board of Directors of The Lakes at Centerra Metropolitan District No. 2 has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary thereof, all as of the original issue date specified above.

[SEAL]

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2

By _____
President

Attested:

By _____
Secretary

CERTIFICATE OF AUTHENTICATION

Date of Registration and Authentication:

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

UMB BANK, N.A., as Trustee

By _____
Authorized Signatory

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (“AGM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to UMB Bank, n.a., or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____
_____ (Social Security or Federal Employer Identification
Number of Assignee) _____ (Name and Address of
Assignee) the within Bond and does hereby irrevocably constitute and appoint
_____, attorney, to transfer said Bond on the books kept for registration
thereof with full power of substitution in the premises.

SIGNATURE OF REGISTERED OWNER:

Dated: _____

NOTICE: The signature to this assignment must
correspond with the name of the registered
owner as it appears upon the face of the within
Bond in every particular, without alteration or
enlargement or any change whatever.

Signature guaranteed:

(Bank, Trust Company, or Firm)

EXHIBIT B
TO
INDENTURE OF TRUST
BALLOT QUESTIONS OF THE ELECTION

**INDENTURE OF TRUST
(SUBORDINATE)**

DATED AS OF [_____] 1, 2024

between

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND)
LARIMER COUNTY, COLORADO**

and

**UMB BANK, N.A.
DENVER, COLORADO
AS TRUSTEE**

relating to

**SUBORDINATE LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2024B
IN THE AGGREGATE PRINCIPAL AMOUNT OF
\$[B PAR]**

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This **INDENTURE OF TRUST (SUBORDINATE)** (the “Indenture”) dated as of [_____] 1, 2024, by and between **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2**, (in the City of Loveland), Larimer County, Colorado, a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (the “District”), and **UMB BANK, N.A.**, a banking institution authorized to accept and execute trusts of the character herein set out, having an office and corporate trust offices in Denver, Colorado, as trustee (the “Trustee”).

R E C I T A L S

WHEREAS, the District is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”) duly organized and existing as a metropolitan district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended (“**C.R.S.**”); and

WHEREAS, the District was organized by Order and Decree of the District Court for Larimer County, Colorado issued on November 21, 2007, recorded in the real property records of Larimer County, Colorado (the “**County**”) on December 12, 2007; and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to furnish certain public facilities and services, including, but not limited to, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities in accordance with the The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007 (as amended and restated from time to time, the “**Service Plan**”); and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 6, 2007 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities (as more particularly defined herein, the “**Facilities**”), and for the refunding of such indebtedness, the questions relating thereto being as set forth in Exhibit B hereto; and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S. within 45 days after the Election; and

WHEREAS, the District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the District and the Trustee (the “**2018 Senior Indenture**”) and

its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Facilities and refunding in full prior loans.

WHEREAS, the District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 (the “**2022D Indenture**”) by and between the District and the Trustee, each for the purpose of financing or reimbursing the costs of Facilities; and

WHEREAS, for the purpose of refunding on a current basis the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”), the Board of Directors of the District (the “**Board**”) has previously determined and hereby determines to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Bonds**”); and

WHEREAS, in order to provide for the payment of the Bonds and any Parity Bonds that may be issued by the District in the future, the District has entered into a Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Subordinate Pledge Agreement**”), pursuant to which the District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the Trustee, or as otherwise directed by the District; and

WHEREAS, for the purpose of refunding on a current basis the Refunded Bonds, on or about the date of issuance of the Bonds, the Board intends to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Series 2024A Senior Bonds**”), pursuant to an Indenture of Trust (Senior) dated as of [_____] 1, 2024 (the “**2024A Senior Indenture**”), by and between the District and UMB Bank, n.a., as trustee; and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and certain other obligations that may be issued by the District in the future, the District has entered into a Senior Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Senior Pledge Agreement**”), pursuant to which the District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024A Senior Bonds, or as otherwise directed by the District, and the District has further agreed to remit to District No. 1, for payment of the District No. 1 Reimbursement Obligations (as defined therein), revenues resulting from the imposition of the Senior Required Mill Levy,

after the payment in full or defeasance of the Series 2024A Senior Bonds and, if required, Additional Senior Obligations, and any requisite fund accumulations relating thereto; and

WHEREAS, the Bonds are permitted “Subordinate Obligations” under the 2022D Indenture; and

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

WHEREAS, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (the “**Bond Insurer**”) is issuing (i) its Municipal Bond Insurance Policy (the “**Subordinate Bond Insurance Policy**”) guaranteeing the scheduled payment of principal and interest on the Bonds when due and (ii) its Municipal Bond Debt Service Reserve Insurance Policy (the “**Subordinate Reserve Policy**”) providing for the funding of 100% of the Subordinate Reserve Requirement for the Bonds as provided therein; and

WHEREAS, the Bonds shall be limited tax general obligations of the District, and shall be payable solely from the Subordinate Pledged Revenue (as defined herein), which includes amounts derived under the Subordinate Pledge Agreement; and

WHEREAS, the Series 2024B Subordinate Bonds are to be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Series 2024B Subordinate Bonds pursuant to Section 32-1-1101(6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, the principal amount of the Bonds allocable to the refunding of the Refunded Bonds (\$[____]) constitutes a refinancing of District indebtedness at a lower interest rate, and, to the extent not in excess of the principal amount of the Refunded Bonds refunded (\$[____]) is permitted by Article X, Section 20 of the Colorado Constitution (although the District also recognizes that sufficient electoral authorization is available to allocate such amount to refunding authorization if the District elects to do so in the future); and

WHEREAS, the principal amount of the Bonds allocable to the refunding of the Refunded Bonds in excess of the principal amount of the Refunded Bonds to be refunded (i.e., \$[____] in principal amount of the Bonds, representing \$[____] less \$[____]) is allocated to the electoral authorization of the Election for refundings; and

WHEREAS, the District has duly authorized the execution and delivery of this Indenture to provide for the issuance of the Bonds; and

WHEREAS, all things necessary to make the Bonds, when executed by the District and authenticated and delivered by the Trustee hereunder, the valid obligations of the District, and to make this Indenture a valid agreement of the District, in accordance with their and its terms, have been done;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

The District, in consideration of the premises and of the mutual covenants herein contained, the acceptance by the Trustee of the trusts hereby created, and of the issuance of the Policies by the Bond Insurer and of the purchase and acceptance of the Bonds by the Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium if any, and interest on the Bonds at any time Outstanding under this Indenture, according to their tenor and effect, any Bond Insurer Reimbursement Amounts and Policy Costs, and to secure the performance and observance of all of the covenants and conditions in the Bonds, the Bond Resolution, and this Indenture of Trust, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, does hereby grant and assign to the Trustee, and to its successors in trust, and to them and their assigns forever, the following (said property being referred to herein as the "Trust Estate"):

GRANTING CLAUSE FIRST:

The Subordinate Pledged Revenue, the Subordinate Bond Fund, the Subordinate Reserve Fund, the Subordinate Surplus Fund and all other moneys, securities, revenues, receipts, and funds from time to time held by or owed to the Trustee under the terms of this Indenture, and a security interest therein; and

GRANTING CLAUSE SECOND:

All right, title and interest of the District in the Subordinate Pledge Agreement, including all revenues payable to or on behalf of the District under the Subordinate Pledge Agreement; and

GRANTING CLAUSE THIRD:

All right, title, and interest of the District in any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the District or by anyone on its behalf as and for additional security hereunder, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

THE TRUSTEE SHALL HOLD the Trust Estate for the benefit of the Bond Insurer and the Owners from time to time of the Bonds, as their respective interests may appear; and the Trust Estate granted herein is also granted for the equal benefit, of all present and future Owners of the Bonds as if all the Bonds had been executed and delivered simultaneously with the execution and delivery of this Indenture;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of the Bond Insurer and all Owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any other of the Bonds, and as to the Subordinate Pledged Revenue (excluding the Subordinate Pledged Revenue described in clause (c) of the definition thereof), on a parity with the lien thereon of any Parity Bonds;

PROVIDED, HOWEVER, that if the District, its successors, or assigns, shall well and truly pay, or cause to be paid, the principal of, premium if any, and interest on the Bonds at the times and in the manner provided in the Bonds, according to the true intent and meaning thereof; or shall provide, as permitted hereby and in accordance herewith, for the payment thereof by depositing with the Trustee or placing in escrow and in trust the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture shall be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said moneys, securities, revenues, receipts, and funds hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. In this Indenture, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

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

“*Additional Obligations*” means (a) all obligations of the District for borrowed money and reimbursement obligations, (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or District No. 3 or any part of the Subordinate Pledged Revenue, (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds and Senior Obligations and Junior Lien Obligations, (d) all obligations of the District to pay the deferred purchase price of property or services, (e) all obligations of the District as lessee under capital leases, and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term “Additional Obligations” does not include:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (A) no amounts due or to become due on such obligations are payable from the District's or District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from a District or District No. 3 operations and maintenance mill levy in excess of that permitted by the applicable Service Plan (after taking into account the Senior Required Mill Levy and the Subordinate Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(ii) 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 (e) above, so long as (A) such obligations are payable only to the extent the District has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Bonds in such Fiscal Year, and (C) the District makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iii) obligations which are payable solely from the proceeds of Additional Obligations, when and if issued;

(iv) obligations payable solely from periodic, recurring service charges imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law;

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any Parity Bonds or Senior Obligations or Junior Lien Obligations, (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the Parity Bonds, Senior Obligations or Junior Lien Obligations has been made, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Parity Bonds or Senior Obligations or Junior Lien Obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vi) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

"Authorized Denominations" means the amount of \$5,000 or any integral multiple thereof.

“*Beneficial Owner*” means any person for which a Participant acquires an interest in the Bonds.

“*Board*” means the Board of Directors of the District.

“*Bond Counsel*” means any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“*Bond Insurance Policy*” means the Municipal Bond Insurance Policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“*Bond Insurer Default*” means the occurrence and continuance of one or more of the following events, in each case subject to the Bond Insurer’s rights of subrogation as provided herein: (a) the Bond Insurer has failed to make any payment under the Bond Insurance Policy when due and owing in accordance with their respective terms; or (b) the Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar proceeding or the filing of any such petition, which proceeding or filing is not discharged or terminated within ninety (90) days from the commencement date or filing date thereof, as applicable, (ii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iii) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (iv) take action for the purpose of effecting any of the foregoing; or (c) any state or federal agency or instrumentality shall order the suspension of payment on the Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York insurance law), which order or approval is not discharged or terminated within ninety (90) days from the date it was granted.

“*Bond Insurer Reimbursement Amounts*” has the meaning specified in Section 11.03**(b)** [hereof](#).

“*Bond Resolution*” means the resolution authorizing the issuance of the Bonds and the execution of this Indenture, certified by the Secretary of the District to have been duly adopted by the District and to be in full force and effect on the date of such certification, including any amendments or supplements made thereto.

“*Bond Year*” means the period from December 16 of any calendar year to December 15 of the following calendar year.

“*Bonds*” means the Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] dated as of the date of issuance,

and issued by the District pursuant to this Indenture and the Bond Resolution and insured by the Bond Insurer.

~~“Bond Year” means the period from December 16 of any calendar year to December 15 of the following calendar year.~~

“*Business Day*” means a day on which the Trustee or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

“*Cede*” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“*Certified Public Accountant*” means a certified public accountant within the meaning of Section 12-100-112, C.R.S., and any amendment thereto, licensed to practice in the State and acceptable to the Bond Insurer.

“*Code*” means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

“*Colorado Governmental Immunity Act*” means Title 24, Article 10, Part 1, C.R.S.

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

“*Consent Party*” means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond or the Bond Insurer, as provided in Section 11.03 hereof. The District may at its option determine whether the Owner, the Participant or the Bond Insurer is the Consent Party with respect to any particular amendment or other matter hereunder.

“*Counsel*” means a person, or firm of which such a person is a member, authorized in any state to practice law.

“*County*” means Larimer County, Colorado.

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

“*Depository*” means any securities depository that the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

“*District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, and its successors and assigns.

“*District No. 1*” means The Lakes at Centerra Metropolitan District No. 1, Larimer County, Colorado.

“*District No. 3*” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado.

“*District Representative*” means the District President or the person or persons at the time designated to act on behalf of the District by the Bond Resolution or as designated by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the District by its President and attested by its Secretary, and any alternate or alternates designated as such therein.

“*Districts*” means, collectively, the District, District No. 1 and District No. 3.

“*DTC*” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns. References herein to DTC shall include any nominee of DTC in whose name any Bonds are then registered.

“*Election*” means the election held within the District on November 6, 2007.

“*Escrow Agent*” means UMB Bank, n.a., acting in its capacity as escrow agent under the Escrow Agreement.

“*Escrow Agreement*” means the Escrow Deposit Agreement, dated as of [CLOSING DATE], 2024 by and between the District and the Escrow Agent, as the same may be amended from time to time in accordance with the terms thereof.

“*Event of Default*” means any one or more of the events set forth in Section 8.01 hereof.

“*Facilities*” means public facilities the debt for which was approved at the Election, including without limitation necessary or appropriate equipment.

“*Federal Securities*” means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“*Fiscal Year*” means the 12-month period ending December 31 of each calendar year.

“*Indenture*” means this Indenture of Trust (Subordinate) as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

“*Insolvency Proceeding*” has the meaning specified in Section 11.03(a) hereof.

“*Interest Payment Date*” means December 15 of each year, commencing December 15, 2024 and continuing for so long as the Bonds are Outstanding.

“*Junior Lien Obligations*” means bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Subordinate Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the

resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Junior Lien Obligation hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04(d) hereof. Any Junior Lien Obligation hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District.

“*Late Payment Rate*” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (the “*Prime Rate*”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3% (with respect to the Bond Insurance Policy) or 5%,% (with respect to the Subordinate Reserve Policy), and (ii) 12%,the then-applicable highest rate of interest on the Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. Interest at the Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

“*Letter of Representations*” means the Blanket District Letter of Representations from the District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

“*Mandatory Redemption Date*” shall have the meaning assigned it in Section 5.01(b) hereof.

“*Mandatory Redemption Price*” shall have the meaning assigned it in Section 5.01(b) hereof.

“*Maximum Subordinate Surplus Amount*” means the amount of \$[SERIES B PAR + 3%], which is the maximum amount of the Subordinate Surplus Fund.

“*Outstanding or Outstanding Bonds*” means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) ~~of the Indenture~~hereof) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been placed in escrow and in trust; and

(c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to Section 2.06 or Section 2.09 hereof.

“*Owner(s) or Owner(s) of Bonds*” means the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee, including the Depository for the Bonds, if any, or its nominee.

“*Parity Bonds*” means any other bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Subordinate Pledged Revenue or any part thereof on parity with the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Parity Bond hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04 hereof. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and shall be designated in such resolutions, indentures or other documents as constituting Parity Bonds hereunder.

“*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Permitted Investments*” means any investment or deposit the District is permitted to make under then applicable law.

“*Policy Costs*” has the meaning specified in Section 3.07(e) hereof.

“*Policies*” means collectively, the Bond Insurance Policy and the Subordinate Reserve Policy.

“*Record Date*” means the last day of the calendar month next preceding the Interest Payment Date.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the Bonds and the Series 2024A Senior Bonds.

“*Senior Obligations*” means, collectively, the Series 2024A Senior Bonds, any obligations constituting “Parity Bonds” under the 2024A Senior Indenture, and any other obligation of the District so designated by the District as a Senior Obligation (such that any ad valorem property taxes imposed for the payment thereof will constitute a Senior Required Mill Levy hereunder), provided that such obligations are required to be issued in accordance with the provisions of Section 4.04 hereof. Any Senior Obligations hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and shall be designated in such resolutions, indentures or other documents as constituting Senior Obligations hereunder.

“*Senior Obligation Bond Fund*” means any fund or account created for the purpose of accumulating revenues to pay, with respect to any Senior Obligations, the current year’s principal and interest due thereon, including any scheduled mandatory or cumulative sinking fund payments, and customary periodic fees due with respect to any Senior Obligations, (including, but not limited to, fees of a trustee, paying agent, rebate agent, lender and provider of

liquidity or credit facility), and any reimbursement due to a provider of liquidity or credit facility securing any Senior Obligations.

~~“Senior Obligation Reserve Fund” means any fund or account created for the purpose of securing the payment of Senior Obligations, excluding any Senior Obligation Bond Fund and any Senior Obligation Surplus Fund, and provided that such fund is fully funded as of the date of issuance of the applicable Senior Obligation.~~

~~“Senior Obligation Surplus Fund” means any fund or account created for the purpose of securing the payment of Senior Obligations, provided that such fund or account is not initially fully funded on the date of issuance of the Senior Obligations but, rather, is to be funded from revenues accumulated after the date of issuance of such Senior Obligations. Notwithstanding the foregoing, there is excluded from the definition of Senior Obligation Surplus Fund any Senior Obligation Bond Fund.~~

“Senior Required Mill Levy” means the sum of the Senior Required Mill Levy required to be imposed by the District in accordance with the 2024A Senior Indenture, and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

“Series 2018 Bonds” means the Series 2018A Bonds and the Series 2018B Bonds.

“Series 2018A Bonds” means the District’s Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A.

“Series 2018B Bonds” means the District’s Subordinate Limited Tax General Obligation Bonds, Series 2018B.

“Series 2022C Bonds” means the District’s Junior Lien Limited Tax General Obligation Bonds, Series 2022C.

“Series 2022D Bonds” means the District’s Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D.

“Series 2024A Senior Bonds” means the Limited Tax General Obligation Refunding Bonds, Series 2024A, dated as of the date of issuance, and issued by the District pursuant to the 2024A Senior Indenture.

“Service Plan” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“Special Record Date” means the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Indenture.

“State” means the State of Colorado.

“*Subordinate Bond Fund*” means the “The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, Subordinate Bond Fund,” established by Section 3.02 hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

“*Subordinate Pledge Agreement*” means the Amended and Restated Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, by and among the District, District No. 3, and the Trustee.

“*Subordinate Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues;
- (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

“*Subordinate Property Tax Revenues*” means all moneys derived from imposition by the District and District No. 3 of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“*Subordinate Required Mill Levy*” has the meaning assigned to it in the Subordinate Pledge Agreement.

“*Subordinate Reserve Fund*” means a special fund of the District designated as the “The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, Subordinate Reserve Fund”, created by the provisions hereof for the purposes set forth herein.

“*Subordinate Reserve Policy*” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer providing for the funding of 100% of the Subordinate Reserve Requirement for the Bonds.

“*Subordinate Reserve Requirement*” means the amount of \$[_____], which is being funded by the District’s purchase of the Subordinate Reserve Policy.

“*Subordinate Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to the District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of: (a) imposition by the District of the Subordinate Required Mill Levy in accordance with the provisions hereof, and (b) imposition by District No. 3 of the Subordinate Required Mill Levy, which moneys remitted to District No. 3 are payable to the District in accordance with the Subordinate Pledge Agreement.

“*Subordinate Surplus Fund*” means a special fund of the District designated as the “The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, Subordinate Surplus Fund”, created by the provisions hereof for the purposes set forth herein

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Tax Certificate*” means the certificate to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code, and any amendment or modification of any such certificate, instrument or instructions that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

“*Termination Date*” means December 16, 2063.

“*Trust Estate*” means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.

“*Trustee*” means UMB Bank, n.a., in Denver, Colorado, in its capacity as trustee hereunder, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of this Indenture.

~~“*Trust Estate*” means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses hereof.~~

“*Underwriter*” means Wells Fargo Securities, LLC, of Denver, Colorado, the original purchasers of the Bonds.

“*2018 Indentures*” means the 2018 Senior Indenture and the 2018 Subordinate Indenture.

“*2018 Senior Indenture*” means the Indenture of Trust (Senior) dated March 1, 2018, by and between the District and the Trustee

“*2018 Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated March 1, 2018, by and between the District and the Trustee

“*2022D Indenture*” shall have the meaning assigned thereto in Recitals hereto.

“*2024A Senior Indenture*” means the Indenture of Trust (Senior) dated as of [_____] 1, 2024, by and between the District and UMB Bank, n.a., as trustee, pursuant to which the Series 2024A Senior Bonds are issued.

Section 1.02. Interpretation. In this Indenture, unless the context otherwise requires:

(a) the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar term, refer to this Indenture as a whole and not to any particular article, section, or subdivision hereof; the term “heretofore” means before the date of execution of this

Indenture, the term “now” means at the date of execution of this Indenture, and the term “hereafter” means after the date of execution of this Indenture;

(b) words of the masculine gender include correlative words of the feminine and neuter genders; words importing the singular number include the plural number and vice versa; and the word “person” or similar term includes, but is not limited to, natural persons, firms, associations, corporations, partnerships, and public bodies;

(c) the captions or headings of this Indenture, and the table of contents appended to copies hereof, are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Indenture;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(e) in no event shall the term “available” when used to modify revenue described herein be interpreted to mean that the Trustee or the District has any discretion to determine that only a portion of such revenue shall be applied as provided herein; and

(f) all exhibits referred to herein are incorporated herein by reference.

Section 1.03. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Indenture shall be made on the assumption that: (a) the principal of and interest on all Bonds shall be paid as and when the same become due as therein and herein provided; and (b) all credits required by this Indenture to be made to any fund shall be made in the amounts and at the times required.

Section 1.04. Exclusion of Bonds Held By the District. In determining whether the Consent Parties with respect to the requisite principal amount of the Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds for which the District is the Consent Party or the entity entitled to direct the actions of the Consent Party shall be disregarded and deemed not to be Outstanding.

Section 1.05. Certificates and Opinions.

(a) Except as otherwise specifically provided in this Indenture, each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person making the certificate or opinion has read the covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of such person, he has made such examination and investigation as is necessary to enable him to express an informed opinion as to whether the covenant or condition has been complied with; (iv) a statement as to whether, in the opinion of such person, the condition or covenant has been complied with; and (v) an identification of any certificate or opinion relied on in such certificate or opinion.

(b) Any opinion of Counsel may be qualified by reference to the constitutional powers of the United States of America, the police and sovereign powers of the State, judicial discretion, bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights or municipal corporations or similar matters.

(c) In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

(d) Any certificate or opinion of an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the District stating that the information with respect to such factual matters is in the possession of the District, unless such Counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(e) When any person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, such instruments may, but need not, be consolidated to form one instrument.

Section 1.06. Acts of Consent Parties.

(a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Consent Parties may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Consent Party in person or by agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, the District. Proof of execution of any such instrument or of a writing appointing any such agent made in the manner set forth in subsection (b) hereof shall be sufficient for any purpose of this Indenture and (subject to Section 9.01 hereof) conclusive in favor of the Trustee and the District.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a

member of a partnership, on behalf of such corporation or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

(c) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by the Consent Parties with respect to a specified percentage or portion of the Outstanding Bonds shall be conclusive and binding upon all present and future Owners and Consent Parties if the Consent Parties with respect to the specified percentage or portion of the Outstanding Bonds take such action in accordance herewith; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder. In addition, any request, demand, authorization, direction, notice, consent, waiver, or other action by any Consent Party (notwithstanding whether such action was also taken by any other Owner or Consent Party) shall bind the Owner and the Consent Party, and the Owner of and Consent Party with respect to every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in reliance thereon; and it shall not be necessary to make notation of such action on any Bond authenticated and delivered hereunder.

Section 1.07. Notices for Bonds Held by a Depository. Notwithstanding the provisions hereof which provide for notices to Owners by mail, so long as the Bonds are held by DTC or any other Depository, such notices may be given by electronic means in lieu of mailed notice

Section 1.08. Indenture To Constitute Contract. This Indenture shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding hereunder.

ARTICLE II

THE BONDS

Section 2.01. Authorization, Terms, Payment, and Form of Bonds.

(a) In accordance with the Constitution of the State; the Election; the Supplemental Act; Title 32, Article 1, Part 11 and Part 13, C.R.S.; and all other laws of the State thereunto enabling, there shall be issued the Bonds for the purposes hereinafter stated. The aggregate principal amount of the Bonds that may be authenticated and delivered under this Indenture is limited to and shall not exceed \$[B PAR], except as provided in Section 2.06 and Section 2.09 hereof.

(b) The Bonds shall be issued only as fully registered Bonds without coupons in Authorized Denominations. Unless the District shall otherwise direct, the Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "RB-."

(c) The Bonds shall be dated as of the date of issuance, and shall mature on the dates and in the aggregate principal amounts, and shall bear interest at the rates per annum, set forth in the following table, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Subordinate Pledged

Revenue available therefor annually on each December 15, commencing on December 15, 2024:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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(d) The maximum net effective interest rate authorized for this issue of Bonds is 12% per annum, and the actual net effective interest rate of the Bonds does not exceed such maximum rate. The maximum repayment costs of the Bonds do not exceed the limitations of the Election. The maximum annual debt service on the Bonds does not exceed the maximum annual tax increases authorized in the Election.

(e) The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

(f) Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

(g) To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until paid, subject to Section 7.03 hereof. To the extent interest on any Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the Bond or as otherwise provided in this Indenture; provided however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and electoral authorization in repayment of the Bonds, including all payments of principal, premium if

any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

(h) Subject to the provisions of this Indenture, the Bonds shall be in substantially the form set forth in Exhibit A attached hereto, with such variations, omissions, and insertions as may be required by the circumstances, be required or permitted by this Indenture, or be consistent with this Indenture and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The District may cause a copy of the text of the opinion of Bond Counsel to be printed on the Bonds. Pursuant to the recommendations promulgated by the Committee on Uniform Security Identification Procedures, “CUSIP” numbers may be printed on the Bonds. The Bonds may bear such other endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Section 2.02. Purpose of Issuance of Bonds. The Bonds are being issued for the purpose of: (a) refunding the Refunded Bonds, (b) funding the purchase of the Subordinate Reserve ~~Fund to the Subordinate Reserve Requirement~~ Policy, and (c) paying other costs in connection with the issuance of the Bonds.

Section 2.03. Trustee as Paying Agent and Bond Registrar.

(a) The Trustee shall perform the functions of paying agent and authenticating registrar with respect to the Bonds. The Trustee shall establish the registration books for the Bonds and thereafter maintain such books in accordance with the provisions hereof. The District shall cause the Underwriter to provide the Trustee with an initial registry of the Owners within a reasonable time prior to delivery of the Bonds. The District shall be permitted to review the registration books at any time during the regular business hours of the Trustee and, upon written request to the Trustee, shall be provided a copy of the list of Owners of the Bonds. Upon the termination of this Indenture, the Trustee shall promptly return such registration books to the District.

(b) The Trustee shall make payments of principal and interest on the Bonds on each date established herein for payment thereof, in the manner and from the sources set forth herein.

(c) The Trustee will register, exchange, or transfer (collectively “transfer”) the Bonds in the manner provided herein. The Trustee reserves the right to refuse to transfer any Bond until it is satisfied that the endorsement on the Bond is valid and genuine, and for that purpose it may require a guarantee of signature by a firm having membership in the Midwest, New York, or American Stock Exchange, or by a bank or trust company or firm approved by it. The Trustee also reserves the right to refuse to transfer any Bond until it is satisfied that the requested transfer is legally authorized, and it shall incur no liability for any refusal in good faith to make a transfer which it, in its judgment, deems improper or unauthorized.

(d) The District shall furnish the Trustee with a sufficient supply of blank Bonds for the sole purpose of effecting transfers in accordance herewith and from time to time shall renew such supply upon the request of the Trustee. Blank Bonds shall be signed and sealed by the District in the manner set forth herein.

(e) In the event the District receives any notice or order which limits or prohibits dealing in the Bonds, it will immediately notify the Trustee of such notice or order and give a copy thereof to the Trustee.

(f) In any circumstances concerning the payment or registration of the Bonds not covered specifically by this Indenture, the Trustee shall act in accordance with federal and state banking laws and its normal procedures in such matters.

Section 2.04. Execution of Bonds; Signatures. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the District, sealed with a manual impression or facsimile of its corporate seal, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the District. In case any officer who shall have signed any of the Bonds shall cease to be such officer of the District before the Bonds have been authenticated by the Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Trustee and delivered, and may be sold by the District, as though the person or persons who signed such Bonds had remained in office.

Section 2.05. Persons Treated as Owners. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Trustee shall be affected by notice to the contrary.

Section 2.06. Lost, Stolen, Destroyed, or Mutilated Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced (or paid if the Bond has matured or come due by reason of prior redemption) by the Trustee in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, provide such indemnification satisfactory to the Trustee, and present such proof of ownership and loss as may be required by the Trustee. If mutilated, (a) the District shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 2.07. Delivery of Bonds. Upon the execution and delivery of this Indenture, the District shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or for the account of the purchasers thereof, directed by the District and in accordance with a written certificate of the District. The Trustee shall be

entitled to conclusively rely upon such direction and authorization from the District as to the names of the purchasers and the amount of such purchase price

Section 2.08. Trustee's Authentication Certificate. The Trustee's certificate of authentication upon the Bonds shall be substantially in the form and tenor set forth in Exhibit A attached hereto. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit hereunder unless and until a certificate of authentication on such Bond substantially in such form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Registration, Exchange, and Transfer of Bonds.

(a) The Trustee shall act as bond registrar and maintain the books of the District for the registration of ownership of each Bond as provided herein.

(b) Bonds may be exchanged at the designated office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Trustee, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books. In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the registration books, and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate principal amount which the Owner is entitled to receive at the earliest practicable time in accordance with the provisions hereof.

(c) The Trustee shall charge the Owner of such Bond for every such transfer or exchange of a Bond an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(d) The District and Trustee shall not be required to issue or transfer any Bonds: (i) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date, or (ii) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable

notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

(e) New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.10. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture and upon payment of the principal amount, premium if any, and interest due thereon, or whenever any Outstanding Bond shall be delivered to the Trustee for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

Section 2.11. Non-presentment of Bonds. In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Senior Bond Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the District to the Owner or Owners thereof for the payment of such Bonds, shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, this Indenture. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the District the funds theretofore held by it for payment of such Bond and payment of such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the District. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

Section 2.12. Book-Entry System.

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a Depository, neither the District nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any

Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; or (iii) the payment to any Participant, Beneficial Owner, or person other than the Owner, of the principal of, premium if any, and interest on the Bonds. The District and the Trustee may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the payment of the same. No person, other than an Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Indenture.

(c) DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the District or, if the District determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the District that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

ARTICLE III

REVENUES AND FUNDS

Section 3.01. Source of Payment of Bonds. The Bonds shall constitute limited tax general obligations of the District payable from the Subordinate Pledged Revenue as provided herein. Principal of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of the Subordinate Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts herein created, and the Subordinate Pledged Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable lien upon the Subordinate Pledged Revenue and the moneys and earning thereon held in the funds and accounts herein created, but not necessarily an exclusive such lien. The Bonds are secured by a lien on the Subordinate Pledged Revenue on parity with the lien thereon of any Parity Bonds issued hereafter.

Section 3.02. Creation of Funds and Accounts. There are hereby created and established the following funds and accounts, which shall be established with the Trustee and maintained by the Trustee in accordance with the provisions of this Indenture:

- (a) the Subordinate Bond Fund;

- (b) the Subordinate Reserve Fund; and
- (c) the Subordinate Surplus Fund.

Section 3.03. Initial Credits. Immediately upon issuance of the Bonds and from the proceeds thereof, after payment of the Underwriter's discount equal to \$[_____] and payment of \$[_____] to the Bond Insurer for the premium for issuance of the Policies and for reimbursement for the cost of the Standard & Poor's insured rating on the Bonds, the Trustee shall make the following credits:

- (a) to the Escrow Agent, an amount equal to \$[_____] to be used to defease and redeem the Series 2018A Bonds pursuant to the Escrow Agreement; ~~and~~
- (b) to the trustee for the Series 2018B Bonds, an amount equal to \$[_____] to be used to pay and redeem the Series 2018B Bonds on the date of delivery of the Bonds; and
- (c) to the trustee for the Series 2022C Bonds, an amount equal to \$[_____] to be used to pay and redeem the Series 2022C Bonds on the date of delivery of the Bonds; ~~and.~~
- ~~(d) to the Subordinate Reserve Fund, the amount of \$[_____] (which is being funded by the Subordinate Reserve Policy).~~

Section 3.04. Reserved.

Section 3.05. Application of Subordinate Pledged Revenue. The District shall transfer, or cause to be transferred, all amounts comprising Subordinate Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Subordinate Pledged Revenue received by the District in a calendar month is less than \$50,000, the Subordinate Pledged Revenue received during such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Subordinate Pledged Revenue received in January, February or March, no later than July 15th for Subordinate Pledged Revenue received in April, May or June, no later than October 15th for Subordinate Pledged Revenue received in July, August or September, and no later than January 15th for Subordinate Pledged Revenue received in October, November or December). In addition, in order to assure the proper application of moneys constituting Subordinate Pledged Revenue, on and after the date of issuance of any Additional BondsObligations, the District shall also transfer or make available to the Trustee all moneys pledged to the payment of such Additional BondsObligations which are derived from ad valorem taxes of the District or Subordinate Specific Ownership Taxes and any such moneys shall constitute part of the Trust Estate. IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE. To the extent permitted by law, the Trustee shall apply the Subordinate Pledged Revenue and such other

moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered “waterfall” structure in which no Subordinate Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided herein; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank pari passu with each other, and (iii) when credits are required to go to funds or accounts which are not held by the Trustee under this Indenture, the Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee ~~Fees~~fees then due and payable;

SECOND: To the credit of the Subordinate Bond Fund, the amounts required by Section 3.06 hereof entitled “Subordinate Bond Fund,” and to the credit of any other similar fund or account ~~created~~ established for the current payment of the principal of, premium, if any, and interest on any other Parity Bonds, ~~including any sinking fund, reserve fund, surplus fund or similar fund or account established therefor, pro rata in accordance with the then outstanding principal amounts of the Bonds and any Parity Bonds, all Subordinate Pledged Revenue received until the funding of all amounts to become due and payable on~~required by the Bonds and documents pursuant to which the Parity Bonds ~~through maturity; and~~ are issued;

~~**THIRD:**~~ **THIRD:** To the Bond Insurer, any Bond Insurer Reimbursement Amounts not otherwise paid pursuant to SECOND above;

FOURTH: To the credit of the Subordinate Reserve Fund the amount, if any, necessary for the amounts therein to equal the Subordinate Reserve Requirement, including, without limitation, any Policy Costs owing to the Bond Insurer, and to the credit of any reserve fund or other similar fund or account established in connection with any Parity Bonds to secure payment of the principal of, premium if any, and interest on ~~any such~~ Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds;

~~**FOURTH**~~**FIFTH:** To the credit of the Subordinate Surplus Fund the amounts required by the Section hereof entitled “Subordinate Surplus Fund”, and to the credit of any other similar surplus fund or account established in connection with any other Parity Bonds to secure payment of the principal of, premium if any, and interest on such Parity Bonds but not fully funded as of the date of issuance of such Parity Bonds, the amounts required by the documents pursuant to which such other Parity Bonds are issued;

~~**FIFTH**~~**SIXTH:** To the District, for credit to any other fund or account as may be designated by the District in writing to the Trustee, to be used for any lawful purpose, (including without limitation the payment of any Junior Lien Obligations), any Subordinate Pledged Revenue received for the remainder of the Bond Year after the payments and accumulations set forth above.

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

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as property taxes resulting from imposition of the Senior Required Mill Levy in any Bond Year to pay annual debt service on Senior Obligations ~~and~~, to fund such funds and accounts as are required in accordance with the terms of the 2024A Senior Indenture and any other resolution, indenture or other enactment authorizing such Senior Obligations, and to pay any amounts owing to the Bond Insurer under the 2024A Senior Indenture, and after the funding of such payments and accumulations required in such Bond Year, all property tax revenue collected by the District from a debt service mill levy for the remainder of such Bond Year shall, second, be designated as property taxes resulting from imposition of the Subordinate Required Mill Levy unless and until the District has funded the full amount outstanding with respect to the Bonds: and any Parity Bonds, such funds and accounts as are required in accordance with the terms of this Indenture and any other resolution, indenture or other enactment authorizing such Subordinate Obligations, and to pay any amounts owing to the Bond Insurer under this Indenture. The debt service property tax levy imposed for the payment of any Junior Lien Obligations shall be deemed reduced to the number of mills available for payment of such Junior Lien Obligations in any Bond Year after first providing for the funding of payments and accumulations required with respect to all Senior Obligations in such Bond Year (including the amounts required to accomplish the full repayment or defeasance of any such Senior Obligations, to the extent required by the applicable resolutions, indentures, or other enactments authorizing Senior Obligations), and the full amount outstanding with respect to the Bonds and any Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Parity Bonds, including to replenish the Subordinate Reserve Fund to the Subordinate Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed). Property tax revenues received by or on behalf of the District from District No. 3 shall similarly be designated, first, as designated as property taxes resulting from imposition of the Senior Required Mill Levy payable under the Senior Pledge Agreement until the funding and accumulation of amounts required with respect to the Senior Obligations in the applicable Bond Year and, second, be designated as property taxes resulting from imposition of the Subordinate Required Mill Levy unless and until the District has funded the full amount outstanding with respect to the Bonds.

Section 3.06. Subordinate Bond Fund. There shall be credited to the Subordinate Bond Fund each Bond Year an amount of Subordinate Pledged Revenue which, when combined with other legally available moneys in the Subordinate Bond Fund (not including moneys

deposited thereto from other funds pursuant to the terms hereof), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the Bond Year in which the credit is made, including as a result of mandatory sinking fund redemption in accordance with Section 5.01(b) hereof.

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

FIRST: to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued and payable but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Subordinate Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Subordinate Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms hereof) are insufficient for the payment of the principal of, premium if any, and interest due on the Bonds on any due date, the Trustee shall apply such amounts on such due date as follows:

FIRST: the Trustee shall pay such amounts as are available, ~~proportionally in accordance with the amount to the payment of all installments~~ of interest then due on each Bond ~~the Bonds in the order of maturity of such amounts. If the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any preference or priority;~~ and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many Bonds which shall have become due in the order of their maturity as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof, plus any premium. ~~Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Bonds the principal of which is due and owing on the due date.~~

If the amount available shall not be sufficient to pay in full all principal of and premium, if any, due whether at maturity or by call for redemption on any particular date, then to the amount of such principal of and premium, if any, ratably, according to the amount of principal of and premium, if any due on such date, to the Owners entitled thereto, without any preference or priority. Moneys credited to the Subordinate Bond Fund may be invested or deposited as provided in Section 6.01 hereof.

Section 3.07. Subordinate Reserve Fund.

(a) Subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Reserve Fund shall be maintained in the amount of the Subordinate Reserve Requirement as provided herein for so long as any Bond is Outstanding. This requirement

will be satisfied initially by the Subordinate Reserve Policy in the amount of the Subordinate Reserve Requirement to be issued concurrently with the delivery of the Bonds by the Bond Insurer. Amounts in the Subordinate Reserve Fund are to be applied to pay the Bonds in the event of an insufficiency in the amount on deposit in the Subordinate Bond Fund or to make the final payments in respect of the Bonds.

(b) Moneys in the Subordinate Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the Bonds, and the Subordinate Reserve Fund is hereby pledged to the payment of the Bonds. In the event the amounts credited to the Subordinate Bond Fund are insufficient to pay the principal of, premium if any, or interest on the Bonds when due, the Trustee shall transfer from the Subordinate Reserve Fund to the Subordinate Bond Fund an amount which, when combined with moneys in the Subordinate Bond Fund, will be sufficient to make such payments when due. In the event that moneys in the Subordinate Bond Fund and the Subordinate Reserve Fund are together insufficient to make such payments when due, the Trustee will nonetheless transfer all moneys in the Subordinate Reserve Fund to the Subordinate Bond Fund.

(c) If at any time the Subordinate Reserve Fund is drawn upon or valued so that the amount of the Subordinate Reserve Fund is less than the Subordinate Reserve Requirement, then the Trustee shall apply Subordinate Pledged Revenue to the credit of the Subordinate Reserve Fund in amounts sufficient to bring the amount credited to the Subordinate Reserve Fund to the Subordinate Reserve Requirement. Such credits shall be made at the earliest practicable time, but in accordance with and subject to the limitations of the Section hereof entitled "Flow of Funds". Nothing herein shall be construed as requiring the District to impose an ad valorem mill levy for the purpose of funding the Subordinate Reserve Fund in excess of the Subordinate Reserve Requirement. For purposes of this Section, investments credited to the Subordinate Reserve Fund shall be valued on the basis of their current market value, as reasonably determined by the District, which value shall be determined at least annually, and any deficiency resulting from such evaluation shall be replenished as aforesaid. The amount credited to the Subordinate Reserve Fund shall never exceed the amount of the Subordinate Reserve Requirement.

(d) Notwithstanding the foregoing, Permitted Refunding Bonds issued to partially refund the Bonds may be secured by the Subordinate Reserve Fund in the same fashion as the Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds, and if so secured, such Permitted Refunding Bonds shall have a claim upon the Subordinate Reserve Fund which ranks pari passu with the claim of the Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds.

(e) Notwithstanding anything in this Indenture to the contrary, so long as the Subordinate Reserve Policy is in effect and no Bond Insurer Default exists, the provisions of this paragraph (e) shall govern with respect to the Subordinate Reserve Policy.

(i) The District shall repay any draws under the Subordinate Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and

shall pay interest thereon from the date of payment by the Bond Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (e)(i) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(ii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Policy Costs”) shall commence in the calendar year immediately following the calendar year in which the draw was made.

(iii) Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Subordinate Reserve Policy will be increased by a like amount, subject to the terms of the Subordinate Reserve Policy. The District hereby covenants and agrees the Policy Costs are secured by a lien on and pledge of the Trust Estate (subject only to the priority of payment provisions set forth under this Indenture).

(iv) All cash and investments in the Subordinate Reserve Fund shall be transferred to the Subordinate Bond Fund for payment of debt service on Bonds before any drawing may be made on the Subordinate Reserve Policy or any other credit facility credited to the Subordinate Reserve Fund in lieu of cash (the “Credit Facility”). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Subordinate Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Subordinate Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Subordinate Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of

the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(v) If the District shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (e)(i) hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Owners of the Bonds.

(vi) The Trustee will ascertain the necessity for a claim upon the Subordinate Reserve Policy in accordance with the provisions of subparagraph (e)(iv) hereof and to provide notice to the Bond Insurer in accordance with the terms of the Subordinate Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the District with the Trustee to the ~~debt service fund~~ Subordinate Bond Fund for the Bonds more often than semi-annually, the Trustee will give notice to the Bond Insurer of any failure of the District to make timely payment in full of such deposits within two (2) Business Days of the date due.

(f) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in substitution of the Subordinate Reserve Policy or in lieu of a cash deposit into the Subordinate Reserve Fund. Notwithstanding anything to the contrary set forth herein, amounts on deposit in the Subordinate Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

Section 3.08. Subordinate Surplus Fund .

(a) The Subordinate Surplus Fund shall be held, disbursed, and administered by the Trustee and moneys therein shall be used solely in accordance with this Section. The Subordinate Surplus Fund shall secure the Bonds (and only the Bonds) in accordance with the provisions hereof.

(b) The Subordinate Surplus Fund shall be funded from future deposits of Subordinate Pledged Revenue as follows: subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Surplus Fund shall be funded in an amount up to the Maximum Subordinate Surplus Amount from deposits of Subordinate Pledged Revenue as provided in the section hereof entitled "Flow of Funds," and except to the extent Subordinate Pledged Revenue is available under such section, the District has no obligation to fund the Subordinate Surplus Fund after issuance of the Bonds in any amount.

(c) In the event the amounts credited to the Subordinate Bond Fund are insufficient to pay the principal of, premium if any, or interest on the Bonds when due, the Trustee shall transfer from the Subordinate Surplus Fund on a pro rata basis to the Subordinate Bond Fund an amount which, when combined with moneys in the

Subordinate Bond Fund will be sufficient to make such payments when due; and in the event the amounts in the Subordinate Bond Fund and the Subordinate Surplus Fund are insufficient to pay all principal, premium if any, and interest on the Bonds on any due date, the Trustee shall nonetheless transfer all of the moneys in the Subordinate Surplus Fund to the Subordinate Bond Fund for the purpose of making partial payments as provided in the section hereof entitled “Subordinate Bond Fund” with respect to the Bonds. Amounts in the Subordinate Surplus Fund shall not be used to redeem less than all of the Bonds being called pursuant to any optional redemption provisions hereof, but shall be used to pay Bonds coming due as a result of any mandatory redemption provisions hereof.

(d) Moneys credited to the Subordinate Surplus Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the State. The investment of moneys credited to the Subordinate Surplus Fund shall, however, be subject to the covenants and provisions of Section 6.02 hereof. Investments in the Subordinate Surplus Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Subordinate Surplus Fund shall remain in and become part of the Subordinate Surplus Fund if the Subordinate Surplus Fund balance is less than the Maximum Subordinate Surplus Amount. At any time that the Trustee determines that the Subordinate Surplus Fund balance exceeds the Maximum Subordinate Surplus Amount, such excess amounts shall be transferred by the Trustee to the Interest Account of the Subordinate Bond Fund on or before the next Interest Payment Date.

(e) Amounts on deposit, if any, in the Subordinate Surplus Fund on the final maturity date of the Bonds shall be applied to the payment of the Bonds.

Section 3.09. Trustee’s Fees, Charges, and Expenses. The District shall pay the Trustee’s fees for services rendered hereunder in accordance with its then-current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by this Indenture and in or about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

Section 3.10. Moneys To Be Held in Trust. All moneys deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and except for moneys paid to the Trustee for its fees and expenses, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in Article VII, and Section 8.05 hereof, the District shall have no claim to or rights in any moneys deposited with or paid to the Trustee hereunder.

Section 3.11. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of Subordinate Pledged Revenue and funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Subordinate Pledged Revenue pledged to the

payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be on parity with the lien thereon of the Parity Bonds (if any), excluding the Subordinate Pledged Revenue described in clause (c) of the definition thereof. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

ARTICLE IV

COVENANTS OF DISTRICT

Section 4.01. 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 Bond Resolution, this Indenture, the Bonds, and all its proceedings pertaining hereto. The District covenants that it is duly authorized under the constitution and laws of the State, including, particularly and without limitation, the Act, to issue the Bonds and to execute this Indenture and that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Bonds are and will be valid and enforceable obligations of the District according to the terms thereof.

Section 4.02. Instruments of Further Assurance. The District covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, and pledging unto the Trustee all and singular the Trust Estate

Section 4.03. Covenant to Impose Subordinate Required Mill Levy. For the purpose of paying the principal of, premium if any, and interest on the Bonds, funding the Subordinate Reserve Fund and funding the Subordinate Surplus Fund, the Board has covenanted, and hereby covenants to impose the Subordinate Required Mill Levy as provided in the Subordinate Pledge Agreement.

Section 4.04. Additional Obligations.

(a) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as Parity Bonds, Senior Obligations or Junior Lien Obligations. The issuance of the Series 2024A Senior Bonds in accordance with the 2024A Senior Indenture is permitted, notwithstanding any provision of this Section 4.04. The District shall not issue or incur any other Additional Obligations except as provided in this Section and without the consent of the Bond Insurer, except for Junior Lien Obligations, without the consent of the Bond Insurer. Notwithstanding anything in this Section to the contrary, the District shall not issue Additional Obligations, including without limitation any Junior Lien Obligations, at any time when the Bond Insurer has made any payments under the Bond Insurance Policy or the Reserve Policy that have not been reimbursed in full by the District.

(b) The District may issue Additional Obligations constituting Parity Bonds if such issuance is consented to by 100% of the bondholders of the aggregate principal amount of the District's Series 2022D Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting Senior Obligations without the consent of the Consent Parties (but subject to the Bond Insurer's rights subparagraph (a) above), provided that the following conditions are satisfied:

(i) the Senior Obligations are issued solely for the purpose of refunding all or any portion of the 2024A Senior Bonds, any other Senior Obligations and/or the Bonds, or any other Parity Bonds, and such refunding Senior Obligations do not increase the District's scheduled debt service on Senior Obligations in any year from that which appertained with respect to Senior Obligations prior to the issuance of such refunding Senior Obligations (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District's Senior Obligations debt service in any year and shall not be permitted by this clause (i): (A) the issuance of refunding Senior Obligations that have any scheduled payment dates in any year that are after the maturity of the Senior Obligations being refunded, and (B) the issuance of refunding Senior Obligations that refund only Bonds or Parity Bonds; and, Notwithstanding the foregoing, so long as the Bonds remain outstanding, the Series 2024A Senior Bonds shall not be refunded or refinanced unless the Bonds will be refunded or refinanced concurrently with the Series 2024A Senior Bonds; and

(ii) the Senior Obligation Reserve Fund, if any, securing such Senior Obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such Senior Obligations;

(iii) the ad valorem property tax levy pledged to the payment of the Senior Obligations shall be not higher than, and subject to the same adjustments and deductions as, the maximum ad valorem property tax levy set forth in the definition of Senior Required Mill Levy in the 2024A Senior Indenture; and

(iv) the remedies for defaults under such Senior Obligations are substantially the same as the remedies applicable to the Senior Obligations being refunded.

(d) The District may issue Additional Obligations constituting Junior Lien Obligations if the requirements for such issuance in the 2022D Indenture are met.

(e) A written certificate by the President or Treasurer of the District that the conditions set forth herein are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance herewith.

(f) Nothing herein shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations hereunder.

(g) Notwithstanding any other provision contained herein, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the 2024A Senior Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the Election until such time as the full amount of indebtedness represented by the Bonds has been allocated to such electoral authorization for indebtedness approved at the Election.

Section 4.05. Additional Covenants and Agreements. The District hereby further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

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

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

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

(d) 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.

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

(f) In the event the Subordinate Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Bonds when due, the District shall use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall.

(g) In the event that any amount of the Subordinate Pledged Revenue is released to the District as provided in ~~FIFTH~~~~SIXTH~~ of Section 3.05 hereof, the District will, in making its determination as to which obligations will be paid with such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.

(h) Subject to the Owners of a majority in aggregate principal amount of the Bonds assuming control of the enforcement of remedies upon default, the District will enforce the collection of all amounts payable to it under the Subordinate 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 take any of the following actions without the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding: (i) reduce the amounts due to the District (or to the Trustee on behalf of the District) under the Subordinate Pledge Agreement, (ii) amend or supplement the Subordinate Pledge Agreement in any way which would materially adversely affect the amount of revenues to be paid to or on behalf of the District thereunder, or (iii) consent to the issuance of bonds, notes, or other obligations by District No. 3 (in the event such consent is required under the Subordinate Pledge Agreement); provided, however, that the District may amend or supplement the Subordinate Pledge Agreement, or otherwise take action to reduce the mill levy required to be imposed thereunder with respect to obligations other than the Bonds, or to reduce or limit amounts due or payable thereunder with respect to obligations other than the Bonds, so long as not adversely affecting the revenues payable thereunder with respect to the Bonds.

(i) The District will not amend or supplement any of the documents pertaining to the Senior Obligations in any way which (i) alters the amortization of the principal of such Senior Obligations, or (ii) increases the rate or rates of interest borne by the Senior Obligations, except upon the prior written consent of the Consent Parties with respect to 100% in aggregate principal amount of the Bonds.

ARTICLE V

PRIOR REDEMPTION

Section 5.01. Prior Redemption.

(a) *Optional Redemption.* The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on [December 15, 2029], and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
[December 15, 2029, to December 14, 2030]	3.00%
[December 15, 2030, to December 14, 2031]	2.00
[December 15, 2031, to December 14, 2032]	1.00
[December 15, 2032], and thereafter	0.00

(b) **Mandatory Sinking Fund Redemption.** The Bonds ~~maturing in [2044]~~ are also subject to mandatory sinking fund redemption ~~prior to the maturity date of such Bonds,~~ in part, by lot, upon payment of par and accrued interest, without redemption premium, on ~~the dates~~ December 15, 2035, and on each December 15 thereafter in the amounts set forth below:

**Mandatory Sinking Fund Redemption
Schedule for the Bonds Maturing
December 15, 2044**

<u>Redemption Date</u>	<u>Principal Amount</u>
<u>(December 15)</u>	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044 ¹	

¹ Maturity, not a sinking fund redemption date

On or before forty-five (45) days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District.

~~Upon the occurrence of an optional or mandatory sinking fund redemption in part, the selection of Series 2024B Subordinate Bonds to be redeemed shall be subject to the approval of the Bond Insurer.~~

Section 5.02. Redemption Procedure and Notice.

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

(b) In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the District. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

ARTICLE VI

INVESTMENTS

Section 6.01. Investments.

(a) All moneys held by the Trustee in any of the funds or accounts created hereby shall be promptly invested or reinvested by the Trustee, at the written direction of the District Representative, in Permitted Investments only. The Trustee may conclusively rely upon the District Representative's written instruction as to both the suitability and legality of the directed investments. If the District fails to provide written directions concerning investment of moneys held by the Trustee, the Trustee shall, in accordance with this subsection, invest and reinvest the moneys in a money market fund which is a Permitted Investment, subject to any other requirements of this Section 6.01. Any such investments shall mature, be redeemable at the option of the owner thereof, pay interest or, in the case of money market funds, shall be available for withdrawal, no later than the respective dates when moneys held for the credit of such fund or account will be required

for the purposes intended. The interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee under the Indenture shall be credited to the fund or account from which the moneys invested were derived.

(b) The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Trustee is not required to issue confirmations of Permitted Investments for any month in which a monthly statement is rendered by the Trustee. The Trustee will not issue a monthly statement for any fund or account if no activity occurred in such fund or account during such month. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District Representative shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District Representative, unless the District Representative notified the Trustee in writing to the contrary within 30 days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

(c) Any and all such investments shall be subject to full and complete compliance at all times with the covenants and provisions of Section 6.02 hereof.

Section 6.02. Tax Matters.

(a) The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The District shall not use or permit the use of any proceeds of Bonds 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 any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the 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 Bonds. 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 the Trustee or held by the District under this Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(d) The covenants contained in this Section shall continue in effect until all Bonds are fully paid, satisfied, and discharged.

Section 6.03. Use of Interest Income . Except as provided hereafter for investments of the Subordinate Surplus Fund, the interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee hereunder shall be credited to the fund or account from which the moneys invested were derived. With respect to the Subordinate Surplus Fund, so long as the amount of the Subordinate Surplus Fund is equal to the Maximum Subordinate Surplus Amount, all interest income from the investment or reinvestment of moneys credited to the Subordinate Surplus Fund shall be credited to the Subordinate Bond Fund; provided that if the amount of the Subordinate Surplus Fund is less than the Maximum Subordinate Surplus Amount, then such interest income shall be credited to the Subordinate Surplus Fund.

ARTICLE VII

DISCHARGE OF LIEN

Section 7.01. Discharge of the Lien of the Indenture.

(a) If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of and interest to become due thereon at the times and in the manner stipulated herein, and if the District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by this Indenture to be paid shall have been paid, then these presents and the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be required to satisfy the lien hereof, and assign and deliver to the District any property at the time subject to the lien of this Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under Section 8.05 hereof, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Bonds.

(b) Any Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 7.01 if, for the purpose of paying such Bond (i) there shall have been deposited

with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there shall have been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be invested) to pay the principal of, premium if any, and interest on such Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant. With respect to any accrued and unpaid interest on the Bonds, including any compound interest remaining unpaid, it is acknowledged that such amounts are due and payable immediately at the time of funding any escrow intended to accomplish a defeasance of the Bonds. Upon the funding of an escrow defeasing Bonds in accordance with the provisions of this Section 7.01, the Bonds shall cease to be subject to mandatory redemption in accordance with the provisions of Section 5.01(b), and the principal of the Bonds shall be due and payable only on the designated redemption date(s).

(c) To accomplish defeasance of the Bonds, the District shall cause to be delivered to the Bond Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a report of a Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (“Verification”), (ii) an ~~Escrow Deposit Agreement~~ escrow deposit agreement or other written instructions (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under this Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

(d) Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to this Section 7.01, nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium if any, and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, shall, to the extent practicable, be reinvested subject to the provisions of Article VI hereof in Federal Securities maturing at the times and in amounts sufficient to pay, when due, the principal of, premium if any, and interest on the Bonds.

(e) Prior to the investment or reinvestment of such moneys or such Federal Securities as herein provided, the Trustee may require and may rely upon: (i) an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that the investment or reinvestment of such moneys or such Federal Securities complies with Section 6.02 hereof; and (ii) either a report of a nationally-recognized verification agent or a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of and interest on the Bonds when due.

(f) The release of the obligations of the District under this Section shall be without prejudice to the rights of the Trustee to be paid reasonable compensation by the District for all services rendered by it hereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust hereby created, the exercise of its powers, and the performance of its duties hereunder.

(g) In the event that the principal of and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, such Bonds shall remain Outstanding for all purposes, shall not be deemed to be defeased or otherwise satisfied, and shall not be considered paid by the District. This Indenture shall not be discharged until all Bond Insurance Reimbursement Amounts and Policy Costs owing to the Bond Insurer shall have been paid in full or duly provided for. The District's obligation to pay such amounts will expressly survive payment in full of the Bonds.

Section 7.02. Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Bonds prior to maturity and the discharge of this Indenture as provided in Section 7.01 hereof, the Trustee shall continue to fulfill its obligations under Section 2.03 hereof until the Bonds are fully paid, satisfied, and discharged.

Section 7.03. Discharge on Termination Date. Notwithstanding any other provision in this Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on the Termination Date, the Bonds and the lien of this Indenture securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment,

decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by this Indenture, or District No. 3 fails or refuses to impose the “Subordinate Required Mill Levy” or to apply the revenues resulting therefrom or any other portion of the Subordinate Pledged Revenue as required by the Subordinate Pledge Agreement;

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in this Indenture or the Bond Resolution, other than as described in Section 8.01(a) hereof, and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof, or District No. 3 defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of District No. 3 in the Subordinate Pledge Agreement and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof;

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

(d) District No. 3 files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Subordinate Pledge Agreement.

It is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

IN ADDITION, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS INDENTURE AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THIS ARTICLE VIII. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT SHALL ANY

PROVISION HEREOF BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.

Section 8.02. Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

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

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

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

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

(c) If any Event of Default under Section 8.01(a) shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners, subject to Section 8.03 hereof; provided that the Trustee at its option shall be indemnified as provided in Section 9.01(m) hereof. For purposes of the foregoing, so long as no Bond Insurer Default exists, upon the occurrence and continuation of an Event of Default, the Bond Insurer shall be deemed to be the Owner of the Bonds

(d) Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

Section 8.03. Control of Proceedings. The So long as no Bond Insurer Default exists, the Bond Insurer shall have the right to control and direct the enforcement of all remedies upon an Event of Default. Except as provided in the preceding sentence, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof; and provided further that at its option the Trustee shall be indemnified as provided in Section 9.01(m) hereof.

Section 8.04. Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 9.01(h) hereof, or of which under that Section it is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in Section 9.01(m) hereof; and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including reasonable attorneys' fees and costs of any other professionals hired by the Trustee hereunder), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate accounts or accounts created hereunder in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds has been paid in full. NOTWITHSTANDING THE FOREGOING, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063). Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 8.05 and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held hereunder shall be paid to the District.

Section 8.06. Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 8.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the District, the Trustee shall, to the extent permitted by law, file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the District and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.11. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of all the Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to one hundred percent (100%) of the Bonds then Outstanding as to which the Event of Default exists any Event of Default under Section 8.01(a) hereof; provided further, that so long as no Bond Insurer Default exists, neither the Trustee nor any other person shall waive any Event of Default without the Bond Insurer's prior written consent. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and

rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. Notice of Default; Opportunity to Cure Defaults.

(a) The Trustee shall give to the Owners of all Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all Events of Default of which the Trustee is by Section 9.01(h) required to take notice, or if notice of an Event of Default is given as provided in said section, within 90 days after the Trustee has knowledge of the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

(b) No default under subsection 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee, the Bond Insurer or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds Outstanding to the District, and the District shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected and the Bond Insurer consents in writing.

(c) Notwithstanding the foregoing, no grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days without the prior written consent of the Bond Insurer, and no grace period shall be permitted for payment defaults.

Section 8.13. Limitations on Remedies and Application of Moneys. It is acknowledged that a portion of the Subordinate Pledged Revenue securing payment of the Bonds is subject to the prior lien thereon in favor of the Series 2024A Senior Bonds and any Senior Obligations issued hereafter. Except as to any of the duties the Trustee is required to perform prior to a default, as set forth in this Indenture, the Trustee or any Owner of the Bonds may not take any action hereunder which would unduly prejudice the rights of owners of the Senior Obligations with respect to such Subordinate Pledged Revenue. Furthermore, it is acknowledged that, notwithstanding the occurrence of an Event of Default, no portion of the Subordinate Pledged Revenue that is pledged on a senior basis to the Senior Obligations shall be applied to the payment of any amounts relating to the Bonds until the full satisfaction of all amounts then due with respect to any Senior Obligations (acknowledging that the Senior Obligations shall not be subject to acceleration upon the occurrence of an event of default under the applicable resolution, indenture, or other document pursuant to which any such Senior Obligation is issued).

ARTICLE IX
CONCERNING TRUSTEE

Section 9.01. Acceptance of Trusts and Duties of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in Section 9.01 (g) hereof, and shall be entitled to rely and act upon the advice or an opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay (and be reimbursed as provided in Section 9.02 hereof) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the advice or an opinion of Counsel, but the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers or employees chosen with due care.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording or filing of this Indenture or any financing statements (other than continuation statements), or for the validity of the execution by the District of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as expressly herein set forth; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof or as to the validity or sufficiency of this Indenture or the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof (except for funds or investments held by the Trustee) or of any of the Bonds or of any money paid to or upon the order of the District under any provisions of

this Indenture. The Trustee, in its individual or any other capacity, may become the Owner of the Bonds with the same rights which it would have if not the Trustee.

(e) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the District by the District Representative or the District's President or Vice President or such other person as may be designated for such purpose by a certified resolution of the District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in Section 9.01(h) hereof or of which by said Section it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Trustee shall be specifically notified in writing of such default by the District, the Bond Insurer or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law.

(j) At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the District pertaining to the Bonds and the Subordinate Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

(k) Notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Bonds, or the taking of any other action by the Trustee.

(l) All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the District.

(m) The Trustee shall not be required to advance its own funds, and before taking any action to enforce the terms of this Indenture against the District, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including reasonable attorneys' fees, and to protect it against all liability, except liability is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken.

(n) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise with respect to the Bonds.

(o) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum, remarketing circular or other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities in connection with the Bonds.

(p) The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Subordinate Pledge Agreement or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

(q) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(r) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or

natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

Section 9.02. Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its reasonable fees and expenses for ordinary services rendered hereunder (which compensation is not intended by the parties hereto to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent, and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services.

In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to any compensation or reimbursement therefor. The Trustee shall have a first lien upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred and unpaid, but subject to the right of prior payment of the principal and interest on the Bonds when due; provided, however, that the payment of principal and interest on the Bonds shall not have priority over the Trustee Fees payable in accordance with clause FIRST of Section 3.05 hereof. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or the Trustee's resignation or removal hereunder and payment in full of the Bonds.

Section 9.03. Resignation or Replacement of Trustee.

(a) The Trustee may resign, subject to the appointment of a successor, by giving thirty (30) days' notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding with the prior consent of the Bond Insurer. Prior to an Event of Default, the Bond Insurer shall have the right to remove the Trustee for cause, and upon the occurrence of an event which would with notice or the passage of time constitute an Event of Default, the Bond Insurer shall have the right to remove the Trustee for any reason. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

(b) In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District so long as it is

not in default hereunder; otherwise by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Consent Parties, or their attorneys-in-fact appointed; provided however, that even if the District is in default hereunder it may appoint a successor until a new successor shall be appointed by the District or the Consent Parties as herein authorized. The District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the District or the Consent Parties, as applicable.

(c) Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act hereunder, and having a capital surplus of not less than \$50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed hereunder shall execute, acknowledge, and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as the Trustee hereunder and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor and upon payment of the fees and expenses owed to the predecessor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under this Indenture. If any instrument from the District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the District on request of such successor.

(d) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed or recorded by the successor Trustee in each recording office, if any, where this Indenture shall have been filed or recorded.

Section 9.04. Conversion, Consolidation, or Merger of Trustee. Anything herein to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under this Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Section 9.05. Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by

the Trustee as conclusive evidence of the facts and conclusions stated therein and the Trustee shall not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates, and other instruments shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash hereunder. Except as provided herein, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in this Indenture; provided however, that nothing contained in this Section shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of this Indenture.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Not Requiring Consent. Subject to the provisions of this Article, the District and the Trustee may, without the consent of or notice to the Owners or Consent Parties, but with the prior written consent of the Bond Insurer, enter into such indentures supplemental hereto, which supplemental indentures shall thereafter form a part hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;
- (b) To subject to this Indenture additional revenues, properties, or collateral;
- (c) To grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and
- (d) To qualify this Indenture under the Trust Indenture Act of 1939.

Section 10.02. Supplemental Indentures Requiring Consent.

(a) Except for supplemental indentures delivered pursuant to Section 10.01 hereof, and subject to the provisions of this Article, the Consent Parties with respect to not less than a majority (or for modifications of provisions hereof which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided however, that without the consent of the Consent Parties with respect to all the

Outstanding Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(i) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

(ii) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

(iii) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

(iv) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

(b) Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the District, the Trustee, the Bond Insurer and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

(c) If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be given to each Owner of a Bond at the address shown on the registration books of the Trustee, and to the Bond Insurer, prior to the proposed date of execution and delivery of any such supplemental indenture. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture, or the Bond Insurer, as the case may be, consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under Section 10.01 or 10.02 hereof) the Trustee and the District shall receive and shall be fully protected in relying upon an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (a) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest on the Bonds; (b)

the District is permitted by the provisions hereof to enter into the supplement; and (c) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by Section 1.05 hereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the District, the Trustee, the Bond Insurer and the Owners of the Bonds, and for Bonds held by a Depository, the Beneficial Owners and the Participants, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof; and all the covenants, stipulations, promises, and agreements in this Indenture by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, the Bond Insurer, the Owners of the Bonds, and for Bonds held by a Depository, the Beneficial Owners and the Participants. Without limiting the foregoing, the Bond Insurer is a third-party beneficiary hereof and may enforce any right, remedy, or claim conferred, given, or granted hereunder.

Section 11.02. Severability. In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, the intent being that such remaining provisions shall remain in full force and effect.

~~Section 11.03. The Bond Insurer and the Policy.~~

Section 11.03. Anything in this Indenture to the contrary notwithstanding, as long as the Bond Insurance Policy is in effect and no Bond Insurer Default exists, the following provisions shall govern:

(a) The Bond Insurer shall be deemed to be the sole ~~holder~~Owner of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the ~~holders~~Owners of the Bonds are entitled to take pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each Bond, ~~the Trustee and~~ each Owner ~~appoint of the Bonds~~ appoints the Bond Insurer as ~~their~~its agent and attorney-in-fact and ~~agree~~agrees that the Bond Insurer may at any time during the continuation of any proceeding by or against the District or District No. 3 under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “**Insolvency Proceeding**”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “**Claim**”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, ~~supersedes~~supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, ~~the Trustee and~~ each Owner ~~delegate of the Bonds~~ delegates and ~~assign~~assigns to the Bond Insurer, to the fullest extent permitted by law, the rights of ~~the~~

~~Trustee and each Owner of the Bonds~~ in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Bonds for the Bond Insurer's benefit, and agrees to cooperate with the Bond Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus. ~~Notwithstanding the foregoing, the provisions of this Indenture related to the Bond Insurer shall only apply so long as the Bond Insurance Policy is in effect and no Bond Insurance Default exists.~~

(b) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“**Payment Date**”) there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the “**Bond Insurer's Fiscal Agent**”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current ~~Bond holder~~Owner of the Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the District on any Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Bonds

referred to herein as the “**Policy Payments Account**” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of the Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Bonds in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the District agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the “**Bond Insurer Advances**”); and (ii) interest on such Bond Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the “**Bond Insurer Reimbursement Amounts**”). The District hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. AnyThe Trustee shall notify the Bond Insurer of any funds remaining in the Policy Payments Account followingafter the Trustee has made the payments for which a Bond payment date shall claim was made to the Owners of the Bonds and shall, at the direction of the Bond Insurer, promptly be remitted remit such funds remaining to the Bond Insurer.

The Bond Insurer shall, to the extent it makes any payment of principal or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding, as previously defined). Each obligation of the District to the Bond Insurer under this Indenture shall survive discharge or termination hereof.

The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

(c) The District shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in this Indenture or the Subordinate Pledge Agreement; any Related Document (defined below); (ii) the pursuit of any remedies under this Indenture or the Subordinate Pledge Agreementany other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, this Indenture or the

~~Subordinate Pledge Agreement~~ any other Related Document whether or not executed or completed; or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with this Indenture or ~~the Subordinate Pledge Agreement~~ any other Related Document or the transactions contemplated hereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture ~~or any other Related Document~~. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Bond Insurer until the date the Bond Insurer is paid in full. The obligation to reimburse the Bond Insurer shall survive discharge or termination of the Related Documents

(d) The District shall not amend, supplement, modify or waive any provision of this Indenture, the Subordinate Pledge Agreement or any other transaction document, including any underlying security agreement (each a “**Related Document**”), without the prior written consent of the Bond Insurer.

(e) The rights granted to the Bond Insurer under this Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the ~~Bondholders~~ Owners of the Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the Bonds or any other person is required in addition to the consent of the Bond Insurer.

(f) The District covenants to provide or cause to be provided to the Bond Insurer:

(i) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, copies of the District's annual audited financial statements within 210 days of the District's Fiscal Year End (together with a certification of the District that it is not aware of any default or Event of Default under this Indenture), and, upon request, the District's annual budget within thirty (30) days after the filing thereof, together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Subordinate Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Subordinate Reserve Requirement and (ii) withdrawals in connection with a refunding of the Bonds;

(iii) Notice of any default or Event of Default under this Indenture known to the ~~Trustee or~~ District within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any ~~proceeding by or against the District commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding")~~;

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents; and

(x) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Bonds.

(g) Notwithstanding the foregoing, the Bond Insurer shall have the right to receive such additional information as it may reasonably request. The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the District on any business day upon reasonable prior notice.

(h) The Trustee shall notify the Bond Insurer of ~~any~~ (i) any default or Event of Default under this Indenture known to the Trustee within five (5) Business Days after knowledge thereof and (ii) any known failure of the District to provide notices, certificates and other information under the ~~transaction documents~~ Related Documents that are required to be delivered to the Owners of the Bonds.

(i) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds Obligations set forth herein, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Subordinate Reserve Fund is fully funded at the Subordinate Reserve Requirement (including the proposed issue) upon the issuance of such

Additional BondsObligations, in either case unless otherwise permitted by the Bond Insurer.

(j) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Bond Insurance Policy.

(k) No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

(l) The District shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate without the prior written consent of the Bond Insurer

Section 11.04. Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.05. Execution in Counterparts; Election Signatures. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

Section 11.06. Notices; Waiver.

(a) Except as otherwise provided herein, all notices, certificates, or other communications required to be given to any of the persons set forth below pursuant to any provision of this Indenture shall be in writing, shall be given either in person or (i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified or registered mail, and if mailed, shall be deemed received three days after having been deposited in a receptacle for United States mail, postage prepaid, addressed as follows:

District: The Lakes at Centerra Metropolitan District No. 2
 c/o Pinnacle Consulting Group Inc.
 550 W. Eisenhower Blvd.
 Loveland, CO 80537
 Attention: Brendan Campbell

With copies to: Icenogle Seaver Pogue, P.C.
 4725 South Monaco Street, Suite 360
 Denver, Colorado 80237

Telephone: 303.867.3006
 Email: apogue@isp-law.com
 Attention: Alan Pogue, Esq.

Trustee: UMB Bank, n.a.
 Corporate Trust and Escrow Services
 1670 Broadway
 Denver, Colorado 80202
 Telephone: 303-839-2220
 Email: john/wahl@umb.com
 Attention: John Wahl

Bond Insurer: Assured Guaranty Municipal Corp.
 1633 Broadway
 New York, NY 10019
 Attention: Managing Director – Municipal Surveillance
 Re: Policy Nos. _____-N (Bond Insurance Policy and
 _____ - R (Subordinate Reserve Policy)
 Telephone: 212-974-0100
 Email: munidisclosue@agltd.com

In each case in which the notice or other communication refers to a claim on the Bond Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked “URGENT MATERIAL ENCLOSED” and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@agltd.com.

(b) In lieu of mailed notice to any person set forth above, the persons designated above may provide notice by email to any email address set forth above for any other person designated above, or by facsimile transmission to any facsimile number set forth above for such person, and any such notices shall be deemed received upon receipt by the sender of an email or facsimile transmission from such person confirming such receipt, or upon receipt by the sender of such other confirmation of receipt as may be reasonably reliable under the circumstances.

(c) The persons designated above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

(d) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.07. Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the designated office of the Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture.

Section 11.08. Application of Supplemental Act. The Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S. (as previously defined, the “Supplemental Act”), to the Bonds.

Section 11.09. Subordinate Pledged Revenue Subject to Immediate Lien. The creation, perfection, enforcement, and priority of the pledge of Subordinate Pledged Revenue and the funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Trust Estate pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described herein. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

Section 11.10. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 11.11. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 11.12. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of the Bonds.

Section 11.13. Force Majeure. In no event shall the parties hereto be responsible or liable for any failure or delay in the performance of its respective obligations hereunder, other than any obligation to make payments required under this Indenture, arising out of or caused by, directly or indirectly, forces beyond its reasonable control which result in the suspension of operations of the respective parties hereto, including, without limitation, strikes, work stoppages,

accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the respective parties' technological infrastructure exceeding authorized access; it being understood that in such an event, each of the parties hereto shall: (i) use reasonable efforts that are consistent with accepted practices; (ii) use its best efforts to resume and perform its respective obligations hereunder at the earliest practicable time; and (iii) use its best efforts to provide the other party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure.

Section 11.14. Electronic Storage. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Signatures appear on following page]

IN WITNESS WHEREOF, The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, has caused this Indenture to be executed on its behalf by its President and attested by its Secretary, and to evidence its acceptance of the trusts hereby created, UMB Bank, n.a., Denver, Colorado, as Trustee, has caused this Indenture to be executed on its behalf by one of its authorized officers, all as of the date first above written.

(S E A L)

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2,
Larimer County, Colorado

President

ATTESTED:

Secretary

UMB BANK, N.A., as Trustee

Authorized Officer

EXHIBIT A
TO
INDENTURE OF TRUST
[FORM OF BOND]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A LIMITED PURPOSE TRUST COMPANY ORGANIZED UNDER THE LAWS OF THE STATE OF NEW YORK (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF COLORADO**

No. RB-1 \$ _____

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
LARIMER COUNTY, COLORADO
SUBORDINATE LIMITED TAX
GENERAL OBLIGATION REFUNDING BOND
SERIES 2024B**

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____ %	December 15, 20__	_____, 2024	

REGISTERED OWNER: Cede & Co.
Tax Identification Number: 13-2555119

PRINCIPAL AMOUNT: _____ and 00/100 U.S. Dollars

The Lakes at Centerra Metropolitan District No. 2, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Subordinate Pledged Revenue (as defined in the Indenture described below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the Interest Payment Date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 15, 2024, in which event this Bond shall bear interest from its date of delivery, at the interest rate per annum specified above, payable annually on December 15 each year, commencing on December 15, 2024, until the principal amount is paid at maturity or upon prior redemption.

To the extent principal of this Bond is not paid when due, such principal shall remain Outstanding until paid; subject to the immediately succeeding paragraph. To the extent interest on this Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything herein or in the Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of this Bond, including all payments of principal and interest, and this Bond will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THIS BOND AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063). FURTHERMORE, PURSUANT TO THE INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THIS BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL SUBORDINATE PLEDGED REVENUE AVAILABLE THEREFOR ON DECEMBER 16, 2063, THE BONDS AND THE LIEN OF THE INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT THE OWNERS WILL HAVE NO RECOURSE TO THE DISTRICT OR ANY PROPERTY OF THE DISTRICT FOR THE PAYMENT OF ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THE BOND REMAINING UNPAID.

The Bonds are issued pursuant to that certain Indenture of Trust (Subordinate) (the “Indenture”) dated as of [_____] 1, 2024, between the District and UMB Bank, n.a., as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in the Indenture.

The principal of this Bond and premium, if any, is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the designated office of the Trustee. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by the Trustee at the close of business on the last day of the calendar month next preceding each Interest Payment Date (the “Record Date”), and shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to such registered owner at his address as it appears on such registration books. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Trustee as provided in the Indenture. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the “Special Record Date”) established for the payment of any unpaid interest. Notice of the Special Record Date and the date fixed for the payment of unpaid interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Trustee.

This Bond is one of a series aggregating \$[B PAR] par value, all of like date, tenor, and effect, issued by the Board of Directors of The Lakes at Centerra Metropolitan District No. 2,

County of Larimer, State of Colorado, for the purpose of paying the costs of providing certain public improvements within and without the District and refunding certain indebtedness of the District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11 and Part 13, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution and the Indenture. Pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; and that at the election lawfully held within the District on November 6, 2007, the incurrence of the indebtedness represented by this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election.

All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of certain moneys held under the Indenture and the "Subordinate Pledged Revenue," as defined by the Indenture. The Bonds constitute an irrevocable lien upon the Subordinate Pledged Revenue, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Subordinate Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this issue or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Indenture.

Reference is hereby made to the Indenture for an additional description of the nature and extent of the security for the Bonds, the accounts and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Indenture may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District. This Bond does not constitute a debt, financial obligation or liability of the County, and the County is not liable for payment of the principal of, premium if any, and interest on the Bond.

The Bonds are subject to redemption prior to maturity as provided in the Indenture. The Bonds will be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond will be treated for the purposes of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of this Bond is redeemed, the Trustee

shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of prior redemption shall be given to the registered owner of this Bond not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption in the manner set forth in the Indenture. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Trustee shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first Business Day following the ensuing Interest Payment Date or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first Business Day following the day on which the applicable notice of redemption is mailed. The Trustee shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District and the Trustee may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District or the Trustee.

This Bond may be exchanged at the designated office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the designated office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Trustee of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity, and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Trustee shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or performing any action shall be a Saturday, Sunday, legal holiday or a day on which the designated office of the Trustee is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which the designated office of the Trustee is authorized or required by law to remain closed

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN TESTIMONY WHEREOF, the Board of Directors of The Lakes at Centerra Metropolitan District No. 2 has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary thereof, all as of the Original Issue Date set forth above.

[SEAL]

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2

By _____
President

Attested:

By _____
Secretary

CERTIFICATE OF AUTHENTICATION

Date of Registration and Authentication:

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

UMB BANK, N.A., as Trustee

By _____
Authorized Signatory

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. (“AGM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to UMB Bank, n.a., or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____
 _____ (Social Security or Federal Employer Identification
 Number of Assignee) _____ (Name and Address of
 Assignee) the within Bond and does hereby irrevocably constitute and appoint
 _____, attorney, to transfer said Bond on the books kept for registration
 thereof with full power of substitution in the premises.

SIGNATURE OF REGISTERED OWNER:

Dated: _____

 NOTICE: The signature to this assignment
 must correspond with the name of the
 registered owner as it appears upon the face
 of the within Bond in every particular,
 without alteration or enlargement or any
 change whatever.

Signature guaranteed:

 (Bank, Trust Company, or Firm)

EXHIBIT B
TO
INDENTURE OF TRUST
BALLOT QUESTIONS OF THE ELECTION

SENIOR CAPITAL PLEDGE AGREEMENT

This **SENIOR CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of [_____] 1, 2024, by and among **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2** (the “**Issuing District**”), **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”), and **UMB BANK, N.A.**, in its capacity as trustee under that certain Indenture of Trust (Senior) dated as of [_____] 1, 2024, entered into with the Issuing District (the “**Trustee**”). The Issuing District and District No. 3 are referred to herein as the “**Districts.**” Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

RECITALS

WHEREAS, the formation of the Issuing District, District No. 3, and The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) was approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007, in conjunction with the approval of The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan (the “**Service Plan**”); and

WHEREAS, under the Service Plan, the Districts and District No. 1 are intended to work together and coordinate their activities with respect to the financing, construction, operation and maintenance of public improvements necessary to serve development within the Districts; and

WHEREAS, the Districts and District No. 1 were organized with the approval of the City, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts and District No. 1 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 Districts and District No. 1 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, the Service Plan has been prepared for the Districts and District No. 1 pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

WHEREAS, the purposes for which the Districts and District No. 1 were formed include the provision of, among other things, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities (the “**Public Improvements**”), all in accordance with the Service Plan; and

WHEREAS, the Issuing District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in

the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Senior Indenture**”) and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the original aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Public Improvements and refunding in full prior loans; and

WHEREAS, the Issuing District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the Issuing District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 by and between the Issuing District and the Trustee, each for the purpose of financing or reimbursing the costs of Public Improvements; and

WHEREAS, in order to provide for the payment of the Series 2018A Bonds, the Issuing District entered into an Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Senior Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2018B Bonds, the Issuing District entered into an Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Subordinate Pledge Agreement**” and together with the 2018 Senior Pledge Agreement, the “**2018 Pledge Agreements**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2022C Bonds, the Issuing District entered into a Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, with District No. 3 and the Trustee (the “**2022C Junior Lien Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Junior Lien Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, the parties now desire to facilitate the issuance of indebtedness by the Issuing District secured by ad valorem property taxes of the Issuing District and District No. 3 for the purpose of refunding the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”); and

WHEREAS, for the purpose of refunding the Refunded Bonds, the Board of Directors of the Issuing District has previously determined to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Series 2024A Senior Bonds**”) pursuant to an Indenture of Trust (Senior) dated as of [_____] 1, 2024 (the “**2024A Senior Indenture**”) between the Issuing District and the Trustee, which Series 2024A Senior Bonds are to be secured by the Senior Pledged Revenue hereunder, as more particularly described herein and in the 2024A Senior Indenture; and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and additional obligations that may be issued by the Issuing District in the future (as more particularly defined herein, the “**Additional Senior Obligations**”), District No. 3 has, by the terms of this Pledge Agreement, pledged certain revenues (referred to herein as the District No. 3 Senior Pledged Revenue) to the Issuing District for the payment of the Series 2024A Senior Bonds and the Additional Senior Obligations, and each of District No. 3 and the Issuing District has covenanted to take certain actions with respect to generating certain ad valorem property revenues, for the benefit of the holders of the Series 2024A Senior Bonds and any Additional Senior Obligations (the “**Bondholders**); and

WHEREAS, for the purpose of refunding the Refunded Bonds, on or about the date of issuance of the Series 2024A Senior Bonds, the Issuing District intends to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Series 2024B Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of [_____] 1, 2024 (the “**2024B Subordinate Indenture**”), by and between the Issuing District and the Trustee; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by the Issuing District in the future (excluding Senior Obligations), the Issuing District has entered into a Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Subordinate Pledge Agreement**”), pursuant to which the Issuing District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024B Subordinate Bonds, or as otherwise directed by the Issuing District; and

WHEREAS, the Series 2024A Senior Bonds are to be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Series 2024A Senior Bonds pursuant to Section 32-1-1101(6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, at an election of the qualified electors of District No. 3 duly called for and held on November 6, 2007 (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 indebtedness and the imposition of taxes for the payment thereof, for the purpose of funding certain improvements and facilities and for the purpose of refunding such indebtedness (the ballot questions relating thereto being attached as Exhibit A hereto).

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by District No. 3 by certified mail to the board of county commissioners of each county in which District No. 3 is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S., within 45 days after the Election; and

WHEREAS, it has been determined by the Districts and it is hereby determined that the Issuing District and District No. 3 shall be liable for the repayment of the Series 2024A Senior Bonds and Additional Senior Obligations (if any) through the imposition of a debt service mill levy, subject to the adjustments and limitations set forth in the 2024A Senior Indenture and herein; and

WHEREAS, District No. 3 will, upon the issuance of Additional Senior Obligations as permitted by this Pledge Agreement, allocate additional electoral authority as applicable; and

WHEREAS, the Districts have determined and hereby determine that the execution of this Pledge Agreement, the issuance of the Series 2024A Senior Bonds and any Additional Senior Obligations are in the best interests of the Districts and the residents, property owners, and taxpayers thereof; and

WHEREAS, pursuant to Interpretive Order No. 06-IN-001 of the Division of Securities, this Pledge Agreement is not subject to registration and does not require the filing of a claim of exemption because this Pledge Agreement represents the contractual obligation of District No. 3 to pay or pledge funds to another political subdivision where such contractual obligation is specifically pledged as security or collateral for an issuance of securities that is either subject to the registration or exemption requirements of the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Board of Directors of District No. 3 specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to this Pledge Agreement and the Senior Payment Obligation; 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 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this 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 in the Recitals hereto and below:

“*Additional Senior 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 Senior Obligation Document) as secured by a lien on all or any portion of the Senior Pledged Revenues payable hereunder; provided that such obligations are issued for the purpose of (i) refinancing the Series 2024A Senior Bonds, Additional Senior Obligations, or any other obligations of the Issuing District for which District No. 3 is obligated to impose ad valorem property taxes (including in accordance with the Subordinate Pledge Agreement), or obligations issued to refinance the same; or (ii) issued for the purpose of financing or refinancing the Public Improvements. In addition, an obligation shall not constitute an Additional Senior Obligation hereunder unless (i) an exemption from the registration requirements of the Colorado Municipal Bond Supervision Act, or any successor statute, is otherwise available; AND (ii) it will initially (A) be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Additional Senior Obligations pursuant to Section 32-1-1101(6)(a)(I), C.R.S., or (B) 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 (C) will

constitute a refunding or restructuring contemplated by Section 32-1-1101(6)(b) C.R.S. The term “Additional Senior Obligations” does not include any obligations that are payable only on an annual appropriation basis at the discretion of the obligated District.

“*Additional Senior Obligation Documents*” means, collectively, any resolution, indenture, loan agreement or other instrument agreement executed by the Issuing District pursuant to which Additional Senior 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 Senior Capital Pledge Agreement and any amendment hereto made in accordance herewith.

“*Annual Financing Costs*” means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest on the Series 2024A Senior Bonds and any Additional Senior Obligations as the same become due and payable in the immediately succeeding calendar year, whether at maturity or upon earlier redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any Additional Senior Obligation Documents, the amount (if any) necessary to replenish the Reserve Fund held under the 2024A Senior Indenture and any other reserve fund held under any Additional Senior Obligation Document to the amount required by the 2024A Senior Indenture or Additional Senior Obligation Document, as applicable, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the Series 2024A Senior Bonds and any Additional Senior Obligations, in accordance with the 2024A Senior Indenture or Additional Senior Obligation Document, as applicable, *but less* the amount then held under the 2024A Senior Indenture and Additional Senior Obligation Document available for the payment of such Financing Costs, and any amount of revenues projected to be available for payment of such Financing Costs, to the extent such amounts are permitted under the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable, to be taken into account in the calculation of the Senior Required Mill Levy (which, in the case of the 2024A Senior Indenture, includes only: (a) the amount on deposit in the Senior Bond Fund (held under the 2024A Senior Indenture) as of such Mill Levy Certification Date; and (b) for the last Mill Levy Certification Date prior to the final maturity date of the Series 2024A Senior Bonds only, amounts on deposit in the Reserve Fund).

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of the Districts.

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

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

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

~~“*Districts*” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.~~

“*District No. 3*” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado, and its successors and assigns.

“*District No. 3 Senior Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all District No. 3 Senior Property Tax Revenues; and
- (b) all District No. 3 Senior Specific Ownership Tax Revenues.

“*District No. 3 Senior Property Tax Revenues*” means all moneys derived from imposition by District No. 3 of the Senior Required Mill Levy net of the costs of collection and net of any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, District No. 3 Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*District No. 3 Senior Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Senior Required Mill Levy in accordance with the provisions hereof.

“*Districts*” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.

“*Effective Date*” means the date of issuance of the Series 2024A Senior Bonds.

“*Financing Costs*” means the principal and redemption price of, and interest and premium on, the Series 2024A Senior Bonds and any Additional Senior Obligations, required deposits to or replenishments of funds or accounts securing the Series 2024A Senior Bonds and any Additional Senior Obligations, any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing the Series 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the Series 2024A Senior Bonds and any Additional Senior Obligations, all in accordance with the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable, including, without limitation: (a) with respect to the Series 2024A Senior Bonds, any scheduled mandatory sinking fund payments as provided in the 2024A Senior Indenture, replenishment of the Reserve Fund relating to the Series 2024A Senior Bonds, any amounts owing to the Bond Insurer, and customary fees related to the issuance of the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Senior Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Senior Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Senior Obligations, customary fees related to the issuance of the Additional Senior Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity, bond insurance or other credit facility), and any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing any Additional Senior Obligations. Where used in describing the permitted uses by the Issuing

District of the District No. 3 Senior Pledged Revenue, “Financing Costs” also includes the payment of the principal and redemption price of, and interest on, any obligation issued by District No. 1, the Issuing District or District No. 3 to fund the Public Improvements.

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

“*Issuing District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, and its successors and assigns.

“*Mill Levy Certification Date*” means the date each year on which District No. 3 is required to impose the Senior Required Mill Levy in accordance with the provisions hereof.

“*Public Improvements*” has the meaning assigned thereto in the Recitals hereof.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the issuance of the Series 2024 Bonds.

“*Senior Payment Obligation*” means each of the Issuing District’s and District No. 3’s obligation to pay its allocated portion of the Financing Costs in accordance with the provisions hereof, but solely from Senior Pledged Revenue, to the extent available.

“*Senior Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

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

“*Senior Property Tax Revenues*” means (a) all moneys derived from imposition by the Issuing District of the Senior Required Mill Levy (as defined herein and in accordance with the 2024A Senior Indenture and any Additional Senior Obligation Document, as applicable), and (b) all moneys derived from imposition by District No. 3 of the Senior Required Mill Levy, in accordance with the provisions hereof. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*Senior 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 upon all taxable property of the Issuing District and District No. 3 each year in an amount which, if imposed by the Issuing District and District No. 3 for collection in the succeeding calendar year, would generate Senior Property Tax Revenues equal to the Annual Financing Costs, but not in excess of 55.477 mills; provided, however, that:

- (i) in the event that the method of calculating assessed valuation is

changed after September 4, 2007, the maximum mill levy of 55.477 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 (it being acknowledged that such adjustment with respect to the Issuing District and District No. 3 may result in different mill levies being imposed by each of the Issuing District and District No. 3). 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

(ii) in the event that the mill levies calculated pursuant to clause (i) are different for the Issuing District and District No. 3, each of the Issuing District and District No. 3 shall impose their respective adjusted 55.477 mills (in the case of the Issuing District, in accordance with the 2024A Senior Indenture and any applicable Additional Senior Obligation Document); in all other cases: (A) the actual mill levies imposed by the Issuing District and District No. 3 shall be the same if sufficient to generate the amount of Senior Property Tax Revenues required and if not in excess of the adjusted 55.477 maximum mill levy of either District, and (B) if the actual mill levies necessary to generate the amount of Senior Property Tax Revenues required would exceed the adjusted 55.477 maximum mill levy of either District, then the District with the lower adjusted 55.477 maximum mill levy shall impose such amount, and the District with the higher adjusted 55.477 maximum mill levy shall impose the amount required to generate the Senior Property Tax Revenues required, but not in excess of such District's adjusted 55.477 maximum mill levy;

(b) notwithstanding anything herein to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the Issuing District or District No. 3 to derive tax revenue in any year in excess of the maximum tax increases permitted by such District's electoral authorization, and if the Senior 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 such District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“Senior 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 its imposition of the Senior Required Mill Levy in accordance with the provisions hereof.

“Series 2024 Bonds” means, collectively, the Series 2024A Senior Bonds and Series 2024B Subordinate Bonds.

“Series 2024A Senior Bonds” has the meaning set forth in the Recitals hereof.

“*Series 2024A Senior Bonds*” has the meaning set forth in the Recitals hereof.

“*Service Plan*” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“*State*” means the State of Colorado.

“*Subordinate District No. 3 Obligations*” means District No. 3’s obligations under the Subordinate Pledge Agreement and any other 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 on a basis subordinate to the Senior Payment Obligation hereunder.

“*Subordinate Pledge Agreement*” means the Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, by and among the Issuing District, District No. 3, and the Trustee.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Termination Date*” means, subject to the provisions of Section 2.02(d) hereof, the date on which all amounts due with respect to the Series 2024A Senior Bonds and any Additional Senior Obligations and any other amounts owing under the 2024A Senior Indenture and any Additional Senior Obligation Document have been defeased or paid in full.

“*2018 Senior Pledge Agreement*” means the Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“*2018 Subordinate Pledge Agreement*” means the Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee

“*2018 Pledge Agreements*” means the 2018 Senior Pledge Agreement and the 2018 Subordinate Pledge Agreement.

“*2022C Junior Lien Pledge Agreement*” means the Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, by and among the Issuing District, District No. 3 and the Trustee.

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.

(a) ~~In exchange for~~In exchange for the issuance of the Policies (as defined in the 2024A Senior Indenture) by the Bond Insurer and the purchase by the Bondholders of the Series 2024A Senior Bonds and any Additional Senior Obligations, the proceeds of which are to be applied to the refunding of obligations previously issued to finance the costs of the Public Improvements), District No. 3 hereby agrees to pay such portion of the Financing Costs as may be funded with the District No. 3 Senior Pledged Revenue available to District No. 3, in accordance with the provisions hereof.

(b) The obligation of District No. 3 to pay its portion of the Financing Costs as provided herein shall constitute a limited tax general obligation of District No. 3 payable solely from and to the extent of the District No. 3 Senior Pledged Revenue. Such District No. 3 Senior Pledged Revenue is hereby pledged by District No. 3 to the Issuing District, for the benefit of the Bondholders and the Bond Insurer, for the payment of Financing Costs in accordance with the provisions hereof. The obligation of District No. 3 to pay the Financing Costs as provided herein (the “**Senior Payment Obligation**”) shall constitute an irrevocable lien upon the District No. 3 Senior Pledged Revenue. The Senior Payment Obligation of the Issuing District hereunder (and the lien thereof on the Issuing District’s Senior Pledged Revenue) is the same, and not in addition to, its obligation under the 2024A Senior Indenture and any Additional Senior Obligation Document to which the Issuing District is a party, to the extent pertaining to the payment of Financing Costs of such obligations, and the liens established thereby. The Districts hereby elect to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Senior Payment Obligation.

(c) In no event shall the total or annual obligations of District No. 3 hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Senior Payment Obligation will be deemed defeased and no longer outstanding upon the payment by District No. 3 of such amount.

(d) Notwithstanding any other provision in this Pledge Agreement, in accordance with the Service Plan (because debt instruments entered into by the Districts are required to be discharged forty (40) years after the date of issuance thereof, regardless of whether such obligation has been paid in full), the portion of each District’s Senior Payment Obligation hereunder relating to the payment of amounts due in connection with the Series 2024A Senior Bonds and any Additional Senior Obligations shall be deemed discharged, and the lien on the Senior Pledged Revenue hereunder, to the extent (and solely to the extent) securing such obligation shall cease, terminate, and be void, on the 40th anniversary of the date of issuance of such Series 2024A Senior Bonds or Additional Senior Obligations, as applicable. Upon such discharge, the Bondholders of the Series 2024A Senior Bonds and any Additional Senior Obligations will have no recourse to the District No. 3 or any property of District No. 3 for the payment of any portion of such

Senior Payment Obligation remaining unpaid.

(e) Because the actual total District No. 3 Senior Pledged Revenue payable by District No. 3 hereunder cannot be determined with any certainty at this time, District No. 3 shall not be permitted to pre-pay any amounts due hereunder.

Section 2.03. Imposition of Senior Required Mill Levy.

(a) In order to fund their respective Senior Payment Obligations, the Issuing District and District No. 3 each agree to levy on all of the taxable property in such District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the 2024A Senior Bonds or Additional Senior Obligations and any other Financing Costs remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Senior Required Mill Levy. Nothing herein shall be construed to require the Issuing District or District No. 3 to impose an ad valorem property tax levy for the payment of the Senior Payment Obligation in excess of the Senior Required Mill Levy or after the Termination Date.

(b) NOTWITHSTANDING ANY OTHER PROVISIONS HEREIN NEITHER THE ISSUING DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE SERIES 2024A SENIOR BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

(c) In order to facilitate the determination of the Senior Required Mill Levy, District No. 3 shall provide to the Issuing District and the Bond Insurer: (i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for District No. 3 provided by the Larimer 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 Larimer County Assessor (expected to be provided to District No. 3 no later than December 10 of each year). In accordance with the definition of Senior Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to District No. 3, the Senior Required Mill Levy for District No. 3 no later than October 15 of each year, and shall finally determine, and provide to District No. 3, the Senior Required Mill Levy for District No. 3 no later than December 12 of each year.

(d) Each of the Issuing District and District No. 3 acknowledges that it has actively participated in the development of the calculation for determining the Senior 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 Districts of the Public Improvements and the relative ability of such 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 Senior Required Mill Levy shall be final and binding upon District No. 3.

(e) This Section 2.03 is hereby declared to be the certificate of each

District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Senior Payment Obligation due hereunder.

(f) It shall be the duty of each District annually at the time and in the manner provided by law for the levying of ~~it's~~such 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 District to cause the appropriate officials of Larimer 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.

(g) 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.

(h) The Districts hereby agree to cooperate in the amendment of this Agreement to modify the definition of Senior Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Senior Obligations by the Issuing District.

(i) Neither the Issuing District nor District No. 3 shall take any action, or allow any action to be taken, which impairs the Senior Pledged Revenue.

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

(k) The parties hereto acknowledge that the Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations hereof. This Agreement shall not operate to limit such obligations except as specifically set forth herein.

Section 2.04. Payment and Application of District No. 3 Senior Pledged Revenue.

(a) District No. 3 hereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the 2024A Senior Indenture and any Additional Senior Obligation Documents) as soon as practicable upon receipt, all revenues comprising District No. 3 Senior Pledged Revenue, which District No. 3 Senior Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable. To the extent any portion of such District No. 3 Senior Pledged Revenue is released from the lien of the 2024A Senior Indenture and Additional Senior Obligation Documents (if any), the Issuing District will continue to ensure that such revenues are applied to Financing Costs and any other costs of the Public Improvements. Such District No. 3 Senior Pledged Revenue shall be paid by District No. 3 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 Districts.

(b) District No. 3 hereby covenants that all property tax revenue collected by District No. 3 from a debt service mill levy, or so much thereof as is needed, shall first, be designated as District No. 3 Senior Pledged Revenue in any Bond Year (as defined in the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents) to pay annual debt service on the Series 2024A Senior Bonds and any Additional Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents (including to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and to pay any other amounts owing under the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents, and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue be applied to pay any Subordinate District No. 3 Obligations (including under the Subordinate Pledge Agreement). The debt service property tax levy imposed for the payment of any Subordinate District No. 3 Obligations (including under the Subordinate Pledge Agreement) shall be deemed reduced to the number of mills (if any) available for payment of such obligation in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Series 2024A Senior Bonds and any Additional Senior Obligations in such Bond Year.

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 District No. 3 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 District No. 3 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 3 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the ~~obligations~~Payment Obligations hereunder.

In addition, and without limiting the generality of the foregoing, the obligations of District No. 3 to transfer funds as described herein for each payment described herein shall survive any ~~Court~~court determination of the invalidity of this Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the 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 Districts' meetings as set forth in their official minutes.

Section 2.06. Limited Defenses; Specific Performance. It is understood and agreed by District No. 3 that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of District No. 3 hereunder remains unfulfilled, District No. 3 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 Senior Payment Obligation, or take or fail to take any action which would delay a payment to, or

on behalf of, the Issuing District, the Trustee, the Bond Insurer, or any Bondholders or impair the ability of the Issuing District, the Trustee, the Bond Insurer or any Bondholders to receive payments due hereunder. Notwithstanding that this Pledge Agreement specifically prohibits and limits defenses and claims of District No. 3, in the event that District No. 3 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. Any property excluded from District No. 3 after the date hereof is to remain liable for the imposition of the Senior 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 District No. 3, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from District No. 3 does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, District No. 3 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) Without the prior consent of the Issuing District and the Bond Insurer, District No. 3 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 District No. 3 Senior Pledged Revenue (including, but not limited to Subordinate District No. 3 Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) the Subordinate Payment Obligation, as provided in the Subordinate Pledge Agreement;

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(iii) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital), so long

as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Series 2024A Senior Bonds in such Fiscal Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iv) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions hereof, when and if issued;

(v) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

(b) At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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) District No. 3 agrees to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Series 2024A Senior Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Senior Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

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

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

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

(c) The District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the District to perform its obligations hereunder. The execution, delivery and performance by the District of this 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 District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the District is a party or which purports to be binding upon the District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the District of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the District threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the District to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the District, enforceable against the District in accordance with its terms (except as

such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

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) District No. 3 fails or refuses to impose the Senior Required Mill Levy or to remit the District No. 3 Senior 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY

OTHER PROVISION CONTAINED HEREIN, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 HEREOF. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SENIOR PLEDGED REVENUES IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUES.

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 District No. 3 Senior Pledged Revenue to secure or pay the Senior Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The District No. 3 Senior 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 Districts irrespective of whether such persons have notice of such liens.

Section 5.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board of District No. 3, or any officer or agent of District No. 3 acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Senior Payment Obligation. Such recourse shall not be

available either directly or indirectly through the Board or District No. 3, 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 Districts and the Trustee 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, consents or paymentsapprovals required or permitted to be given under this Pledge Agreement shall be in writing and shall be hand-delivered or sent given either (i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified mail, return receipt requested, or air freight, to the following addresses:

Issuing District: The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with copies to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

District No. 3: The Lakes at Centerra Metropolitan District No. 3
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with copies to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

Trustee: UMB Bank, n.a.
 Corporate Trust and Escrow Services
 1670 Broadway
 Denver, Colorado 80202
 Telephone: 303-839-2220
 Email: john.wahl@umb.com
 Attention: John Wahl

Bond Insurer: Assured Guaranty Municipal Corp.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Surveillance
Re: Policy No. _____-N
Telephone: 212-974-0100
Email: munidisclosure@agltd.com

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, upon confirmation by the email recipient, or three (3) days after mailing. Any ~~District~~person designated above may designate by written notice ~~so provided may to the other persons of a change in~~ the address to which future notices shall be sent.

Section 5.06. Rights of Trustee. Notwithstanding any other provision herein, at such time as no amounts remain due and owing under the 2024A Senior Indenture, all rights of the Trustee 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) The Bondholders and the Bond Insurer are third party beneficiaries to this Pledge Agreement. It is intended that there be no third party beneficiaries of this Pledge Agreement other than the Bondholders- and the Bond Insurer. Nothing contained herein, expressed or implied, is intended to give to any person other than the Districts parties hereto, the Bondholders and the Bond Insurer 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 and with the prior written consent of the Bond Insurer.

(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 and is subject to the limitations and requirements of the 2024A Senior Indenture. Any amendment, supplement, modification to, or waiver of, this Pledge Agreement shall be subject to the prior written consent of the Bond Insurer.

(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 Series 2024A Senior Bonds set forth in the 2024A Senior Indenture.

Section 5.08. Effective Date and Termination Date. This Pledge Agreement shall become effective as of the Effective Date and shall remain in effect until the Termination Date, and shall terminate in accordance with Section 2.02(d) hereof.

Section 5.09. Termination of 2018 Senior Pledge Agreement and 2022C Junior Lien Pledge Agreement. Upon the execution and delivery of this Pledge Agreement in connection with the issuance of the Series 2024A Senior Bonds, and the corresponding payment and defeasance of the Refunded Bonds, the 2018 Senior Pledge Agreement and 2022C Junior Lien Pledge Agreement shall be automatically terminated without any further action of the parties thereto.

Section 5.10. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Pledge Agreement on behalf of the Issuing District, District No. 3 or the Trustee are not able to be physically present to manually sign this Pledge Agreement or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Pledge Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Remainder of Page Left Intentionally Blank]

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

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2,
Larimer County, Colorado

President

ATTESTED:

Secretary

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 3,
Larimer County, Colorado

President

ATTESTED:

Secretary

UMB BANK, N.A., as Trustee

Authorized Officer

[Signature Page to Senior Capital Pledge Agreement]

EXHIBIT A

BALLOT QUESTIONS OF DISTRICT NO. 3

SUBORDINATE CAPITAL PLEDGE AGREEMENT

This **SUBORDINATE CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of [_____] 1. 2024, by and among **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2** (the “**Issuing District**”), **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”) and **UMB BANK, N.A.**, in its capacity as trustee under that certain Indenture of Trust (Subordinate) dated as of [_____] 1. 2024, entered into with the Issuing District (the “**Trustee**”). The Issuing District and District No. 3 are referred to herein as the “**Districts**.” Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

RECITALS

WHEREAS, the formation of the Issuing District, District No. 3, and The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) was approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007, in conjunction with the approval of The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan (the “**Service Plan**”); and

WHEREAS, under the Service Plan, the Districts and District No. 1 are intended to work together and coordinate their activities with respect to the financing, construction, operation and maintenance of public improvements necessary to serve development within the Districts; and

WHEREAS, the Districts and District No. 1 were organized with the approval of the City, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts and District No. 1 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 Districts and District No. 1 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, the Service Plan has been prepared for the Districts and District No. 1 pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

WHEREAS, the purposes for which the Districts and District No. 1 were formed include the provision of, among other things, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities (the “**Public Improvements**”), all in accordance with the Service Plan; and

WHEREAS, the Issuing District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Senior Indenture**”) in the aggregate principal amount of \$29,035,00 and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**”) and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”) in the aggregate principal amount of \$4,090,000, each for the purpose of financing or reimbursing the costs of Public Improvements and refunding in full prior loans; and

WHEREAS, the Issuing District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the Issuing District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 by and between the Issuing District and the Trustee, each for the purpose of financing or reimbursing the costs of Public Improvements; and

WHEREAS, in order to provide for the payment of the Series 2018A Bonds, the Issuing District entered into an Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Senior Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2018B Bonds, the Issuing District entered into an Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Subordinate Pledge Agreement**”) and together with the 2018 Senior Pledge Agreement, the “**2018 Pledge Agreements**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2022C Bonds, the Issuing District entered into a Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, with District No. 3 and the Trustee (the “**2022C Junior Lien Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Junior Lien Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, the parties now desire to facilitate the issuance of indebtedness by the Issuing District secured by ad valorem property taxes of the Issuing District and District No. 3 for the purpose of refunding the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”); and

WHEREAS, for the purpose of refunding the Refunded Bonds, the Board of Directors of the Issuing District has previously determined to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Series 2024A Senior Bonds**”) pursuant to an Indenture of Trust (Senior) dated as of [_____] 1. 2024 (the “**2024A Senior Indenture**”) between the Issuing District and UMB Bank, n.a., as trustee; and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and certain other obligations that may be issued by the Issuing District in the future, the Issuing District has entered into a Senior Capital Pledge Agreement, dated as of [_____] 1. 2024, with District No. 3 and the Trustee (the “**Senior Pledge Agreement**”), pursuant to which the Issuing District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, for the purpose of refunding the Refunded Bonds , on or about the date of issuance of the Series 2024A Senior Bonds, the Issuing District intends to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Series 2024B Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of [_____] 1. 2024 (the “**2024B Subordinate Indenture**”), by and between the Issuing District and the Trustee; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by the Issuing District in the future (excluding Senior Obligations, defined herein) (as more particularly defined herein, the “**Additional Subordinate Obligations**”), District No. 3 has, by the terms of this Pledge Agreement, pledged certain revenues (referred to herein as the District No. 3 Subordinate Pledged Revenue) to the Issuing District for the payment of the Series 2024B Subordinate Bonds and the Additional Subordinate Obligations, and each of District No. 3 and the Issuing District has covenanted to take certain actions with respect to generating certain ad valorem property revenues, for the benefit of the holders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations (the “**Bondholders**”); and

WHEREAS, at an election of the qualified electors of District No. 3 duly called for and held on November 6, 2007 (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 indebtedness and the imposition of taxes for the payment thereof, for the purpose of funding certain improvements and facilities and for the purpose of refunding such indebtedness (the ballot questions relating thereto being attached as Exhibit A hereto).

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by District No. 3 by certified mail to the board of county commissioners of each county in which District No. 3 is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S., within 45 days after the Election; and

WHEREAS, it has been determined by the Districts and it is hereby determined that the Issuing District and District No. 3 shall be liable for the repayment of the Series 2024B Subordinate Bonds and Additional Subordinate Obligations (if any) through the imposition of a debt service mill levy, subject to the adjustments and limitations set forth in the 2024B Subordinate Indenture and herein; and

WHEREAS, District No. 3 will, upon the issuance of Additional Subordinate Obligations as permitted by this Pledge Agreement, allocate additional electoral authority as applicable; and

WHEREAS, the Series 2024B Subordinate Bonds are to be issued in minimum denominations of \$500,000 and integral multiples of \$5,000 in excess thereof, or otherwise will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S., the Series 2024B Subordinate Bonds are to be issued only to “financial institutions or institutional investors” as such terms are defined in Section 32-1-103(6.5), C.R.S., unless otherwise permitted pursuant to the provisions of Section 32-1-1101(6), C.R.S.; and

WHEREAS, the Districts have determined and hereby determine that the execution of this Pledge Agreement, the issuance of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations are in the best interests of the Districts and the residents, property owners, and taxpayers thereof; and

WHEREAS, pursuant to Interpretive Order No. 06-IN-001 of the Division of Securities, this Pledge Agreement is not subject to registration and does not require the filing of a claim of exemption because this Pledge Agreement represents the contractual obligation of District No. 3 to pay or pledge funds to another political subdivision where such contractual obligation is specifically pledged as security or collateral for an issuance of securities that is either subject to the registration or exemption requirements of the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Board of Directors of District No. 3 specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to this Pledge Agreement and the Subordinate Payment Obligation; 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 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this 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 in the Recitals hereto and below:

“*Additional Subordinate 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 Subordinate Obligation Document) as secured by a lien on all or any portion of the ~~District No. 3~~ Subordinate Pledged Revenues payable hereunder; provided that such obligations are issued for the purpose of: (i) refinancing the Series 2024B Subordinate Bonds, Additional Subordinate Obligations, or any other obligations of the Issuing District for which District No. 3 is obligated to impose ad valorem property taxes (including in accordance with the Senior Pledge Agreement), or obligations issued to refinance the same; or (ii) issued for the purpose of financing or refinancing the Public Improvements. In addition, an obligation shall not constitute an Additional Subordinate Obligation hereunder unless (i) 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) unless designated ~~a Limited Obligation hereunder,~~ an obligation payable from a limited mill levy not to exceed 50 mills (without adjustment), 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.; provided however, that the foregoing clause (ii) shall not apply at such time as the Issuing District executes in writing its written direction to limit the Subordinate Required Mill Levy hereunder to not in excess of 50 mills (without adjustment), which written direction shall not be effective prior to the date that the Series 2024B Subordinate Bonds (and any Additional Subordinate Obligation if specified in the applicable Additional Subordinate Obligation Documents) are paid in full or defeased.

“*Additional Subordinate Obligation Documents*” means, collectively, any resolution, indenture, loan agreement or other instrument agreement executed by the Issuing District pursuant to which Additional Subordinate 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 Subordinate Capital Pledge Agreement and any amendment hereto made in accordance herewith.

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of the Districts.

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

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

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

~~“Districts” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.~~

“District No. 3” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado, and its successors and assigns.

“District No. 3 Junior Lien Obligations” means any other 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 on a basis subordinate to the Subordinate Payment Obligation hereunder.

“District No. 3 Subordinate Pledged Revenue” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all District No. 3 Subordinate Property Tax Revenues; and
- (b) all District No. 3 Subordinate Specific Ownership Tax Revenues.

“District No. 3 Subordinate Property Tax Revenues” means all moneys derived from imposition by District No. 3 of the Subordinate Required Mill Levy net of the costs of collection and net of any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, District No. 3 Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“District No. 3 Subordinate Specific Ownership Tax Revenues” means the specific ownership taxes remitted to District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Subordinate Required Mill Levy in accordance with the provisions hereof.

“Districts” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.

“Effective Date” means the date of issuance of the Series 2024B Subordinate Bonds.

“Financing Costs” means the principal and redemption price of, and interest and premium on, the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, required deposits to or replenishments of funds or accounts securing the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing the Series 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, all in accordance with the Subordinate Indenture or Additional Subordinate Obligation Documents, as applicable, including, without limitation: (a) with respect to the Series 2024B Subordinate Bonds, the principal and interest components of any mandatory

redemption payments as provided in the 2024B Subordinate Indenture; replenishment of the Reserve Fund relating to the Series 2024B Subordinate Bonds, any amounts owing to the Bond Insurer, and customary fees related to the issuance of the Series 2024B Subordinate Bonds and the Series 2024A Senior Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Subordinate Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Subordinate Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Subordinate Obligations, customary fees related to the issuance of the Additional Subordinate Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity, bond insurance or other credit facility), and any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing any Additional Subordinate Obligations. Where used in describing the permitted uses by the Issuing District of the District No. 3 Subordinate Pledged Revenue, “Financing Costs” also includes the payment of the principal and redemption price of, and interest on, any other obligation issued by District No. 1, the Issuing District or District No. 3 to fund the Public Improvements.

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

“*Issuing District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, and its successors and assigns.

“*Mill Levy Certification Date*” means the date each year on which District No. 3 is required to impose the Subordinate Required Mill Levy in accordance with the provisions hereof.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the issuance of the Series 2024 Bonds.

“*Senior Obligations*” means, collectively, the Series 2024A Senior Bonds, any obligations constituting “Parity Bonds” under the 2024A Senior Indenture, and any other obligation of the Issuing District so designated by the Issuing District as a Senior Obligation (such that any ad valorem property taxes imposed for the payment thereof will constitute a Senior Required Mill Levy hereunder).

“*Senior Pledge Agreement*” means the Senior Capital Pledge Agreement, dated as of [_____] 1. 2024, by and among the Issuing District, District No. 3, and the Trustee.

“*Senior Required Mill Levy*” means the ad valorem property tax levy required to be imposed by the Issuing District and District No. 3 in accordance with the Senior Pledge Agreement and any other ad valorem property tax levy required to be imposed by the Issuing District and District No. 3 for the payment of Senior Obligations.

“*Series 2024 Bonds*” means, collectively, the Series 2024A Senior Bonds and Series 2024B Subordinate Bonds.

“*Series 2024A Senior Bonds*” has the meaning set forth in the Recitals hereof.

“*Series ~~2024A Senior~~2024B Subordinate Bonds*” has the meaning set forth in the Recitals hereof.

“*Service Plan*” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“*Subordinate Payment Obligation*” means each of the Issuing District’s and District No. 3’s obligation to pay its allocated portion of the Financing Costs in accordance with the provisions hereof, but solely from the Subordinate Pledged Revenue available to it.

“*Subordinate Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

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

“*Subordinate Property Tax Revenues*” means (a) all moneys derived from imposition by the Issuing District of the Subordinate Required Mill Levy (as defined herein and in accordance with the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document, as applicable), and (b) all moneys derived from imposition by District No. 3 of the Subordinate Required Mill Levy in accordance with the provisions hereof. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“*Subordinate Required Mill Levy*” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Issuing District and District No. 3 each year in an amount equal to (i) 55.477 mills **less the applicable Senior Required Mill Levy**, or (ii) such lesser amount which, if imposed by the Issuing District and District No. 3 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the Series 2024B Subordinate Bonds, and any Additional Subordinate Obligations; provided however, that:

- (a) in the event that the method of calculating assessed valuation is changed after September 4, 2007, the maximum mill levy of 55.477 mills (less the Senior Required Mill Levy) 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 (it being acknowledged that such

adjustment with respect to the Issuing District and District No. 3 may result in different mill levies being imposed by each of the Issuing District and District No. 3). 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;

(b) in the event that the mill levies calculated pursuant to clause (a) are different for the Issuing District and District No. 3, each of the Issuing District and District No. 3 shall impose their respective adjusted 55.477 mills, provided that if ~~clause (i) paragraph (a)~~ clause (a) above applies, the Issuing District and District No. 3 shall impose the same mill levy in the amount required to generate the Subordinate Property Tax Revenues required; and

(c) notwithstanding anything herein to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the Issuing District or District No. 3, as applicable, to derive tax revenue in any year in excess of the maximum tax increases permitted by such District's electoral authorization, and if the Subordinate 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 such District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“*Subordinate 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 its imposition of the Subordinate Required Mill Levy in accordance with the provisions hereof.

“*State*” means the State of Colorado.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Termination Date*” means, subject to the provisions of Section 2.02(d) hereof, the date on which all amounts due with respect to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations and any other amounts owing under the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document have been defeased or paid in full.

“*2018 Senior Pledge Agreement*” means the Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“*2018 Subordinate Pledge Agreement*” means the Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“2018 Pledge Agreements” means the 2018 Senior Pledge Agreement and the 2018 Subordinate Pledge Agreement.

“2022C Junior Lien Pledge Agreement” means the Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, by and among the Issuing District, District No. 3 and the Trustee.

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.

(a) ~~In exchange for~~In exchange for the issuance of the Policies (as defined in the 2024B Subordinate Indenture) by the Bond Insurer and the purchase by the Bondholders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, the proceeds of which are to be applied to the refunding of obligations previously issued to finance the costs of the Public Improvements, District No. 3 hereby agrees to pay such portion of the Financing Costs as may be funded with the District No. 3 Subordinate Pledged Revenue available to District No. 3, in accordance with the provisions hereof.

(b) The obligation of District No. 3 to pay its portion of the Financing Costs as provided herein shall constitute a limited tax general obligation of District No. 3 payable solely from and to the extent of the District No. 3 Subordinate Pledged Revenue available to it. Such District No. 3 Subordinate Pledged Revenues is hereby pledged by District No. 3 to the Issuing District, for the benefit of the Bondholders and the Bond Insurer, for the payment of Financing Costs in accordance with the provisions hereof. The obligation of District No. 3 to pay the Financing Costs as provided herein (the “**Subordinate Payment Obligation**”) shall constitute an irrevocable lien upon the District No. 3 Subordinate Pledged Revenue. The Subordinate Payment Obligation of the Issuing District hereunder (and the lien thereof on the Issuing District’s Subordinate Pledged Revenue) is the same, and not in addition to, its obligation under the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document to which the Issuing District is a party, to the extent pertaining to the payment of Financing Costs of such obligations, and the liens established thereby. The Districts hereby elect to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Subordinate Payment Obligation.

(c) In no event shall the total or annual obligations of District No. 3 hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Subordinate Payment Obligation will be deemed defeased and no longer outstanding upon the payment by District No. 3 of such amount.

(d) Notwithstanding any other provision in this Pledge Agreement, in accordance with the Service Plan (because debt instruments entered into by the Districts are required to be discharged forty (40) years after the date of issuance thereof, regardless of whether such obligation has been paid in full), the portion of each District's Subordinate Payment Obligation hereunder relating to the payment of amounts due in connection with the Series 2024B Subordinate Bonds, and any Additional Subordinate Obligations shall be deemed discharged, and the lien on the Subordinate Pledged Revenue hereunder, to the extent (and solely to the extent) securing such obligation shall cease, terminate, and be void, on the 40th anniversary of the date of issuance of such Series 2024B Subordinate Bonds or any Additional Subordinate Obligations, as applicable. Upon such discharge, the Bondholders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, will have no recourse to District No. 3 or any property of District No. 3 for the payment of any portion of such Subordinate Payment Obligation remaining unpaid.

(e) Because the actual total District No. 3 Subordinate Pledged Revenue payable by District No. 3 hereunder cannot be determined with any certainty at this time, District No. 3 shall not be permitted to pre-pay any amounts due hereunder.

Section 2.03. Imposition of Subordinate Required Mill Levy.

(a) In order to fund their respective Subordinate Payment Obligations, the Issuing District and District No. 3 each agree to levy on all of the taxable property of such District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the Series 2024B Subordinate Bonds or Additional Subordinate Obligations and any other Financing Costs remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Subordinate Required Mill Levy. Nothing herein shall be construed to require the Issuing District or District No. 3 to impose an ad valorem property tax levy for the payment of the Subordinate Payment Obligation in excess of the Subordinate Required Mill Levy or after the Termination Date.

(b) NOTWITHSTANDING ANY OTHER PROVISIONS HEREIN NEITHER THE ISSUING DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE SERIES 2024B SUBORDINATE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

(c) In order to facilitate the determination of the Subordinate Required Mill Levy, District No. 3 shall provide to the Issuing District and the Bond Insurer:

(i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for District No. 3 provided by the Larimer 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 Larimer County Assessor (expected to be provided to District No. 3 no later than December 10 of each year). In accordance with the definition of Subordinate Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to District No. 3, the Subordinate Required Mill Levy no later than October 15 of each year, and shall finally determine, and provide to District No. 3, the Subordinate Required Mill Levy no later than December 12 of each year.

(d) Each of the Issuing District and District No. 3 acknowledges that it has actively participated in the development of the calculation for determining the Subordinate 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 Districts of the Public Improvements (including the Project) and the relative ability of such 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 Subordinate Required Mill Levy shall be final and binding upon District No. 3.

(e) This Section 2.03 is hereby declared to be the certificate of each District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Subordinate Payment Obligation due hereunder.

(f) It shall be the duty of each District annually at the time and in the manner provided by law for the levying of such 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 District to cause the appropriate officials of Larimer 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.

(g) 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.

(h) The Districts hereby agree to cooperate in the amendment of this Agreement to modify the definition of Subordinate Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Subordinate Obligations by the Issuing District.

(i) Neither the Issuing District nor District No. 3 shall take any action, or allow any action to be taken, which impairs the Subordinate Pledged Revenue.

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

(k) The parties hereto acknowledge that the Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations hereof. This Agreement shall not operate to limit such obligations except as specifically set forth herein.

Section 2.04. Payment and Application of District No. 3 Subordinate Pledged Revenue.

(a) District No. 3 hereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the 2024B Subordinate Indenture and any Additional Subordinate Obligation Documents) as soon as practicable upon receipt, all revenues comprising District No. 3 Subordinate Pledged Revenue, which District No. 3 Subordinate Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the 2024B Subordinate Indenture or Additional Subordinate Obligation Documents, as applicable. To the extent any portion of such District No. 3 Subordinate Pledged Revenue is released from the lien of the 2024B Subordinate Indenture and Additional Subordinate Obligation Documents (if any), and in all events, the Issuing District will continue to ensure that such revenues are applied to Financing Costs and any other costs of the Public Improvements, subject to the provisions of Section 2.05 hereof. Such District No. 3 Subordinate Pledged Revenue shall be paid by District No. 3 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 Districts.

(b) District No. 3 hereby covenants that all property tax revenue collected by District No. 3 from a debt service mill levy, or so much thereof as is needed, shall first, be designated as District No. 3 Senior Pledged Revenue in any Bond Year (as defined in the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents) to pay annual debt service on the Series 2024A Senior Bonds and any Additional Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents and only after the funding of such payments and accumulations required in such Bond Year, shall, second, be designated as District No. 3 Subordinate Pledged Revenue be applied to pay annual debt service on the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations; and to fund such funds and accounts as are required in accordance with the terms of the 2024B Subordinate Indenture or other applicable Additional Subordinate Obligation Documents (including to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and to pay any other amounts owing under the terms of

the 2024B Subordinate Indenture or other applicable Additional Subordinate Obligation Documents. The debt service property tax levy imposed for the payment of any District No. 3 Junior Lien Obligations shall be deemed reduced to the number of mills available for payment of such District No. 3 Junior Lien Obligations in any Bond Year after first providing for the funding of payments and accumulations required with respect to all Senior Obligations in such Bond Year (including the amounts required to accomplish the full repayment or defeasance of any such Senior Obligations, to the extent required by the applicable resolutions, indentures, or other enactments authorizing Senior Obligations), and the full amount outstanding with respect to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Additional Subordinate Obligations).

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 District No. 3 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 District No. 3 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 3 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligationsPayment Obligations hereunder.

In addition, and without limiting the generality of the foregoing, the obligations of District No. 3 to transfer funds as described herein for each payment described herein shall survive any Court determination of the invalidity of this Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the 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 Districts' meetings as set forth in their official minutes.

Section 2.06. Limited Defenses; Specific Performance. It is understood and agreed by District No. 3 that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of District No. 3 hereunder remains unfulfilled, District No. 3 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 Subordinate Payment Obligation, or take or fail to take any action which would delay a payment to, or on behalf of, the Issuing District, the Trustee, the Bond Insurer, or any Bondholders or impair the ability of the Issuing District, the Trustee, the Bond Insurer, or any Bondholders to receive payments due hereunder. Notwithstanding that this Pledge Agreement specifically prohibits and limits defenses and claims of District No. 3, in the event that District No. 3 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. Any property excluded from District No. 3 after the date hereof is to remain liable for the imposition of the Subordinate 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 District No. 3, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from District No. 3 does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, District No. 3 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) Without the prior consent of the Issuing District and the Bond Insurer, District No. 3 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 District No. 3 Subordinate Pledged Revenue (including, but not limited to, District No. 3 Junior Lien Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) the Senior Payment Obligation, as provided in the Senior Pledge Agreement;

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy and the Subordinate Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(iii) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Series 2024B Subordinate Bonds in such Fiscal

Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iv) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions hereof, when and if issued;

(v) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

(b) At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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) District No. 3 agrees to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Series 2024B Subordinate Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Subordinate Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

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

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

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

(c) The District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the District to perform its obligations hereunder. The execution, delivery and performance by the District of this 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 District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the District is a party or which purports to be binding upon the District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the District of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the District threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the District to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the District, enforceable against the District in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

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) District No. 3 fails or refuses to impose the Subordinate Required Mill Levy or to remit the District No. 3 Subordinate 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 HEREOF. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUES IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES.

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 District No. 3 Subordinate Pledged Revenue to secure or pay the Subordinate Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The District No. 3 Subordinate 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 Districts irrespective of whether such persons have notice of such liens.

Section 5.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board of District No. 3, or any officer or agent of District No. 3 acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Subordinate Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board or District No. 3, 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 Districts and the Trustee 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, consents or paymentsapprovals required or permitted to be given under this Pledge Agreement shall be in writing and shall be hand-delivered or sent given either (i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified mail, return receipt requested, or air freight, to the following addresses:

To the Issuing District:

The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with a copy to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

To District No. 3: The Lakes at Centerra Metropolitan District No. 3
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with a copy to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

If to the Trustee: UMB Bank, n.a.
Corporate Trust and Escrow Services
1670 Broadway
Denver, Colorado 80202

If to the Bond Insurer: Assured Guaranty Municipal Corp.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Surveillance
Re: Policy No. _____-N
Telephone: 212-974-0100
Email: munidisclosure@agltd.com

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, upon confirmation by the email recipient, or three (3) days after mailing. Any District person designated above may designate by written notice ~~so provided may to the other persons of a change~~ in the address to which future notices shall be sent.

Section 5.06. Rights of Trustee. Notwithstanding any other provision herein, at such time as no amounts remain due and owing under the 2024B Subordinate Indenture, all rights of the Trustee 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) The Bondholders and the Bond Insurer are third party beneficiaries to this Pledge Agreement. It is intended that there be no third party beneficiaries of this Pledge Agreement other than the Bondholders- and the Bond Insurer. Nothing contained herein, expressed or implied, is intended to give to any person other than the ~~Districts~~parties hereto, the Bondholders and the Bond Insurer 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 and with the prior written consent of the Bond Insurer.

(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 and is subject to the limitations and requirements of the 2024B Subordinate Indenture. Any amendment, supplement, modification to, or waiver of, this Pledge Agreement shall be subject to the prior written consent of the Bond Insurer

(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 Series 2024B Subordinate Bonds set forth in the 2024B Subordinate Indenture.

Section 5.08. Effective Date and Termination Date. This Pledge Agreement shall become effective as of the Effective Date and shall remain in effect until the Termination Date, and shall terminate in accordance with Section 2.02(d) hereof.

Section 5.09. Termination of 2018 Subordinate Pledge Agreement and 2022C Junior Lien Pledge Agreement. Upon the execution and delivery of this Pledge Agreement in connection with the issuance of the Series 2024B Subordinate Bonds, and the corresponding payment and defeasance of the Refunded Bonds, the 2018 Subordinate Pledge Agreement and 2022C Junior Lien Pledge Agreement shall be automatically terminated without any further action of the parties thereto.

Section 5.10. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Pledge Agreement on behalf of the Issuing District, District No. 3 or the Trustee are not able to be physically present to manually sign this Pledge Agreement or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Pledge Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Remainder of Page Left Intentionally Blank]

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

**THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2**

President

ATTESTED:

Secretary or Assistant Secretary

**THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 3**

President

ATTESTED:

Secretary or Assistant Secretary

UMB BANK, N.A., as Trustee

Authorized Signatory

EXHIBIT A
TO
CAPITAL PLEDGE AGREEMENT
BALLOT QUESTIONS OF DISTRICT NO. 3

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2024**NEW ISSUE
BOOK-ENTRY ONLY****2024A SENIOR BONDS INSURED RATING (S&P): “AA”
2024A SENIOR BONDS UNDERLYING RATING (S&P): “BBB”
2024B SUBORDINATE BONDS INSURED RATING (S&P): “AA”
BOND INSURANCE: Assured Guaranty Municipal Corp.
See “RATINGS”**

In the opinion of Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. See “TAX MATTERS” herein.

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND, COLORADO)**

\$43,275,000*
**LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2024A**

\$3,290,000*
**SUBORDINATE LIMITED TAX GENERAL
OBLIGATION REFUNDING BONDS
SERIES 2024B**

Dated: Date of Delivery**Due: As shown on the inside front cover**

The Lakes at Centerra Metropolitan District No. 2 (the “District”) Limited Tax General Obligation Refunding Bonds, Series 2024A (the “2024A Senior Bonds”) are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof, pursuant to the Senior Indenture between the District and UMB Bank, n.a., as Trustee (all capitalized terms are defined herein). The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the “2024B Subordinate Bonds,” and together with the 2024A Senior Bonds, the “Bonds”) are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, pursuant to the Subordinate Indenture. Purchases of the Bonds are to be made in book-entry form only through The Depository Trust Company, New York, New York.

The 2024A Senior Bonds bear interest at the rates set forth on the inside cover page hereof, payable semiannually on June 1 and December 1 of each year from available Senior Pledged Revenue, commencing June 1, 2024, to and including the maturity dates set forth on the inside cover page hereof, unless the 2024A Senior Bonds are redeemed earlier. The 2024B Subordinate Bonds bear interest at the rate set forth on the inside cover page hereof, payable annually on December 15 of each year from available Subordinate Pledged Revenue, commencing December 15, 2024, to and including the maturity date set forth on the inside cover page hereof, unless the 2024B Subordinate Bonds are redeemed earlier. See “THE 2024A SENIOR BONDS” and “THE 2024B SUBORDINATE BONDS.” *The Bonds are not obligations of the City of Loveland, Larimer County, the State of Colorado, The Lakes at Centerra Metropolitan District No. 1, or The Lakes at Centerra Metropolitan District No. 3 (except that District No. 3 has certain obligations under the Pledge Agreements as further described herein).*

The 2024A Senior Bonds are limited tax general obligation bonds of the District payable from the Senior Pledged Revenue, defined as the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The 2024A Senior Bonds are also secured by the Senior Reserve Fund, which will be funded with the Senior Reserve Policy in the amount of the Senior Reserve Requirement, which is \$3,035,725.00.* *Any amount of unpaid principal of or interest on the 2024A Senior Bonds shall be deemed discharged on the 2024A Termination Date of December 2, 2063.** See “SECURITY FOR THE 2024A SENIOR BONDS.”

The 2024B Subordinate Bonds are limited tax general obligation bonds of the District payable from the Subordinate Pledged Revenue, defined as the following, net of any costs of collection (to the extent not previously deducted by definition):

* Preliminary, subject to change.

(a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. The 2024B Subordinate Bonds are also secured by (i) the Subordinate Reserve Fund, which will be funded with the 2024B Reserve Policy in the amount of the Subordinate Reserve Requirement, which is \$432,637.50* and (ii) the Subordinate Surplus Fund, which will not be funded with proceeds of the 2024B Subordinate Bonds but is required to be funded with future excess Subordinate Pledged Revenue, if any, up to the amount of the Maximum Subordinate Surplus Amount. *Any amount of unpaid principal of or interest on the 2024B Subordinate Bonds shall be deemed discharged on the 2024B Termination Date of December 16, 2063.** See “SECURITY FOR THE 2024B SUBORDINATE BONDS.”

The 2024A Senior Bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory sinking fund redemption as described in “THE 2024A SENIOR BONDS - Redemption.” The 2024B Subordinate Bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory redemption as described in “THE 2024B SUBORDINATE BONDS – Redemption.”

The scheduled payment of principal of and interest on the 2024A Senior Bonds when due will be guaranteed under an insurance policy (the “2024A Bond Insurance Policy”) to be issued concurrently with the delivery of the 2024A Senior Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** (the “Bond Insurer”). The scheduled payment of principal of and interest on the 2024B Subordinate Bonds when due will be guaranteed under an insurance policy (the “2024B Bond Insurance Policy”) to be issued concurrently with the delivery of the 2024B Subordinate Bonds by the Bond Insurer.



The proceeds of the 2024A Senior Bonds will be used to: (i) refund the Refunded Bonds; (ii) fund the Senior Reserve Fund pursuant to the Senior Reserve Policy; and (iii) pay the costs of issuance of the 2024A Senior Bonds. Proceeds of the 2024B Subordinate Bonds will be used to: (i) refund the Refunded Bonds; (ii) fund the Subordinate Reserve Fund pursuant to the Subordinate Reserve Policy; and (iii) pay the costs of issuance of the 2024B Subordinate Bonds. See “USES OF PROCEEDS.”

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors should read this entire Official Statement to obtain information essential to making an informed investment decision, and should give particular attention to the section entitled “RISK FACTORS.”

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter subject to the approval of legality of the Bonds by Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter. Certain legal matters will be passed upon for the District by its general counsel, Icenogle Seaver Pogue, P.C., Denver, Colorado. Piper Sandler & Co., Denver, Colorado has acted as municipal advisor to the District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 16, 2024.*

WELLS FARGO SECURITIES

This Official Statement is dated April __, 2024.

* Preliminary, subject to change.

RED HERRING: This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

2024A SENIOR BONDS MATURITY SCHEDULE*

<u>Maturing (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP© Number</u>	<u>Maturing (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP© Number</u>
2024	\$970,000				2029	\$600,000			
2025	415,000				2030	675,000			
2026	480,000				2031	710,000			
2027	505,000				2032	790,000			
2028	575,000				2033	830,000			
2029	600,000				2044	920,000			

\$8,245,000 % Term Bond Due December 1, 2041 - Price: _____ % (CUSIP Number: † _____)
 \$8,325,000 % Term Bond Due December 1, 2046 - Price: _____ % (CUSIP Number: † _____)
 \$19,235,000 % Term Bond Due December 1, 2054 - Price: _____ % (CUSIP Number: † _____)

2024B SUBORDINATE BONDS MATURITY SCHEDULE*

\$3,290,000 % Term Bond Due December 15, 2044 - Price: _____ % (CUSIP Number: † _____)

* Preliminary; subject to change.

† Copyright 2024 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are provided for convenience only. The District takes no responsibility for the accuracy of the CUSIP numbers.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix J - Specimen Municipal Bond Insurance Policy".

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

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

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND, COLORADO)**

Board of Directors

James Laferriere, President & Chairperson
Todd Carnes, Vice President
Ralph Mathes, Secretary/Treasurer
Joshua Kane, Assistant Secretary
Harold Lamport, Assistant Treasurer

Trustee, Registrar and Paying Agent

UMB Bank, n.a.
Denver, Colorado

General Counsel

Icenogle Seaver Pogue, P.C.
Denver, Colorado

Bond Counsel

Kline Alvarado Veio, P.C.
Denver, Colorado

Underwriter

Wells Fargo Securities, LLC
Denver, Colorado

Underwriter's Counsel

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

Municipal Advisor to the District

Piper Sandler & Co.
Denver, Colorado

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(1) Only those portions of the table pertaining to the direct debt of the Pledge Districts are required to be updated.

AERIAL PHOTO






MAP OF THE DISTRICTS

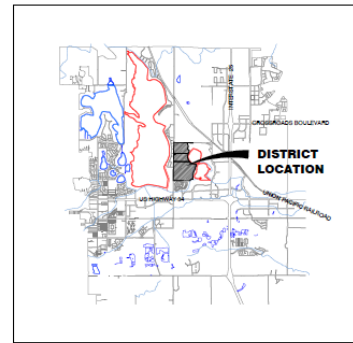
THE LAKES AT CENTERRA METROPOLITAN DISTRICTS NO. 1-3

SECTIONS 4 AND 9, TOWNSHIP 5 NORTH, RANGE 68 WEST
CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO



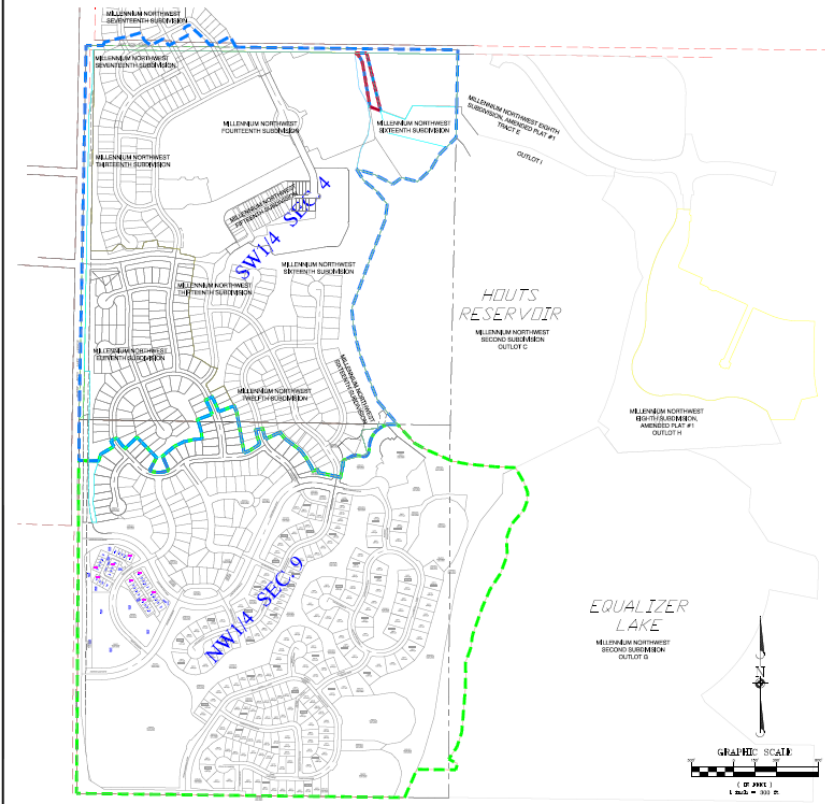
LEGEND/AREA INFORMATION

-  THE LAKES AT CENTERRA METRO. DISTRICT NO.1
-  THE LAKES AT CENTERRA METRO. DISTRICT NO.2
-  THE LAKES AT CENTERRA METRO. DISTRICT NO.3



THE LAKES AT CENTERRA METROPOLITAN DISTRICTS 1-3 DISTRICT MAP

MAY 5, 2021



DRONE VIDEO

A drone vide of the Pledge Districts is available at the following link:

<https://vimeo.com/920136436/52239342bd?share=copy>



OFFICIAL STATEMENT

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2 (IN THE CITY OF LOVELAND, COLORADO)

\$43,275,000*
LIMITED TAX GENERAL
OBLIGATION REFUNDING BONDS
SERIES 2024A

\$3,290,000*
SUBORDINATE LIMITED TAX GENERAL
OBLIGATION REFUNDING BONDS
SERIES 2024B

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices, provides information in connection with the offer and sale by The Lakes at Centerra Metropolitan District No. 2 (the “District” or “District No. 2”), a political subdivision of the State of Colorado (the “State”) of its Limited Tax General Obligation Refunding Bonds, Series 2024A (the “2024A Senior Bonds”) to be issued in the total aggregate principal amount of \$43,275,000* and its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the “2024B Subordinate Bonds”) and together with the 2024A Senior Bonds, the “Bonds”) to be issued in the total aggregate principal amount of \$3,290,000.*

The Bonds will be issued pursuant to a resolution (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”) prior to the issuance of the Bonds. The 2024A Senior Bonds will be issued pursuant to an Indenture of Trust (Senior) between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”) dated as of April 1, 2024 (the “Senior Indenture”). The 2024B Subordinate Bonds will be issued pursuant to an Indenture of Trust (Subordinate) between the District and the Trustee, dated as of April 1, 2024 (the “Subordinate Indenture,” and together with the Senior Indenture, the “Indentures”).

The Senior Capital Pledge Agreement dated as of April 1, 2024 (the “Senior Pledge Agreement”) and the Subordinate Capital Pledge Agreement dated as of April 1, 2024 (the “Subordinate Pledge Agreement” and together with the Senior Pledge Agreement, the “Pledge Agreements”) will be entered into by the District, the Trustee, and The Lakes at Centerra Metropolitan District No. 3 (“District No. 3”) pursuant to resolutions adopted by the Board and the Board of Directors of District No. 3 (the “District No. 3 Board” and together, with the Board, the “Boards”).

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “RISK FACTORS.” Detachment or other use of this

* Subject to change.

“INTRODUCTION” without the entire Official Statement, including the cover page and appendices, is unauthorized. Undefined capitalized terms have the meanings given in the applicable Indenture and Pledge Agreement.

Issuer and Related Districts

The District was formed pursuant to an Order and Decree of the District Court for Larimer County (the “County”) entered on November 21, 2007 and recorded with the Clerk and Recorder for the Larimer County on December 12, 2007. Organization of the District was preceded by the approval by the City of Loveland, Colorado (the “City”) of a consolidated service plan consisting of a financial plan, including proposed funding therefor, and a summary detailing the proposed improvements within the District (the “Service Plan”); the adoption by the City Council of a resolution approving the Service Plan of the District; and approval of the District’s formation by the qualified electors of the proposed District at an election held for that purpose.

At the time that the District was formed, The Lakes at Centerra Metropolitan District No. 1 (“District No. 1”) and The Lakes at Centerra Metropolitan District No. 3 (“District No. 3”) were also formed pursuant to the Service Plan and similar elections. The Bonds will be secured by revenues generated by the District and District No. 3, as described further herein. Together, the District, District No. 1 and District No. 3 are referred to herein as the “Districts.” The District and District No. 3 are referred to herein as the “Pledge Districts.”

The primary purpose of the Districts is to provide public improvements necessary for the Development (defined below) consisting largely of water, sanitation and storm drainage, parks and recreation, street, traffic and safety, transportation and other permitted improvements and facilities within and without the Districts, all in accordance with the laws of the State. The District contains approximately 160 acres, District No. 3 contains approximately 143 acres, and District No. 1 contains less than one acre, for a total of approximately 304 acres. *District No. 1 is not obligated to generate revenues to support the payment of debt service on the Bonds.* The 2023 assessed valuation of the property in the District is \$17,092,361 and the 2023 assessed valuation of the property in District No. 3 is \$19,183,647, for a combined 2023 assessed valuation of \$36,276,008. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Tax Data” “**AERIAL PHOTO**” on page vi, and “**MAP OF THE DISTRICTS**” on page vii.

The Development

The following section contains a summary of the information set forth herein under “THE DEVELOPMENT.” Additional information regarding the Development is set forth therein. *Future development within District No. 3 depends upon market activity, general economic conditions, and other factors over which the Pledge Districts have no control. See “RISK FACTORS.”*

The Lakes at Centerra development (“The Lakes at Centerra” or the “Development”) is a planned residential community within the overall Centerra master

development located in Loveland, Colorado. The Development contains approximately 287 acres, consisting of all 160 acres within the District and approximately 127 acres within District No. 3.¹

It is projected that at full build out, The Lakes at Centerra will include approximately 690 single family detached residences and 541 attached residences (townhomes and condominiums) (each, a “Home”), for a total of 1,231 planned Homes, as well as a clubhouse, parks, open space, and community trails. The first homes in the Development were completed in approximately 2014. Property for all 1,231 planned Homes has been sold to Homebuilders (defined below) and as of January 31, 2024, certificates of occupancy had been issued by the City for approximately 1,012 of the 1,231 planned Homes had been completed (or 82% of the total planned Homes). As of February 15, 2024, according to the Developer, approximately 989 Homes, or 80%, had been sold to homeowners. Two Homebuilders are currently active in the Development: Bridgewater Homes and Landmark Homes. See “THE DEVELOPMENT – Development Status.” The Development includes the Lake Club swimming pool facility and Frank Farm Park. An additional park, to be called Explorer Park, is expected to be completed in 2024.

The Development is a project of C R Development, Inc., a Colorado corporation (the “Developer”), an entity which is related to McWhinney Real Estate Services, Inc. (“MRES”). The Developer engages in land development activities only, and is not a homebuilder. The Developer’s development plan has been to sell vacant lots to homebuilders (each a “Homebuilder”), which construct Homes on those vacant lots for sale to homeowners. The property within the Pledge Districts is entirely platted except for Parcel 205 (defined in footnote 1 herein) and for certain property which has been sold to Landmark Homes.² Additional City approvals are required prior to the completion of remaining townhome and condominium development, as explained further in “THE DEVELOPMENT – Entitlements and Public Approvals.”

Security for the 2024A Senior Bonds

General. The 2024A Senior Bonds constitute limited tax general obligations of the District payable from the Senior Pledged Revenue, as provided in the Senior Indenture. The primary component of the Senior Pledged Revenue is expected to be revenues collected and generated from taxes imposed by the District and pledged to the payment of the 2024A Senior Bonds pursuant to the Senior Indenture. Payment of the principal of and interest on the 2024A Senior Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the District.

¹ The remaining approximately 16 acres within District No. 3 which are not within the Development consists primarily of an area of vacant property known as “Parcel 205.” Future development plans for Parcel 205 are not known by the District, and the potential future development of this property is not included in the Market Study attached hereto.

² The Developer has sold property to Landmark Homes which has been platted as “superpad” sites and must be re-platted by Landmark Homes prior the construction of Homes. Landmark has been re-platting the sites in phases as Homes are constructed. See “THE DEVELOPMENT – Entitlements and Public Approvals - Zoning, Subdivision and Platting Status.”

Senior Pledged Revenue. “Senior Pledged Revenue” is defined in the Senior Indenture as, net of any costs of collection (to the extent not previously deducted by definition): (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Property Tax Revenue. “Senior Property Tax Revenues” is defined in the Senior Indenture as all moneys derived from imposition by the District and District No. 3 of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

“Senior Required Mill Levy” is generally defined in the Senior Pledge Agreement as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District and District No. 3 each year in an amount which, if imposed by the District and District No. 3 for collection in the succeeding calendar year, would generate Senior Property Tax Revenues equal to the Annual Financing Costs, but not in excess of 55.477 mills (as adjusted pursuant to the provisions of the Senior Pledge Agreement).

“Annual Financing Costs” is defined in the Senior Pledge Agreement, with respect to any calendar year, as an amount equal to the principal of, premium if any, and interest on the 2024A Senior Bonds and any Additional Senior Obligations as the same become due and payable in the immediately succeeding calendar year, whether at maturity or upon earlier redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any Additional Senior Obligation Documents, the amount (if any) necessary to replenish the Senior Reserve Fund held under the Senior Indenture and any other reserve fund held under any Additional Senior Obligation Document to the amount required by the Senior Indenture or Additional Senior Obligation Document, as applicable, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the 2024A Senior Bonds and any Additional Senior Obligations, in accordance with the Senior Indenture or Additional Senior Obligation Document, as applicable, but less the amount then held under the Senior Indenture and Additional Senior Obligation Document available for the payment of such Financing Costs, and any amount of revenues projected to be available for payment of such Financing Costs, to the extent such amounts are permitted under the Senior Indenture or Additional Senior Obligation Documents, as applicable, to be taken into account in the calculation of the Senior Required Mill Levy (which, in the case of the Senior Indenture, includes only: (a) the amount on deposit in the Senior Bond Fund (held under the Senior Indenture) as of such Mill Levy Certification Date; and (b) for the last Mill Levy Certification Date prior to the final maturity date of the 2024A Senior Bonds only, amounts on deposit in the Senior Reserve Fund).

“Financing Costs” is defined in the Senior Pledge Agreement as the principal and redemption price of, and interest and premium on, the 2024A Senior Bonds and any Additional Senior Obligations, required deposits to or replenishments of funds or accounts securing the 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the 2024A Senior Bonds and any Additional Senior Obligations, all in accordance with the Senior Indenture or Additional Senior Obligation Documents, as applicable, including: (a) with respect to the 2024A Senior Bonds, any scheduled mandatory sinking fund payments as provided in the

Senior Indenture, replenishment of the Senior Reserve Fund relating to the 2024A Senior Bonds, and customary fees related to the issuance of the 2024A Senior Bonds and the 2024B Subordinate Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Senior Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Senior Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Senior Obligations, customary fees related to the issuance of the Additional Senior Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity or credit facility), and any reimbursement due to a provider of liquidity or credit facility securing any Additional Senior Obligations. Where used in describing the permitted uses by the District of District No. 3's Senior Pledged Revenue, "Financing Costs" also includes the payment of the principal and redemption price of, and interest on, any obligation issued by District No. 1, the District or District No. 3 to fund the Public Improvements.

Senior Specific Ownership Tax Revenues. "Senior Specific Ownership Tax Revenues" is defined in the Senior Indenture as the specific ownership taxes remitted to the District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of: (a) imposition by the District of the Senior Required Mill Levy in accordance with the provisions of the Senior Indenture, and (b) imposition by District No. 3 of the Senior Required Mill Levy in accordance with the Senior Pledge Agreement, which moneys remitted to District No. 3 are payable to the District in accordance with the Senior Pledge Agreement.

Senior Reserve Fund. The 2024A Senior Bonds are also secured by the Senior Reserve Fund, which will be funded with the Senior Reserve Policy in the amount of the Senior Reserve Requirement, which is \$3,035,725.00.* See "THE 2024A SENIOR BONDS – Funds and Accounts – Senior Reserve Fund."

Bond Insurance. The scheduled payment of principal of and interest on the 2024A Senior Bonds when due will be guaranteed under the 2024A Bond Insurance Policy to be issued concurrently with the delivery of the 2024A Senior Bonds by the Bond Insurer. See "BOND INSURANCE."

2024A Termination Date. The Senior Indenture provides that, notwithstanding any other provision in the Senior Indenture, in the event that any amount of principal of or interest on the 2024A Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 2, 2063 (the "2024A Termination Date"), the 2024A Senior Bonds and the lien of the Senior Indenture securing payment thereof shall be deemed discharged, the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Senior Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the 2024A Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2024A Senior Bonds remaining unpaid.

* Subject to change.

Obligations Only of the District. The 2024A Senior Bonds are only obligations of the District, and are not obligations of the City, the County, the State, District No. 1, or District No. 3 (except that District No. 3 has certain obligations under the Senior Pledge Agreement).

Security for the 2024B Subordinate Bonds

General. The 2024B Subordinate Bonds constitute limited tax general obligations of the District payable from the Subordinate Pledged Revenue, as provided in the Subordinate Indenture. The primary component of the Subordinate Pledged Revenue is expected to be revenues collected and generated from taxes imposed by the District and pledged to the payment of the 2024B Subordinate Bonds pursuant to the Subordinate Indenture. Payment of the principal of and interest on the 2024B Subordinate Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the District.

Subordinate Pledged Revenue. “Subordinate Pledged Revenue” is defined in the Subordinate Indenture as the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Property Tax Revenues. “Subordinate Property Tax Revenues” is defined in the Subordinate Indenture as all moneys derived from imposition by the District and District No. 3 of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“Subordinate Required Mill Levy” is generally defined in the Subordinate Pledge Agreement as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District and District No. 3 each year in an amount equal to (i) 55.477 mills **less the applicable Senior Required Mill Levy**, or (ii) such lesser amount which, if imposed by the District and District No. 3 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the 2024B Subordinate Bonds and any Additional Subordinate Obligations.

Subordinate Specific Ownership Tax Revenues. “Subordinate Specific Ownership Tax Revenues” is defined in the Subordinate Indenture as the specific ownership taxes remitted to the District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of (a) imposition by the District of the Subordinate Required Mill Levy in accordance with the provisions of the Subordinate Indenture, and (b) imposition by District No. 3 of the Subordinate Required Mill Levy, which moneys remitted to District No. 3 are payable to the District in accordance with the Subordinate Pledge Agreement.

Subordinate Reserve Fund. The 2024B Subordinate Bonds are also secured by the Subordinate Reserve Fund, which will be funded with the 2024B Reserve Policy in the amount of

the Subordinate Reserve Requirement, which is \$432,637.50.* See “THE 2024B SENIOR BONDS – Funds and Accounts – Subordinate Reserve Fund.”

Subordinate Surplus Fund. The 2024B Subordinate Bonds will also be secured by the by the Subordinate Reserve Fund, which will not be funded with the net proceeds of the 2024B Subordinate Bonds but is required to be funded with future excess Subordinate Pledged Revenues, if any, up to the Maximum Subordinate Surplus Amount of \$3,388,700.* See “THE 2024B SUBORDINATE BONDS – Funds and Accounts – Subordinate Surplus Fund.”

Bond Insurance. The scheduled payment of principal of and interest on the 2024B Subordinate Bonds when due will be guaranteed under the 2024B Bond Insurance Policy to be issued concurrently with the delivery of the 2024B Subordinate Bonds by the Bond Insurer. See “BOND INSURANCE.”

Subordinate Position in Relation to the 2024A Senior Bonds. The annual payment of debt service on the 2024B Subordinate Bonds is subordinate to the annual payment of debt service on the 2024A Senior Bonds and any future obligations on parity therewith. All debt service mill levies imposed by the District are first considered to be part of the Senior Required Mill Levy, and no revenues will make up the Subordinate Required Mill Levy until annual debt service on the 2024A Senior Bonds and any obligations issued on parity therewith are paid in full.

2024B Termination Date. The Subordinate Indenture provides that, notwithstanding any other provision in the Subordinate Indenture, in the event that any amount of principal of or interest on the 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 16, 2063 (the “2024B Termination Date”), the 2024B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof shall be deemed discharged, the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Subordinate Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the 2024B Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2024B Subordinate Bonds remaining unpaid.

Obligations Only of the District. The 2024B Subordinate Bonds are not obligations of the City, the County, the State, District No. 1, or District No. 3 (except that District No. 3 has certain obligations under the Subordinate Pledge Agreement).

Purpose

The proceeds of the 2024A Senior Bonds will be used to: (i) refund the Refunded Bonds; (ii) fund the Senior Reserve Fund pursuant to the Senior Reserve Policy; and (iii) pay the costs of issuance of the 2024A Senior Bonds. Proceeds of the 2024B Subordinate Bonds will be used to: (i) refund the Refunded Bonds; (ii) fund the Subordinate Reserve Fund pursuant to the

* Subject to change.

* Subject to change.

Subordinate Reserve Policy; and (iii) pay the costs of issuance of the 2024B Subordinate Bonds. See “USES OF PROCEEDS.”

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2024A Senior Bonds is described in “THE 2024A SENIOR BONDS – Payment of Principal and Interest; Record Date.” The payment of principal and interest on the 2024B Subordinate Bonds is described in “THE 2024B SUBORDINATE BONDS – Payment of Principal and Interest; Record Date.”

The 2024A Senior Bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory sinking fund redemption as described in “THE 2024A SENIOR BONDS - Redemption.” The 2024B Subordinate Bonds are subject to redemption prior to maturity at the option of the District and are subject to mandatory redemption as described in “THE 2024B SUBORDINATE BONDS – Redemption.”

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State of Colorado, particularly Title 32, Article 1, C.R.S. (the “Special District Act”) and Title 11, Article 57, Part 2, C.R.S. (the “Supplemental Public Securities Act”), and pursuant to the Bond Resolution, the Indentures and an election held within the District on November 6, 2007 (the “District No. 2 Election”).

Book-Entry Registration

The Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See “THE 2024A SENIOR BONDS – Book-Entry Only System,” “THE 2024B SUBORDINATE BONDS – Book-Entry Only System,” and Appendix B.”

Tax Status

In the opinion of Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. See “TAX MATTERS” herein.

Professionals

Kline Alvarado Veio, P.C., Denver, Colorado, is acting as Bond Counsel. Sherman & Howard L.L.C., Denver, Colorado, is acting as counsel to the Underwriter. Icenogle Seaver Pogue, P.C., Denver, Colorado, represents the Districts as General Counsel. UMB Bank, n.a., Denver, Colorado will act as the trustee, paying agent and registrar for the Bonds (the “Trustee”). Wells Fargo Securities, LLC, Denver, Colorado will act as the underwriter for the Bonds (the “Underwriter”). See “UNDERWRITING.” Piper Sandler & Co., Inc., Denver, Colorado, has acted as municipal advisor to the District (the “Municipal Advisor”). See “MUNICIPAL ADVISOR.” The District’s financial statements have been audited John Cutler & Associates, LLC, Certified Public Accountants, Denver, Colorado, to the extent and for the period indicated in their report thereon. See “FINANCIAL INFORMATION OF THE DISTRICTS – Financial Statements,” “INDEPENDENT AUDITORS” and Appendix A.

Continuing Disclosure Agreement

The District has agreed, pursuant to Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, section 240.15c2-12) and the provisions of the Continuing Disclosure Agreement dated as of the date of delivery of the Bonds (the “Continuing Disclosure Agreement”), to provide certain information to the Trustee on a quarterly and annual basis for dissemination to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access (“EMMA”). Quarterly reporting is required only until the date upon which a certificate of occupancy is issued for the 1,170th residential unit within the Pledge Districts (representing approximately 95% of the total number of planned 1,231 residential units). The form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

The District previously executed a Continuing Disclosure Agreement (the “2018 CDA”) dated March 15, 2018, in connection with the issuance of the Series 2018 Bonds. Within the past five years, the District reports two late filings. First, audited financial statements for 2020 were due on August 15, 2021. The District filed a draft of the audited financial statements for 2020 on August 17, 2021, and filed the final audited financial statements for 2020 on March 24, 2022. Second, audited financial statements for 2022 were due on August 15, 2023. The District filed such audited financial statements on February 26, 2024.

Delivery Information

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to: prior sale, the approving legal opinions of Bond Counsel (the forms of which are attached hereto as Appendix F), and certain other matters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 16, 2024.*

* Subject to change.

Additional Information

All references herein to the Bond Resolution, the Indentures, the Pledge Agreements, and other documents are qualified in their entirety by reference to such documents. Additional information and copies of the documents referred to herein are available from:

The District:

The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group, Inc.
550 W. Eisenhower Blvd.
Loveland, Colorado 80537
Telephone: (970) 669-3611

The Underwriter:

Wells Fargo Securities, LLC
1700 Lincoln Street, 21st Floor
Denver, Colorado 80203
Telephone: (303) 863-6008

FORWARD-LOOKING STATEMENTS

This Official Statement, including but not limited to the Market Study attached as Appendix C and the Financial Forecast attached as Appendix D, contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “intend,” “expect,” “anticipate,” “plan,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain of such risks, see the following section, “RISK FACTORS.”

RISK FACTORS

Each prospective purchaser of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the District to pay the principal of and interest on the Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain of such investment considerations are set forth below. This section of this Official Statement does not purport to summarize all of the risks. Investors should read this Official Statement in its entirety.

Limited Security for the 2024A Senior Bonds

The 2024A Senior Bonds are limited tax general obligations of the District payable solely from the Senior Pledged Revenue as described herein. See “SECURITY FOR THE 2024A SENIOR BONDS – Senior Pledged Revenue.” The primary source of the Senior Pledged Revenue is expected to be property tax revenues generated from ad valorem taxes assessed against all taxable property within the Pledge Districts in an amount necessary to pay the principal of and interest on the 2024A Senior Bonds, subject to the limitations of the Senior Required Mill Levy. Neither the registered owners of the 2024A Senior Bonds (the “2024A Owners”) nor the beneficial owners of the 2024A Senior Bonds (the “2024A Beneficial Owners,” as further defined in Appendix B) can require the Pledge Districts to raise the Senior Required Mill Levy above the maximum mill levy of 55.477 mills (subject to adjustment) for the payment of debt service. The District’s ability to retire the indebtedness created by the issuance of the 2024A Senior Bonds is dependent upon continued development within District No. 3 and then maintenance of an adequate tax base from which the Pledge Districts can collect sufficient property tax revenues from the Senior Required Mill Levy.

The Senior Indenture states that to the extent principal of any 2024A Senior Bond is not paid when due, such principal shall remain Outstanding until paid, subject to the 2024A Termination Date. To the extent interest on any 2024A Senior Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the 2024A Senior Bond; provided however, that notwithstanding anything in the Senior Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the District No. 2 Election in repayment of the 2024A Senior Bonds, including all payments of principal, premium if any, and interest, and all 2024A Senior Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount. See “SECURITY FOR THE 2024A SENIOR BONDS – Events of Default and Remedies Under the Senior Indenture.”

During any such period of accrual, the District will not be in default on the payment of such principal and interest, and the 2024A Owners will have no recourse against the District to require such payments (other than to require the District to continue to impose, collect, and apply the Senior Pledged Revenue under the circumstances set forth in the Senior Indenture, and other than any payments that may be made by the 2024A Bond Insurer under the 2024A Bond Insurance Policy).

The 2024A Senior Bonds are not obligations of the City, the County, the State, District No. 1, or District No. 3 (except that District No. 3 has certain obligations under the Senior Pledge Agreement).

Limited Security for the 2024B Subordinate Bonds

The 2024B Subordinate Bonds are subordinate limited tax general obligations of the District payable solely from the Subordinate Pledged Revenue as described herein. See “SECURITY FOR THE 2024B SUBORDINATE BONDS – Subordinate Pledged Revenue.” The primary source of the Subordinate Pledged Revenue is expected to be property tax revenues generated from ad valorem taxes assessed against all taxable property within the Pledge Districts in an amount necessary to pay the principal of and interest on the 2024B Subordinate Bonds, subject to the limitations of the Subordinate Required Mill Levy. Neither the registered owners of the 2024B Subordinate Bonds (the “2024B Owners”) nor the beneficial owners of the 2024B Subordinate Bonds (the “2024B Beneficial Owners,” as further defined in Appendix B) can require the Pledge Districts to raise the Subordinate Required Mill Levy above the maximum mill levy of 55.477 mills (subject to adjustment) for the payment of debt service. The District’s ability to retire the indebtedness created by the issuance of the 2024B Subordinate Bonds is dependent upon continued development within District No. 3 and then maintenance of an adequate tax base from which the Pledge Districts can collect sufficient property tax revenues from the Subordinate Required Mill Levy.

The Subordinate Indenture states that to the extent principal of any 2024B Subordinate Bond is not paid when due, such principal shall remain Outstanding until paid, subject to the 2024AB Termination Date. To the extent interest on any 2024B Subordinate Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the 2024B Subordinate Bond; provided however, that notwithstanding anything in the Subordinate Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the District No. 2 Election in repayment of the 2024B Subordinate Bonds, including all payments of principal, premium if any, and interest, and all 2024B Subordinate Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount. See “SECURITY FOR THE 2024B SUBORDINATE BONDS – Events of Default and Remedies Under the Subordinate Indenture.”

During any such period of accrual, the District will not be in default on the payment of such principal and interest, and the 2024B Owners will have no recourse against the District to require such payments (other than to require the District to continue to impose, collect, and apply the Senior Pledged Revenue under the circumstances set forth in the Subordinate Indenture.

Subordinate Lien of the 2024B Subordinate Bonds

Payments on the 2024B Subordinate Bonds are to be made annually from any Subordinate Pledged Revenue only after all payments required to be paid with respect to the 2024A Senior Bonds and any obligations issued on parity therewith in such calendar year have been made. Repayment of the principal of and interest on the 2024B Subordinate Bonds is dependent upon the continuation of development within District No. 3 and future increases of assessed valuation of property within the District and District No. 3, neither of which may occur.

Completion of Development Not Assured

General. The amount of ad valorem taxes collected by the Pledge Districts each year from their respective Senior Required Mill Levy and Subordinate Required Mill Levy will be dependent upon the assessed valuation of property within the Pledge Districts. The completion of the Development is largely dependent on the ability of Homebuilders to sell and construct the remaining planned Homes. As of December 14, 2023, certificates of occupancy for approximately 73% of the planned Homes had been issued by the City. See “THE DEVELOPMENT – Development Status.”

Many unpredictable factors could influence the rate of additional development within the Pledge Districts, including prevailing interest rates, availability of development funding, availability of home mortgages, market and economic conditions generally, supply of residential housing in the area, construction costs, labor conditions and unemployment rates, access to building supplies, availability and costs of fuel, terrorism, natural disasters, acts of war and transportation costs, among others.

Interest rates on home mortgages increased materially in 2022 and 2023. According to Freddie Mac’s Primary Mortgage Market Survey, the 30-year fixed rate mortgage rate as of December 30, 2021, was 3.11%, and as of March 21, 2024, was 6.87%, an increase of 121%. This increase, among other factors, could decrease the demand for homes. See the Market Study attached as Appendix A and “– Risks Related to the Projections” below. The 30-year fixed rate mortgage rate has decreased recently, however, from a high of 7.79% on October 26, 2023.

Completion of Public Improvements. Completion of the Development will require completion of the public improvements necessary to serve the property within the Development. As of September 30, 2023, approximately \$45,593,363 of the approximately \$48,500,000 in expected public improvements, or 94%, had been completed. Funding for the remaining required public improvements is expected to be provided by the Developer, including equity provided by the Developer or future financings. *There can be no guarantee that this funding will be acquired or that the remaining required public improvements will be funded and constructed in a timely manner, if at all.*

Continued Presence of the Lakes. A prominent feature of the Development is the Lakes (as defined in “THE DEVELOPMENT - Amenities In and Around the Development – The Lakes”), which are located generally along the eastern boundary of the Development. Although residents of the Pledge Districts have certain contractual rights to the limited use of the Lakes, neither the Districts nor the Developer own the Lakes. The owner of the Lakes is under no contractual obligation to maintain the Lakes at a certain water level or at all. Further, the dam which forms Equalizer Lake is under the jurisdiction of State inspectors who could mandate alterations to Equalizer Lake. Any material change in the existence or appearance of the Lakes could impair the continued development of property in District No. 3. See “THE DEVELOPMENT - Amenities In and Around the Development – The Lakes” for additional information.

No Assurance. Neither the District nor the Underwriter can make any representation regarding the Homebuilders’ projected development plans or the sufficiency of the

financial resources of the Homebuilders to complete the development plan and construct and sell residential units. See “THE DEVELOPMENT” and Appendix C.

Past Surplus Fund and Reserve Fund Draws on the 2018A Bonds

In 2020, 2021, 2022, and 2023, the Trustee filed five notices on the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (“EMMA”) stating that the Trustee withdrew funds from the 2018 Senior Surplus Fund and/or the 2018A Reserve Fund in order to have sufficient funds to pay interest due on the 2018A Senior Bonds. The withdrawals were as follows:

Date of Withdrawal	Amount of Withdrawals			Date of EMMA Notice
	2018 Senior Surplus Fund	2018A Reserve Fund	Total	
June 1, 2020	\$133,931.27	\$ --	\$133,931.27	June 1, 2020
December 1, 2020	341,617.80	--	341,617.80	November 30, 2020
June 1, 2021	82,951.80	--	82,951.80	May 28, 2021
December 1, 2021	255,958.50	--	255,958.50	November 30, 2021
December 1, 2022	9,950.00	97,401.61	107,351.61	December 1, 2022
December 1, 2023	--	14,175.83	14,175.83	December 1, 2023
TOTAL	\$824,409.37	\$111,577.44	\$935,986.81	

In 2023, the interest earnings in the 2018A Reserve Fund were sufficient to replenish it to its full amount, resulting in a balance as of March 20, 2024, of \$2,414,300.10. No replenishments of the 2018A Senior Surplus Fund have been made, and the balance of that fund as of March 20, 2024, was \$8.69. The District has structured the Bonds in such a manner that it does not believe draws on the Senior Reserve Fund or the Subordinate Reserve Fund will occur; however, there is no assurance that future draws will not be required.

Risks Related to Property Tax Revenues

Generally. The primary source of security for the Bonds is expected to be property taxes imposed by the Pledge Districts. The level of property tax revenues generated by the Pledge Districts’ imposition of the Senior Required Mill Levy and the Subordinate Required Mill Levy depends upon the assessed valuation of the property within the Pledge Districts, and the Pledge Districts’ ability to collect property taxes. Property used for tax-exempt purposes may not be subject to taxation by the Pledge Districts, and property owners are not prohibited from selling property to tax-exempt purchasers. It is possible that property in the Pledge Districts could qualify for tax-exempt status using tax credits or on some other basis. Currently, all vertical development in the Pledge Districts is taxable, and the Market Study and Financial Forecast assume that the future development will be taxable. See “Risks Related to the Projections” below. No assurance is provided that all property within the Development will remain taxable while the Bonds are Outstanding. It is also possible that some or all of the property in the Pledge Districts could be condemned for public use, in which case it may no longer be subject to taxation.

Should any of the foregoing occur, resulting in lower assessed valuations of property in the Pledge Districts, the security for the Bonds would be diminished, increasing the risk of nonpayment. Regardless of the level at which property is assessed for tax purposes, the Pledge Districts’ ability to enforce and collect the property tax is dependent upon the property in

the Pledge District having sufficient fair market value to support the taxes which are imposed. No assurance can be given as to the future market values of property in the Pledge Districts.

Dependence Upon Timely Payment of Property Tax; Tax Collections. Delinquency in the payment of property taxes by property owners within the Pledge Districts could impair the District's ability to pay the principal of and interest on the Bonds. Property taxes do not constitute personal obligations of a property owner. While the current year's taxes constitute a lien upon assessed property and the County Treasurer is required by statute to offer for sale delinquent property to satisfy either Pledge District's tax lien for the year in which the taxes are in default, this remedy can be time-consuming and may take several years of continuous delinquencies. Moreover, any such tax sale would be only for the amount of taxes due and unpaid for the particular tax year in question. Additionally, the Pledge Districts' receipt of the taxes anticipated to be available to them will depend upon the volume, pricing and timing of sales of property and construction of residential units in the Pledge Districts, as to which no assurance or guaranty can be given.

In addition, the County's ability to enforce tax liens could be delayed by bankruptcy laws and other laws affecting creditor's rights generally. During the pendency of any bankruptcy of any property owner, the parcels owned by such property owner could be sold only if the bankruptcy court approves the sale. No assurance is provided that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment. If the property taxes are not paid over a period of years, the District's ability to pay principal and interest on the Bonds could be materially adversely affected.

State Laws Regarding Property Taxes. The mill levy imposed by the Pledge Districts are governed by State laws. From time to time, these State laws are revised by the Colorado Legislature and/or by ballot measures which, if approved, could amend the property tax laws of the Colorado Revised Statutes and/or the Colorado Constitution.

The Service Plan and the definition of the Senior Required Mill Levy and Subordinate Required Mill Levy include certain adjustment language which is intended to require the Pledge Districts to increase such mill levies if necessary to offset the loss of tax revenue which occur due to certain changes in law. It is possible, however, that this language will not account for every conceivable change of law which could occur.

For example, SB 22-238 (defined herein) and SB 23B-001 (defined herein) reduce property taxes for levy years 2023 and 2024 through reductions in assessed value and actual value of certain subclasses of residential and non-residential property. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes." Further, the Pledge Districts are required to impose a uniform mill levy. Reducing the assessed and actual value of real property based on subclass is novel, and the Pledge District's attempts to increase the Senior Required Mill Levy and Subordinate Required Mill Levy to reflect such reductions will be significantly more complex and may ultimately require judicial interpretation.

The Financial Forecast assumes that the Pledge Districts will adjust the Senior Required Mill Levy and Subordinate Required Mill Levy to reflect all changes to both assessed valuation and actual valuation. However, no assurance is provided that the Pledge Districts will

be permitted to increase their respective Senior Required Mill Levy or the Subordinate Required Mill Levy to account for all anticipated adjustments resulting from SB 22-238, SB 23B-001 or other changes to State law. In addition, in accordance with SB 22-238 and SB 23B-001, certain reductions of property tax revenues to local governments such as the Pledge Districts may be reimbursed by the State. However, the District may not be eligible for such reimbursement. Accordingly, in the event the Pledge Districts are unable to adjust the Senior Required Mill Levy or the Subordinate Required Mill Levy as a result of SB 22-238, SB 23B-001 and all other future legislative changes, and in the event that any shortfall in revenue is not reimbursed by the State, actual tax revenues available to pay the Bonds may be less than presently projected in the Financial Forecast. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes.”

Fire Risks and Other Potential Disasters

In recent years, the State has experienced numerous significant fire events. The fires have been attributed to, among other things, severe weather conditions such as drought, high winds and rising temperatures. Climate change may cause additional extreme weather events such as drought, floods and heat waves, which may impact the assessed value of property within the Pledge Districts and/or the development of the remaining undeveloped property in District No. 3.

The Pledge Districts are located in a developed area within the City, although vacant property and open space exist near portions of the Pledge Districts. According to the Colorado State Forest Service’s Wildfire Risk Public Viewer web site on March 21, 2024, the property within the Pledge Districts was classified in the lowest burn probability category. The fact that an area has a low wildfire risk classification does not mean that a wildfire will not occur, and no assurances can be given as to whether any future wildfire will impact any portion of the Pledge Districts.

The Development is located within the boundaries of the Loveland Fire Rescue Authority, which serves approximately 109,000 residents in the Loveland metropolitan area through six fire stations. The nearest fire station to the Pledge Districts is Station 6, which is located approximately one mile south of the center of the Pledge Districts.

In the event a fire or other natural or man-made disaster destroys all or any portion of the Pledge Districts, the Senior Pledged Revenue and/or the Subordinate Pledged Revenue could be materially negatively impacted. There can be no assurance that a casualty loss will be covered by any insurance of property owners, that any insurance company will fulfill its obligation to provide insurance proceeds, or that any insurance proceeds will be sufficient to rebuild any damaged property. There is no assurance that property owners will rebuild damaged or destroyed properties or, if they do, the timeframe in which they will rebuild.

Risks Related to the Projections

The District has retained Zonda Home (“Zonda”) to prepare a market analysis and absorption forecast dated March, 2024 (the “Market Study”), and has retained Causey Demgen & Moore, P.C., Certified Public Accountants, Denver, Colorado (“Causey”) to prepare a “Forecasted

Surplus Cash Balances and Cash Receipts and Disbursements” report dated March [___], 2024 (the “Financial Forecast”).

Market Study. The purpose of the Market Study is to provide the District with an overview of the Northern Colorado Market and the Competitive Market Area (both as defined in the Market Study) surrounding the Pledge Districts to provide insights about the positioning and absorption potential of the product within the Pledge Districts. In the Market Study, Zonda provides its conclusions about the marketability, competitive positioning, product mix, and absorption levels that should be achievable within the Pledge Districts’ boundaries.

Financial Forecast. A preliminary Financial Forecast is attached hereto as Appendix D, and should be read in its entirety. It is anticipated that a final Financial Forecast, reflecting the final terms of the Bonds as priced and sold, will be attached to the final version of this Official Statement. In the Financial Forecast, Causey has used the results of the Market Study and has made certain other assumptions to estimate the amount of Senior Pledged Revenue and Subordinate Pledged Revenue available each year that the Bonds are expected to be outstanding.

The increases in assessed value forecasted in the Financial Forecast are related in part to forecasted additional development of the property in District No. 3, which is not assured. The Financial Forecast is based on key assumptions made by Zonda and Causey and, like any forecast, is inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material. See “FORWARD-LOOKING STATEMENTS.”

2018 Market Study and 2018 Financial Forecast. The Limited Offering Memorandum dated March 8, 2018, issued by the District in connection with the issuance of the Series 2018 Bonds (the “2018 Limited Offering Memorandum”) included a “Pricing & Absorption Analysis” by Meyers Research dated January 2018 (the “2018 Market Study”) and a “Projected Statement of Sources and Uses of Cash” report by Simmons & Wheeler, P.C. dated March 8, 2018 (the “2018 Financial Forecast”).

In the 2018 Market Study, it was projected that by the end of 2023, 1,001 homes would be completed within the Pledge Districts. The actual number of completed homes by December 14, 2023 was approximately 899 homes, or 10% less than projected, although actual 2023 data is available only through December 14, 2023. The Market Study attached hereto as Appendix C reflects Zonda’s current expectations; however, it is likely that the actual development of the remaining undeveloped property in the Pledge Districts will differ from the projected development summarized in the Market Study, and these differences could be material, just as the actual development which has occurred and is now projected to occur in the Pledge Districts differs from the development which was projected to occur in the 2018 Market Study and which was described in the 2018 Limited Offering Memorandum. Such differences could result in material differences in actual Subordinate Pledged Revenue from the amounts which are forecasted in the Financial Forecast attached hereto as Appendix C.

In addition, the 2018 Financial Forecast forecasted that the assessed value of the Pledge Districts would be approximately \$36,928,000 in levy year 2023. The actual assessed value of the Pledge Districts for levy year 2023 is \$39,011,428 (preliminary amount, subject to change

on or before January 3, 2024), or 6% higher than the amount projected in the 2018 Financial Forecast. This difference illustrates that actual results will vary from those projected in the Market Study and the Financial Forecast.

Competition with Other Developments

In marketing the property in the Development to potential homeowners, the Homebuilders compete with numerous other residential developments in the Denver metropolitan area, including in the vicinity of the Development. Such competition may adversely affect the ability of the Homebuilders to sell Homes. The impact of this competition on future development within the Pledge Districts cannot be assessed at the present time because future demand cannot be predicted with accuracy and the factors influencing the success of each development are speculative. See “THE DEVELOPMENT – Surrounding Development and Competition” and Appendix C.

Potential Conflicts of Interest

One of the members of the Board of Directors of the District and three of the members of the Board of Directors of District No. 3 are either officers or employees of the Developer or MRES. The issuance of the Bonds and the application of the proceeds therefrom, as well as other activities of the Pledge Districts, may involve conflicts of interest. By statute, a director must disqualify himself or herself from voting on any issue in which he or she has a conflict of interest unless he or she has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Board of Directors of the applicable Pledge District at least 72 hours in advance of any meeting in which such conflict may arise. However, compliance with such statute does not provide absolute certainty that contracts between the Pledge Districts and persons related to its directors, such as the Developer or related entities, will not be subject to defenses or challenge on the basis of alleged conflicts. It is expected that the interested members of the Board will comply with the statute by making advance disclosure of their conflicts, and that they will not disqualify themselves from voting.

Legal Constraints on District Operations

The Pledge Districts are formed pursuant to State law and exercise only limited powers. Various State laws and constitutional provisions govern the assessment and collection of general ad valorem property taxes, limit revenues and spending of the State and local governments and limit rates, fees and charges imposed by such entities, including the Pledge Districts. There can be no assurance that the application of such provisions, or the adoption of new provisions, will not have a material adverse effect on the affairs of the Pledge Districts. See “LEGAL MATTERS – Certain Constitutional Limitations.”

Limitations on Remedies

No Acceleration. There is no provision for acceleration of maturity of the principal of either of the Bonds in the event of a default under the Indentures. In addition, the District’s failure to pay principal of and interest on either series of the Bonds when due does not constitute an event of default under either Indenture so long as the Pledge Districts are otherwise in compliance with the covenants and the other provisions in the respective Indenture. See

“SECURITY FOR THE 2024A SENIOR BONDS – Events of Default and Remedies Under the Senior Indenture” and “SECURITY FOR THE 2024B SUBORDINATE BONDS – Events of Default and Remedies Under the Subordinate Indenture” for a more detailed description of the events and occurrences that constitute an Event of Default under the Senior Indenture and the Subordinate Indenture, respectively.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the District in issuing the Bonds may be subject to the federal bankruptcy code (unless limited as described in the following paragraph), and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a lien on the Senior Pledged Revenue or the Subordinate Pledged Revenue which is superior to the lien thereon of the Bonds and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings (if available) or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The Special District Act provides that Colorado special districts may not seek protection under the federal bankruptcy code unless the special district is unable to discharge its obligations as they become due by means of a mill levy of not less than 100 mills. The Senior Required Mill Levy and the Subordinate Required Mill Levy are limited to 55.477 mills (less the Senior Required Mill Levy in the case of the Subordinate Required Mill Levy), subject to adjustment as described herein. Unless the District’s or District No. 3’s total mill levy ever exceeds 100 mills, which is not expected, neither the District nor District No. 3 will be able to file for bankruptcy protection under current law

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the “Service”) maintains a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of Bond Counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Indentures do not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. If the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the

initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the District, the Underwriter or Bond Counsel is obligated to pay or reimburse the owner of any Bond for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

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

Future Changes in Law

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

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

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

Secondary Market for the Bonds

No assurance can be given concerning the future existence of a secondary market for the Bonds, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold their Bonds to maturity or prior redemption, if any.

USES OF PROCEEDS

Refunding Project

The net proceeds of the Bonds will be used for the purpose of paying the costs of refunding the following bonds: (i) the District's Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the "2018A Bonds"); (ii) the District's Subordinate Limited Tax General Obligation Bonds, Series 2018B (the "2018B Bonds" and together with the 2018A Bonds, the "Series 2018 Bonds"); and (iii) the District's Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the "2022C Bonds," and together with the Series 2018 Bonds, the "Refunded Bonds"). The Refunded Bonds are further described as follows:

Refunded Bonds

<u>Bonds</u>	<u>Original Par Amount</u>	<u>Current Par Amount</u>	<u>Redemption Date*</u>	<u>Redemption Price</u>
2018A Bonds	\$29,035,000	\$28,860,000	April 16, 2023	103%
2018B Bonds	4,090,000	4,090,000	April 16, 2023	103%
2022C Bonds	8,500,000	8,500,000	April 16, 2023	103%
TOTAL	<u>\$41,625,000</u>	<u>\$41,450,000</u>		

Sources and Uses of Funds

The sources and uses of funds for the Bonds are anticipated to be as follows:

Sources and Uses of Funds*

Sources:

	<u>2024A Senior Bonds</u>	<u>2024B Subordinate Bonds</u>	<u>Total</u>
Bond Proceeds	\$43,275,000	\$3,290,000	\$46,565,000
Funds on Hand			
TOTAL	<u> </u>	<u> </u>	<u> </u>

Uses:

Refunding Project			
Deposit to Senior/Subordinate Reserve Funds....			
Costs of issuance, underwriting discount (see "UNDERWRITING") and contingency			
TOTAL	<u> </u>	<u> </u>	<u> </u>

Source: The Underwriter.

* Subject to change.

THE 2024A SENIOR BONDS

Although a single Official Statement is being used in connection with the offer and sale of the 2024A Senior Bonds and the 2024B Subordinate Bonds, the 2024A Senior Bonds are secured solely by the Senior Indenture and the 2024B Subordinate Bonds are secured solely by the Subordinate Indenture. Further, each series of Bonds is secured by separately defined pledged revenues. The 2024A Senior Bonds are secured solely by the Senior Pledged Revenue and the 2024B Subordinate Bonds are secured solely by the Subordinate Pledged Revenue. Accordingly, the use of a single Official Statement does not imply that 2024A Owners and the 2024B Owners are secured by the same revenue sources, funds or covenants. The 2024A Owners and the 2024B Owners are afforded different rights under the Senior Indenture and the Subordinate Indenture, respectively. Potential purchasers of each series of Bonds are cautioned to carefully review the provisions below and throughout this Official Statement describing the Indentures as applicable to the specific series of Bonds to be purchased.

General Description

The 2024A Senior Bonds are limited tax general obligations of the District payable from the Senior Pledged Revenue as provided in the Senior Indenture. The maturity dates and interest rates for the 2024A Senior Bonds are set forth on the inside cover page hereof. For a complete statement of the details and conditions of the 2024A Senior Bonds, reference is made to the Senior Indenture and the Senior Pledge Agreement, copies of which are available from the Underwriter prior to delivery of the 2024A Senior Bonds. Portions of the Senior Indenture and Senior Pledge Agreement are described in “THE 2024A SENIOR BONDS,” “SECURITY FOR THE 2024A SENIOR BONDS,” and Appendix G – Summary of Certain Provisions of the Indentures and Appendix H – Summary of Certain Provisions of the Pledge Agreements. Capitalized terms not otherwise defined below are defined in Appendix G and Appendix H.

Authorized Denominations of the 2024A Senior Bonds

The 2024A Senior Bonds are being issued in an “Authorized Denominations,” defined in the Senior Indenture to mean the amount of \$5,000 or any integral multiple thereof.

Payment of Principal and Interest; Record Date

The principal of and premium, if any, on the 2024A Senior Bonds are payable in lawful money of the United States of America to the Owner of each 2024A Senior Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any 2024A Senior Bond is payable to the person in whose name such 2024A Senior Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such 2024A Senior Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice

of the Special Record Date shall be given to the Owners of the 2024A Senior Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the 2024A Owners. The Trustee may make payments of interest on any 2024A Senior Bond by such alternative means as may be mutually agreed to between the Owner of such 2024A Senior Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable under the Senior Indenture, nor to incur any expenses in connection with such alternative means of payment.

To the extent principal of any 2024A Senior Bond is not paid when due, such principal shall remain Outstanding until paid and shall continue to bear interest at the rate then borne by the 2024A Senior Bond. To the extent interest on any 2024A Senior Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the 2024A Senior Bond; provided however, that notwithstanding anything in the Senior Indenture 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 Bonds, including all payments of principal, premium if any, and interest, and all 2024A Senior Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

The Senior Indenture provides that the Trustee shall perform the functions of paying agent and authenticating registrar with respect to the 2024A Senior Bonds. In addition, the principal of, premium if any, and interest on the 2024A Senior Bonds shall be paid in accordance with the terms of the Letter of Representations with DTC. See “Book-Entry Only System” below.

Redemption

Optional Redemption.* The 2024A Senior Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 20__, and any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

* Subject to change.

Date of Redemption Period

Redemption Premium

Mandatory Sinking Fund Redemption.* The 2024A Senior Bonds maturing on December 1, 20__ also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 20__, and on each December 1 thereafter prior to the maturity date of such 2024A Senior Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

Year of Redemption	Redemption Amount
*	

* final maturity, not a sinking fund redemption

On or before forty-five (45) days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such 2024A Senior Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any 2024A Senior Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District.

Upon the occurrence of an optional or mandatory sinking fund redemption in part, the selection of 2024A Senior Bonds to be redeemed shall be subject to the approval of the Bond Insurer.

Redemption Procedure and Notice. If less than all of the 2024A Senior Bonds within a maturity are to be redeemed on any prior redemption date, the 2024A Senior Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The 2024A Senior Bonds shall be redeemed only in integral multiples of \$1,000. In the event a 2024A Senior Bond is of a denomination larger than \$1,000, a portion of such 2024A Senior Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such 2024A Senior Bond shall be treated for the purpose of redemption as that number of 2024A Senior Bonds which results from dividing the principal amount of such

* Subject to change.

2024A Senior Bonds by \$1,000. In the event a portion of any 2024A Senior Bond is redeemed, the Trustee shall, without charge to the Owner of such 2024A Senior Bond, authenticate and deliver a replacement 2024A Senior Bond or 2024A Senior Bonds for the unredeemed portion thereof.

In the event any of the 2024A Senior Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2024A Senior Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 30 days prior to the redemption date to the Owner of each 2024A Senior Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any 2024A Owner or by electronic means to DTC or its successors, or any defect therein, shall not affect the validity of any proceeding for the redemption of other 2024A Senior Bonds as to which no such failure or defect exists. The redemption of the 2024A Senior Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the District. All 2024A Senior Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Funds and Accounts

The Senior Indenture creates and establishes the following funds and accounts, which are established with the Trustee and maintained by the Trustee in accordance with the provisions of the Senior Indenture: (a) the Senior Bond Fund; (b) the Senior Reserve Fund; and (c) the Cost of Issuance Fund.

Senior Bond Fund. There shall be credited to the Senior Bond Fund each 2024A Bond Year an amount of Senior Pledged Revenue which, when combined with other legally available moneys in the Senior Bond Fund (not including moneys deposited thereto from other funds pursuant to the terms of the Senior Indenture), will be sufficient to pay the principal of, premium if any, and interest on the 2024A Senior Bonds which has or will become due in the 2024LA Bond Year in which the credit is made, including as a result of mandatory sinking fund redemption in accordance with the Senior Indenture.

Moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Senior Indenture) shall be used by the Trustee solely to pay the principal of, premium if any, and interest on the 2024A Senior Bonds, in the following order of priority.

FIRST: to the payment of interest due in connection with the 2024A Senior Bonds (including without limitation current interest, accrued and payable but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Senior Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the 2024A Senior Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Senior Indenture) are insufficient for the payment of the principal of, premium if any, and interest due on the 2024A Senior Bonds on any due date, the Trustee shall apply such amounts on such due date as follows:

FIRST: the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each 2024A Senior Bond; and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many 2024A Senior Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof, plus any premium. The 2024A Senior Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the 2024A Senior Bonds the principal of which is due and owing on the due date.

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

Senior Reserve Fund.

(a) Moneys in the Senior Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the 2024A Senior Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose. The Trustee shall transfer moneys from the Senior Reserve Fund to the Senior Bond Fund to pay the principal of or interest on the 2024A Senior Bonds to the extent moneys on deposit in the Senior Bond Fund are insufficient therefor on any Interest Payment Date.

(b) If a withdrawal from the Senior Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement for the 2024A Senior Bonds, the District shall include in the computation of its next mill levy certification the amount necessary to replenish the Senior Reserve Fund to the Reserve Requirement as provided in the Senior Indenture (subject to the limitations of the Senior Required Mill Levy).

(c) There shall be deposited to the Senior Reserve Fund from the proceeds of the 2024A Senior Bonds, an amount equal to the Reserve Requirement for the 2024A Senior Bonds (defined as the amount of \$3,035,725.00*) which is being funded by the District's purchase of the Senior Reserve Policy. The Senior Reserve Fund shall be funded and maintained, with cash or Permitted Investments, or any combination of the foregoing.

Moneys credited to the Senior Reserve Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the State. The investment of moneys credited to the Senior Reserve Fund shall,

* Subject to change.

however, be subject to the covenants and provisions of the Senior Indenture. Investments in the Senior Reserve Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Senior Reserve Fund shall remain in and become part of the Senior Reserve Fund if the Senior Reserve Fund balance is less than the Reserve Requirement for the 2024A Senior Bonds. At any time that the Trustee determines that the Senior Reserve Fund balance exceeds the Reserve Requirement for the 2024A Senior Bonds, such excess amounts shall be transferred by the Trustee to the Senior Bond Fund on or before the next Interest Payment Date.

(d) If at any time the amounts on deposit in the Senior Reserve Fund are sufficient to pay, whether by redemption or at maturity, all principal, premium, if any, and interest on the 2024A Senior Bonds that will accrue to the redemption date or final maturity date, all amounts on deposit in the Senior Reserve Fund shall be transferred to the Senior Bond Fund and used to pay the principal of, premium, if any, and interest on the 2024A Senior Bonds at the times and in the amounts required for the payment of the principal of, premium, if any, and interest on the 2024A Senior Bonds.

(e) Amounts on deposit in the Senior Reserve Fund on the final maturity date of the 2024A Senior Bonds shall be applied to the payment of the 2024A Senior Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the year immediately preceding final maturity of the 2024A Senior Bonds.

(f) Notwithstanding anything in the Senior Indenture to the contrary, so long as the Senior Reserve Policy is in effect and no 2024A Bond Insurer Default exists, the provisions of this paragraph (e) shall govern with respect to the Senior Reserve Policy.

(i) The District shall repay any draws under the Senior Reserve Policy and pay all related reasonable expenses incurred by the 2024A Bond Insurer and shall pay interest thereon from the date of payment by the 2024A Bond Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (e)(i) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Senior Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Senior Indenture, be applied as additional interest for any later periods of time when amounts are outstanding under the Senior Indenture to the extent that interest otherwise due under the Senior Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the 2024A Bond Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Senior Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(ii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Senior Policy Costs”) shall commence in the calendar year immediately following the calendar year in which the draw was made.

(iii) Amounts in respect of Senior Policy Costs paid to the 2024A Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2024A Bond Insurer on account of principal due, the coverage under the Senior Reserve Policy will be increased by a like amount, subject to the terms of the Senior Reserve Policy. The District covenants and agrees in the Senior Indenture that the Senior Policy Costs are secured by a lien on and pledge of the Trust Estate (subject only to the priority of payment provisions set forth under the Senior Indenture).

(iv) All cash and investments in the Senior Reserve Fund shall be transferred to the Senior Bond Fund for payment of debt service on Bonds before any drawing may be made on the Senior Reserve Policy or any other credit facility credited to the Senior Reserve Fund in lieu of cash (the “Credit Facility”). Payment of any Senior Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Senior Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Senior Reserve Fund. Payment of Senior Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Senior Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(v) If the District shall fail to pay any Senior Policy Costs in accordance with the requirements of the Senior Indenture, the 2024A Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Senior Indenture other than (i) acceleration of the maturity of the 2024A Senior Bonds or (ii) remedies which would adversely affect Owners of the 2024A Senior Bonds.

(vi) The Trustee will ascertain the necessity for a claim upon the Senior Reserve Policy in accordance with the provisions of the Senior Indenture and to provide notice to the 2024A Bond Insurer in accordance with the terms of the Senior Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the 2024A Senior Bonds. Where deposits are required to be made by the District with the Trustee to the debt service fund for the 2024A Senior Bonds more often than semi-annually, the Trustee will give notice to the 2024A Bond Insurer of any failure of the District to make timely payment in full of such deposits within two (2) Business Days of the date due.

(g) The prior written consent of the 2024A Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Senior

Reserve Fund. Notwithstanding anything to the contrary set forth in the Senior Indenture, amounts on deposit in the Senior Reserve Fund shall be applied solely to the payment of debt service due on the 2024A Senior Bonds.]

Cost of Issuance Fund. The Costs of Issuance Fund shall be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund shall be applied by the Trustee in accordance with a closing memorandum executed by a District Representative, for the payment of costs in connection with the issuance of the 2024A Senior Bonds, the 2024B Subordinate Bonds and the refunding of the Refunded Bonds, including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter's counsel and other counsel, the fees and expenses of the District's accountant, manager, special consultants, and other professionals, and the costs of the Trustee, and other costs and expenses of the District relating to the issuance of the 2024A Senior Bonds, the 2024B Subordinate Bonds and the refunding of the Refunded Bonds. The Trustee may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the 2024A Senior Bonds shall be transferred by the Trustee into the Senior Bond Fund.

Flow of Funds

The District shall transfer all amounts comprising Senior Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Senior Pledged Revenue received by the District in a calendar month is less than \$50,000, the Senior Pledged Revenue received during such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Senior Pledged Revenue received in January, February or March, no later than July 15th for Senior Pledged Revenue received in April, May or June, no later than October 15th for Senior Pledged Revenue received in July, August or September, and no later than January 15th for Senior Pledged Revenue received in October, November or December). In addition, in order to assure the proper application of moneys constituting Senior Pledged Revenue, on and after the date of issuance of any 2024A Additional Obligations, the District shall also transfer to the Trustee all moneys pledged to the payment of such 2024A Additional Obligations which are derived from ad valorem taxes of the District or specific ownership taxes, and any such moneys shall constitute part of the 2024A Trust Estate. IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE. To the extent permitted by law, the Trustee shall apply the Senior Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered "waterfall" structure in which no Senior Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the Senior Indenture; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank pari passu with each other, and (iii) when credits are required to go to funds or accounts which are not held by the Trustee under the Senior Indenture, the Trustee may rely upon the written

instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee fees then due and payable;

SECOND: To the credit of the Senior Bond Fund, the amounts required by the Senior Indenture and to the credit of any other similar fund or account established for the current payment of the principal of, premium if any, and interest on any other 2024A Parity Bonds, the amounts required by the documents pursuant to which the 2024A Parity Bonds are issued;

THIRD: To the credit of the Senior Reserve Fund the amount, if any, necessary for the amounts therein to equal the Reserve Requirement, and to the credit of any other similar fund or account established to secure payment of the principal of, premium if any, and interest on any 2024A Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the 2024A Parity Bonds;

FOURTH: To the District, for credit to any other fund or account as may be designated by the District in writing to the Trustee, to be used for any lawful purpose, any Senior Pledged Revenue received for the remainder of the 2024A Bond Year after the payments and accumulations set forth above.

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

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Senior Property Tax Revenues in any 2024A Bond Year to pay annual debt service on the 2024A Senior Bonds and any 2024A Parity Bonds and to fund such funds and accounts as are required in accordance with the terms of the Senior Indenture and the resolution, indenture or other enactment authorizing such 2024A Parity Bonds (including to replenish the Senior Reserve Fund to the Reserve Requirement and any similar fund or account securing 2024A Parity Bonds to the requisite level, if needed), and only after the funding of such payments and accumulations required in such 2024A Bond Year can property tax revenue be applied to pay Subordinate Bonds. The debt service property tax levy imposed for the payment of Subordinate Bonds shall be deemed reduced to the number of mills (if any) available for payment of such Subordinate Bonds in any 2024A Bond Year after first providing for the full payment and accumulation of all amounts due on the 2024A Senior Bonds and any 2024A Parity Bonds in such 2024A Bond Year. Property tax revenues from

a debt service mill levy received by or on behalf of the District from District No. 3 shall similarly be designated, first, as Senior Property Tax Revenues payable under the Senior Pledge Agreement until the funding and accumulation of amounts required with respect to the 2024A Senior Bonds and 2024A Parity Bonds in the applicable 2024A Bond Year.

Discharge of the Senior Indenture on 2024A Termination Date

Notwithstanding any other provision in the Senior Indenture, in the event that any amount of principal of or interest on the 2024A Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on the 2024A Termination Date (December 2, 2063), the 2024A Senior Bonds and the lien of the Senior Indenture securing payment thereof shall be deemed discharged, the estate and rights granted by the Senior Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Senior Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2024A Senior Bonds remaining unpaid.

Book-Entry Only System

The 2024A Senior Bonds will be available only in book-entry form; the 2024A Senior Bonds are being issued in denominations of at least \$5,000 or any integral multiple in excess thereof. DTC will act as the initial securities depository for the 2024A Senior Bonds. The ownership of one fully registered 2024A Senior Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B – Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2024A SENIOR BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE 2024A BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to the Direct Participants, the Indirect Participants or the beneficial owners of the 2024A Senior Bonds as further described in Appendix B to this Official Statement.

SECURITY FOR THE 2024A SENIOR BONDS

The 2024A Senior Indenture secures solely the 2024A Senior Bonds, and the covenants made by the District in the 2024A Senior Indenture and in the Senior Pledge Agreement are solely for the benefit of the 2024A Owners. The 2024B Subordinate Bonds are not secured by, and have no right to enforce any provision of, the 2024A Senior Indenture. For capitalized terms not defined in this section, see Appendix G – Summary of Certain Provisions of the Indentures and Appendix H – Summary of Certain Provisions of the Pledge Agreements.

Limited Tax General Obligations of the District

The 2024A Senior Bonds constitute limited tax general obligations of the District payable from the Senior Pledged Revenue as provided in the Senior Indenture. Principal of the 2024A Senior Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of the Senior Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts created in the Senior Indenture, and the Senior Pledged Revenue is pledged in the Senior Indenture to the payment of the 2024A Senior Bonds.

The 2024A Senior Bonds constitute an irrevocable lien upon the Senior Pledged Revenue, but not necessarily an exclusive such lien. The 2024A Senior Bonds are secured by a lien on the Senior Pledged Revenue on parity with the lien thereon of any 2024A Parity Bonds issued after the 2024A Senior Bonds. Definitions and certain provisions of the Senior Indenture are set forth in Appendix G hereto, and definitions and certain provisions of the Senior Pledge Agreement are set forth in Appendix H hereto.

As provided in the Senior Pledge Agreement, the obligation of District No. 3 to pay its portion of the Financing Costs constitutes a limited tax general obligation of District No. 3 payable solely from and to the extent of the District No. 3's Senior Pledged Revenue. The obligation of District No. 3 to pay the Financing Costs (the "Senior Payment Obligation") shall constitute an irrevocable lien upon the Senior Pledged Revenue of District No. 3.

The 2024A Senior Bonds are not secured directly by any lien on property located within the Pledge Districts; rather they are secured by (a) the Pledge Districts' covenant to certify to the Board of County Commissioners of Larimer County (the "Commissioners") the Senior Required Mill Levy, and (b) the other components of the Senior Pledged Revenue. The Senior Required Mill Levy creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT" for a description of the property tax system and for certain assessed valuation and other information regarding the Pledge Districts.

Senior Pledged Revenue

The 2024A Senior Bonds constitute limited tax general obligations of the District payable from the Senior Pledged Revenue. "Senior Pledged Revenue" is defined in the Senior Indenture as, net of any costs of collection (to the extent not previously deducted by definition): (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to

credit to the Senior Bond Fund. *The Senior Pledged Revenue may not be sufficient to pay the principal of and interest on the 2024A Senior Bonds. No representation is made by the District or the Underwriter that the Senior Pledged Revenue will be sufficient to pay the principal of and interest on the 2024A Senior Bonds. See "RISK FACTORS."*

Senior Property Tax Revenue

Definitions. "Senior Property Tax Revenues" is defined in the Senior Indenture as all moneys derived from imposition by the District and District No. 3 of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

"Senior Required Mill Levy" is defined in the Senior Pledge Agreement as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District and District No. 3 each year in an amount which, if imposed by the District and District No. 3 for collection in the succeeding calendar year, would generate Senior Property Tax Revenues equal to the Annual Financing Costs, but not in excess of 55.477 mills; provided, however, that:

(i) in the event that the method of calculating assessed valuation is changed after September 4, 2007, the minimum mill levy of 55.477 mills and the maximum mill levy of 55.477 mills provided in the Senior Indenture 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 (it being acknowledged that such adjustment with respect to the District and District No. 3 may result in different mill levies being imposed by each of the District and District No. 3). 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

(ii) in the event that the minimum and maximum mill levies calculated pursuant to clause (ii) are different for the District and District No. 3 and if the 55.477 mill minimum levy is required to be imposed by clause (i) of this definition, each of the District and District No. 3 shall impose their respective adjusted 55.477 mills (in the case of the District, in accordance with the Senior Indenture and any applicable Additional Senior Obligation Document); in all other cases: (A) the actual mill levies imposed by the District and District No. 3 shall be the same if sufficient to generate the amount of Senior Property Tax Revenues required and if not in excess of the adjusted 55.477 maximum mill levy of either Pledge District, and (B) if the actual mill levies necessary to generate the amount of Senior Property Tax Revenues required would exceed the adjusted 55.477 maximum mill levy of either Pledge District, then the Pledge District with the lower adjusted 55.477 maximum mill levy shall impose such amount, and the Pledge District with the higher adjusted 55.477 maximum mill levy shall impose the amount required to generate the Senior Property Tax Revenues required, but not in excess of such

District's adjusted 55.477 maximum mill levy;

(b) Notwithstanding anything in the Senior Indenture to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the District or District No. 3 to derive tax revenue in any year in excess of the maximum tax increases permitted by such District's electoral authorization, and if the Senior 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 such District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

"Annual Financing Costs" is defined in the Senior Pledge Agreement, with respect to any calendar year, as an amount equal to the principal of, premium if any, and interest on the 2024A Senior Bonds and any Additional Senior Obligations as the same become due and payable in the immediately succeeding calendar year, whether at maturity or upon earlier redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any Additional Senior Obligation Documents, the amount (if any) necessary to replenish the Senior Reserve Fund held under the Senior Indenture and any other reserve fund held under any Additional Senior Obligation Document to the amount required by the Senior Indenture or Additional Senior Obligation Document, as applicable, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the 2024A Senior Bonds and any Additional Senior Obligations, in accordance with the Senior Indenture or Additional Senior Obligation Document, as applicable, *but less* the amount then held under the Senior Indenture and Additional Senior Obligation Document available for the payment of such Financing Costs, and any amount of revenues projected to be available for payment of such Financing Costs, to the extent such amounts are permitted under the Senior Indenture or Additional Senior Obligation Documents, as applicable, to be taken into account in the calculation of the Senior Required Mill Levy (which, in the case of the Senior Indenture, includes only: (a) the amount on deposit in the Senior Bond Fund (held under the Senior Indenture) as of such Mill Levy Certification Date; and (b) for the last Mill Levy Certification Date prior to the final maturity date of the 2024A Senior Bonds only, amounts on deposit in the Senior Reserve Fund).

"Financing Costs" are defined in the Senior Pledge Agreement as the principal and redemption price of, and interest and premium on, the 2024A Senior Bonds and any Additional Senior Obligations, required deposits to or replenishments of funds or accounts securing the 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the 2024A Senior Bonds and any Additional Senior Obligations, all in accordance with the Senior Indenture or Additional Senior Obligation Documents, as applicable, including: (a) with respect to the 2024A Senior Bonds, any scheduled mandatory sinking fund payments as provided in the Senior Indenture, replenishment of the Senior Reserve Fund relating to the 2024A Senior Bonds, and customary fees related to the issuance of the 2024A Senior Bonds and the 2024B Subordinate Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Senior Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Senior Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Senior Obligations, customary fees related to the issuance of the Additional Senior Obligations (including, but not limited to, fees of a trustee, paying agent, rebate

agent, and provider of liquidity or credit facility), and any reimbursement due to a provider of liquidity or credit facility securing any Additional Senior Obligations. Where used in describing the permitted uses by the District of District No. 3's Senior Pledged Revenue, "Financing Costs" also includes the payment of the principal and redemption price of, and interest on, any obligation issued by District No. 1, the District or District No. 3 to fund the Public Improvements.

Covenant to Impose the Senior Required Mill Levy. Pursuant to the Senior Pledge Agreement, and in order to fund their respective Senior Payment Obligations, the Pledge District each agree to levy on all of the taxable property in such Pledge District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the 2024A Senior Bonds or Additional Obligations remain outstanding (subject to the immediately succeeding paragraph below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Senior Required Mill Levy or after the 2024A Termination Date.

NOTWITHSTANDING ANY OTHER PROVISIONS IN THE SENIOR INDENTURE NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE 2024A SENIOR BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

It shall be the duty of each District annually at the time and in the manner provided by law for the levying of its taxes, if such action shall be necessary to effectuate the provisions of the Senior Pledge Agreement, to ratify and carry out the provisions thereof with reference to the levy and collection of the ad valorem property taxes specified therein, and to require the officers of such Pledge District to cause the appropriate officials of Larimer 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 under the Senior Indenture promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid under the Senior Pledge Agreement.

Senior Specific Ownership Tax Revenues

Definition. "Senior Specific Ownership Tax Revenues" is defined in the Senior Indenture as the specific ownership taxes remitted to the District and District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of: (a) imposition by the District of the Senior Required Mill Levy in accordance with the provisions of the Senior Indenture, and (b) imposition by District No. 3 of the Senior Required Mill Levy in accordance with the Senior Pledge Agreement, which moneys remitted to District No. 3 are payable to the District in accordance with the Senior Pledge Agreement.

The Specific Ownership Tax System in Colorado. The State Constitution requires the General Assembly to enact laws classifying motor vehicles and requiring payment of a graduated annual specific ownership tax thereon, which tax is to be in lieu of ad valorem property taxes on motor vehicles. Accordingly, the State imposes such a tax (the "S.O. Tax"), which is payable at a graduated rate which varies from 2.1% of taxable value in the first year of ownership, to \$3 per year in the tenth year of ownership and thereafter. The S.O. Tax is collected by each county clerk and recorder at the time of motor vehicle registration. Most S.O. Tax revenues (including revenues received from owners of passenger cars and trucks, which constitute the

majority of S.O. Tax revenues) are paid directly to the county treasurer of the county in which the revenues are collected. S.O. Tax revenues on certain types of vehicles are paid by the counties to the State and are then distributed back to the counties in the proportion that the mileage of the State highway system located within the boundaries of each county bears to the total mileage of the State highway system. Therefore, the amount of S.O. Tax revenue which will be received by the Pledge Districts in the future can be expected to fluctuate as the number of new car and truck registrations fluctuates.

Each county apportions its S.O. Tax revenue to each political subdivision in the county in the proportion that the amount of ad valorem property taxes levied by the political subdivision in the previous year bears to the total amount of ad valorem property taxes levied by all political subdivisions in the county in the previous year. Based upon these percentages, each county then distributes S.O. Tax revenue to each political subdivision on the tenth day of each month. The S.O. Tax received by the Pledge Districts as a result of its imposition of the Senior Required Mill Levy is the “Specific Ownership Tax” which is pledged to the 2024A Senior Bonds. The amount of Specific Ownership Tax which is received by the Pledge Districts depends in part upon the amount of the Senior Required Mill Levy imposed by the Pledge Districts. Specific Ownership Tax received by the Pledge Districts from other mill levies, such as its operation and maintenance mill levies and its Subordinate Required Mill Levy, is not pledged to the 2024A Senior Bonds.

The District is not in control of the imposition, collection or distribution of the S.O. Tax, and therefore cannot assure any future amounts of Specific Ownership Tax.

Additional Funds Securing the 2024A Senior Bonds

The 2024A Senior Bonds will also be secured by the by the Senior Reserve Fund, which will be funded with the Senior Reserve Policy in the amount the Senior Reserve Requirement, which is \$3,035,725.00.* See “THE 2024A SENIOR BONDS – Funds and Accounts – Senior Reserve Fund.”

Additional Obligations of the District Under the Senior Indenture

The Senior Indenture provides the following regarding Additional Obligations:

(a) The District shall not incur any additional debt or other financial obligation having a lien upon the Senior Pledged Revenue superior to the lien thereof of the 2024A Senior Bonds.

(b) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as either 2024A Parity Bonds or Subordinate Bonds. The issuance of the 2024B Subordinate Bonds in accordance with the Subordinate Indenture is permitted. The District shall not issue or incur any other Additional Obligations except as provided in the Senior Indenture with respect to 2024A Parity Bonds and in subparagraph (d) of this section of the Senior Indenture with respect to Subordinate Bonds, unless such issuance is consented to by the Consent

* Subject to change.

Parties with respect to a majority in aggregate principal amount of the 2024A Senior Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting 2024A Parity Bonds without the consent of the Consent Parties if each of the following conditions is met as of the date of issuance of such Additional Obligations:

(i) no Event of Default shall have occurred and be continuing and no amounts of principal or interest on the 2024A Senior Bonds or any other 2024A Parity Bonds are due but unpaid, unless: (A) such Event of Default or failure to pay principal or interest on the 2024A Senior Bonds will be cured upon issuance of the 2024A Parity Bonds, or (B) the conditions of clause (v)(B) below are satisfied;

(ii) the amount on deposit in the Senior Reserve Fund for the 2024A Senior Bonds is not less than the Reserve Requirement, and the amount on deposit in any similar fund established in connection with any other outstanding 2024A Parity Bonds is not less than the amount required by the documents pursuant to which such other 2024A Parity Bonds were issued, provided that if such deficiencies will be fully cured upon issuance of the 2024A Parity Bonds, this condition will be deemed to have been met;

(iii) the 2024A Parity Bonds shall be secured by a reserve fund funded on the date of issuance of the 2024A Parity Bonds, which thereafter shall be required to be maintained in the same manner as the Senior Reserve Fund with respect to the 2024A Senior Bonds, in the amount of (and not greater than) the applicable Parity Bonds Reserve Requirement;

(iv) in the event that the 2024A Parity Bonds are secured by a lien on ad valorem property taxes of the District or District No. 3, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the 2024A Parity Bonds, together with the Senior Required Mill Levy required to be imposed under the Senior Indenture and required to be imposed under the Senior Pledge Agreement, shall be not higher than the maximum mill levy set forth in the definition of Senior Required Mill Levy in the Senior Indenture, and (B) the resolution, indenture or other document pursuant to which the 2024A Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such 2024A Parity Bonds shall be applied in the same manner and priority as provided in the Senior Indenture with respect to the Senior Pledged Revenue; and

(v) one of the following two conditions shall be satisfied:

(A) upon issuance of the 2024A Parity Bonds, the Senior Debt to Assessed Ratio will be 50% or less; OR

(B) the 2024A Parity Bonds are issued solely for the purpose of refunding all or any portion of the 2024A Senior Bonds, any other 2024A Parity Bonds and/or Subordinate Bonds (provided that proceeds of the refunding 2024A Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining

to such refunding), and the total of the District's scheduled debt service on such refunding 2024A Parity Bonds, the 2024A Senior Bonds and any other 2024A Parity Bonds (to the extent to remain outstanding upon such refunding) does not exceed in any year the total debt service on the 2024A Senior Bonds and 2024A Parity Bonds prior to the issuance of such refunding 2024A Parity Bonds (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District's 2024A Parity Bonds debt service in any year and shall not be permitted by this clause (B): (1) the issuance of refunding 2024A Parity Bonds that have any scheduled payment dates in any year that are after the maturity of the 2024A Senior Bonds or 2024A Parity Bonds being refunded, and (2) the issuance of refunding 2024A Parity Bonds that refund only Subordinate Bonds.

(d) The District may issue Additional Obligations constituting Subordinate Bonds (as defined in the Senior Indenture) without the consent of the Consent Parties and the terms of such Subordinate Bonds shall be as provided in the documents pursuant to which they are issued, provided that each of the following conditions is met as of the date of issuance of the Subordinate Bonds:

(i) the bondholders with respect to 100% in aggregate principal amount of the District's 2022D Junior Subordinate Bonds then Outstanding provide consent;

(ii) the maximum mill levy which the District promises to impose for payment of the Subordinate Bonds is 55.477 mills (adjusted as described in the Senior Indenture and herein), less the Senior Required Mill Levy required to be imposed under the Senior Indenture and the mill levy required to be imposed for the payment of any 2024A Parity Bonds;

(iii) the failure to make a payment when due on the Subordinate Bonds shall not constitute an event of default thereunder; and

(iv) the Subordinate Bonds shall be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year.

(e) A written certificate by the President or Treasurer of the District that the conditions for issuance of Additional Obligations set forth in the Senior Indenture are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance with the Senior Indenture.

(f) Nothing in the Senior Indenture shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations under the Senior Indenture.

(g) Notwithstanding any other provision contained in the Senior Indenture, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the 2024B Subordinate Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness

approved at the District No. 2 Election until such time as the full amount of indebtedness represented by the 2024A Senior Bonds has been allocated to such electoral authorization for indebtedness approved at the District No. 2 Election.

Additional Obligations of District No. 3 Under the Senior Pledge Agreement

The Senior Pledge Agreement provides that, without the prior consent of the District, District No. 3 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 District No. 3 Senior Pledged Revenue (including, but not limited to, Subordinate District No. 3 Obligations); provided, however, that the following obligations shall be permitted without the consent of the District:

(i) the Subordinate Payment Obligation, as provided in the Subordinate Pledge Agreement;

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy required under the Senior Pledge Agreement, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(iii) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital), so long as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the 2024A Senior Bonds in such Fiscal Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iv) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions of the Senior Pledge Agreement, when and if issued;

(v) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3, or an obligation required to be approved at an election under State law;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance

with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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.

District No. 3 agrees to provide the District with information, promptly upon request by the District, respectively, necessary for the District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the District in connection with the issuance of the 2024A Senior Bonds, and any similar agreement entered into by the District in connection with the issuance of Additional Senior Obligations

Events of Default and Remedies Under the Senior Indenture

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 the Senior Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Senior Indenture except as provided below:

(a) The District fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture, or District No. 3 fails or refuses to impose the Senior Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Senior Pledged Revenue as required by the Senior Pledge Agreement;

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Senior Indenture or the Bond Resolution, other than as described in the Senior Indenture, and fails to remedy the same after notice thereof pursuant to the Senior Indenture, or District No. 3 defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of District No. 3 in the Senior Pledge Agreement and fails to remedy the same after notice thereof pursuant to the Senior Indenture; or

(c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2024A Senior Bonds; or

(d) District No. 3 files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Senior Pledge Agreement.

It is acknowledged that due to the limited nature of the Senior Pledged Revenue, the failure to pay the principal of or interest on the 2024A Senior Bonds when due shall not, of itself, constitute an Event of Default under the Senior Indenture.

IN ADDITION, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE 2024A SENIOR BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SENIOR INDENTURE, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THE SENIOR INDENTURE CONSTITUTES A VIOLATION OF THE TERMS OF THE SENIOR INDENTURE AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE 2024A SENIOR BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE 2024A SENIOR BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SENIOR INDENTURE. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SENIOR PLEDGED REVENUE IN VIOLATION OF THE COVENANTS OF THE SENIOR INDENTURE WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE 2024A SENIOR BONDS. IN NO EVENT SHALL ANY PROVISION OF THE SENIOR INDENTURE BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUE.

Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

(i) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the 2024A Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the 2024A Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other

instruments at the time held by, or payable or deliverable under the provisions of the Senior Indenture to, the Trustee.

(ii) *Suit for Judgment.* The Trustee may proceed to protect and enforce its rights and the rights of the 2024A Owners under the Act, the 2024A Senior Bonds, the Bond Resolution, the Senior Indenture, the Senior Pledge Agreement and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

(iii) *Mandamus or Other Suit.* The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the 2024A Owners.

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of the Senior Indenture or any rights, powers, or remedies of the Trustee under the Senior Indenture, or any lien, rights, powers, and remedies of the Owners of the 2024A Senior Bonds, but such lien, rights, powers, and remedies of the Trustee and of the 2024A Owners shall continue unimpaired as before.

(c) If any Event of Default under the Senior Indenture shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2024A Senior Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Senior Indenture as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the 2024A Owners, subject to the Senior Indenture; provided that the Trustee at its option shall be indemnified as provided in the Senior Indenture.

(d) Notwithstanding anything in the Senior Indenture to the contrary, acceleration of the 2024A Senior Bonds shall not be an available remedy for an Event of Default.

Events of Non-Compliance and Remedies Under the Senior Pledge Agreement

Events of Non-Compliance. The occurrence or existence of any one or more of the following events shall be an “Event of Non-Compliance” under the Senior Pledge Agreement, and there shall be no default or Event of Non-Compliance under the Senior Pledge Agreement except as provided below:

(a) District No. 3 fails or refuses to impose the Senior Required Mill Levy or to remit the Senior Pledged Revenue as required by the terms of the Senior Pledge Agreement;

(b) any representation or warranty made by any party in the Senior 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 the Senior 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 to the Senior Pledge Agreement; 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SENIOR PLEDGE AGREEMENT, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF THE SENIOR PLEDGE AGREEMENT CONSTITUTES A VIOLATION OF THE TERMS OF THE SENIOR PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, WHICH SHALL ENTITLE THE DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SENIOR PLEDGE AGREEMENT. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SENIOR PLEDGED REVENUES IN VIOLATION OF THE COVENANTS OF THE SENIOR PLEDGE AGREEMENT WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION OF THE SENIOR PLEDGE AGREEMENT BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUES.

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 of the Senior Pledge Agreement, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

THE 2024B SUBORDINATE BONDS

Although a single Official Statement is being used in connection with the offer and sale of the 2024A Senior Bonds and the 2024B Subordinate Bonds, the 2024A Senior Bonds are secured solely by the Senior Indenture and the 2024B Subordinate Bonds are secured solely by the Subordinate Indenture. Potential purchasers of each series of Bonds are cautioned to carefully review the provisions below and throughout this Official Statement describing the Indentures as applicable to the specific series of Bonds to be purchased.

General Description

The 2024B Subordinate Bonds are limited tax general obligations of the District payable from the Subordinate Pledged Revenue as provided in the Subordinate Indenture. The maturity date and interest rate for the 2024B Subordinate Bonds are set forth on the inside cover page hereof. For a complete statement of the details and conditions of the 2024B Subordinate Bonds, reference is made to the Subordinate Indenture and the Subordinate Pledge Agreement, copies of which are available from the Underwriter prior to delivery of the 2024B Subordinate Bonds. Portions of the Subordinate Indenture and Subordinate Pledge Agreement are described in “THE 2024B SUBORDINATE BONDS,” “SECURITY FOR THE 2024B SUBORDINATE BONDS,” and Appendix G – Summary of Certain Provisions of the Indentures and Appendix H – Summary of Certain Provisions of the Pledge Agreements. Capitalized terms not otherwise defined below are defined in Appendix G and Appendix H.

Authorized Denominations of the 2024B Subordinate Bonds

The 2024B Subordinate Bonds are being issued in an “Authorized Denominations,” defined in the Subordinate Indenture to mean the amount of \$5,000 or any integral multiple thereof.

Payment of Principal and Interest; Record Date

The principal of and premium, if any, on the 2024B Subordinate Bonds are payable in lawful money of the United States of America to the Owner of each 2024B Subordinate Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any 2024B Subordinate Bond is payable to the person in whose name such 2024B Subordinate Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such 2024B Subordinate Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the 2024B Owner thereof at the close of business on the Record Date and shall be payable to the person who is the 2024B Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the 2024B Subordinate Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such 2024B Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the 2024B Owners. The Trustee may make payments of interest on any 2024B Subordinate Bond by such alternative means as may be mutually agreed to between the Owner of such 2024B Subordinate Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable under the Subordinate Indenture, nor to incur any expenses in connection with such alternative means of payment.

To the extent principal of any 2024B Subordinate Bond is not paid when due, such principal shall remain Outstanding until paid, subject to the Subordinate Indenture. To the extent interest on any 2024B Subordinate Bond is not paid when due, such interest shall compound annually on each Interest Payment Date, at the rate then borne by the 2024B Subordinate Bond; provided however, that notwithstanding anything in the Subordinate Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and electoral authorization in repayment of the 2024B Subordinate Bonds, including all payments of principal, premium if any, and interest, and all 2024B Subordinate Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

The Subordinate Indenture provides that the Trustee shall perform the functions of paying agent and authenticating registrar with respect to the 2024B Subordinate Bonds. In addition, the principal of, premium if any, and interest on the 2024B Subordinate Bonds shall be paid in accordance with the terms of the Letter of Representations with DTC. See “Book-Entry Only System” below.

Redemption

Optional Redemption.* The 2024B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 15, 20__, and any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
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Mandatory Sinking Fund Redemption.* The 2024B Subordinate Bonds also are subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 15, 20__, and on each December 15 thereafter prior to the maturity date of such 2024B Subordinate Bonds, in the annual amounts set forth below:

* Subject to change.

Year of Redemption	Redemption Amount
*	

* maturity, not a sinking fund redemption

On or before forty-five (45) days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such 2024B Subordinate Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any 2024B Subordinate Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District.

Upon the occurrence of an optional or mandatory sinking fund redemption in part, the selection of 2024B Subordinate Bonds to be redeemed shall be subject to the approval of the Bond Insurer.

Redemption Procedure and Notice. If less than all of the 2024B Subordinate Bonds within a maturity are to be redeemed on any prior redemption date, the 2024B Subordinate Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The 2024B Subordinate Bonds shall be redeemed only in integral multiples of \$1,000. In the event a 2024B Subordinate Bond is of a denomination larger than \$1,000, a portion of such 2024B Subordinate Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such 2024B Subordinate Bond shall be treated for the purpose of redemption as that number of 2024B Subordinate Bonds which results from dividing the principal amount of such 2024B Subordinate Bond by \$1,000. In the event a portion of any 2024B Subordinate Bond is redeemed, the Trustee shall, without charge to the Owner of such 2024B Subordinate Bond, authenticate and deliver a replacement 2024B Subordinate Bond or 2024B Subordinate Bonds for the unredeemed portion thereof.

In the event any of the 2024B Subordinate Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2024B Subordinate Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date to the Owner of each 2024B Subordinate Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any 2024B Owner or by electronic means to DTC or its successors, or any

defect therein, shall not affect the validity of any proceeding for the redemption of other 2024B Subordinate Bonds as to which no such failure or defect exists. The redemption of the 2024B Subordinate Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the District. All 2024B Subordinate Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Funds and Accounts

The Subordinate Indenture creates and establishes the following funds and accounts, which are established with the Trustee and maintained by the Trustee in accordance with the provisions of the Subordinate Indenture: the Subordinate Bond Fund, the Subordinate Reserve Fund, and the Subordinate Surplus Fund.

Subordinate Bond Fund. There shall be credited to the Subordinate Bond Fund each Bond Year an amount of Subordinate Pledged Revenue which, when combined with other legally available moneys in the Subordinate Bond Fund (not including moneys deposited thereto from other funds pursuant to the terms hereof), will be sufficient to pay the principal of, premium if any, and interest on the 2024B Subordinate Bonds which has or will become due in the Bond Year in which the credit is made, including as a result of mandatory sinking fund redemption in accordance with the Subordinate Indenture.

Moneys in the Subordinate Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Subordinate Indenture) shall be used by the Trustee solely to pay the principal of, premium if any, and interest on the 2024B Subordinate Bonds, in the following order of priority.

FIRST: to the payment of interest due in connection with the 2024B Subordinate Bonds (including without limitation current interest, accrued and payable but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Subordinate Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the 2024B Subordinate Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Subordinate Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Subordinate Indenture) are insufficient for the payment of the principal of, premium if any, and interest due on the 2024B Subordinate Bonds on any due date, the Trustee shall apply such amounts on such due date as follows:

FIRST: the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each 2024B Subordinate Bond; and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many 2024B Subordinate Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof, plus any premium. 2024B Subordinate Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the 2024B Subordinate Bonds the principal of which is due and owing on the due date.

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

Subordinate Reserve Fund.

(a) Subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Reserve Fund shall be maintained in the amount of the Subordinate Reserve Requirement (defined as the amount of \$432,637.50*) as provided in the Subordinate Indenture for so long as any Bond is Outstanding. This requirement will be satisfied initially by the Subordinate Reserve Policy in the amount of the Subordinate Reserve Requirement to be issued concurrently with the delivery of the 2024B Subordinate Bonds by the Bond Insurer. Amounts in the Subordinate Reserve Fund are to be applied to pay the 2024B Subordinate Bonds in the event of an insufficiency in the amount on deposit in the Subordinate Bond Fund or to make the final payments in respect of the 2024B Subordinate Bonds.

(b) Moneys in the Subordinate Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the 2024B Subordinate Bonds, and the Subordinate Reserve Fund is pledged to the payment of the 2024B Subordinate Bonds. In the event the amounts credited to the Subordinate Bond Fund are insufficient to pay the principal of, premium if any, or interest on the 2024B Subordinate Bonds when due, the Trustee shall transfer from the Subordinate Reserve Fund to the Subordinate Bond Fund an amount which, when combined with moneys in the Subordinate Bond Fund, will be sufficient to make such payments when due. In the event that moneys in the Subordinate Bond Fund and the Subordinate Reserve Fund are together insufficient to make such payments when due, the Trustee will nonetheless transfer all moneys in the Subordinate Reserve Fund to the Subordinate Bond Fund.

(c) If at any time the Subordinate Reserve Fund is drawn upon or valued so that the amount of the Subordinate Reserve Fund is less than the Subordinate Reserve Requirement, then the Trustee shall apply Subordinate Pledged Revenue to the credit of the Subordinate Reserve Fund in amounts sufficient to bring the amount credited to the Subordinate Reserve Fund to the Subordinate Reserve Requirement. Such credits shall be made at the earliest practicable time, but in accordance with and subject to the limitations of the Subordinate Indenture. Nothing therein shall be construed as requiring the District to impose an ad valorem mill levy for the purpose of funding the Subordinate Reserve Fund in excess of the Subordinate Reserve Requirement. For purposes of the Subordinate Indenture, investments credited to the Subordinate Reserve Fund shall be valued on the basis of their current market value, as reasonably determined by the District,

* Subject to change.

which value shall be determined at least annually, and any deficiency resulting from such evaluation shall be replenished as aforesaid. The amount credited to the Subordinate Reserve Fund shall never exceed the amount of the Subordinate Reserve Requirement.

(d) Notwithstanding the foregoing, Permitted Refunding Bonds issued to partially refund the 2024B Subordinate Bonds may be secured by the Subordinate Reserve Fund in the same fashion as the 2024B Subordinate Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds, and if so secured, such Permitted Refunding Bonds shall have a claim upon the Subordinate Reserve Fund which ranks *pari passu* with the claim of the 2024B Subordinate Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds.

(e) Notwithstanding anything in the Subordinate Indenture to the contrary, so long as the Subordinate Reserve Policy is in effect and no Bond Insurer Default exists, the provisions of this paragraph (e) shall govern with respect to the Subordinate Reserve Policy.

(i) The District shall repay any draws under the Subordinate Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by the Bond Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (e)(i) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(ii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the calendar year immediately following the calendar year in which the draw was made.

(iii) Amounts in respect of Subordinate Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Subordinate Reserve Policy will be increased by a like amount, subject to the terms of the Subordinate Reserve Policy. The District hereby covenants and agrees the Subordinate Policy Costs are secured by a lien on and pledge of the 2024B Trust Estate (subject only to the priority of payment provisions set forth under the Subordinate Indenture).

(iv) All cash and investments in the Subordinate Reserve Fund shall be transferred to the Subordinate Bond Fund for payment of debt service on Bonds before any drawing may be made on the Subordinate Reserve Policy or any other credit facility credited to the Subordinate Reserve Fund in lieu of cash (the “Credit Facility”). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Subordinate Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Subordinate Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Subordinate Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(v) If the District shall fail to pay any Subordinate Policy Costs in accordance with the requirements of subparagraph (i) hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Subordinate Indenture other than (i) acceleration of the maturity of the 2024B Subordinate Bonds or (ii) remedies which would adversely affect Owners of the 2024B Subordinate Bonds.

(vi) The Trustee will ascertain the necessity for a claim upon the Subordinate Reserve Policy in accordance with the provisions of subparagraph (e)(i) hereof and to provide notice to the Bond Insurer in accordance with the terms of the Subordinate Reserve Policy at least five (5) Business Days prior to each date upon which interest or principal is due on the 2024B Subordinate Bonds. Where deposits are required to be made by the District with the Trustee to the debt service fund for the 2024B Subordinate Bonds more often than semi-annually, the Trustee will give notice to the Bond Insurer of any failure of the District to make timely payment in full of such deposits within two (2) Business Days of the date due.

(f) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Subordinate Reserve Fund. Notwithstanding anything to the contrary set forth in the Subordinate Indenture, amounts on deposit in the Subordinate Reserve Fund shall be applied solely to the payment of debt service due on the 2024B Subordinate Bonds.

Subordinate Surplus Fund.

(a) The Subordinate Surplus Fund shall be held, disbursed, and administered by the Trustee and moneys therein shall be used solely in accordance with the Subordinate Indenture. The Subordinate Surplus Fund shall secure the 2024B Subordinate Bonds (and only the 2024B Subordinate Bonds) in accordance with the provisions of the Subordinate Indenture.

(b) The Subordinate Surplus Fund shall be funded from future deposits of Subordinate Pledged Revenue as follows: subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Surplus Fund shall be funded in an amount up to the Maximum Subordinate Surplus Amount (defined as the amount of \$3,388,700^{*}) from deposits of Subordinate Pledged Revenue as provided in the section hereof entitled “Flow of Funds,” and except to the extent Subordinate Pledged Revenue is available under such section, the District has no obligation to fund the Subordinate Surplus Fund after issuance of the 2024B Subordinate Bonds in any amount.

(c) In the event the amounts credited to the Subordinate Bond Fund are insufficient to pay the principal of, premium if any, or interest on the 2024B Subordinate Bonds when due, the Trustee shall transfer from the Subordinate Surplus Fund on a pro rata basis to the Subordinate Bond Fund an amount which, when combined with moneys in the Subordinate Bond Fund will be sufficient to make such payments when due; and in the event the amounts in the Subordinate Bond Fund and the Subordinate Surplus Fund are insufficient to pay all principal, premium if any, and interest on the 2024B Subordinate Bonds on any due date, the Trustee shall nonetheless transfer all of the moneys in the Subordinate Surplus Fund to the Subordinate Bond Fund for the purpose of making partial payments as provided in the Subordinate Indenture with respect to the 2024B Subordinate Bonds. Amounts in the Subordinate Surplus Fund shall not be used to redeem less than all of the 2024B Subordinate Bonds being called pursuant to any optional redemption provisions of the Subordinate Indenture, but shall be used to pay 2024B Subordinate Bonds coming due as a result of any mandatory redemption provisions of the Subordinate Indenture.

(d) Moneys credited to the Subordinate Surplus Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the State. The investment of moneys credited to the Subordinate Surplus Fund shall, however, be subject to the covenants and provisions of the Subordinate Indenture. Investments in the Subordinate Surplus Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Subordinate Surplus Fund shall remain in and become part of the Subordinate Surplus Fund if the Subordinate Surplus Fund balance is less than the Maximum Subordinate Surplus Amount. At any time that the Trustee determines that the Subordinate Surplus Fund balance exceeds the Maximum Subordinate Surplus Amount, such excess amounts shall be transferred by the Trustee to the Interest Account of the Subordinate Bond Fund on or before the next Interest Payment Date.

(e) Amounts on deposit, if any, in the Subordinate Surplus Fund on the final maturity date of the 2024B Subordinate Bonds shall be applied to the payment of the 2024B Subordinate Bonds.

Flow of Funds

The District shall transfer all amounts comprising Subordinate Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue

^{*} Subject to change.

is received by the District; provided, however, that in the event that the total amount of Subordinate Pledged Revenue received by the District in a calendar month is less than \$50,000, the Subordinate Pledged Revenue received during such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Subordinate Pledged Revenue received in January, February or March, no later than July 15th for Subordinate Pledged Revenue received in April, May or June, no later than October 15th for Subordinate Pledged Revenue received in July, August or September, and no later than January 15th for Subordinate Pledged Revenue received in October, November or December). In addition, in order to assure the proper application of moneys constituting Subordinate Pledged Revenue, on and after the date of issuance of any 2024B Additional Bonds, the District shall also transfer or make available to the Trustee all moneys pledged to the payment of such 2024B Additional Bonds which are derived from ad valorem taxes of the District or Subordinate Specific Ownership Taxes and any such moneys shall constitute part of the 2024B Trust Estate. **IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.** To the extent permitted by law, the Trustee shall apply the Subordinate Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered “waterfall” structure in which no Subordinate Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the Subordinate Indenture; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank pari passu with each other, and (iii) when credits are required to go to funds or accounts which are not held by the Trustee under the Subordinate Indenture, the Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee Fees then due and payable;

SECOND: To the credit of the Subordinate Bond Fund and any other fund or account created for the payment of the principal of, premium if any, and interest on 2024B Parity Bonds, including any sinking fund, reserve fund, surplus fund or similar fund or account established therefor, pro rata in accordance with the then outstanding principal amounts of the 2024B Subordinate Bonds and any 2024B Parity Bonds, all Subordinate Pledged Revenue received until the funding of all amounts to become due and payable on the 2024B Subordinate Bonds and the 2024B Parity Bonds through maturity;

THIRD: To the credit of the Subordinate Reserve Fund the amount, if any, necessary for the amounts therein to equal the Subordinate Reserve Requirement, and to the credit of any other similar fund or account established to secure payment of the principal of, premium if any, and interest on any Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds;

FOURTH: To the credit of the Subordinate Surplus Fund the amounts required by the Subordinate Indenture, and to the credit of any other similar surplus fund or account established in connection with any other Parity Bonds to secure payment of the principal of, premium if any, and interest on such Parity Bonds but not fully funded as of the date of issuance of such Parity Bonds, the amounts required by the documents pursuant to which such other Parity Bonds are issued; and

FIFTH: To the District, for credit to any other fund or account as may be designated by the District in writing to the Trustee, to be used for any lawful purpose, any Subordinate Pledged Revenue received for the remainder of the 2024B Bond Year after the payments and accumulations set forth above.

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

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as property taxes resulting from imposition of the Senior Required Mill Levy in any 2024B Bond Year to pay annual debt service on Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the Senior Indenture and any other resolution, indenture or other enactment authorizing such Senior Obligations, and after the funding of such payments and accumulations required in such 2024B Bond Year, all property tax revenue collected by the District from a debt service mill levy for the remainder of such 2024B Bond Year shall, second, be designated as property taxes resulting from imposition of the Subordinate Required Mill Levy unless and until the District has funded the full amount outstanding with respect to the 2024B Subordinate Bonds. The debt service property tax levy imposed for the payment of any Junior Lien Obligations shall be deemed reduced to the number of mills available for payment of such Junior Lien Obligations in any 2024B Bond Year after first providing for the funding of payments and accumulations required with respect to all Senior Obligations in such 2024B Bond Year (including the amounts required to accomplish the full repayment or defeasance of any such Senior Obligations, to the extent required by the applicable resolutions, indentures, or other enactments authorizing Senior Obligations), and the full amount outstanding with respect to the 2024B Subordinate Bonds and any 2024B Parity Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such 2024B Parity Bonds including to replenish the Subordinate Reserve Fund to the Subordinate Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed). Property tax revenues received by or on behalf of the District from District No. 3 shall similarly be designated, first, as designated as property taxes resulting from imposition of the Senior Required Mill Levy payable under the Senior Pledge Agreement until the funding and accumulation of amounts required with

respect to the Senior Obligations in the applicable 2024B Bond Year and, second, be designated as property taxes resulting from imposition of the Subordinate Required Mill Levy unless and until the District has funded the full amount outstanding with respect to the 2024B Subordinate Bonds.

Discharge of the Subordinate Indenture on 2024B Termination Date

Notwithstanding any other provision in the Subordinate Indenture, in the event that any amount of principal of or interest on the 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on the 2024B Subordinate Date (December 16, 2063), the 2024B Subordinate Bonds and the lien of the Senior Indenture securing payment thereof shall be deemed discharged, the estate and rights granted by the Senior Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Senior Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2024B Subordinate Bonds remaining unpaid.

Book-Entry Only System

The 2024B Subordinate Bonds will be available only in book-entry form in the principal amount of \$5,000 and integral multiple thereof. DTC will act as the initial securities depository for the 2024B Subordinate Bonds. The ownership of one fully registered 2024B Subordinate Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B – Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2024B SUBORDINATE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED 2024B OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE 2024B BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to the Direct Participants, the Indirect Participants or the beneficial owners of the 2024B Subordinate Bonds as further described in Appendix B to this Official Statement.

SECURITY FOR THE 2024B SUBORDINATE BONDS

The Subordinate Indenture secures solely the 2024B Subordinate Bonds, and the covenants made by the District in the Subordinate Indenture and in the Subordinate Pledge Agreement are solely for the benefit of the 2024B Owners. The 2024B Subordinate Bonds are not secured by, and have no right to enforce any provision of, the Subordinate Indenture. For capitalized terms not defined in this section, see Appendix G – Summary of Certain Provisions of the Indentures and Appendix H – Summary of Certain Provisions of the Pledge Agreements.

Limited Tax General Obligations of the District

The 2024B Subordinate Bonds constitute limited tax general obligations of the District payable from the Subordinate Pledged Revenue as provided in the Subordinate Indenture. Principal of the 2024B Subordinate Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of the Subordinate Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts created in the Subordinate Indenture, and the Subordinate Pledged Revenue is pledged to the payment of the 2024B Subordinate Bonds.

The 2024B Subordinate Bonds constitute an irrevocable lien upon the Subordinate Pledged Revenue and the moneys and earning thereon held in the funds and accounts created in the Subordinate Indenture, but not necessarily an exclusive such lien. The 2024B Subordinate Bonds are secured by a lien on the Subordinate Pledged Revenue on parity with the lien thereon of any 2024B Parity Bonds issued after the issuance of the 2024B Subordinate Bonds.

The 2024B Subordinate Bonds are not secured directly by any lien on property located within the Pledge Districts; rather they are secured by (a) the Pledge Districts’ covenant to certify to the Commissioners the Subordinate Required Mill Levy, and (b) the other components of the Subordinate Pledged Revenue. The Subordinate Required Mill Levy creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT” for a description of the property tax system and for certain assessed valuation and other information regarding the Pledge Districts.

Subordinate Pledged Revenue

The 2024B Subordinate Bonds are secured by the Subordinate Pledged Revenue. Subordinate Pledged Revenue is defined in the Subordinate Indenture as the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Property Tax Revenue

Definitions. “Subordinate Property Tax Revenues” is defined in the Subordinate Indenture as all moneys derived from imposition by the District and District No. 3 of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the costs of

collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“Subordinate Required Mill Levy” is defined in the Subordinate Pledge Agreement as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District and District No. 3 each year in an amount equal to (i) 55.477 mills **less the applicable Senior Required Mill Levy**, or (ii) such lesser amount which, if imposed by the District and District No. 3 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the 2024B Subordinate Bonds, any Additional Subordinate Obligations; provided however, that:

(a) in the event that the method of calculating assessed valuation is changed after September 4, 2007, the mill levy of 55.477 mills (less the Senior Required Mill Levy) provided in the Subordinate Pledge Agreement 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 (it being acknowledged that such adjustment with respect to the District and District No. 3 may result in different mill levies being imposed by each of the District and District No. 3). 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;

(b) in the event that the mill levies calculated pursuant to clause (a) are different for the District and District No. 3, each of the District and District No. 3 shall impose their respective adjusted 55.477 mills, provided that if clause (ii) above applies, the District and District No. 3 shall impose the same mill levy in the amount required to generate the Subordinate Property Tax Revenues required; and

(c) notwithstanding anything in the Subordinate Pledge Agreement to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause District No. 3 or the District, as applicable, to derive tax revenue in any year in excess of the maximum tax increases permitted by such District’s electoral authorization, and if the Subordinate 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 such District’s electoral authorization, as applicable, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Covenant to Impose the Subordinate Required Mill Levy. The Subordinate Indenture provides that for the purpose of paying the principal of, premium if any, and interest on the 2024B Subordinate Bonds, funding the Subordinate Reserve Fund and funding the Subordinate Surplus Fund, the Board covenants to impose the Subordinate Required Mill Levy as provided in the Subordinate Pledge Agreement. Pursuant to the Subordinate Pledge Agreement and in order to fund their respective Subordinate Payment Obligations, the District and District No. 3 each agree to levy on all of the taxable property of such District, in addition to all other taxes, direct

annual taxes in 2024, and in each year thereafter, so long as the 2024B Subordinate Bonds or Additional Subordinate Obligations remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Subordinate Required Mill Levy. Nothing in the Subordinate Pledge Agreement shall be construed to require the District or District No. 3 to impose an ad valorem property tax levy for the payment of the Subordinate Payment Obligation in excess of the Subordinate Required Mill Levy or after the 2024B Termination Date.

NOTWITHSTANDING ANY OTHER PROVISIONS IN THE SUBORDINATE PLEDGE AGREEMENT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE 2024B SUBORDINATE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

It shall be the duty of each District annually at the time and in the manner provided by law for the levying of such District's taxes, if such action shall be necessary to effectuate the provisions of the Subordinate Pledge Agreement, to ratify and carry out the provisions hereof with reference to the levy and collection of the ad valorem property taxes specified in the Subordinate Pledge Agreement, and to require the officers of such District to cause the appropriate officials of Larimer 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 under the Subordinate Pledge Agreement promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid under the Subordinate Pledge Agreement.

Subordinate Specific Ownership Tax Revenue

“Subordinate Specific Ownership Tax Revenues” is defined in the Subordinate Indenture as the specific ownership taxes remitted to the 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 District and District No. 3 of the Subordinate Required Mill Levy in accordance with the provisions of the Subordinate Indenture, which moneys remitted to District No. 3 are payable to the District in accordance with the Subordinate Pledge Agreement. See “SECURITY FOR THE 2024A SENIOR BONDS – Specific Ownership Tax Revenue” for additional information regarding the Specific Ownership Tax.

Additional Funds Securing the 2024B Subordinate Bonds

Subordinate Reserve Fund. The 2024B Subordinate Bonds will also be secured by the by the Subordinate Reserve Fund, which will be funded with the Subordinate Reserve Policy in the amount the Subordinate Reserve Requirement, which is \$432,637.50.* See “THE 2024B SUBORDINATE BONDS – Funds and Accounts – Subordinate Reserve Fund.”

Subordinate Surplus Fund. The 2024B Subordinate Bonds will also be secured by the by the Subordinate Reserve Fund, which will not be funded with the net proceeds of the 2024B

* Subject to change.

Subordinate Bonds but is required to be funded with future excess Subordinate Pledged Revenues, if any, up to the Maximum Subordinate Surplus Amount of \$3,388,700.* See “THE 2024B SUBORDINATE BONDS – Funds and Accounts – Subordinate Surplus Fund.”

Additional Obligations of the District Under the Subordinate Indenture

The Subordinate Indenture provides the following regarding Additional Obligations:

(a) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as 2024B Parity Bonds, Senior Obligations or Junior Lien Obligations. The issuance of the 2024A Senior Bonds in accordance with the Senior Indenture is permitted, notwithstanding any provision of the Subordinate Indenture. The District shall not issue or incur any other Additional Obligations except as provided in the Subordinate Indenture and without the consent of the Bond Insurer.

(b) The District may issue Additional Obligations constituting 2024B Parity Bonds if such issuance is consented to by 100% of the bondholders of the aggregate principal amount of the District’s 2022D Junior Subordinate Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting Senior Obligations without the consent of the Consent Parties provided that the following conditions are satisfied:

(i) the Senior Obligations are issued solely for the purpose of refunding all or any portion of the 2024A Senior Bonds, any other Senior Obligations and/or the 2024B Subordinate Bonds, or any other 2024B Parity Bonds, and such refunding Senior Obligations do not increase the District’s scheduled debt service on Senior Obligations in any year from that which appertained with respect to Senior Obligations prior to the issuance of such refunding Senior Obligations (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District’s Senior Obligations debt service in any year and shall not be permitted by this clause (i): (A) the issuance of refunding Senior Obligations that have any scheduled payment dates in any year that are after the maturity of the Senior Obligations being refunded, and (B) the issuance of refunding Senior Obligations that refund only 2024B Subordinate Bonds or 2024B Parity Bonds; and

(ii) the Senior Obligation Reserve Fund, if any, securing such Senior Obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such Senior Obligations;

(iii) the ad valorem property tax levy pledged to the payment of the Senior Obligations shall be not higher than, and subject to the same adjustments and deductions

* Subject to change.

as, the maximum ad valorem property tax levy set forth in the definition of Senior Required Mill Levy in the Senior Indenture; and

(iv) the remedies for defaults under such Senior Obligations are substantially the same as the remedies applicable to the Senior Obligations being refunded.

(d) The District may issue Additional Obligations constituting Junior Lien Obligations if the requirements for such issuance in the 2022D Indenture are met.

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

(f) Nothing in the Subordinate Indenture shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations under the Subordinate Indenture.

(g) Notwithstanding any other provision contained in the Subordinate Indenture, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the 2024A Senior Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the District No. 2 Election until such time as the full amount of indebtedness represented by the 2024B Subordinate Bonds has been allocated to such electoral authorization for indebtedness approved at the District No. 2 Election.

Additional Obligations of District No. 3 Under the Subordinate Pledge Agreement

The Subordinate Pledge Agreement provides that, without the prior consent of the District, District No. 3 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 District No. 3 Subordinate Pledged Revenue (including, but not limited to, District No. 3 Junior Lien Obligations); provided, however, that the following obligations shall be permitted without the consent of the District:

(a) the Senior Payment Obligation, as provided in the Senior Pledge Agreement;

(b) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy and the Subordinate Required

Mill Levy required under the Subordinate Indenture, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(c) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the 2024B Subordinate Bonds in such Fiscal Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(d) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions of the Subordinate Indenture, when and if issued;

(e) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;

(f) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(g) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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.

District No. 3 agrees to provide the District with information, promptly upon request by the District, respectively, necessary for the District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the District in

connection with the issuance of the 2024B Subordinate Bonds, and any similar agreement entered into by the District in connection with the issuance of Additional Subordinate Obligations.

Subordinate Position in Relation to the 2024A Senior Bonds

The payment of debt service on the 2024B Subordinate Bonds is subordinate to the payment of debt service on the 2024A Senior Bonds and any future obligations on parity therewith. All debt service mill levies imposed by the District are first considered to be part of the Senior Required Mill Levy, and no revenues will make up the Subordinate Required Mill Levy until annual debt service on the 2024A Senior Bonds and any obligations issued on parity therewith are paid in full.

Events of Default and Remedies Under the Subordinate Indenture

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 the Subordinate Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Subordinate Indenture except as provided below:

(a) The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture, or District No. 3 fails or refuses to impose the “Subordinate Required Mill Levy” or to apply the revenues resulting therefrom or any other portion of the Subordinate Pledged Revenue as required by the Subordinate Pledge Agreement;

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Subordinate Indenture or the Bond Resolution, other than as described in the Subordinate Indenture, and fails to remedy the same after notice thereof pursuant to the Subordinate Indenture, or District No. 3 defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of District No. 3 in the Subordinate Pledge Agreement and fails to remedy the same after notice thereof pursuant to the Subordinate Indenture;

(c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2024B Subordinate Bonds; or

(d) District No. 3 files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Subordinate Pledge Agreement.

It is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the 2024B Subordinate Bonds when due shall not, of itself, constitute an Event of Default under the Subordinate Indenture.

IN ADDITION, IT IS ACKNOWLEDGED THAT NEITHER THE DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE 2024B SUBORDINATE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SUBORDINATE INDENTURE, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THE SUBORDINATE INDENTURE CONSTITUTES A VIOLATION OF THE TERMS OF THE SUBORDINATE INDENTURE AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE 2024B SUBORDINATE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE 2024B SUBORDINATE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SUBORDINATE INDENTURE. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUE IN VIOLATION OF THE COVENANTS OF THE SUBORDINATE INDENTURE WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE 2024B SUBORDINATE BONDS. IN NO EVENT SHALL ANY PROVISION OF THE SUBORDINATE INDENTURE BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.

Remedies on Occurrence of Event of Default.

(a) Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

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

(ii) *Suit for Judgment.* The Trustee may proceed to protect and enforce its rights and the rights of the 2024B Owners under the Act, the 2024B Subordinate Bonds, the Bond Resolution, the Subordinate Indenture, the Subordinate Pledge Agreement and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

(iii) *Mandamus or Other Suit.* The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the 2024B Owners.

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of the Subordinate Indenture or any rights, powers, or remedies of the Trustee under the Senior Indenture, or any lien, rights, powers, and remedies of the Owners of the 2024B Subordinate Bonds, but such lien, rights, powers, and remedies of the Trustee and of the 2024B Owners shall continue unimpaired as before.

(c) If any Event of Default under the Senior Indenture shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2024B Subordinate Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Senior Indenture as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the 2024B Owners, subject to the Subordinate Indenture; provided that the Trustee at its option shall be indemnified as provided in the Senior Indenture.

(d) Notwithstanding anything in the Subordinate Indenture to the contrary, acceleration of the 2024B Subordinate Bonds shall not be an available remedy for an Event of Default.

Events of Non-Compliance and Remedies Under the Subordinate Pledge Agreement

Events of Non-Compliance. The occurrence or existence of any one or more of the following events shall be an “Event of Non-Compliance” under the Subordinate Pledge Agreement, and there shall be no default or Event of Non-Compliance under the Subordinate Pledge Agreement except as provided below:

(a) District No. 3 fails or refuses to impose the Subordinate Required Mill Levy or to remit the District No. 3 Subordinate Pledged Revenue as required by the terms of the Subordinate Pledge Agreement;

(b) any representation or warranty made by any party in the Subordinate 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 the Subordinate 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 to the Subordinate Pledge Agreement; 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SUBORDINATE PLEDGE AGREEMENT, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF THE SUBORDINATE PLEDGE AGREEMENT CONSTITUTES A VIOLATION OF THE TERMS OF THE SUBORDINATE PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, WHICH SHALL ENTITLE THE DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SUBORDINATE PLEDGE AGREEMENT. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUES IN VIOLATION OF THE COVENANTS OF THE SUBORDINATE PLEDGE AGREEMENT WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION OF THE SUBORDINATE PLEDGE AGREEMENT BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES.

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 the Subordinate Pledge Agreement, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

BOND INSURANCE

2024A Bond Insurance Policy

Concurrently with the issuance of the 2024A Senior Bonds, Assured Guaranty Municipal Corp. (“AGM” or the “Bond Insurer”) will issue its Municipal Bond Insurance Policy for the 2024A Senior Bonds (the “2024A Senior Policy”). The 2024A Senior Policy guarantees the scheduled payment of principal of and interest on the 2024A Senior Bonds when due as set forth in the form of the 2024A Senior Policy included as an exhibit to this Official Statement.

The 2024A Senior Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

2024A Bond Insurance Policy

Concurrently with the issuance of the 2024B Subordinate Bonds, AGM will issue its Municipal Bond Insurance Policy for the 2024A Senior Bonds (the “2024B Subordinate Policy”). The 2024B Subordinate Policy guarantees the scheduled payment of principal of and interest on the 2024B Subordinate Bonds when due as set forth in the form of the 2024B Subordinate Policy included as an exhibit to this Official Statement.

The 2024B Subordinate Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by

AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At December 31, 2023:

- The policyholders’ surplus of AGM was approximately \$2,646 million.
- The contingency reserve of AGM was approximately \$876 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

DEBT SERVICE REQUIREMENTS

Set forth in the following chart are the debt service requirements for the Bonds. Estimated payments on the 2022D Junior Subordinate Bonds are not included below because the 2022D Junior Subordinate Bonds are subordinate to the Bonds. See “DISTRICT DEBT STRUCTURE – General Obligation Debt.”

Debt Service Requirements*

Year	2024A Senior Bonds ⁽²⁾			2024B Subordinate Bonds ⁽³⁾			TOTAL
	Principal	Interest	Total	Principal	Interest	Total	
2024	\$970,000			\$ --			
2025	415,000			--			
2026	480,000			--			
2027	505,000			--			
2028	575,000			--			
2029	600,000			--			
2030	675,000			--			
2031	710,000			--			
2032	790,000			--			
2033	830,000			--			
2034	920,000			--			
2035	965,000			255,000			
2036	1,050,000			270,000			
2037	1,095,000			285,000			
2038	1,185,000			300,000			
2039	1,235,000			315,000			
2040	1,330,000			335,000			
2041	1,385,000			350,000			
2042	1,490,000			375,000			
2043	1,555,000			390,000			
2044	1,670,000			415,000			
2045	1,740,000			--			
2046	1,870,000			--			
2047	1,950,000			--			
2048	2,090,000			--			
2049	2,185,000			--			
2050	2,335,000			--			
2051	2,440,000			--			
2052	2,605,000			--			
2053	2,725,000			--			
2054	2,905,000			--			
TOTAL ⁽¹⁾	<u>\$43,275,000</u>			<u>\$3,290,000</u>			

(1) Due to rounding, amounts may not total.

(2) Includes the required payment of interest on June 1 and December 1 of each year and the payment of principal on December 1 of each year. Assumes that no optional redemptions will be made.

(3) Includes the required payment of interest on December 15 of each year indicated and the payment of principal on December 15 of each year indicated. Assumes that no optional redemptions will be made.

Source: The Underwriter.

* Subject to change.

PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

Ad Valorem Property Taxes

Property Subject to Taxation. Subject to the limitations imposed by Article X, Section 20 of the State constitution (the Taxpayers Bill of Rights or “TABOR,” described in “LEGAL MATTERS--Certain Constitutional Limitations”), each Board has the power to certify to the County a levy for collection of ad valorem taxes against all taxable property within the applicable Pledge District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the Pledge Districts. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner’s land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. According to the State’s Rules and Regulations for Exempt Properties, for properties that are claimed to be owned and used for religious purposes, the State Property Tax Administrator will consider the property to be sufficiently used for religious purposes when either: (a) the owner can demonstrate sufficient actual, physical use of the subject property for religious purposes, or; (b) the owner can demonstrate that the property has been physically used at least once during each twelve month period, or any lesser time period if the applicant has not owned the property for the entire twelve month period, and can document sufficient continuing indicators of intent for the remainder of that year or portion thereof. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the Larimer County assessor (previously defined as the “County Assessor”) to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the County based upon its condition on January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor’s office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2024 (collection year 2025) are based on an analysis of sales and other information for the period January 1, 2021 to June 30, 2022. The following table sets forth the State Property Appraisal System for property tax levy years 2020 through 2024:

<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2021	2020	July 1, 2018	Jan. 1, 2017 to June 30, 2018
2022	2021	July 1, 2020	Jan. 1, 2019 to June 30, 2020
2023	2022	July 1, 2020	Jan. 1, 2019 to June 30, 2020
2024	2023	July 1, 2022	Jan. 1, 2021 to June 30, 2022
2025	2024	July 1, 2022	Jan. 1, 2021 to June 30, 2022

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

The statutory actual value of certain classes of property are anticipated to be temporarily reduced in accordance with SB 22-238 and SB 23B-001 (each as defined below).

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

The assessed valuation for all residential real property is 7.15% of the actual value thereof, subject to certain temporary reductions as further described below. The assessed valuation for all non-residential property, with certain specified exceptions, is 29% of the actual value thereof, subject to temporary reductions as further described below. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas. Residential and non-residential assessment rates may be changed by the Colorado General Assembly and by the eligible electors at a State-wide election, and any increases would require voter approval pursuant to TABOR. Set forth below is a description of two laws which are intended to reduce property taxes

through reductions in both actual value and assessed value. In accordance with the Indentures, it is anticipated that the District will be required to increase or decrease the Senior Required Mill Levy and Subordinate Required Mill Levy, respectively, due to legislative changes in actual value and changes in the method of calculating assessed value.

SB 22-238. On May 16, 2022, Senate Bill 22-238 (“SB 22-238”) became law. SB 22-238: (i) temporarily reduces the assessment rate for all residential real property to 6.765% in levy year 2023, and temporarily reduces the calculation of the actual value of such property (as described above in “– Determination of Statutory Actual Value”) by up to \$15,000 in levy year 2023; (ii) temporarily reduces the assessment rate for multi-family residential property from 7.15% to 6.80% in levy year 2024; (iii) temporarily adjusts the ratio of valuation for assessment for all residential real property other than multi-family residential real property for levy year 2024, so that the aggregate decrease in local government property tax revenue during the 2023 and 2024 property tax collection years, as a result of SB 22-238, equals \$700,000,000; (iv) reduces the assessment rate for lodging property and all property listed by the County Assessor under any Improved Commercial Subclass Codes from 29% to 27.9% in levy year 2023, and reduces the calculation of the actual value of such property by the lesser of: (a) \$30,000 or (b) the amount that reduces the actual value for assessment to \$1,000; (v) reduces the assessment rate for all non-residential property other than lodging property, agricultural property, renewable energy production property or property listed by the County Assessor under any Improved Commercial Subclass Codes, from 29% to 27.9% in levy year 2023; and (vi) reduces the assessment rate for agricultural property and renewable energy production property from 29% to 26.4% for levy year 2024.

SB 23B-001. On November 20, 2023, Senate Bill 23B-001 (“SB 23B-001”) became law. SB 23B-001 further temporarily reduces the assessment rate for all residential real property to 6.7% in levy year 2023, and further temporarily reduces the calculation of the actual value of such property (as described above in “– Determination of Statutory Actual Value”) by up to \$55,000 in levy year 2023.

In accordance with SB 22-238 and SB 23B-001, certain local governments are eligible for reimbursement (described therein as the “backfill”) for reductions in property tax revenue resulting from the temporary reductions in assessed and actual value imposed by SB 22-238 and SB 23B-001. As the County has a population that is more than 300,000, the District may be eligible for a backfill of up to 65% of its total property tax revenue reduction due to SB 22-238 and/or SB 23B-001. However, as the District is required to increase its Subordinate Required Mill Levy to offset any legislative reductions in actual value and assessed value, it is not anticipated that the District will have a reduction in property tax revenue resulting from SB 22-238 or SB 23B-001.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to protest the value assigned by the County Assessor. Real property owners must protest the value assigned by the County Assessor no later than June 8th of each year, and personal property owners must protest the value assigned by the County Assessor no later than June 30th of each year. The County has an option to elect to alter the protest process

for real and personal property by expanding the County Assessor's time to answer protests from the last regular working day in June to August 15th. The County has not elected to use the alternate protest period for 2023.

Property owners may then appeal the County Assessor's decision to the County Board of Equalization (the "County BOE"). The County BOE hears individual taxpayer appeals from July 1st until August 5th of each year until all hearings are concluded and decisions rendered. If the alternate protest period is used, the County BOE sits from September 1st to November 1st. The County BOE decisions may be appealed to the State's Board of Assessment Appeals or District Court, or may be submitted to binding arbitration.

Prior to the delivery of the tax warrant, it is the duty of the County Assessor to correct any errors or omissions found on the assessment roll. Errors found prior to the mailing of notices of valuation can be corrected by the County Assessor. Errors discovered after notices of valuation have been mailed or electronically transmitted can be corrected by the County Assessor if the taxpayer protests, or by the County BOE, whether or not the taxpayer files a protest.

Through the abatement process, a taxpayer has an opportunity to challenge the validity of an assessment as established by the County Assessor. The abatement process is required to change tax amounts after the tax warrant is delivered to the County Treasurer. A property owner files an abatement petition with the County to officially request either an abatement of taxes due or a refund of taxes paid. The term "abatement" is frequently used to refer to either abatement or refund because the abatement petition is used under both circumstances. Abatement petitions must be filed within two years after January 1 of the year following the year in which the taxes were levied. Abatement petitions are typically heard at regular County Commissioners' meetings. Where a final determination is made granting an abatement or refund, the abatement or refund granted shall be payable at such time as determined by the County after consultation with affected taxing entities (including the District) but no later than upon the payment of property taxes for the property tax year in which such final determination was made.

Regardless of the protest, appeal and abatement processes, the County Assessor is required to certify to the District the preliminary assessed valuation of property subject to the District's mill levy no later than August 25 of each year. See "– Taxation Procedure" below.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property subject to the District's mill levy no later than August 25th of each year. Preliminary assessed valuations are subject to change on or before December 10 of each

year.³ Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, and consistent with its obligations under the Indentures, the Board is required to compute a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property taxes, and together with other legally available revenues of the District, will raise the amount required by the District in its upcoming fiscal year. The District subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year.⁴ The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25.000 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by the District. By December 22nd of each year,⁵ the Commissioners must certify to the County Assessor the levy for all taxing entities within the County. If the Commissioners fail to so certify, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County's treasurer (the "County Treasurer").

Adjustment of Taxes to Comply with Certain Limitations. Section 29-1-301, C.R.S., contains a statutory restriction limiting the property tax revenues which may be levied for operational purposes to an amount not to exceed the amount of such revenue levied in the prior year plus 5.5% (subject to certain statutorily authorized adjustments). At the Election, however, the District's electors approved questions which exempt the District from this restriction.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified by January 17, 2024⁶ will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the Overlapping Taxing Entities on a monthly basis. The payments to the

³ In accordance with SB 23B-101, for property tax year 2023, this date is postponed from December 10, 2023, to January 3, 2024.

⁴ In accordance with SB 23B-101, for property tax year 2023, this date is postponed from December 15, 2023, to January 10, 2024.

⁵ In accordance with SB 23B-101, for property tax year 2023, this date is postponed from December 22, 2023, to January 17, 2024.

⁶ For levy year 2023/collection year 2024 only. In other years, taxes must be certified by December 15 of the tax levy year.

Overlapping Taxing Entities must be made by the tenth of each month and shall include all taxes collected through the end of the preceding month.

Enforcement. All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the Overlapping Taxing Entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the City and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the City Council after that time.

Potential for Creation of Tax Increment Entity. Various Colorado statutes allow the formation of tax increment entities, such as urban renewal authorities, downtown development authorities and transportation authorities. In particular, the Colorado Urban Renewal Law (the "URA Law") allows the formation of urban renewal authorities in certain areas which have been designated by the governing bodies of municipalities as blighted areas. The Pledge Districts are located adjacent to the US 34/Crossroads Corridor Area, an urban renewal area established by the City and the Loveland Urban Renewal Authority. The District is unaware of any plans to include the property within its boundaries or within District No. 3 in this or any other tax increment entity; however, it is possible that the Loveland Urban Renewal Authority or other entities could create tax increment areas affecting the property in the Pledge Districts. If the property in the Pledge Districts ever becomes located within such an area, however, the provisions of the URA Law or other applicable tax increment will become applicable to such property. In that event, the assessed valuation of the property in the Pledge Districts would not increase beyond the amount existing in the year prior to the commencement of the tax increment plan (other than by means of the general reassessment).

Ad Valorem Property Tax Data

A five-year history of the Pledge Districts' certified assessed valuations and mill levies is set forth in the following two tables.

History of Assessed Valuations for the Pledge Districts

Levy/ Collection Year	District Assessed Valuation	District No. 3 Assessed Valuation	Combined Assessed Valuation Total	Percent Change
2019/2020	\$13,192,748	\$2,188,218	\$15,380,966	--
2020/2021	13,252,378	5,026,378	18,278,756	18.8%
2021/2022	13,492,295	7,871,991	21,364,286	16.9
2022/2023	14,155,498	10,953,256	25,108,754	17.5
2023/2024	17,092,361	19,183,647	36,276,008	44.5

Source: Larimer County Assessor Office.

History of Mill Levies for the Pledge Districts

Levy/ Collection Year	The District			District No. 3		
	Debt Service Fund	Contractual Fund	Total	Debt Service Fund	Contractual Fund	Total
2019/2020	60.822	16.588	77.410	55.479	15.131	70.610
2020/2021	61.074	16.656	77.730	58.394	15.926	74.320
2021/2022	61.293	16.716	78.009	59.510	16.230	74.740
2022/2023	62.427	17.025	79.452	61.985	16.905	78.890
2023/2024	71.005	19.365	90.370	69.550	18.968	88.518

Source: The Pledge Districts.

The following table sets forth the history of the Pledge Districts' ad valorem property tax collections for the time period indicated.

Property Tax Collections in the Pledge Districts

Levy/ Collection Year	The District			District No. 3		
	Taxes Levied ⁽¹⁾	Current Tax Collection ⁽²⁾	Collection Rate	Taxes Levied ⁽¹⁾	Current Tax Collection ⁽²⁾	Collection Rate
2018/2019	\$931,784	\$920,329	98.77%	\$2,269	\$2,269	100.00%
2019/2020	1,021,251	1,020,082	99.89	154,510	154,510	100.00
2020/2021	1,030,107	1,030,062	99.99	373,560	376,154	100.69
2021/2022	1,052,520	1,052,520	100.00	596,225	598,785	100.43
2022/2023	1,124,683	1,124,498	99.98	862,102	864,102	100.23
2023/2024	1,554,637	--	--	1,698,098	--	--

(1) Levied amounts do not reflect abatements or other adjustments.

(2) The County Treasurer's collection fee has not been deducted from these amounts. Figures do not include interest, fees and penalties.

Sources: The Pledge Districts and Larimer County Treasurer's Office.

Based upon the most recent information available from the County Assessor's Office, the following two tables represent the ten largest owners of taxable property within the District and District No. 3. No independent investigation has been made and consequently there can be no representation as to the financial conditions of the owners listed below or that such owners will continue to maintain their status as major taxpayers in the Pledge Districts. The top ten taxpayers in the combined Pledge Districts own property with a 2023 assessed valuation of \$5,437,515, or approximately 15% of the combined 2023 assessed valuation of \$36,276,008.

Ten Largest Owners of Taxable Property within the District

Taxpayer Name	2023 Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
Public Service Co. of Colo. (Xcel)	\$142,700	0.84%
Homeowner #1 ⁽²⁾	120,239	0.70
Bridgewater Homes LLC	82,808	0.48
Homeowner #2	76,494	0.45
Homeowner #3	75,844	0.44
Homeowner #4	74,933	0.44
Homeowner #5	74,705	0.44
Homeowner #6	73,975	0.43
Homeowner #7	73,761	0.43
Homeowner #8	<u>72,709</u>	<u>0.43</u>
Total	<u>\$868,168</u>	<u>5.08%</u>

(1) Based on a 2023 certified assessed valuation of \$17,092,361.

(2) Owns two Homes in the District.

Source: Larimer County Assessor's Office.

Ten Largest Owners of Taxable Property within District No. 3

Taxpayer Name	2023 Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
Landmark Homes ⁽²⁾	\$3,930,484	20.49%
Public Service Co. of Colo. (Xcel)	101,200	0.53
Homeowner #1	75,449	0.39
Lake Verna Rentals LLC	69,680	0.36
Homeowner #2	66,612	0.35
Homeowner #3	66,484	0.35
Homeowner #4	66,464	0.35
Homeowner #5	64,662	0.34
Homeowner #6	64,474	0.33
Homeowner #7	<u>63,838</u>	<u>0.33</u>
Total	<u>\$4,569,347</u>	<u>23.82%</u>

(1) Based on a 2023 certified assessed valuation of \$19,183,647.

(2) Includes property owned by (a) DATLAC LLC, (b) TATLAC LLC, (c) North Short Flats LLC, and (d) DFC Centerra North 3 LLC, all of which are related to Landmark Homes.

Source: Larimer County Assessor's Office.

The following table sets forth the assessed valuation of specific classes of real and personal property within the Pledge Districts based upon the Pledge Districts' 2023 certified assessed valuation. As shown below, residential property accounts for the largest percentage of the Pledge Districts' assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the Pledge Districts.

2023 Assessed Valuation of Classes of Property in the Pledge Districts

<u>Property Class</u>	<u>District Assessed Valuation</u>	<u>District No. 3 Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Residential	\$16,825,134	\$15,036,648	\$31,861,782	87.83%
Vacant	124,212	4,045,799	4,170,011	11.50
State Assessed	142,700	101,200	243,900	0.67
Commercial	<u>315</u>	<u>--</u>	<u>315</u>	<u>0.00</u>
Total	<u>\$17,092,361</u>	<u>\$19,183,647</u>	<u>\$36,276,008</u>	<u>100.00%</u>

Source: Larimer County Assessor's Office.

Mill Levies Affecting Property Owners Within the Pledge Districts

In addition to the Pledge Districts' ad valorem property tax levy, owners of property within the Pledge Districts are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the Pledge Districts' boundaries may be subject to different mill levies depending upon the location of their property. The following table sets forth sample mill levies that may be imposed on certain properties within the Pledge Districts and is not intended to portray the mills levied against all properties within the Pledge Districts.

Sample Mill Levies Affecting Property Owners Within the Pledge Districts – 2023

Taxing Entity ⁽¹⁾	District Mill Levy Sample #1 ⁽²⁾	District No. 3 Mill Levy Sample #1 ⁽²⁾
Thompson R2-J School District	42.760	42.760
Larimer County	21.745	21.745
City of Loveland	9.564	9.564
Thompson Valley Health Services District	1.759	1.759
Northern Colorado Water Conservancy District	1.000	1.000
Larimer County Pest Control	<u>0.142</u>	<u>0.142</u>
Total Overlapping Sample Mill Levy	76.970	76.970
District	<u>90.370</u>	<u>88.518</u>
Total Sample Mill Levy	<u>167.340</u>	<u>165.488</u>

(1) Little Thompson Water District also overlaps the Pledge Districts but does not assess a mill levy.

(2) One mill equals 1/10 of one percent. Mill levies certified in 2023 result in the collection of property taxes in 2024.

Source: Larimer County Assessor's Office.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the Pledge Districts, other taxing entities overlap or partially overlap the boundaries of the Pledge Districts. The following table sets forth those taxing entities which currently pay their general obligation debt directly from a mill levy assessed against property within the Pledge Districts' boundaries. The table reflects the outstanding general obligation debt of the other taxing entities as of the date of this Official Statement.

Estimated Overlapping General Obligation Indebtedness

<u>Entity⁽¹⁾</u>	<u>2023 Assessed Valuation⁽²⁾</u>	<u>Outstanding General Obligation Debt</u>	<u>Outstanding General Obligation Debt Attributable to the Combined Districts</u>	
			<u>Percent⁽³⁾</u>	<u>Amount</u>
Northern Colorado Water Conservancy District ⁽⁴⁾	\$36,273,205,067	\$2,583,671	0.10%	\$ 2,584
Thompson School District R2-J	3,287,632,513	168,610,000	1.10	<u>1,854,710</u>
Total				<u>\$1,857,294</u>

(1) The following entities also overlap with the Pledge Districts but they have no reported general obligation debt outstanding: the County; Larimer County Pest Control District; the City; Little Thompson Water District; and Thompson Valley Health Services District.

(2) The final 2023 assessed valuation certified by the County Assessor will determine the collection of ad valorem property taxes in 2024.

(3) The percentage of each entity's outstanding debt chargeable to the Pledge Districts property owners is calculated by comparing the assessed valuation of the portion overlapping the Pledge Districts to the total assessed valuation of the overlapping entity. To the extent the Pledge Districts' assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which Pledge Districts property owners are responsible will also change.

(4) The Northern Colorado Water Conservancy District ("NCWCD") is comprised of portions of eight counties. Its debt listed herein consists of a contractual obligation with the U.S. Bureau of Reclamation for the USBR Horsetooth Dams Modification Project. In accordance with its repayment contract with Reclamation, NCWCD collects a 1.00 mill levy property tax on real property located within its boundaries.

Sources: Larimer County Assessor's Office; and individual taxing entities.

DISTRICT DEBT STRUCTURE

Required Elections

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the Pledge Districts. Among such provisions, Article X, Section 20 of the Colorado Constitution (the Taxpayers Bill of Rights, or “TABOR”) requires that, except for refinancing bonded debt at a lower interest rate, the Pledge Districts must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR, see “LEGAL MATTERS – Certain Constitutional Limitations.” For a discussion of District debt elections, see “General Obligation Debt – Authorized but Unissued Debt” under this caption. The issuance of the Bonds was approved by the electors of the District at the District No. 2 Election (defined below) and incurring the debt represented by the Pledge Agreements was approved by the electors of District No. 3 at the District No. 3 Election (defined below).

General Obligation Debt

Statutory Debt Limit. The Pledge Districts are subject to a statutory debt limitation established pursuant to Section 32-1-1101(6), C.R.S. This limitation provides that, with certain exceptions listed below, the total principal amount of general obligation debt issued by a special district after 1991 shall not at the time of issuance exceed the greater of \$2 million or 50% of the special district’s assessed valuation. Based upon the District’s 2023 assessed valuation of \$17,092,361, the District’s debt limitation is \$8,546,180.50. Based upon District No. 3’s 2023 assessed valuation of \$19,183,647, District No. 3’s debt limitation is \$9,591,823.50. The Bonds will exceed these amounts, but are permitted to be issued because the 2024A Senior Bonds are rated in one of the four highest investment grade ratings categories and the 2024B Subordinate Bonds are being issued only to financial institutions or institutional investors. Other exceptions from the debt limitation statute include obligations which are: determined by the board of the special district to be necessary to construct improvements ordered by a federal or state regulatory agency for public health or environmental reasons; or secured by a letter of credit issued by certain qualified financial institutions.

Outstanding Limited Tax General Obligation Debt. Upon the issuance of the Bonds, the District will have outstanding (a) the 2024A Senior Bonds, (b) the 2024B Subordinate Bonds, and (c) The Lakes at Centerra Metropolitan District No. 2 Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D (the “2022D Junior Subordinate Bonds” and together with the 2022C Bonds, the “Series 2022 Bonds”) originally issued and currently outstanding in the aggregate principal amount of \$7,816,276. Upon issuance of the Bonds, District No. 3 will have outstanding the Senior Pledge Agreement, the Subordinate Pledge Agreement, and the Junior Subordinate Pledge Agreement (each as defined below).

2022D Junior Subordinate Bonds. On April 26, 2022, the District issued the 2022D Junior Subordinate Bonds. The 2022D Junior Subordinate Bonds were issued pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 (the “2022D Junior Subordinate Indenture”). In order to provide for the payment of the 2022D Junior Subordinate

Bonds, the Pledge Districts and the Trustee entered into a Junior Subordinate Capital Pledge Agreement, dated as of April 1, 2022 (the “Junior Subordinate Pledge Agreement”). The 2022D Junior Subordinate Bonds are secured primarily by a mill levy not to exceed 50 mills, less the Senior Required Mill Levy, the Subordinate Required Mill Levy and the Junior Lien Required Mill Levy, subject to adjustment (the “Junior Subordinate Required Mill Levy”).

The 2022D Junior Subordinate Bonds mature on December 15, 2056 and bear interest at the rate of 0.00%. The 2022D Junior Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2022, and on any date thereafter, upon payment of par plus accrued interest. The 2022D Junior Subordinate Bonds are also subject to mandatory redemption in part by lot on December 15 of each year (each a “2022D Mandatory Redemption Date”), commencing December 15, 2022, to the extent of moneys on deposit, if any, in the Junior Subordinate Mandatory Redemption Account of the Junior Subordinate Bond Fund 45 days prior to the applicable 2022D Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of 2022D Junior Subordinate Bonds to be redeemed as set forth in the 2022D Junior Subordinate Indenture, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

The outstanding debt as of the date of issuance of the Bonds is summarized in the following table:

Outstanding Limited Tax General Obligation Debt

Bonds	Principal Outstanding
2024A Senior Bonds	\$43,275,000*
2024B Subordinate Bonds	3,290,000*
2022D Subordinate Junior Lien Bonds	7,816,276
Total	\$54,381,276

Authorized but Unissued Debt – The District. The District’s authority to issue additional debt is restrained by (a) its electoral authorization, (b) the Service Plan, (c) the Indentures, and (d) the 2022D Junior Subordinate Indenture.

Electoral Authorization. The District held an election on November 6, 2007 (the “District No. 2 Election”), which authorized the District to issue the following general obligation debt:

* Subject to change.

District No. 2 Election Summary

Purpose	Amounts Applied						Amount Remaining
	Amount Authorized	2016 and 2017 Loans ⁽¹⁾	Series 2018 Bonds	2022C Junior Lien Bonds	2022D Junior Subordinate Bonds	The Bonds*	
Capital Improvements	\$450,000,000	\$11,635,000	\$19,478,550	\$8,500,000	\$7,816,276	\$ --	\$402,570,174
Operations & Maint.	1,000,000	--	--	--	--	--	1,000,000
Refundings	100,000,000	--	2,011,450	--	--	5,115,000	92,873,550
Reimbursement Ag.	50,000,000	--	--	--	--	--	50,000,000
Intergovernmental	51,000,000	--	--	--	--	--	51,000,000
Construct. Mgmt. Ag.	51,000,000	--	--	--	--	--	51,000,000
TOTAL:	\$703,000,000	\$11,635,000	\$21,490,000	\$8,500,000	\$7,816,276	\$5,115,000	\$648,443,724

(1) Refers to loans from U.S. Bank National Association which were refunded in full in 2018 with the net proceeds of the Series 2018 Bonds.

In addition, the District could hold elections in the future which could authorize the issuance of additional debt. The Board does not anticipate, however, that such elections will be necessary or will occur in the foreseeable future.

Service Plan Authorization. The issuance of additional bonds is restricted by the terms of the Service Plan, which provides that the total amount of debt which may be issued by the Pledge Districts cannot exceed \$50,000,000 in 2007 dollars, excluding refundings. The District has calculated that the current amount of the Service Plan debt limit, based upon the Consumer Price Index through January 2024, is \$76,500,000. After the issuance of prior bonds and loans and the Bonds, \$37,872,524* of this amount will remain unissued. **[Note: preliminary calculation; to be revised by District accountant.]**

Indenture Restrictions. The Indentures prohibit the District from issuing additional obligations except under the terms set forth therein. Such terms are described in “SECURITY FOR THE 2024A SENIOR BONDS – Additional Obligations of the District Under the Senior Indenture” and “SECURITY FOR THE 2024B SUBORDINATE BONDS – Additional Obligations of the District Under the Subordinate Indenture.”

2022D Junior Subordinate Indenture Restrictions. The 2022D Junior Subordinate Indenture prohibits the District from issuing additional obligations except under the terms set forth therein. These restrictions are set forth in Appendix I hereto.

Authorized but Unissued Debt – District No. 3. District No. 3’s authority to issue additional debt is restrained by (a) its electoral authorization, (b) the Service Plan, (c) the Pledge Agreements, (d) the Junior Lien Pledge Agreement, and (e) the Junior Subordinate Pledge Agreement.

Electoral Authorization. District No. 3 held an election on November 6, 2007 (the “District No. 3 Election”), which authorized District No. 3 to issue the following general obligation debt:

District No. 3 Election Summary*

Purpose	Amount Authorized	Amounts Applied ⁽¹⁾					Amount Remaining
		2016 and 2017 Loans ⁽²⁾	Series 2018 Bonds	2022C Junior Lien Bonds	2022D Junior Subordinate Bonds	The Bonds*	
Capital Improvements	\$450,000,000	\$11,635,000	\$19,478,550	\$8,500,000	\$7,816,276	\$ --	\$402,570,174
Operations & Maint.	1,000,000	--	--	--	--	--	1,000,000
Refundings	100,000,000	--	2,011,450	--	--	5,115,000	92,873,550
Reimbursement Ag.	50,000,000	--	--	--	--	--	50,000,000
Intergovernmental	51,000,000	--	--	--	--	--	51,000,000
Construct. Mgmt. Ag.	51,000,000	--	--	--	--	--	51,000,000
TOTAL:	\$703,000,000	\$11,635,000	\$21,490,000	\$8,500,000	\$7,816,276	\$5,115,000	\$648,443,724

(1) District No. 3 is not the issuer of any of these obligations, but was obligated (in the case of the Loans) and is obligated or was obligated (in the case of the 2018A Senior Bonds, the 2018B Subordinate Bonds, and the 2022C Junior Bonds) to impose taxes and pay certain amounts to District No. 2 pursuant to the pledge agreements described herein.

(2) Refers to loans from U.S. Bank National Association that were refunded in full in 2018 with the net proceeds of the Series 2018 Bonds.

In addition, District No. 3 could hold elections in the future which could authorize the issuance of additional debt. The District No. 3 Board does not anticipate, however, that such elections will be necessary or will occur in the foreseeable future.

Service Plan Authorization. The issuance of additional bonds is restricted by the terms of the Service Plan, which provides that the total amount of debt which may be issued by the Pledge Districts cannot exceed \$50,000,000 in 2007 dollars, excluding refundings. The District has calculated that the current amount of the Service Plan debt limit, based upon the Consumer Price Index through February 2024, is \$76,500,000. After the issuance of prior bonds and loans and the Bonds, \$37,872,524* of this amount will remain unissued. **[Note: preliminary calculation; to be revised by District accountant.]**

Pledge Agreement Restrictions. The Pledge Agreements prohibit District No. 3 from issuing additional obligations except under the terms set forth therein. Such terms are described in “SECURITY FOR THE 2024A SENIOR BONDS – Additional Obligations of the District Under the Senior Pledge Agreement” and “SECURITY FOR THE 2024B SUBORDINATE BONDS – Additional Obligations of District No. 3 Under the Subordinate Pledge Agreement.”

2022D Junior Subordinate Pledge Agreement Restrictions. The 2022D Junior Subordinate Pledge Agreement prohibits District No. 3 from issuing additional obligations except under the terms set forth therein. These restrictions are set forth in Appendix I hereto.

Revenue and Other Financial Obligations

The Pledge Districts also have the authority to issue revenue obligations payable from the net revenue of Pledge District facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations. Other than the obligations of

* Subject to change.

the Pledge Districts described in “THE DISTRICTS – Agreements of the Districts,” the Pledge Districts presently have no such obligations outstanding.

Selected Debt Ratios

The following table sets forth ratios of direct limited tax general obligation debt of the Pledge Districts (after giving effect to the issuance of the Bonds) and overlapping debt within the Pledge Districts (only for those entities which currently pay their general obligation debt through a mill levy assessed against property within the Pledge Districts) to the 2023 assessed valuation and statutory actual value of the Pledge Districts.

Selected Debt Ratios of the Pledge Districts

	Total Debt ⁽¹⁾	Senior Debt ⁽²⁾
Amount of Debt ^{(1)*}	\$54,381,276	\$43,275,000
Overlapping Debt ⁽³⁾	<u>1,857,294</u>	<u>1,857,294</u>
Total Direct Debt and Overlapping Debt	\$56,238,570	\$45,132,294
2023 Assessed Valuation of the Pledge Districts ⁽⁴⁾	\$36,276,008	\$36,276,008
Ratio of Direct Debt to 2023 Pledge Districts' Assessed Valuation	150%	119%
Ratio of Direct Debt Plus Overlapping Debt to 2023 Pledge Districts' Assessed Valuation	155%	124%
2023 Pledge Districts Statutory "Actual" Value ⁽⁴⁾	\$490,503,150	\$490,503,150
Ratio of Direct Debt to 2023 Pledge Districts' Statutory "Actual" Value	11%	9%
Ratio of Direct Debt Plus Overlapping Debt to 2023 Pledge Districts' Statutory "Actual" Value	11%	9%

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- (1) Comprised of the 2024A Senior Bonds (\$43,275,000*), the 2024B Subordinate Bonds (\$3,290,000*), and the 2022D Junior Subordinate Bonds (\$7,816,276).
- (2) Comprised of the 2024A Senior Bonds.
- (3) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Estimated Overlapping General Obligation Debt" and the footnote regarding the type of overlapping debt which is included.
- (4) Provided by the County Assessor's Office for purposes of the TABOR "local growth" calculation.

Sources: County Assessor's Office, the District, and information obtained from individual overlapping entities.

* Subject to change.

THE DISTRICTS

Organization and Description

The Districts are quasi-municipal corporations and political subdivisions of the State created pursuant to the Special District Act for the primary purpose of providing the design, acquisition, completion, construction, and installation of water, sanitation and storm drainage, parks and recreation, street, traffic and safety, transportation, and mosquito control and other permitted improvements and facilities to benefit the inhabitants and taxpayers of the Districts. The Districts are not authorized to provide fire protection services except as agreed to by the City.

The District was formed pursuant to an Order and Decree of the District Court for Larimer County entered on November 21, 2007 and recorded with the Clerk and Recorder for the Larimer County on December 12, 2007. Organization of the District was preceded by the approval by the City of a consolidated service plan consisting of a financial plan, including proposed funding therefor, and a summary detailing the proposed improvements within the District (the “Service Plan”); the adoption by City of a resolution approving the Service Plan of the District; and approval of the District’s formation by the qualified electors of the proposed District at an election held for that purpose.

At the time that the District was formed, The Lakes at Centerra Metropolitan District No. 1 (“District No. 1”) and The Lakes at Centerra Metropolitan District No. 3 (“District No. 3”) were also formed pursuant to the Service Plan and similar elections. Together, the District, District No. 1 and District No. 3 are referred to herein as the “Districts.” The District and District No. 3 are referred to herein as the “Pledge Districts.” The District contains approximately 160 acres, District No. 3 contains approximately 143 acres, and District No. 1 contains less than one acre, for a total of approximately 304 acres. See “**AERIAL PHOTO**” on page vi and “**MAP OF THE DISTRICTS**” on page vii.

Inclusion, Exclusion, Consolidation and Dissolution

Inclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and shall be liable for its proportionate share of existing bonded indebtedness of the special district. The District and District No. 3 have included various small parcels within their boundaries between 2017 and 2021. At the present time, no additional inclusions are pending or expected.

Exclusion of Property. The Special District Act provides that the boundaries of a special district also may be altered by the exclusion of real property from the District under certain circumstances. After its exclusion, the excluded property is no longer subject to the special district’s operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district. The excluded property, however, remains subject to the special district’s debt service mill levy for that proportion of the special district’s outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order. The District

and District No. 3 have excluded various small parcels from their boundaries between 2017 and 2021. At the present time, no additional exclusions are pending or expected.

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

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

District Powers

The rights, powers, privileges, authorities, functions and duties of the Pledge Districts are established by the laws of the State, particularly the Special District Act, which provides that the Boards have certain powers including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the special district and all construction, installation, operation, and maintenance of special district improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by or available from the applicable Pledge District, and to pledge such revenue for the payment of any indebtedness of the applicable Pledge District; to furnish services and facilities without the boundaries of the special district and to establish fees, rates, tolls, penalties, or charges for such services and facilities; to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute; to enter into contracts with public utilities, cooperative electric associations and municipalities for the purpose of providing street lighting service; to erect and maintain, in providing safety protection services, traffic and safety controls and devices; to finance line extension charges for new telephone construction in non-residential special districts; to establish, maintain, and operate a system to transport the public by bus, rail, or any other means of conveyance; and to exercise the power of eminent domain and dominant eminent domain for the special district's authorized purposes. In addition, the Boards have the power to furnish security services for any area within the applicable Pledge District, if such Pledge District has provided written notification to, consulted with, and obtained the written consent of all local law enforcement agencies having jurisdiction within the area and any applicable master association or similar body having authority to furnish security services. The Pledge Districts currently do not provide security services. The

Boards are further authorized to furnish covenant enforcement and design review services; however, the Pledge Districts do not provide such services. See “THE DEVELOPMENT – Covenants.”

Governing Boards

Each of the Pledge Districts is governed by a board of directors (the “Board” for the District, the “District No. 3 Board” for District No. 3, and collectively, the “Boards”) which, pursuant to State law, may consist of up to five members. In order to be eligible for nomination to the Boards, prospective members must be electors of the respective Pledge District for which they are seeking nomination, as defined by State law. Directors are elected to staggered four-year terms of office at successive biennial elections. Vacancies on the Boards are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The directors hold regular meetings and, as needed, special meetings. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors who serve on the Board and do not serve on the Board of Directors for District No. 1 and the District No. 3 Board receive a maximum of \$2,400 per year as compensation for service to each Pledge District, payable not in excess of \$100 per meeting attended pursuant to State law. Directors who serve on the District No. 3 Board and do not serve on the Board of Directors for District No. 1 and the Board receive a maximum of \$2,400 per year not in excess of \$100 per meeting attended. Pursuant to the State constitution, directors are limited to two terms in office unless the Pledge Districts’ voters have approved a waiver or modification of this limit. At the District No. 2 Election and the District No. 3 Election, the respective electors of each Pledge District approved an election question which exempts each of the Pledge Districts from State constitutional term limitations.

The present directors of District No. 2 and District No. 3, their positions on the board, occupations and terms of office are as follows:

District No. 2 Board of Directors

<u>Name and Office</u>	<u>Position</u>	<u>Occupation</u>	<u>Years of Service</u>	<u>Current Term Expires (May)</u>
James Laferriere	President & Chairperson	Airline Pilot	1	2025
Todd Carnes	Vice President	Vice President of Business Development	1	2025
Ralph Mathes	Secretary/Treasurer	Retired	3	2027
Joshua Kane	Assistant Secretary	Executive Vice President, Capital Markets ⁽¹⁾	9	2025
Harold Lamport	Assistant Treasurer	Retired	<1	2027

⁽¹⁾ Reflects Mr. Kane's position with MRES. See "THE DEVELOPMENT – The Developer."

District No. 3 Board of Directors

<u>Name and Office</u>	<u>Position</u>	<u>Occupation</u>	<u>Years of Service</u>	<u>Current Term Expires (May)</u>
Kim L. Perry	President & Chairperson	Vice President of Community Design & Neighborhood Development ⁽¹⁾	15	2025
Timothy DePeder	Vice President/Asst. Secretary	Senior Vice President of Finance & Underwriting ⁽¹⁾	<2	2027
Joshua Kane	Secretary/Treasurer	Executive Vice President, Capital Markets ⁽¹⁾	9	2025
Susan Draut	Assistant Treasurer	Retired	<1	2027
Karl Sutton	Assistant Treasurer	Product Manager	<1	2025

⁽¹⁾ Titles reflect each person's position with MRES. See "THE DEVELOPMENT – The Developer."

Conflicts of Interest

One member of the Board and three members of the District No. 3 Board are employees of MRES. The remaining members of the Board and the District No. 3 Board are residents of the District or District No. 3, as applicable, and are not affiliated with MRES. State law requires directors to disqualify themselves from voting on any issue in which they have a conflict of interest unless the applicable director has disclosed the conflict in a certificate filed with

the Secretary of State and with the Boards at least 72 hours in advance of any meeting of which the conflict may arise. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between a special district and a board member, or between a special district and the owner of 25% or more of the territory within the special district, unless a notice is published for bids and such board member or owner submits the lowest responsible and responsive bid. Each director that is employed by MRES, therefore, may have conflicts of interest with respect to matters which come before the Boards. Board members of the District with potential conflicts of interest and voting on the Bond Resolution are expected to file conflict statements prior to the adoption of the Bond Resolution, and District No. 3 Board members with potential conflicts of interest and voting on the resolution to authorize the Pledge Agreements are expected to file conflict statements prior to the adoption of such resolution.

Administration

The Boards are responsible for the overall management and administration of the affairs of the Pledge Districts. The Pledge Districts have no employees. District No. 1 manages all three of the Districts pursuant to the Amended Operations IGA. All administrative functions of the Districts are provided by third parties pursuant to contracts with District No. 1. Legal representation of the Districts is provided by Icenogle Seaver Pogue, P.C., Denver, Colorado. Pinnacle Consulting Group, Inc., Loveland, Colorado, serves as the accountants for, and provides managerial services to, the Districts, including noticing and conducting Board meetings, maintaining records for the Districts, responding to resident inquiries, maintaining the Districts' finances and performing other administrative and accounting duties.

Agreements of the Districts

The Special District Act authorizes the Districts to enter into agreements and contracts affecting the affairs of the Districts. According to the Districts' general counsel, the Districts are not a party to any agreements which materially affect their financial status or operations, except for the following:

Amended Operations IGA. On March 15, 2018, the Districts entered into an Amended and Restated Intergovernmental Agreement Concerning District Operations, as amended as of April 26, 2022 (as amended, the "Amended Operations IGA"), which superseded a prior intergovernmental agreement regarding operations. Pursuant to the Amended Operations IGA, the Pledge Districts acknowledge that District No. 1 has incurred, and will incur in the future, certain outstanding reimbursement obligations related to the construction and installation of public improvements for the benefit of the Pledge Districts. Pursuant to the terms of the Amended Operations IGA, the District issued the Series 2018 Bonds and the Series 2022 Bonds and transferred a portion of the proceeds to District No. 1 for such reimbursement obligations. Following the issuance of the Series 2022 Bonds, the Pledge Districts do not have any further repayment obligations due and owing to the Developer.

The Amended Operating IGA further provides that, for public improvements not dedicated to the City or another governmental entity, District No. 1 will own and operate the public improvements provided for or by the Pledge Districts or District No. 1. District No. 1 agrees not to sell, transfer, convey or otherwise encumber any portion of the public improvements without

the prior written consent of the District or District No. 3, as applicable. The Pledge Districts agree to impose sufficient taxes or fees to fund the costs of operating and maintaining such improvements and to transfer sufficient funds to District No. 1. The Pledge Districts further engage District No. 1 as “district administrator” to perform a variety of administrative function on behalf of the Pledge Districts. District No. 1’s obligation to act as operator of the public improvements within the Pledge Districts may be terminated upon 90 days’ notice.

Maintenance and Cost Sharing Agreement. The District is a party to a Maintenance and Cost Sharing Agreement dated March 31, 2015 (the “Maintenance Agreement”) with District No. 1, District No. 3, and The Lakes at Centerra Master Homeowners Association, Inc. (the “Master Association”). Pursuant to the Maintenance Agreement, the Master Association agrees to perform routine maintenance, repair and replacement of the public improvements provided by the Districts. Major repairs and replacements remain the responsibility of the Districts. The Districts agree to provide adequate irrigation water to the Master Association as well as to assign all warranties related to the improvements. The Maintenance Agreement provides that the obligations of the Districts are subject to annual appropriation and do not create a multiple fiscal-year direct or indirect debt or other financial obligation.

Services Agreements. The District is additionally a party to contracts for administrative services and legal services which set forth terms by which such services will be delivered and the compensation to be provided by the District.

Insurance Coverage

The Boards act to protect the Pledge Districts against loss and liability by maintaining certain insurance coverage. Currently, the Pledge Districts maintain insurance through the Colorado Special Districts Property and Liability Pool (“CSDPLP”). CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials’ liability and workers’ compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage for over 1,800 special districts and is governed by a nine-member board of special district representatives. The Pledge Districts’ current policies expire on December 31, 2024, and provide \$2,000,000 of coverage per occurrence for public entity liability insurance, which includes, among other things, general liability, employee benefits administration liability, public officials liability, employment practices liability, no-fault sewer backup and no fault sewer backup damage liability up to \$10,000 per home and \$1,000,000 in the aggregate per occurrence, pre loss legal assistance liability up to \$3,500 per occurrence, premises liability for medical payments up to \$10,000 per occurrence, hired auto up to \$50,000 per occurrence and cyber and fiduciary liability up to \$200,000 each per occurrence.

THE DEVELOPMENT

General Description

The Lakes at Centerra development (“The Lakes at Centerra” or the “Development”) is a planned residential community within the overall Centerra master development located in Loveland, Colorado, which is also located within the boundaries of the Pledge Districts. The Development contains approximately 287 acres, consisting of all 160 acres within the District and approximately 127 acres within District No. 3.⁷

It is projected that at full build out, The Lakes at Centerra will include 690 single family detached residences and 541 attached residences (townhomes and condominiums) (each, a “Home”), for a total of 1,231 planned Homes, as well as a clubhouse, parks, open space, and community trails. The first homes in the Development were completed in 2014. Property for all 1,231 planned Homes had been sold to Homebuilders (defined below) and as of December 14, 2023, certificates of occupancy had been issued for approximately 899 of the 1,231 planned Homes (or 73% of the total planned Homes). Two Homebuilders are currently active in the Development: Bridgewater Homes and Landmark Homes. See “THE DEVELOPMENT – Development Status.”

The Development is a project of C R Development, Inc., a Colorado corporation (the “Developer”), an entity which is related to McWhinney Real Estate Services, Inc. (“MRES”). The Developer engages in land development activities only, and is not a homebuilder. The Developer’s development plan has been to sell vacant lots to various homebuilders (each a “Homebuilder”), which construct Homes on those vacant lots for sale to homeowners. As of October 24, 2023, the Developer owned ten parcels (all consisting of non-developable property) within the boundaries of the Development. See “The Developer,” below.

Development Status

Home Closings. The Development is planned to include 1,231 Homes to be built by Homebuilders. The following table summarizes the number of Homes planned by each Homebuilder and the number of homes sold to homeowners as of February 15, 2024, as reported by the Homebuilders to the Developer. All property planned for future development has been sold by the Developer to Homebuilders.

⁷ The remaining approximately 16 acres within District No. 3 which is not within the Development consists primarily of an area of vacant property known as “Parcel 205.” The future potential development of Parcel 205 is not included in the Market Study attached hereto.

Status of Homebuilder Closings

Homebuilder Summary	Total Homes Planned	Closing Status ⁽¹⁾	
		Homes Closed to Homeowners	Not Closed ⁽³⁾
<i>Completed Homebuilders:</i>			
Boulder Creek Townhomes/Wee Cottages	37	37	--
Boulder Creek Patio Homes	52	52	--
Wonderland Patio Homes	25	25	--
Wonderland 2 Story Homes	22	22	--
Tri Pointe	79	79	--
Richmond American	71	71	--
Landmark Townhomes (South)	54	54	--
Taylor Morrison	189	189	--
KB Home	152	152	--
Lennar	37	37	--
Bridgewater Homes	33	33	--
Subtotal:	<u>751</u>	<u>751</u>	<u>--</u>
<i>Active Homebuilders:</i>			
Landmark Parcel A - Fee Simple Townhomes	94	66	28
Landmark Discovery Parcel B – Condominiums ⁽²⁾	160	118	42
Bridgewater Homes	30	27	3
Landmark Parcel C – Condominiums – Flats ⁽²⁾	196	27	169
Subtotal:	<u>480</u>	<u>238</u>	<u>242</u>
Total :	<u>1,231</u>	<u>989</u>	<u>242</u>
Percent of Homes Planned	<u>100%</u>	<u>80%</u>	<u>20%</u>

(1) As of February 15, 2024. The first homes were completed in the District in approximately 2014.

(2) Additional administrative City approvals are required for certain of the remaining planned units to be constructed. See “Entitlements and Public Approvals - Zoning, Subdivision and Platting Status” below.

(3) All future planned development is located within District No. 3 except for 3 lots within District No. 2, which are owned by Bridgewater Homes.

Source: The Developer.

Certificates of Occupancy. According to the City, certificates of occupancy had been issued for approximately 1,012 Homes within the Pledge Districts through January 31, 2024, comprising 82% of the planned Homes.

The Market Study anticipates that the sale of all Homes will be completed in 2027. *However, this is only a projection and the construction and sale of Homes to homeowners may not occur within this timeframe or may not occur at all. See “FORWARD-LOOKING STATEMENTS,” “RISK FACTORS – Completion of Development Not Assured,” and “RISK FACTORS – Risks Related to the Projections.”*

Active Homebuilders. The following Homebuilders are currently active in the Development:

Bridgewater Homes. Bridgewater Homes is a privately-held Homebuilder based in Loveland, Colorado. According to its web site as of December 20, 2023, Bridgewater Homes is active in northern Colorado, the Denver metropolitan area and Nebraska. Bridgewater Homes is constructing single family detached homes within the Development. As of February 15, 2024, Bridgewater Homes had approximately 3 units remaining.

Landmark Homes. Landmark Homes is a privately-held Homebuilder based in Windsor, Colorado. According to its web site as of December 20, 2023, Landmark Homes is active in seven communities in northern Colorado. Landmark Homes is constructing townhomes and condominiums within the Development. As of February 15, 2024, Landmark Homes had approximately 239 units remaining.

Status of Public Improvements

Construction of public improvements necessary to serve the property in the Pledge Districts, including storm drainage, water, sewer, roads, landscaping, parks, and other improvements began in 2014 and is substantially complete. Public improvements for the entire Development are expected to be complete by approximately the end of 2024. The public improvements necessary to serve the Development are estimated to cost approximately \$48,500,000. The foregoing amounts do not include the costs of vertical construction of Homes within the Development, or private amenities owned or to be owned by the master Association such as the Lake Club.

As of September 30, 2023, approximately \$45,593,363 had been expended on public improvements (or approximately 94% of the current budget), and construction of additional public improvements is currently ongoing. Improvements constructed to date include streets, water, sewer and landscape improvements serving property within the District, and a portion of such improvements which is planned to serve the property within District No. 3. The Developer has agreed to fund the remaining improvements.

Amenities In and Around the Development

Lake Club. The Development includes a clubhouse and swimming pool facility (the “Lake Club”) which includes an 1,800 square foot building completed in 2014. The facility includes a kitchen, fireplace, television, gathering spaces, an outdoor fire pit, and an outdoor swimming pool. The Lake Club is also available for residents to rent for a private gathering. The Lake Club is owned and operated by the Master Association.

Lakes. Two manmade lakes form the eastern boundary of the Pledge Districts, Houts Reservoir and Equalizer Lake (together, the “Lakes”). The Lakes were formed in approximately 1907 for irrigation purposes, and are owned by Greeley and Loveland Irrigation Company (“GLIC”). In 2002, GLIC granted High Plains Foundation (the “Foundation”) an easement for use of the surface of the Lakes and certain property immediately surrounding the Lakes for recreational purposes. In 2014, the Master Association agreed to impose a transfer fee in exchange for HPEC and the Foundation providing access to the Lakes to homeowners at no

additional charge. Finally, in 2015, HPEC and the Foundation agreed to allow members of the Master Association to have access to and use of Houts Reservoir for non-motorized boating and recreational fishing. District No. 1 owns a boat dock on Houts Reservoir which provides this access. Lakeside activities include fishing and boating on Houts Reservoir, shore fishing on Equalizer Lake, and observing wildlife.

Although the Lakes have existed for many years, GLIC is under no contractual obligation to maintain the Lakes at any certain water level or at all. In addition, Equalizer Lake is formed by the existence of a dam on the southern end of the lake (the “Dam”). The Dam is within the jurisdiction of the Dam Safety Program maintained by the Colorado Division of Water Resources’ Department of Natural Resources (the “Department”). The Department has jurisdiction to determine the safe storage level of reservoir dams in the State and to approve plans for the construction and repair of dams. The District is aware that the Department has been in discussions with GLIC regarding the appropriate level of Equalizer Lake and the condition of the Dam. The District is not in control of the Dam or any reviews or inspections by the Department. It is possible that the Department could take action which could result in a decrease in the water level of Equalizer Lake or potentially its existence. The Department inspects the Dam annually, and has rated its overall condition as “conditionally satisfactory” every year from 2010-2023.

High Plains Environmental Center. A significant portion of the property surrounding the Lakes is owned by HPEC. HPEC’s primary facilities are located within the District on its eastern boundary with Equalizer Lake. According to HPEC, its mission is to educate communities to become replicable “living laboratories” which demonstrate restorative examples of land stewardship, native plants, and wildlife habitat. HPEC maintains trails and open spaces, provides educational classes and experiences, and manages wetland and wildlife management. HPEC opened an educational visitor center within the District in 2017. HPEC is not controlled by the Pledge Districts and there is no assurance that HPEC will continue to provide such services.

Trails and Parks. The Development includes trails around the Lakes and throughout the Development. Trails are owned and operated by District No. 1 or HPEC. The Development also includes Frank Farm Park, an approximately 2-acre park which includes a playground, picnic area, and grassy areas which is owned by District No. 1. Frank Farm Park was completed in 2014. The trail system is partially complete and is generally completed as surrounding property is developed. In addition to these existing facilities, the undeveloped property in District No. 3 is planned to include a second amenity to be known as Explorer Park, which is intended to include a playground, additional open space and paved trails. Explorer Park is expected to be completed in 2024; however, there is no assurance that Explorer Park will be completed as expected, or that it will contain the amenities which are currently planned.

Entitlements and Public Approvals

Zoning, Subdivision and Platting Status. The overall Centerra mixed-use development contains approximately 2,958 acres (which includes the approximately 286.53 acres within the Pledge Districts’ boundaries) and is defined by the Millennium General Development Plan (the “GDP”) approved by the City Council in 2000 and subsequently amended from time to time. The portions of the Centerra development which are not within the boundaries of the Pledge

Districts include residential, commercial, and other mixed-use areas, the taxes from which do not secure the Bonds.

Pursuant to the GDP, the residential use of property which is planned within the Pledge Districts is a use by right and platting of individual lots is an administrative process that does not require the approval of the City Council of the City. Lots for 1,231 Homes (or 100% of the total planned Homes) have been platted and sold to Homebuilders. No additional plats are required on the lots within the Development except for certain lots owned by Landmark Homes.

Landmark Homes is constructing Homes on three lots within the Development (identified in the table above, “Status of Homebuilding Closings,” as Parcels A, B, and C) each of which was platted as a “superpad” site. Parcel A is planned to contain townhome units and Parcels B and C are planned to contain condominium units. Prior to constructing the condominiums on Parcels B and C, Landmark is required to subdivide the “superpad” sites into individual lots and record finalized condominium maps. According to the County Assessor’s website, as of December 19, 2023, all of the lots with Parcel A have been subdivided, lots for 114 units within Parcel B have been subdivided and lots for 60 units within Parcel C have been subdivided. Landmark is finalizing the subdivision plats and condominium maps in phases as Homes are constructed.

Additional Required City Approvals and Permits. Subsequent to the platting of property, and prior to the commencement of construction, the City must approve construction drawings and issue building permits for public improvements and individual Homes. Prior to occupancy, the City must inspect the Homes and issue certificates of occupancy. All of these steps are typically administrative processes that do not require additional approval from the City Council of the City, but the City may change its processes and procedures.

Public Services for the Development

The Development is located in Thompson School District R2-J. Local schools serving the Development are High Plains School (grades preschool-8, located within the District); New Vision Charter School (grades K-8, located approximately 2.5 southwest of the Development), and Mountain View High School (grades 9-12, located approximately one mile south of the Development). Police protection, water service, electricity and sanitary sewer service are provided by the City. Fire protection is provided by the Loveland Fire Rescue Authority. Natural gas service is provided by Xcel Energy. District No. 1 provides landscape and irrigation maintenance, snow removal, storm water maintenance and weed management services for the property within the Pledge Districts.

Covenants

The property within the Pledge Districts is subject to the several declarations of covenants conditions and restrictions which apply to the various portions of the Development (the “Declarations”). The purpose of the Declarations is to further a common and general plan for the development within the Development; to protect and enhance the quality, value, aesthetics, desirability and attractiveness of the Development; to provide for and define certain duties, powers and rights of the design review committee charged with governing the design review process; and

to define certain duties, powers and rights of owners of lots within the Development. An owner of property subject to the Declaration is not permitted to make an improvement to the subject property without prior written approval of the Design Review Committee, except that this requirement does not apply to the Developer. While some of the property within the Pledge Districts falls within the annexable property under additional restrictive Covenants, the Developer does not anticipate the property being annexed into such covenants.

The Developer

The Development is a project of C R Development, Inc., a Colorado corporation (the “Developer”), an entity which is related to McWhinney Real Estate Services, Inc. (“MRES”). The Developer engages in land development activities only, and is not a homebuilder. The Developer sells vacant lots to various homebuilders (each a “Homebuilder”), which construct Homes on those vacant lots for sale to homeowners.

Certain employees and/or officers of one or more of the Developer or MRES currently serve on the Boards. See “THE DISTRICTS – Governing Boards.”

FINANCIAL INFORMATION OF THE PLEDGE DISTRICTS

Sources of Revenues

General. Ad valorem property taxes, described below and in “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT,” constitute the largest source of District revenue, and are expected to constitute the largest sources of revenue of each of the Pledge Districts in the future. An additional source of revenue for both Pledge Districts is specific ownership taxes. See “SECURITY FOR THE 2024A SENIOR BONDS – Senior Specific Ownership Tax Revenues” and SECURITY FOR THE 2024B SUBORDINATE BONDS – Subordinate Specific Ownership Tax Revenues.” Projected revenues and expenditures of the District are set forth in the Financial Forecast attached hereto as Appendix D. See “RISK FACTORS – Risks Related to the Projections.”

District Mill Levies. The Pledge Districts impose, and are expected to continue to impose, debt service mill levies and operations and maintenance mill levies. The Service Plan provides that the maximum mill levy imposed by the Pledge Districts for payment of debt service and operation and maintenance expenses may not exceed 70 mills without additional consent of the City. This cap is subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur after the date of adoption of the Service Plan. For tax collection year 2024, the District imposed a total mill levy of 90.370 mills and District No. 3 imposed a total mill levy of 88.518 mills.

Debt Service Mill Levies. The District currently imposes debt service mill levies pursuant to the Junior Lien Indenture (i.e., the Junior Lien Required Mill Levy) and the Junior Subordinate Indenture (i.e., the Junior Subordinate Required Mill Levy), and District No. 3 currently imposes debt service mill levies pursuant to the Junior Lien Pledge Agreement and the Junior Subordinate Pledge Agreement. The Junior Lien Required Mill Levy is defined, generally, as a mill levy not in excess of 55.477 mills, as adjusted **less the Senior Required Mill Levy and**

the Subordinate Required Mill Levy. The Junior Subordinate Required Mill Levy is defined, generally, as a mill levy not in excess of 50 mills, as adjusted, **less the Senior Required Mill Levy, the Subordinate Required Mill Levy and the Junior Lien Required Mill Levy.** For tax collection year 2024, the District imposed a debt service mill levy of 71.005 mills, and District No. 3 imposed a debt service mill levy of 69.550 mills.

Operations and Maintenance Mill Levy. At the District No. 2 Election, the District’s electors authorized the District to impose and collect up to \$1,000,000 annually by way of a mill levy without limitation as to rate to pay the District’s operations and maintenance expenses. At the District No. 3 Election, District No. 3’s electors authorized District No. 3 to impose and collect up to \$1,000,000 annually by way of a mill levy without limitation as to rate to pay District No. 3’s operations and maintenance expenses. In levy year 2022 (for collection in 2023), the District imposed an operations and maintenance mill levy of 17.025 mills, and District No. 3 imposed an operations and maintenance mill levy mill levy of 16.905 mills. Each Pledge District imposes its operations and maintenance mill levy as a “contractual fund” mill levy because the proceeds of this mill levy are paid to District No. 1 pursuant to the Amended Operations IGA. See “THE DISTRICTS – Agreements of the Districts.”

Budget Process

The Pledge Districts are required by law to adopt an annual budget setting forth: all proposed expenditures for the administration, operations, maintenance, debt service, and capital projects to be undertaken during the budget year of all offices, units, departments, boards, commissions, and institutions of the Pledge Districts; anticipated revenues; estimated beginning and ending fund balances; actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message describing the important features of the proposed budget; and explanatory schedules or statements classifying the expenditures by object and the revenues by source. No budget shall provide for expenditures in excess of revenues by source.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the Boards for the ensuing year. The Boards must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the applicable Pledge District may register his or her objections to the proposed budget. The Pledge Districts must adopt their budgets by December 15. After adoption of the budget, the Boards must enact a corresponding appropriation resolution before the beginning of the fiscal year. If a Pledge District fails to file a certified copy of its budget within thirty days following the beginning of the fiscal year (i.e., by the following January 30) with the Colorado Division of Local Government in the Department of Local Affairs, the division may authorize the County Treasurer to prohibit release of the Pledge Districts’ tax revenues and other moneys held by the County Treasurer until the Pledge District files its budget.

In general, the Pledge Districts cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which was could not have been reasonably foreseen, the Boards may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the Pledge Districts receive revenues which were unanticipated at the time of adoption of the

budget (other than property taxes), the Boards may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

Financial Statements

Under the Colorado Local Government Audit Law, Section 29-1-601, C.R.S., et seq. (the “Audit Law”), the Boards are required to cause to be made an annual audit of the financial statements of their respective Districts, unless exempt. The Audit Law provides that any local government where neither revenues nor expenditures exceed \$100,000 in any fiscal year may, with the approval of the State auditor after the completion of an application for exemption by a person skilled in governmental accounting, be exempt from the audit requirement. The Audit Law also provides that any local government where revenues or expenditures for any fiscal year are at least \$100,000 but not more than \$750,000 may, with the approval of the State auditor after the completion of an application for exemption by an independent accountant with knowledge of governmental accounting, be exempt from the audit requirement.

Within the past five years: (a) District No. 1 prepared audited financial statements for the years ended December 31, 2018-2022; (b) District No. 2 prepared audited financial statements for each of the years ended December 31, 2018-2022; and (c) District No. 3 was exempt from the audit requirement for the years ended December 31, 2018-2022. If audited financial statements are required to be prepared under State law, they must be filed with the Boards by June 30 of each year and with the State Auditor 30 days later. If any District fails to file its audit report with the State Auditor, the State Auditor may, after notice to the District, authorize the County Treasurer to prohibit release of the District’s tax revenues and other moneys held by the County Treasurer until the District files the audit report. The District’s audited financial statements for the year ended December 31, 2022, are attached hereto as Appendix A.

The Districts each use a General Fund as the primary operating fund to account for all financial resources of the government, except those required to be accounted for in another fund. The Pledge Districts each use a Debt Service Fund to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds. The Pledge Districts do not currently use a Capital Projects Fund, as all revenues and expenditures pertaining to capital expenditures for the Districts are maintained by District No. 1. District No. 1 maintains a Capital Projects Fund.

History of Revenue and Expenditures

Set forth below are five-year comparative statements of revenues, expenditures and changes in fund balance for the Districts’ General Funds, Debt Service Funds and Capital Projects Funds (as applicable to the particular District). Only the Pledge Districts are obligated to impose property taxes and pledge other revenues to pay debt service on the Bonds, as described in “SECURITY FOR THE 2024A SENIOR BONDS” and “SECURITY FOR THE 2024B SUBORDINATE BONDS.” The Pledge Districts, however, do not provide operations, maintenance, and administrative services. The Pledge Districts have engaged District No. 1 to provide these services. See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.” Although District No.1 is not obligated in any manner to pay principal of or interest on the Bonds or otherwise impose taxes or fees to pay the Bonds, the financial statements

of District No. 1 are summarized below to show the operations, maintenance, and administrative functions provided by District No. 1, using funds provided by the Pledge Districts.

The figures in the charts below have been derived from (a) District No. 1’s audited financial statements for the years 2018-2022; (b) the District’s audited financial statements for the years 2018-2022; and (c) District No. 3’s unaudited financial statements for the years 2018-2021 and audited financial statements for 2022. The financial statements are set forth in accordance with generally accepted accounting principles. The following information should be read together with the District’s 2022 audited financial statements which appear in Appendix A. Preceding years’ financial statements may be obtained from the sources noted in “INTRODUCTION – Additional Information.”

**District No. 1 Statement of Revenue, Expenditures and
Changes in Fund Balance – General Fund**

	2018	2019	2020	2021	2022
General revenues:					
Service Fees ⁽¹⁾	\$193,408	\$211,083	\$264,735	\$317,700	\$372,520
Interest	4,259	3,515	681	69	4,502
Total revenues	<u>197,667</u>	<u>214,598</u>	<u>265,416</u>	<u>317,769</u>	<u>377,022</u>
Expenditures:					
General Government	<u>192,144</u>	<u>150,708</u>	<u>258,018</u>	<u>269,332</u>	<u>297,659</u>
Total Expenditures	<u>192,144</u>	<u>150,708</u>	<u>258,018</u>	<u>269,332</u>	<u>297,659</u>
Excess (deficiency) of revenues over expenditures	<u>5,523</u>	<u>63,890</u>	<u>7,398</u>	<u>48,437</u>	<u>79,363</u>
Fund balance - beginning of year	<u>65,780</u>	<u>71,303</u>	<u>135,193</u>	<u>142,591</u>	<u>191,028</u>
Fund balance - end of year	<u>\$71,303</u>	<u>\$135,193</u>	<u>\$142,591</u>	<u>\$191,028</u>	<u>\$270,391</u>

(1) See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.”

Sources: District No. 1’s audited financial statements for the years ended December 31, 2018-2022.

**District No. 1 Statement of Revenue, Expenditures and
Changes in Fund Balance – Capital Projects Fund**

	2018	2019	2020	2021	2022
General revenues:					
Intergovernmental	\$ --	\$ --	\$367,725	\$1,062,031	\$8,681
Other	--	--	13,841	--	164,558
Total revenues	<u>--</u>	<u>--</u>	<u>381,566</u>	<u>1,062,031</u>	<u>173,239</u>
Expenditures:					
General Government	43,187	20,011	370,147 ⁽¹⁾	16,216	137,397
Developer Advance Repayment	12,895,741	--	--	--	--
Capital Outlay	6,611,927	3,449,160	6,983,403	2,990,770	246,369
Total Expenditures	<u>19,550,855</u>	<u>3,469,171</u>	<u>7,353,550</u>	<u>3,006,986</u>	<u>383,766</u>
Excess (deficiency) of revenues over expenditures	<u>(19,550,855)</u>	<u>(3,469,171)</u>	<u>(6,971,984)</u>	<u>(1,944,955)</u>	<u>(210,527)</u>
Other Financing Sources					
Developer Advances	2,837,392	3,620,626	6,921,692	2,331,708	--
Developer Advances Repayment	--	--	--	--	(16,316,276)
Transfer from District No. 2	16,808,127	--	--	--	16,316,276
Total Other Financing Sources	<u>19,645,519</u>	<u>3,620,626</u>	<u>6,921,692</u>	<u>2,331,708</u>	<u>--</u>
Fund balance - beginning of year	<u>179,619</u>	<u>274,283</u>	<u>425,738</u>	<u>375,446</u>	<u>762,199</u>
Fund balance - end of year	<u>\$274,283</u>	<u>\$425,738</u>	<u>\$375,446</u>	<u>\$762,199</u>	<u>\$551,672</u>

(1) This increase is attributable to the manner in which District No. 1's auditor included certain capital outlay soft costs within this category in 2020.

Sources: District No. 1's audited financial statements for the years ended December 31, 2018-2022.

District No. 2 Statement of Revenue, Expenditures and
Changes in Fund Balance – General Fund

	2018	2019	2020	2021	2022
General revenues:					
Taxes	\$196,227	\$214,491	\$234,246	\$237,502	\$241,813
Interest and Other Income	285	547	39	141	201
Total revenues	<u>196,512</u>	<u>215,038</u>	<u>234,285</u>	<u>237,643</u>	<u>242,014</u>
Expenditures:					
General Government ⁽¹⁾	<u>196,512</u>	<u>215,038</u>	<u>234,285</u>	<u>237,643</u>	<u>242,014</u>
Total Expenditures	<u>196,512</u>	<u>215,038</u>	<u>234,285</u>	<u>237,643</u>	<u>242,014</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(1) Consists primarily of funds transferred to District No. 1. See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.”

Sources: District No. 2’s audited financial statements for the years ended December 31, 2018-2022.

**District No. 2 Statement of Revenue, Expenditures and
Changes in Fund Balance – Debt Service Fund**

	2018	2019	2020	2021	2022
General revenues:					
Taxes	\$719,498	\$786,445	\$858,894	\$870,870	\$886,660
Service Fees	1,880	1,902	127,676	312,323	495,088
Interest and other income	102,321	82,380	22,407	1,621	44,547
Total revenues	<u>823,699</u>	<u>870,727</u>	<u>1,008,977</u>	<u>1,184,814</u>	<u>1,426,295</u>
Expenditures:					
Current					
General Government	13,260	20,468	22,034	22,299	537,325
Debt Issuance Costs	840,476	--	--	--	--
Debt Service					
Principal	11,635,000	--	--	--	--
Interest	1,196,760	1,502,350	1,502,350 ⁽²⁾	1,502,350 ⁽²⁾	1,502,350 ⁽²⁾
Total Expenditures	<u>13,685,496</u>	<u>1,522,818</u>	<u>1,524,384</u>	<u>1,524,649</u>	<u>2,039,675</u>
Excess (deficiency) of revenues over expenditures	<u>(12,861,797)</u>	<u>(652,091)</u>	<u>(515,407)⁽²⁾</u>	<u>(339,835)⁽²⁾</u>	<u>(613,380)⁽²⁾</u>
Other financing sources					
Loan or bond proceeds	33,214,116	--	--	--	16,316,276
Developer Contributions	--	--	--	--	528,486
Transfer to District No. 1 ⁽¹⁾	<u>(16,808,127)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(16,316,276)</u>
Total other financing sources	<u>16,405,989</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>528,486</u>
Fund balance - beginning of year	<u>368,906</u>	<u>3,913,098</u>	<u>3,261,007</u>	<u>2,745,600</u>	<u>2,405,765</u>
Fund balance - end of year	<u>\$3,913,098</u>	<u>\$3,261,007</u>	<u>\$2,745,600</u>	<u>\$2,405,765</u>	<u>\$2,320,871</u>

(1) Represents the transfer of loan or bond proceeds to District No. 1 for capital projects. See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.”

(2) For a description of Trustee draws on the 2018 Senior Surplus Fund and 2018 Reserve Fund to pay interest on the 2018A Bonds from 2020-2022, see “RISK FACTORS – Past Surplus Fund and Reserve Fund Draws on the 2018A Bonds.”

Sources: District No. 2’s audited financial statements for the years ended December 31, 2018-2022.

**District No. 3 Statement of Revenue, Expenditures and
Changes in Fund Balance – General Fund**

	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022
General revenues:					
Property taxes	\$ 481	\$ 2,269	\$ 33,111	\$80,606	\$128,311
Specific ownership taxes	42	196	2,373	6,145	9,179
Interest and other	--	--	--	43	102
Total revenues	<u>523</u>	<u>2,465</u>	<u>35,484</u>	<u>86,794</u>	<u>137,592</u>
Expenditures:					
Contract services to District No. 1 ⁽¹⁾	513	2,420	34,822	85,181	135,024
Administrative	10	45	662	1,613	2,568
Total expenditures	<u>523</u>	<u>2,465</u>	<u>35,484</u>	<u>86,794</u>	<u>137,592</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(1) See "THE DISTRICTS – Agreements of the Districts – Amended Operations IGA."

Sources: District No. 3's unaudited financial statements for the years ended December 31, 2018-2022.

**District No. 3 Statement of Revenue, Expenditures and
Changes in Fund Balance – Debt Service Fund⁽¹⁾**

	Unaudited 2020	Unaudited 2021	Unaudited 2022
General revenues:			
Property tax	\$121,400	\$295,548	\$470,474
Specific ownership tax	8,701	22,532	33,657
Interest and Other Income	3	157	375
	130,104	318,237	504,505
Expenditures:			
Payment for services to District No. 2	127,676	312,323	495,088
County Treasurer’s fees	2,428	5,914	9,417
Total expenditures	130,104	318,237	504,505
Excess (deficiency) of revenues over expenditures	--	--	--
Fund balance - beginning of year	--	--	--
Fund balance - end of year	\$ --	\$ --	\$ --

(1) Unaudited financial statements for 2018 and 2019 do not specify amounts in the Debt Service Fund. Complete information may be obtained from the sources noted in “INTRODUCTION – Additional Information.”

Sources: District No. 3’s unaudited financial statements for the years ended December 31, 2020-2022.

Budget Summary and Comparison

Set forth hereafter are statements of the Districts’ 2023 and 2024 budget for each governmental fund as compared to the District’s 2023 actual figures (unaudited). See “FORWARD-LOOKING STATEMENTS.”

District No. 1 Budget Summary and Comparison – General Fund

	2023		2024
	Budget	Unaudited Actual	Budget
Revenues:			
Service Fees ⁽¹⁾	\$449,601	\$448,305	\$733,087
Interest and Other Income	--	38,117	8,500
Total revenues	<u>449,601</u>	<u>486,422</u>	<u>741,587</u>
Expenditures:			
General Government	<u>424,850</u>	<u>322,469</u>	<u>506,300</u>
Total expenditures	<u>424,850</u>	<u>322,469</u>	<u>506,300</u>
Excess (deficiency) of revenues over expenditures	<u>24,751</u>	<u>163,953</u>	<u>235,287</u>
Fund balance - beginning of year	<u>223,757</u>	<u>275,047</u>	<u>413,558</u>
Fund balance - end of year	<u>\$248,508</u>	<u>\$439,000</u>	<u>\$648,845</u>

(1) See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.”

Sources: District No. 1’s 2023 and 2024 budgets and unaudited 2023 financial statements.

District No. 1 Budget Summary and Comparison – Capital Projects Fund

	2023		2024
	Budget	Unaudited Actual	Budget
Revenues:			
Capital Advance	\$1,806,414	\$1,397,137	\$762,829
Other	--	29,272	--
Total revenues	<u>1,806,414</u>	<u>1,426,409</u>	<u>762,829</u>
Expenditures:			
General Government	25,000	18,750	24,960
Engineering and surveying	20,000	4,186	2,500
Capital Outlay	2,523,886	1,598,189	735,369
Total expenditures	<u>2,568,886</u>	<u>1,609,657</u>	<u>762,829</u>
Excess (deficiency) of revenues over expenditures	<u>(762,472)</u>	<u>(183,248)</u>	<u>--</u>
Fund balance - beginning of year	<u>762,472</u>	<u>547,017</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$363,768</u>	<u>\$ --</u>

(1) See "THE DISTRICTS – Agreements of the Districts – Amended Operations IGA."

Sources: District No. 1's 2023 and 2024 budgets and unaudited 2023 financial statements.

District No. 2 Budget Summary and Comparison – General Fund

	2023		2024
	Amended Budget	Unaudited Actual	Budget
Revenues:			
Property taxes	\$240,997	\$240,610	\$330,994
Specific ownership taxes	18,075	17,361	24,825
Interest and other	5,000	104	5,000
Total revenues	<u>264,072</u>	<u>258,074</u>	<u>360,819</u>
Expenditures:			
Payment for services to District No. 1 ⁽¹⁾	254,252	253,260	349,199
County treasurer's fees	4,820	4,814	6,620
Contingency	5,000	--	5,000
Total expenditures	<u>264,072</u>	<u>258,074</u>	<u>360,819</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(1) See "THE DISTRICTS – Agreements of the Districts – Amended Operations IGA."

Sources: District No. 2's 2023 and 2024 budgets and unaudited 2023 financial statements.

District No. 2 Budget Summary and Comparison – Debt Service Fund

	2023		2024
	Amended Budget	Unaudited Actual	Budget
Revenues:			
Property taxes	\$883,685	\$882,265	\$1,213,643
Specific ownership taxes	66,276	63,657	91,023
Service fee: District No. 3 ⁽¹⁾	716,279	715,164	1,407,606
Interest and other	10,000	119,095	100,000
Total revenues	<u>1,676,241</u>	<u>1,780,181</u>	<u>2,812,272</u>
Expenditures:			
Bond interest ⁽²⁾	1,502,350	1,502,350	1,494,256
Bond Principal	175,000	175,000	310,000
Debt service fees	6,000	--	6,000
County treasurer's fee	17,674	17,653	24,273
Contingency	10,000	--	10,000
Total expenditures	<u>1,711,024</u>	<u>1,695,003</u>	<u>1,844,529</u>
Excess (deficiency) of revenues over expenditures	<u>(34,783)</u>	<u>85,178</u>	<u>967,743</u>
Fund balance - beginning of year	<u>2,277,051</u>	<u>2,320,871</u>	<u>2,370,288</u>
Fund balance - end of year	<u>\$2,242,268</u>	<u>\$2,406,050</u>	<u>\$3,338,031</u>

(1) See "THE DISTRICTS – Agreements of the Districts – Amended Operations IGA."

(2) Represents interest payments on the 2018A Bonds.

Sources: District No. 2's 2023 and 2024 budgets and unaudited 2023 financial statements.

District No. 3 Budget Summary and Comparison – General Fund

	2023		2024
	Budget	Unaudited Actual	Budget
Revenues:			
Property taxes	\$185,165	\$185,309	\$363,875
Specific ownership taxes	13,887	13,338	27,291
Interest and other	5,000	105	5,000
Total revenues	<u>204,052</u>	<u>198,753</u>	<u>396,166</u>
Expenditures:			
Payment for services to District No. 1 ⁽¹⁾	195,349	195,045	383,888
County treasurer’s fees	3,703	3,708	7,278
Contingency	5,000	--	5,000
Total expenditures	<u>204,052</u>	<u>198,753</u>	<u>396,166</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(1) See “THE DISTRICTS – Agreements of the Districts – Amended Operations IGA.”

Sources: District No. 3’s 2023 and 2024 budgets and unaudited 2023 financial statements.

District No. 3 Budget Summary and Comparison – Debt Service Fund

	2023		2024
	Budget	Unaudited Actual	Budget
Revenues:			
Property taxes	\$678,938	\$679,467	\$1,334,223
Specific ownership taxes	50,920	48,908	100,067
Interest and other	10,000	386	10,000
Total revenues	<u>739,858</u>	<u>728,761</u>	<u>1,444,290</u>
Expenditures:			
Payment for services to District No. 2 ⁽¹⁾	716,279	715,164	1,407,606
County treasurer's fee	13,579	13,597	26,684
Contingency	10,000	--	10,000
Total expenditures	<u>739,858</u>	<u>728,761</u>	<u>1,444,290</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - beginning of year	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance - end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(1) See "THE DISTRICTS – Agreements of the Districts – Amended Operations IGA."

Sources: District No. 3's 2023 and 2024 budgets and unaudited 2023 financial statements.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in the State, the County and the City. It is intended only to provide prospective investors with general information regarding the Pledge Districts' community. The information was obtained from the sources indicated and is limited to the time periods indicated. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

Population and Age Distribution

Population. The following table sets forth a history of the populations of the City, the County, and the State.

Population

<u>Year</u>	<u>City of Loveland</u>	<u>Percent Change</u>	<u>Larimer County</u>	<u>Percent Change</u>	<u>State of Colorado</u>	<u>Percent Change</u>
1980	30,215	--	149,184	--	2,889,735	--
1990	37,357	23.6%	186,136	24.8%	3,294,394	14.0%
2000	50,608	35.5	251,494	35.1	4,301,261	30.6
2010	66,859	32.1	299,630	19.1	5,029,196	16.9
2020	76,378	14.2	359,066	19.8	5,773,714	14.8
2021	77,027	0.8	362,774	1.0	5,811,026	0.6
2022	77,913	1.2	366,843	1.1	5,838,736	0.5

Sources: U.S. Bureau of the Census (1980-2020), and Colorado State Demography Office (2021-2022 estimates which are subject to change).

Age Distribution. The following table sets forth a projected comparative age distribution profile for the City, the County, the State and the nation on January 1, 2024.

Age Distribution Projections

Age	Percent of Population			
	City of Loveland	Larimer County	Colorado	United States
0-17	18.5%	18.5%	20.8%	21.1%
18-24	7.0	11.4	9.5	9.8
25-34	13.8	15.0	14.6	13.0
35-44	13.5	13.5	14.2	12.9
45-54	11.5	11.5	12.3	12.0
55-64	12.4	11.3	11.8	12.6
65-74	12.8	11.2	10.2	10.8
75 and Older	10.5	7.6	6.6	7.8

Source: @Claritas, LLC 2024.

Income

The following table sets forth annual per capita personal income levels for the County, the State and the nation.

Per Capita Personal Income

Year	Larimer County	Colorado	United States
2018	\$53,689	\$57,794	\$53,309
2019	56,220	61,258	55,547
2020	59,762	64,852	59,153
2021	65,501	71,923	64,430
2022	67,849	75,722	65,470

(1) County figures posted November 2023; state and national figures posted September 2023. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

<u>Year⁽²⁾</u>	<u>City of Loveland</u>	<u>Larimer County</u>	<u>Colorado</u>	<u>United States</u>
2020	\$59,785	\$63,040	\$62,340	\$54,686
2021	63,101	65,156	64,415	56,093
2022	70,321	72,693	73,494	63,680
2023	70,224	73,700	74,827	64,600
2024	69,212	74,285	77,298	67,310

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

(2) Annual estimates are snapshots of effective buying income for the date of January 1 of each year.

Sources: Claritas, ©2020-2021 by Environics Analytics (EA); and @Claritas, LLC 2022-2024.

Percent of Households by Effective Buying Income Groups – 2024 Estimates⁽¹⁾

<u>Effective Buying Income Group</u>	<u>City of Loveland Households</u>	<u>Larimer County Households</u>	<u>Colorado Households</u>	<u>United States Households</u>
Less than \$24,999	11.6%	12.2%	11.7%	15.4%
\$25,000 - 49,999	21.3	19.0	18.6	21.2
\$50,000 - 74,999	21.9	19.3	18.1	18.8
\$75,000 - 99,999	18.1	15.6	15.5	14.6
\$100,000 - 124,999	10.9	11.0	11.7	10.2
\$125,000 - 149,999	5.5	6.7	7.2	6.0
\$150,000 - 199,999	5.5	7.6	8.0	6.3
\$200,000 or More	5.2	8.6	9.2	7.5

(1) Estimates are snapshots of income groups on January 1, 2024.

Source: @Claritas, LLC 2024.

Employment

The following table presents information on employment within the County, the State and the nation for the time period indicated.

Labor Force and Percent Unemployed

Year	Larimer County ⁽¹⁾		Colorado ⁽¹⁾		United States ⁽¹⁾
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2018	199,614	2.6%	3,054,347	3.0%	3.9%
2019	203,381	2.3	3,105,584	2.7	3.7
2020	201,409	5.9	3,088,995	6.8	8.1
2021	207,700	4.7	3,158,144	5.4	5.3
2022	210,796	2.7	3,200,625	3.0	3.6
<u>Month of December</u>					
2022	209,338	2.3%	3,202,346	2.5%	3.3%
2023	216,535	2.8	3,235,414	3.2	3.5

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data; and U.S. Department of Labor, Bureau of Statistics.

The following table sets forth the number of individuals employed within selected industries in the County which are covered by unemployment insurance. In 2022, the largest employment sector in the County was government (comprising approximately 21.3% of the County's work force), followed, in order, by retail trade; accommodation and food services; health care and social assistance; and manufacturing. For the twelve-month period ended December 31, 2022, total average employment in the County increased 4.2% as compared to the same period ending December 31, 2021 and total average weekly wages increased 5.2% during the same time period.

Average Number of Employees Within Selected Industries – County

<u>Industry</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023⁽¹⁾</u>
Agriculture, Forestry, Fishing, Hunting	854	988	946	926	906	897
Mining	507	559	487	448	407	404
Utilities	265	270	279	289	289	296
Construction	11,127	11,258	11,092	11,553	11,673	11,213
Manufacturing	14,371	14,632	13,973	14,547	15,016	15,318
Wholesale Trade	4,829	5,178	5,152	5,329	5,873	5,962
Retail Trade	19,359	19,370	18,480	19,573	19,902	19,187
Transportation & Warehousing	2,854	2,884	3,279	3,738	3,669	3,771
Information	3,021	3,348	3,052	2,790	2,648	2,473
Finance & Insurance	3,605	3,410	3,367	3,437	3,627	3,604
Real Estate, Rental & Leasing	3,014	3,128	3,046	3,191	3,213	3,076
Professional & Technical Services	10,647	10,818	11,171	11,593	13,062	13,614
Management of Companies/Enterprises	882	1,017	1,030	1,122	1,008	965
Administrative & Waste Services	8,666	8,557	7,915	7,785	7,765	7,606
Educational Services	1,848	1,871	1,638	1,751	1,893	1,993
Health Care & Social Assistance	16,061	16,625	16,201	16,734	17,015	17,513
Arts, Entertainment & Recreation	2,718	2,878	2,221	2,570	2,949	3,021
Accommodation & Food Services	19,130	19,235	15,251	17,191	18,794	18,606
Other Services	4,733	5,028	4,681	4,938	5,252	5,486
Non-classifiable	24	21	31	27	29	103
Government	<u>33,759</u>	<u>34,725</u>	<u>34,499</u>	<u>35,146</u>	<u>36,559</u>	<u>38,200</u>
Total ⁽²⁾	<u>162,274</u>	<u>165,799</u>	<u>157,790</u>	<u>164,680</u>	<u>171,548</u>	<u>173,308</u>

(1) Averaged figures through 2nd Quarter 2023.

(2) Figures may not calculate due to the rounding of averages.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Major Employers

The following table sets forth the major private non-retail employers in the County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers.

Largest Private Employers in the County (2021-2022)

<u>Employer</u>	<u>Product or Service</u>	<u>Estimated Number of Employees⁽¹⁾</u>
UCHealth: Poudre Valley Hospital	Healthcare	6,860
Columbine Health Systems	Healthcare	1,670
Broadcom Inc.	Semiconductor components	1,500
Banner Health: McKee Medical Center	Healthcare	1,500
Hewlett Packard	Technology product design	1,280
Woodward Inc.	Speed controls	1,250
Hach Company	Analytical instruments	880
Qualfon	Customer care center	800
Tolmar, Inc.	Pharmaceuticals	780
Nutrien	Fertilizer & micronutrient products	740

(1) Revised June 2021.

Source: Development Research Partners as posted by Metro Denver Economic Development Corporation.

Retail Activity

The following table sets forth annual retail sales figures for the City, the County, and the State.

Retail Sales
(in thousands of dollars)

<u>Year</u>	<u>City of Loveland</u>	<u>Percent Change</u>	<u>Larimer County</u>	<u>Percent Change</u>	<u>Colorado</u>	<u>Percent Change</u>
2018	\$2,995,459	--	\$11,343,271	--	\$206,121,045	--
2019	3,412,581	13.9%	12,432,024	9.6%	224,618,938	9.0%
2020	3,502,063	2.6	13,370,801	7.6	228,812,220	1.9
2021	4,072,362	16.3	15,112,749	13.0	268,328,759	17.3
2022	4,674,402	14.8	16,974,684	12.3	299,923,778	11.8
2023 ⁽¹⁾	4,374,885	--	15,485,584	--	268,210,019	--

(1) As of November 30, 2023.

Source: State of Colorado, Department of Revenue, Retail Sales Report, 2018-2023.

Current Construction

The following table sets forth a history of building permits issued in the City during the time period indicated.

Building Permit Issuances for New Structures in the City

Year	New Residential ⁽¹⁾		New Multi-Family		New Non-Residential ⁽²⁾	
	Permits	Value	Permits	Value	Permits	Value
2019	246	\$63,602,464	2	\$26,684,962	33	\$36,935,123
2020	486	137,432,430	9	22,606,314	23	74,648,632
2021	532	169,546,863	29	46,901,973	43	112,662,832
2022	466	154,799,742	30	94,365,664	63	523,691,518
2023	243	79,623,489	37	127,007,150	32	65,714,683
2024 ⁽³⁾	9	3,089,416	--	--	1	1,750,000

(1) Includes single family detached and attached (1-2 dwelling units and 3+ dwelling units), accessory dwelling unit (ADU), accessory structure residential, and duplex dwelling.

(2) Includes accessory structure, educational, industrial, mixed use, office, public building, recreational/amusement, restaurant, retail, service station, repair garage, car wash, and warehouse/storage.

(3) As of January 31, 2024.

Source: City of Loveland Building Division.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in the County during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures – County

Year	Number of Foreclosure Filed	Percent Change
2019	202	--
2020	82 ⁽¹⁾	(59.4)%
2021	56 ⁽¹⁾	(31.7)
2022	179	219.6
2023	216	20.7
2024 ⁽²⁾	13	--

(1) The Colorado Division of Housing has advised that, due to a variety of legal restrictions and voluntary decisions by lenders related primarily to COVID-19, the 2020-22 data for foreclosure activity may not accurately reflect the foreclosure activity that would have occurred during 2020-22 absent those restrictions and decisions.

(2) Filings as of January 31, 2024, which compares to a total of 19 filings for the same period in 2023.

Sources: Colorado Division of Housing (2019-2020) and Larimer County Public Trustee Office (2021-2024).

TAX MATTERS

Federal Tax Matters

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Bonds for the investors described below and is based on the advice of Kline Alvarado Veio, P.C., as Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Bonds.

General

In the opinion of Kline Alvarado Veio, P.C., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b)) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate alternative minimum tax.

The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal tax purposes. The opinion set forth above is subject to continuing compliance by the District and others with such covenants. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income retroactive to the date of issue of such Bonds.

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

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

Exemption Under State Tax Law

In Bond Counsel’s further opinion, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

See also “APPENDIX F – FORMS OF BOND COUNSEL OPINIONS.”

LEGAL MATTERS

Litigation

The Pledge Districts and their general counsel state that no litigation of any nature is now pending or, to the best of their knowledge, threatened, seeking to restrain or to enjoin the execution, issuance, or delivery of the Bonds or the Indentures, the execution or performance of the Pledge Agreements, or the levy or collection of any taxes to pay the obligations under the Pledge Agreements or the principal of or interest on the Bonds, or in any manner questioning the issuance of the Bonds, the execution of the Indentures, the execution or performance of the Pledge Agreements, or the levy or collection of said taxes, or affecting the validity of any of the foregoing elections, the Bonds, the Indentures, the Pledge Agreements or the levy or collection of said taxes; and no litigation of any nature is now pending or, to the best of their knowledge, threatened, which, if determined adversely to the Pledge Districts, would have a material adverse effect upon the District’s ability to comply with its obligations under the Bond Resolution or the Indentures, the Pledge Districts’ ability to comply with their obligations under the Pledge Agreements, or the ability of any of the Pledge Districts to consummate the transactions contemplated thereby.

Sovereign Immunity

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

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$424,000 for claims accruing on or after January 1, 2022, and before January 1, 2026; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,195,000 for claims accruing on or after January 1, 2022, and before January 1, 2026, except in such instance, no person may recover in excess of \$424,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The Pledge Districts may increase any maximum amount that may be recovered from the Pledge Districts for certain types of injuries. However, the Pledge Districts may not be held liable either directly or by indemnification for punitive or exemplary damages unless the Pledge Districts voluntarily pay such damages in accordance with State law. The Pledge Districts have not acted to increase the damage limitations in the Immunity Act.

The Pledge Districts may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Pledge Districts may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Bonds for purposes of federal and State income taxation, are subject to the approving legal opinions of Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel. Such opinions, the forms of which are attached hereto as Appendix F, will be dated as of and delivered at closing. Certain legal matters pertaining to the organization and operation of the Pledge Districts will be passed upon by its general counsel, Icenogle Seaver Pogue, P.C., Denver, Colorado. Legal

fees to Bond Counsel and Underwriter's counsel are contingent upon the sale and delivery of the Bonds. In addition, Kline Alvarado Veio, P.C., represents the Underwriter from time to time in connection with certain unrelated matters. Such firm does not represent the Underwriter or any other party (other than the District) in connection with the issuance of the Bonds.

Certain Constitutional Limitations

In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or "TABOR"). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the Pledge Districts ("local governments"), but does not apply to "enterprises," defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the Pledge Districts, including their ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so. The Pledge Districts' voters have approved election questions which authorize the Pledge Districts to retain excess revenues which may otherwise be required by TABOR to be refunded to taxpayers. In addition, the District's voters approved the issuance of the Bonds at the District No. 2 Election and District No. 3's voters approved the Pledge Agreements at the District No. 3 Election. See "DISTRICT DEBT STRUCTURE."

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The Pledge Districts have budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

RATINGS

2024A Senior Bonds. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to provide the insured rating set forth on the cover page hereof for the 2024A Senior Bonds, based upon the issuance of the 2024A Bond Insurance Policy, and is expected to provide the underlying rating set forth on the cover page hereof for the 2024A Senior Bonds, without regard to the 2024A Bond Insurance Policy.

2024B Subordinate Bonds. S&P is expected to provide the insured rating set forth on the cover page hereof for the 2024B Subordinate Bonds, based upon the issuance of the 2024B Bond Insurance Policy. S&P will not provide an underlying rating on the 2024B Subordinate Bonds.

Notice Regarding Ratings. Additional information regarding the ratings may be obtained from S&P. The ratings reflect only the views of S&P, and there is no assurance that any rating will continue for any given period of time after obtained or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Neither the District (other than pursuant to its obligations under the Continuing Disclosure Agreement) nor the Underwriter have undertaken any responsibility either to bring to the 2024A Owners', the 2024B Owners' or the Participants' attention any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2024A Senior Bonds or the 2024B Subordinate Bonds, as applicable.

UNDERWRITING

Wells Fargo Securities, LLC, Denver, Colorado (the "Underwriter") has agreed to purchase the 2024A Senior Bonds from the District under a Bond Purchase Agreement at a purchase price equal to \$_____ (which is equal to the par amount of the Bonds of \$_____, less Underwriter's discount of \$_____). The Underwriter has also agreed to purchase the 2024B Subordinate Bonds from the District under a Bond Purchase Agreement at a

purchase price equal to \$_____ (which is equal to the par amount of the 2024B Subordinate Bonds, less Underwriter's discount of \$_____). The Underwriter is committed to take and pay for all of the Bonds if any are taken.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of NYSE, FINRA, National Futures Association and SIPC.

Wells Fargo Securities, LLC ("WFSLLC"), the sole underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA") for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFSLLC will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFSLLC has also entered into an agreement (the "WFBNA Distribution Agreement") with its affiliate, Wells Fargo Bank, N.A., acting through its Municipal Finance Group ("WFBNA"), for the distribution of municipal securities offerings, including the 2024A Senior Bonds. Pursuant to the WFBNA Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MUNICIPAL ADVISOR

Piper Sandler & Co., Denver, Colorado (the "Municipal Advisor") has served as municipal advisor to the District with respect to the Bonds. The Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Bonds. In its role of municipal advisor to the District, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto. See "INTRODUCTION - Additional Information" for contact information for the Municipal Advisor.

INDEPENDENT AUDITORS

The most current audited financial statements of the District for the year ended December 31, 2022, have been included herein as Appendix A. The financial statements have been audited by John Cutler & Associates LLC, Certified Public Accountants, Denver, Colorado, as stated in their report appearing herein.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution have been authorized by the District. This Official Statement is hereby duly approved by the District as of the date on the cover page hereof.

**THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2**

By: _____
President

APPENDIX A

Audited Financial Statements for the Year Ended December 31, 2022

APPENDIX B

BOOK ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such

circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX C
MARKET STUDY

APPENDIX D
FINANCIAL FORECAST

APPENDIX E
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APPENDIX F
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SUMMARY OF CERTAIN PROVISIONS OF THE
PLEDGE AGREEMENTS

APPENDIX I

ADDITIONAL BONDS PROVISIONS

2022D JUNIOR SUBORDINATE INDENTURE

2022D JUNIOR SUBORDINATE PLEDGE AGREEMENT

All Capitalized terms used in this Appendix I have the meanings given to them in the 2022D Junior Subordinate Indenture, and the 2022D Junior Subordinate Pledge Agreement, respectively.

Additional Obligations Under the 2022D Junior Subordinate Indenture. The 2022D Junior Subordinate Indenture limits the District's ability to issue Additional Obligations except as set forth below.

(a) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as Senior Obligations, Subordinate Obligations or Junior Lien Obligations. The issuance of the 2022C Junior Lien Bonds in accordance with the Junior Lien Indenture is permitted, notwithstanding any provision of the Junior Subordinate Indenture. The District shall not issue or incur any other Additional Obligations except as provided in the Junior Subordinate Indenture.

(b) The District may issue Additional Obligations constituting Senior Obligations, Subordinate Obligations or Junior Lien Obligations if such issuance is consented to by the Consent Parties with respect to 100% in aggregate principal amount of the 2022D Junior Subordinate Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting Senior Obligations without the consent of the Consent Parties provided that the following conditions are satisfied:

- a. the Senior Obligations are issued solely for the purpose of refunding all or any portion of the 2018A Senior Bonds, any other Senior Obligations, the 2018B Subordinate Bonds, any other Subordinate Obligations, and/or the 2022D Junior Subordinate Bonds, and such refunding Senior Obligations do not increase the District's maximum annual debt service on Senior Obligations in any year from that which appertained with respect to Senior Obligations prior to the issuance of such refunding Senior Obligations (excluding from such calculation any amount (x) due on such refunding Senior Obligations in any year after the maturity date of the Senior Obligations being refunded, or (y) on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District's Senior Obligations debt service in any year and shall not be permitted by this clause of the Junior Subordinate Indenture: the issuance of refunding Senior Obligations that refund only 2022D Junior Subordinate Bonds; and

- b. the Senior Obligation Surplus Fund, if any, securing such Senior Obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such Senior Obligations;
- c. the Senior Obligation Reserve Fund, if any, securing such Senior Obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such Senior Obligations;
- d. the ad valorem property tax levy pledged to the payment of the Senior Obligations shall be not higher than, and subject to the same adjustments and deductions as, the maximum ad valorem property tax levy set forth in the definition of Senior Required Mill Levy in the 2018A Senior Indenture; and
- e. the remedies for defaults under such Senior Obligations are substantially the same as the remedies applicable to the Senior Obligations being refunded.

(d) The District may issue Additional Obligations constituting Subordinate Obligations without the consent of the Consent Parties provided that the following conditions are satisfied:

- a. the Subordinate Obligations are issued solely for the purpose of refunding all or any portion of the 2018B Subordinate Bonds, any other Subordinate Obligations, and/or the 2022D Junior Subordinate Bonds, and such refunding Subordinate Obligations do not increase the District's scheduled debt service on Subordinate Obligations in any year from that which appertained with respect to Subordinate Obligations prior to the issuance of such refunding Subordinate Obligations (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District's Subordinate Obligations debt service in any year and shall not be permitted by this clause of the Junior Subordinate Indenture: (A) the issuance of refunding Subordinate Obligations that have any scheduled payment dates in any year that are after the maturity of the Subordinate Obligations being refunded, and (B) the issuance of refunding Subordinate Obligations that refund only Bonds; and
- b. the ad valorem property tax levy pledged to the payment of the Subordinate Obligations shall be not higher than, and subject to the same adjustments and deductions as, the maximum ad valorem property tax levy set forth in the definition of Subordinate Required Mill Levy in the 2022B Subordinate Indenture; and
- c. the remedies for defaults under such Subordinate Obligations are substantially the same as the remedies applicable to the Subordinate Obligations being refunded.

(e) The District may issue Additional Obligations constituting Junior Lien Obligations without the consent of the Consent Parties provided that the following conditions are satisfied:

- a. the Junior Lien Obligations are issued solely for the purpose of refunding all or any portion of the 2022C Junior Lien Bonds, any other Junior Lien Obligations, and/or the 2022D Junior Subordinate Bonds, and such refunding Junior Lien Obligations do not increase the District's scheduled debt service on Junior Lien Obligations in any year from that which appertained with respect to Junior Lien Obligations prior to the issuance of such refunding Junior Lien Obligations (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District's Junior Lien Obligations debt service in any year and shall not be permitted by this clause of the Junior Subordinate Indenture: (A) the issuance of refunding Junior Lien Obligations that have any scheduled payment dates in any year that are after the maturity of the Junior Lien Obligations being refunded, and (B) the issuance of refunding Junior Lien Obligations that refund only 2022D Junior Subordinate Bonds; and
- b. the ad valorem property tax levy pledged to the payment of the Junior Lien Obligations shall be not higher than, and subject to the same adjustments and deductions as, the maximum ad valorem property tax levy set forth in the definition of Junior Lien Required Mill Levy in the Junior Lien Indenture; and
- c. the remedies for defaults under such Junior Lien Obligations are substantially the same as the remedies applicable to the Junior Lien Obligations being refunded.

(f) A written certificate by the President or Treasurer of the District that the conditions set forth in the Junior Subordinated Indenture are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance with the Junior Subordinate Indenture.

(g) Nothing in the Junior Subordinate Indenture shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations under the Junior Subordinate Indenture.

(h) Notwithstanding any other provision contained in the Junior Subordinate Indenture, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the 2022C Junior Lien Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the Election until such time as the full amount of indebtedness represented by the 2022D Junior Subordinate Bonds has been allocated to such electoral authorization for indebtedness approved at the Election.

Additional Obligations Under the 2022D Junior Subordinate Pledge Agreement. The 2022D Junior Lien Pledge Agreement limits District No. 3's ability to issue additional obligations except as set forth below.

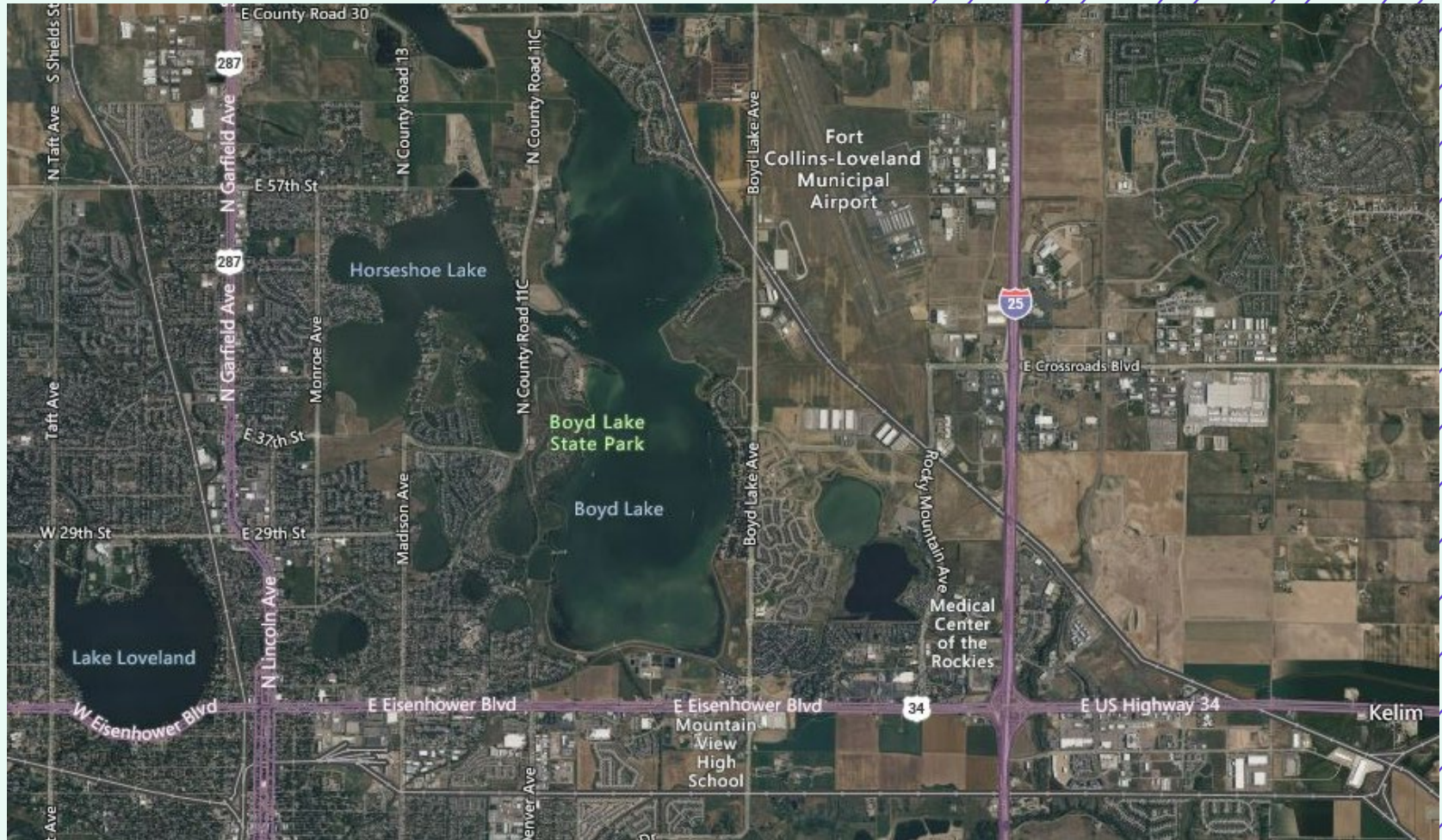
(a) Without the prior consent of the District, District No. 3 will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District No. 3 or other District No. 3 Junior Subordinate Pledged Revenue (including, but not limited to, District No. 3 Junior Inferior Obligations); provided, however, that the following obligations shall be permitted without the consent of the District:

- a. the Senior Payment Obligation, as provided in the 2018 Senior Pledge Agreement;
- b. the Subordinate Payment Obligation, as provided in the 2018 Subordinate Pledge Agreement;
- c. the Junior Lien Payment Obligation, as provided in the Junior Lien Pledge Agreement;
- d. obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases, as determined in accordance with GAAP (as defined in the Junior Subordinate Indenture)), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy, the Subordinate Required Mill Levy and the Junior Subordinate Required Mill Levy required under the Junior Subordinate Pledge Agreement, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);
- e. obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases, as determined by GAAP), so long as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Junior Subordinate Bonds in such Fiscal Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;
- f. obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions of the Junior Subordinate Pledge Agreement, when and if issued;
- g. obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;
- h. obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment

of principal or interest on any obligation permitted to be issued in accordance with the provisions of the Junior Subordinate Pledge Agreement, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

- i. any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

APPENDIX J
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



Lakes at Centerra

Prepared for:
The Lakes at Centerra Metropolitan District No. 2
March 2024

March 4, 2024

The Lakes at Centerra Metropolitan District No. 2
c/o James LaFerriere
550 W. Eisenhower Boulevard
Loveland, Colorado 80537

RE: The Lakes at Centerra Metropolitan District No. 2 Market Study

Dear District Representatives:

Zonda Advisory is pleased to present this market analysis and absorption forecast for The Lakes at Centerra Metropolitan District No. 2. We have evaluated the Northern Colorado Market area as well as the competitive area around the community and rendered our conclusions in the following report. Zonda Advisory has reviewed the financial projections utilized in sizing the proposed Bond issuance and The Lakes at Centerra District No. 2's ability to meet the debt service requirements of such Bonds including absorption rates, valuation, growth, and inflation rates, and has evaluated the same in comparison to current and projected market conditions for the Northern Colorado Market and the Lakes at Centerra Competitive Market Area.

Evan Forrest, Vice President conducted this report, with participation from Tim Sullivan, Chief Advisory Officer, and Rob Bookhout, Senior Consultant. Zonda Advisory (previously noted under Metrostudy) has been engaged in analyzing residential market conditions since 1975 with its proprietary lot-by-lot survey, and locally within the State of Colorado since 2001.

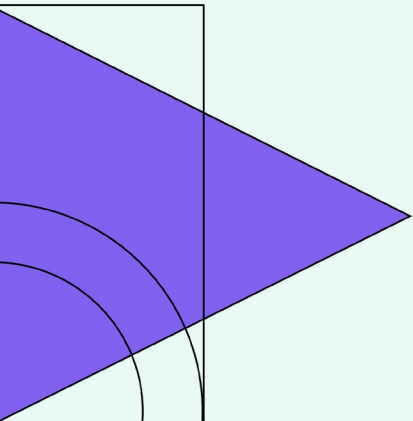
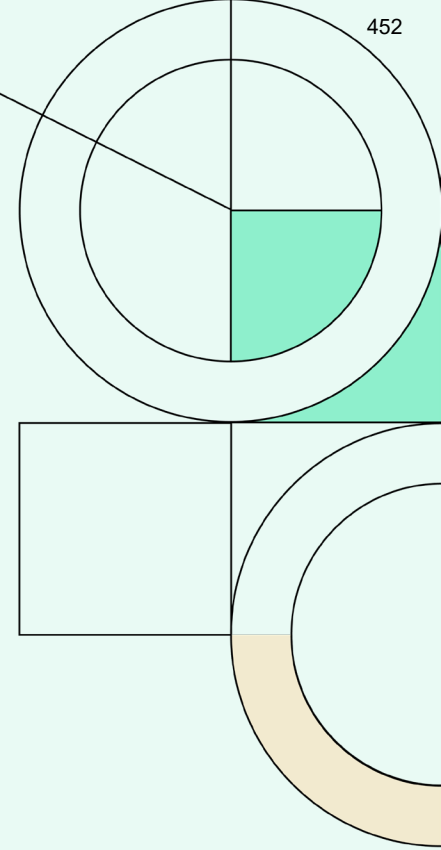
Please contact us at your convenience with any comments or questions regarding this report, or any other matter relevant to your real estate market research needs.

Respectfully Submitted,

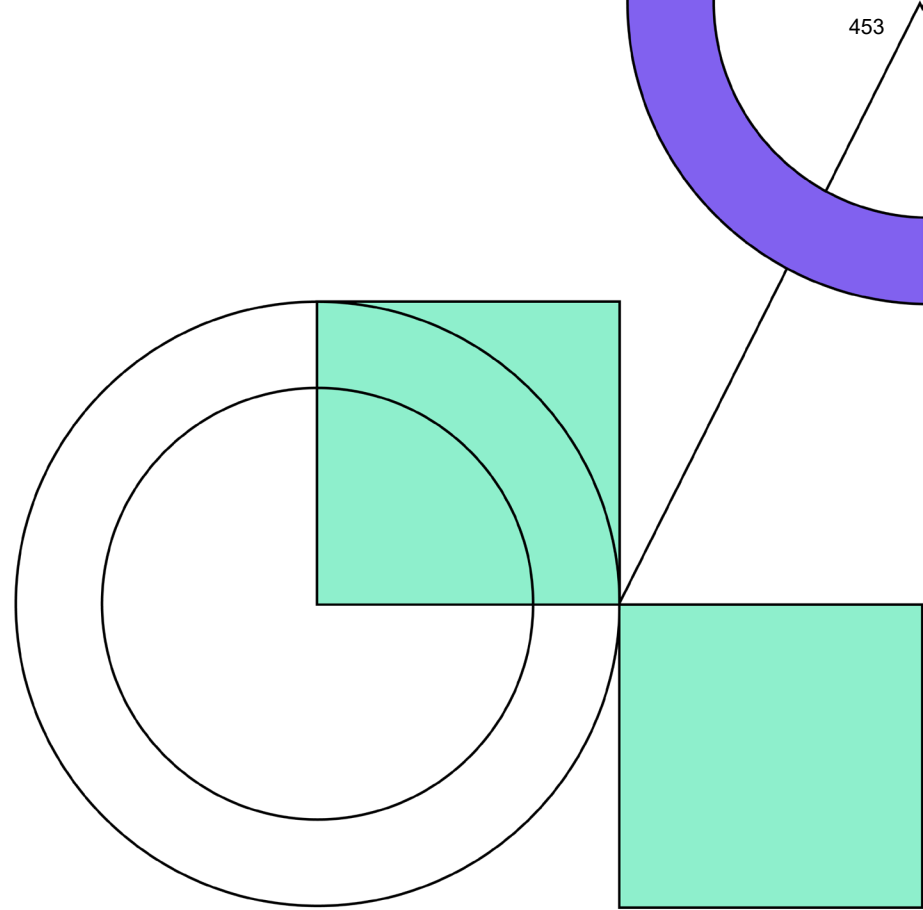
Zonda Advisory

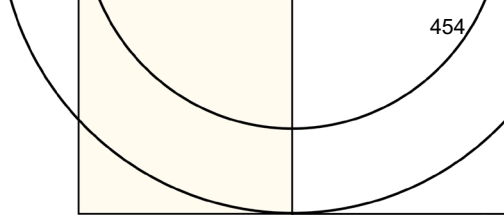


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Executive Summary



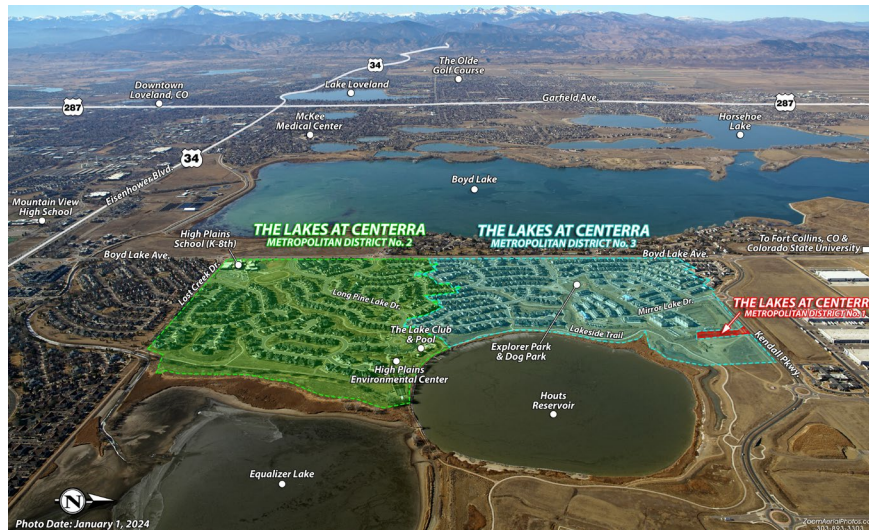


Project Overview

Executive Summary

The purpose of this report is to provide The Lakes at Centerra Metro District No. 2 with an overview of the Northern Colorado Market (“Market”) economy and the Competitive Market Area (“Lakes at Centerra CMA”, “CMA”) surrounding the property within The Lakes at Centerra Metropolitan District No. 2 and The Lakes at Centerra Metropolitan District No. 3 (collectively, the “Subject Property”) to provide insights about the positioning and absorption potential of the product within the Subject Property. The future planned parcels within the Subject Property consist of attached and a few detached for-sale residential units. The Subject Property covers a total of 1,231 total units of which roughly 239 attached condominiums and townhome units remain, over the following three product lines: 42 condominiums (Discovery), 28 townhomes (Shores), and 169 condominiums (North Shore Flats) with 3 additional single family detached homes. The Subject Property is located northwest of the intersection of Interstate 25 and East Eisenhower Boulevard within Loveland, in Larimer County. More specifically, the remaining projects are located east of Boyd Lake Avenue and south of East 37th Street, just northwest of Houts Reservoir. This report will include analysis on the for-sale residential components of the Subject Property.

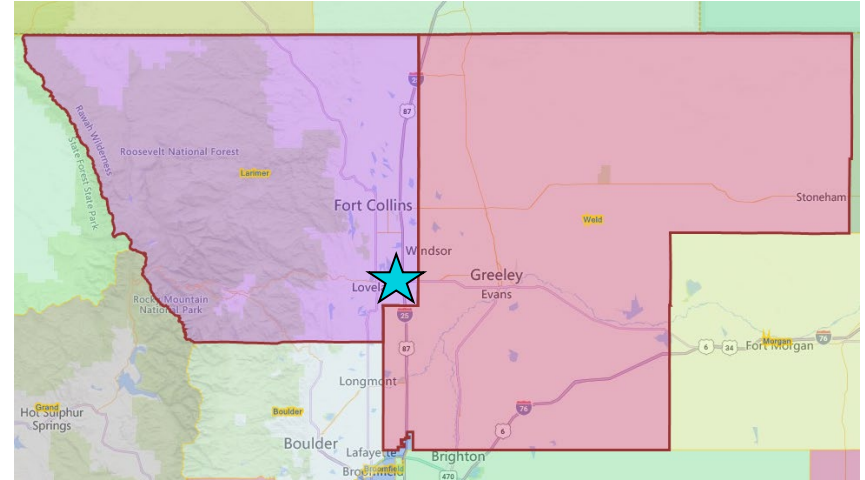
Zonda Advisory analyzed the competitive position of the for-sale product offering in the Lakes at Centerra Competitive Market Area as it relates to other for-sale communities in the Northern Colorado Market area. We have collected and reviewed data on the activity levels on new and resale for-sale housing. Zonda Advisory compiled data on the Northern Colorado Market economy, including demographics for the overall Market and the Lakes at Centerra CMA. Utilizing this data and research, Zonda Advisory has provided its conclusions about the marketability, competitive positioning, product mix, and absorption levels that should be achievable within the Subject Property’s boundaries.



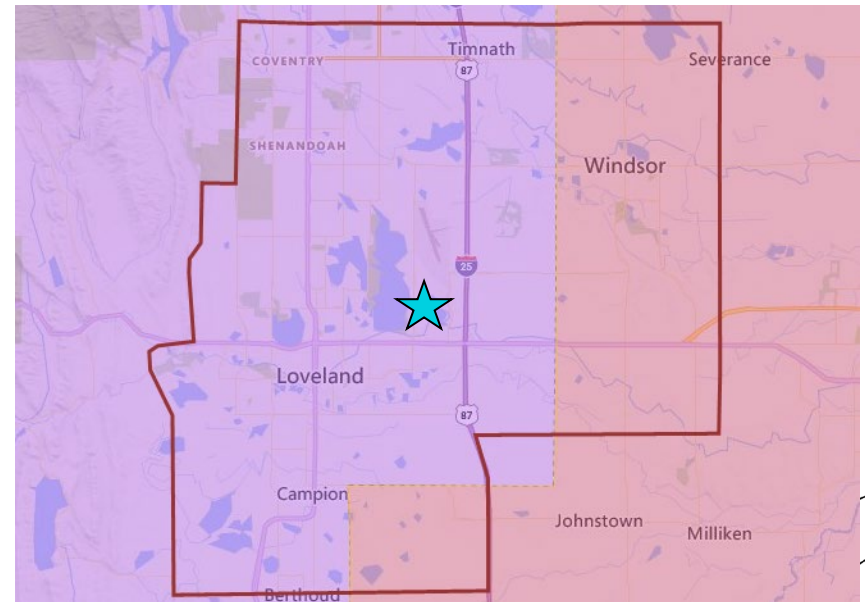
Market Area and Lakes at Centerra CMA Definitions

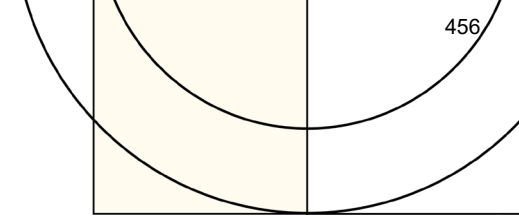
Introduction

- **Northern Colorado Market:** The Northern Colorado Market includes all of Larimer and Weld counties (Northern Colorado CBSA).



- **Lakes at Centerra CMA:** The Competitive Market Area (“CMA”) for the housing analysis has been defined to encompass a territory that includes a portion of the Northern Colorado housing market. The polygon is focused on new housing development within western Weld County and the front range corridor of Larimer County. The north border follows W. Horsetooth Road running directly east across I-25 into Weld County before cutting south at the Town of Severance; the eastern border runs near County Road 23; the south border extends to State Highway 56 in Berthoud; the west boundary follows County Road 23 on the southern end and Taft Hill Road on the northern end. The CMA boundary includes competitive developments that are comparable to the Subject Property’s product types being proposed. The boundary considers drive times, school districts, county lines, infrastructure, and other socioeconomic factors.





Socioeconomic Overview

Executive Summary

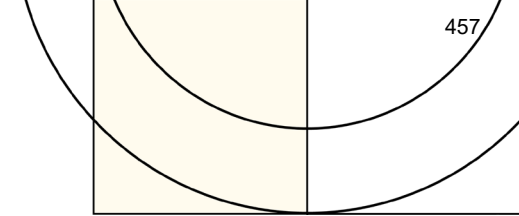
As of November 2023, employment figures by the U.S. Bureau of Labor Statistics showed that the Northern Colorado Market grew year-over-year (“YOY”). The growth rate has generally been slowing over the past year but has remained positive. Northern Colorado Market employers recorded a 6,600 annual job gain to their payrolls over the past twelve months ending in November and raised total employment levels in the Market to 297,500 workers. This marked the 32nd straight month (since April 2021) of annual employment growth in the Market and followed setting a new high in the Northern Colorado Market for employment in October with 298,000.

The Government (+2,400 jobs), Professional & Business Services (+2,300 jobs), and Educational & Health Services (+1,300 jobs) sectors led the Market in job creation over the past twelve months while the Trade, Transportation, & Utilities (-1,400 jobs), Retail Trade (-1,100 jobs), and Financial Activities (-400) showed the most net loss in job growth. The average annual growth rate in October was 2.3%, representing the 32nd consecutive month of net job growth since April 2021.

The unemployment rate in the Northern Colorado Market was at 3.0% as of November 2023, up slightly from the 2.6% posted a year ago and in-line with the pre-pandemic February 2020 reported rates. The Market’s unemployment rate was below the 3.2% statewide rate and the 3.7% national rate. Larimer County, where the Lakes at Centerra is located, had a lower unemployment rate than neighboring Weld County to the east at 2.8% versus 3.3%. Larimer County’s rate is up from the 2.5% noted a year ago and the lowest reported since May 2023.

Looking ahead, the Northern Colorado Market’s population is anticipated to continue to grow into the future, with current estimates expecting the area to surpass the 818,000 mark by 2028, while household formations are expected to rise 2.2% annually over the next five years. Estimates indicate the CMA population will rise at an annual rate of 1.4%, rising to just over 211,000 residents and nearly 82,300 households by 2028. The CMA is older in age and more affluent when compared to the Northern Colorado Market overall, with a median age of 39.2 years (Northern Colorado Market = 36.7) and median household income of \$92,224 (Northern Colorado Market = \$84,054).

Within the CMA, the greatest percentage increases are forecasted to occur in the 25-34 and 75-84 age groups, estimated to increase shares by 1.4% and 1.3%, respectively. In terms of household incomes within the CMA, the largest gains are forecasted for the \$150,000+ income range adding approximately 2,224 households over the next five years.



Northern Colorado Market

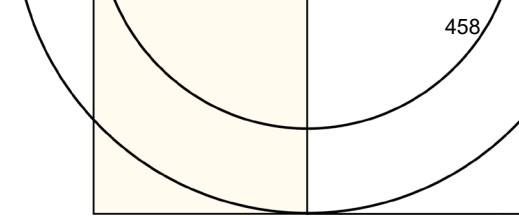
Executive Summary

Since the Great Recession, Northern Colorado’s housing market steadily rose in both volume and pricing. While still not back to the previous peak of housing starts achieved in 2006, the COVID-19 pandemic squeezed an already tight supply of housing to remarkably low levels, accelerating pent-up demand and pushing home prices to all-time highs. A strong economic growth base, steady in-migration, and historically supply-restricted housing on the resale side, the imbalance between demand and available supply provided a widening gap between owning and renting. The escalation of inflation and mortgage interest rate hikes magnified attention on this gap as monthly payments increased sharply, and some buyers lost their mortgage eligibility, while others moved to the sidelines hoping for price adjustments that have thus far not materialized in a significant way due to the low levels of supply. Demand is low, but supply is lower. As a result, new home community traffic volumes and sales contracts trended down in 2022 and 2023 until beginning to trend higher during the Spring selling season of 2023. Overall, the historically hot run in the housing market had ended, and a more normalized market has begun to emerge heading into 2024.

The Northern Colorado Market experienced a 30.4% decrease in annual starts and a 16.9% decrease in annual closings from 4Q22 to 4Q23. 2Q23 (3,073 annual starts) marked the lowest starts total since 2014, however a trough appears to have emerged with annual starts increasing to 3,241 in 4Q23. Compared to 5,160 new homes recorded in 3Q22, annual starts are still down from peak time periods but trending in a positive direction. Using reported sales as leading indicator for starts this trend is expected to continue. A total of 3,986 new homes were closed over the trailing four quarters, compared to 4,796 annual closings in 4Q22 as would be expected.

The Northern Colorado Market reported 2,290 single-family detached annual starts over the four quarters ended 4Q23, down 35.6% from the 3,556 single-family detached homes started the preceding year, a decline of 1,266 homes. Single-family detached home closings from 4Q22 to 4Q23 declined 19.2% to 3,003 and are expected to find a bottom in the first half of 2024. The single-family detached market experienced a 29.9% dip in total housing inventory to 1,665 homes (models, finished vacant, and under construction). Vacant Developed Lots (“VDL”) decreased 2.2% over the past four quarters, to 6,054 home sites from 6,191 home sites in 4Q22. With the decline in detached annual closings and annual decrease in VDL, the months-of-supply rose to 31.7 months-of-supply compared to 20.9 months-of-supply reported in 4Q22.

With single-family detached home prices escalating in recent years across the Northern Colorado Market, attached housing has gained market share. The Northern Colorado Market reported 951 attached annual starts as of 4Q23, down 13.7% from a year ago but increasing market share from 23.7% to 29.3%. Annual closings fell 8.9% to 983 attached homes closed compared to 1,079 attached home closings a year ago. Total housing inventory dropped 3.6% YOY to 863 homes. The Northern Colorado Market experienced a 2.2% decrease in the number of VDL designated for attached housing to 1,960 as of 4Q23. Months-of-supply increased from 21.8 months in 4Q22 to a 24.7-month supply as of 4Q23. However, months of supply did fall from 3Q23 to 4Q23.



Lakes at Centerra CMA

Executive Summary

Historically, the Lakes at Centerra CMA, driven by employment centers, easily accessible transportation routes, and a growing population has been a main area for new housing demand within the Northern Colorado Market. The CMA has multiple large master planned communities under development with RainDance being one of the largest closings communities in the entire Front Range with 600 closings in 2021, however, RainDance is winding down. The CMA is characterized by an array of competition that keeps individual community market share stable but competition high making consistent knowledge of pricing important for any planned community. Those communities located near major arterials, employment, and retail will have an advantage.

Annual sales in the CMA found a bottom in January 2023 with 892 reported contract sales. Over the course of 2023, annual sales have increased as the spring selling season returned to more normalized seasonal numbers. Through December 2023, annual contract sales increased 32.8% that should in turn signal a continued increase in annual starts and closings in the CMA.

Over the past ten years, 41.4% of new home closings in the Market have occurred in this CMA, over the past five years that rate has increased to 43.4% as lot supply and developable land has declined in the overall Market. As of 4Q23 the annual starts market share had declined to 37.5% as projects such as RainDance wind down.

The CMA had 773 single-family detached and 442 single-family attached home starts through the four quarters ended 4Q23 (1,215 total annual starts). Annual starts were down from 4Q22 (1,955) to 4Q23 (1,215 annual starts), roughly 37.9% year-over-year. The CMA is a predominately detached area (63.6% of starts). However, the ratio has declined over the last five years (-20%), as attached housing is added to the CMA with in-demand projects in planned communities like the Subject Property Lakes at Centerra and Kinston.

Annual lot deliveries through 4Q23 totaled 1,005 home sites, with detached accounting for 76.2% of deliveries, which is a 56.2% decrease from the 2,293 annual lots delivered in 4Q22. Lot deliveries in 4Q23 were 17.2% below the pace of home production (1,215 home starts). Despite the decrease in lot deliveries, VDL months-of-supply increased to 31.6 months from 20.9 months one-year prior in 4Q22.

460 new detached lots were delivered in the fourth quarter of 2023, 29.6% above the 4Q22 pace. Months of VDL increased to 38.9 months of supply in detached product compared to 20.0 months in 4Q22. No new attached lots were delivered in the fourth quarter of 2023, after 120 lots four quarters prior. As a result, VDL decreased to 18.7 months of supply against 24.1 months of supply in 4Q22.

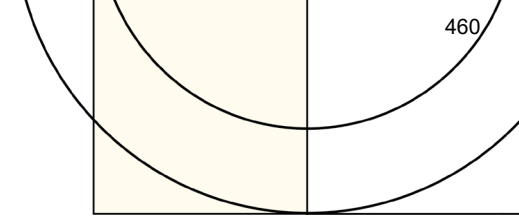
Market Forecast

Executive Summary

The post-pandemic housing rally of 2020 and 2021 will be remembered for its extremely low inventory, historically low mortgage rates, and skyrocketing home prices. With an initial grim outlook for economic collapse during the COVID-19 health crisis, the market was suddenly flush with borrowed money and pent-up demand. Home sales boomed. However, supply chains and labor markets did not escape unscathed, forcing many homebuilders to recalculate operations while facing uncertain rising material costs and increased production times, as well as strategically metering out lot releases and sales, raising base prices, and accommodating delayed supply orders, all to protect margins and their future lot pipeline. Basic demand-supply fundamentals became sharply imbalanced.

At levels above the preferred 2.0%, inflation became the primary focus in 2022 and 2023. Based on the Federal Reserve’s outlined path forward, the economy has slowed as it ended pandemic-era “easy money” policies with a focus on reducing inflation. Many economic measurements have moved to correct themselves, all at different paces. But for housing, these policy moves resulted in higher mortgage rates, that reduced housing affordability further by increasing consumer sensitivities to the serious price gains in recent years. During much of the pandemic’s housing surge, the low mortgage rates and government incentives shielded most homebuyers from the rising overall home price. As mortgage rates rose at a historic pace, buyers saw their monthly payments increase with many having moved to the sidelines to wait it out. However, recent statements by the Federal Reserve have seen mortgage rates decrease to 6.61% by the end of 2023 after hitting a high of 7.79% by the end of October.

Still, the shortage of available housing counters this lower demand. The lack of housing inventory in the resale market over the past two years is now further reduced by “locked-in” households who financed their mortgages at low rates and cannot afford a move at higher prices and rates combined. On the new home side, homebuilders slowed start production sharply in Fall 2022 as cancellations ramped up to focus on their inventory as a result of the extended build and delivery times builders faced in 2020-2021. While housing inventory is no longer at elevated levels, homebuilders have seen build times begin to return to normal levels while sales have appeared to find a bottom after a more normalized selling season. All of this process, without a full recession and job losses, is creating a reserve of pent-up would-be homebuyers who will wait for a downward sign on mortgage rates. And then of course, as higher mortgage rates price out some of these potential buyers, there are still others waiting to move up in line with cash and rollover equity. **This process will need to work itself out to determine the true extent of the demand-supply imbalance.** As the market turns back towards market equilibrium, a more normalized market is expected to continue emerging.



Market Forecast (cont.)

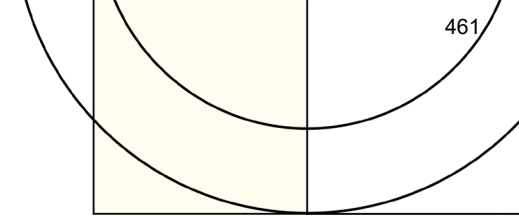
Executive Summary

The highest short-term risk for builders is any standing inventory, which will result in more aggressive incentives to keep prospective buyers engaged. Price strategies are wide in variety, with some lowering prices, some altering their product, and still others maintaining prices but offering incentives that can be pushed back into the home. As a result, closing prices have remained steady and in some cases increased, though there are typically more “goods” included within the price (option/upgrades, mortgage rate buydowns). Home start production began to moderately improve in the second half of the year, and builders have begun to move on land acquisitions and housing inventory management until there is more economic clarity.

Generally speaking, markets that have a positive migratory trend, restricted supply, and a strong labor market will have the best housing market conditions going forward. Locally, the Northern Colorado Market remains attractive long term. Relocation buyers from expensive coastal markets are willing to purchase homes at the increased levels, while native/long term residents and relocations from other traditional, more affordable market areas are becoming more frustrated at the costs of living. Other shifting home buying demands include the need for new home designs that can accommodate working remotely, including quiet work and study areas, exercise space, and multi-generational house sharing. In addition, there are increased requirements for better in-home technology (work and school-related) and better in-home wellness standards (health-related). All further influenced by the continued advancement of the millennial generation entering life stages that encourage home ownership.

The Northern Colorado Market’s new housing levels saw a +/-30% decrease in new home starts and an +/-16% decline in annual new home closings from 2022 volume levels to 2023. Start production increased after a more normalized spring selling season. Annual reported sales appear to have found a bottom at the start of 2023 and increased through December 2023. Zonda expects closings to follow suit and find a bottom towards 4Q23/1Q24 and begin rising through 2024 barring unforeseen events. Still, this drop in volume would mark the lowest closings levels for the Market since 2016, reflecting the shifting dynamics across the Front Range given the changes in the economy. The outstanding questions for 2024 are when inflation declines to reasonable levels, mortgage rates level off, build cycles improve, and what price adjustments could occur.

	10-Yr Avg	2022	2023	2024F	2025F	2026F	2027F	2028F
Market	4,431	4,796	3,986	4,006	4,046	4,451	4,896	5,140
CMA	1,850	1,924	1,587	1,612	1,637	1,813	1,997	2,097
CMA %	42%	40%	40%	40%	40%	41%	41%	41%

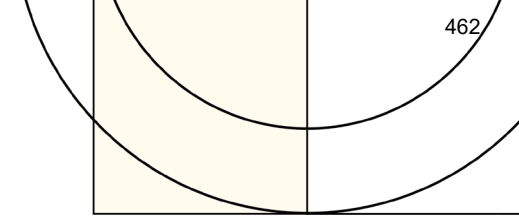


Market Forecast (cont.)

Executive Summary

The Subject Property and the CMA have the following positive features:

- Easy access to Interstate 25, Highway 34, and Highway 287 offer short travel time to major attractions and employment centers throughout the Northern Colorado Market (Loveland, Fort Collins, and Greeley), as well as a direct path into the Boulder-Longmont. The intersection of I-25 and Highway 34 is the primary crossroads for Northern Colorado transportation in this heavy commuter submarket. Portions of I-25 to the south and north of this intersection are undergoing major highway expansion and realignment to accommodate the increased traffic pressure. These highway improvements will further increase accessibility to the region and project site.
- The Subject Property is being developed by McWhinney, a developer with 30 years of experience in Northern Colorado and the Denver markets. The Centerra master-planned community has been proven successful with over 70 retailers onsite, four hotels, a Pre-K through 8th Grade school, parks, trails, 275 acres of lakes and wetlands managed by the High Plains Environmental Center, with almost 9,000 people employed, and over 1,500 residential units occupied.
- The project has provided a wide range of for-sale housing options and styles including condominiums, townhomes, and detached residences, appealing to a broad range of homebuyers.
- Active homebuilder Landmark Homes has a proven track record of success in providing desired designs and floorplans.
- Overall, competing projects in the area are ~57% built-out and future projects coming online are in varying stages of the entitlement process with many not anticipated to come online until such time as the project is nearing sellout.
- The project has sufficient water rights for development. As water rights become scarcer and more expensive, new competing projects may face additional delays, or cancellations, if rights are not already in place.
- Community access is desirable given the location off of on/off ramps from Interstate 25 and other major east-west arterials such as Eisenhower Boulevard.
- The industrial, office, and retail properties at the Subject Property will provide substantial employment opportunities growing with the housing demand. Furthering demand by providing immediate potential employment limiting the potential drive times of residents.

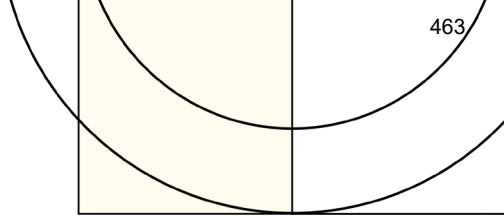


Market Forecast (cont.)

Executive Summary

Some potential challenges and concerns associated with the project are:

- Economic Influenced Events as discussed in the market forecast.
- The competitive area has multiple active and future community options to choose from, most of which are also part of a master planned community that will provide competition for the Subject Property over the life cycle of the development. Identifying and attracting potential buyers of the Subject site will remain a key strategy with its advantage located in and around major arterials.
- Also impacting all homebuilders today is navigating through the challenging mix of shortages in labor and materials, delays in development processes, and extended build times. These circumstances could widen the gap between initial demand (lot sales and sales contracts) and the realization of that demand (home completions and closings).



Market Forecast (continued)

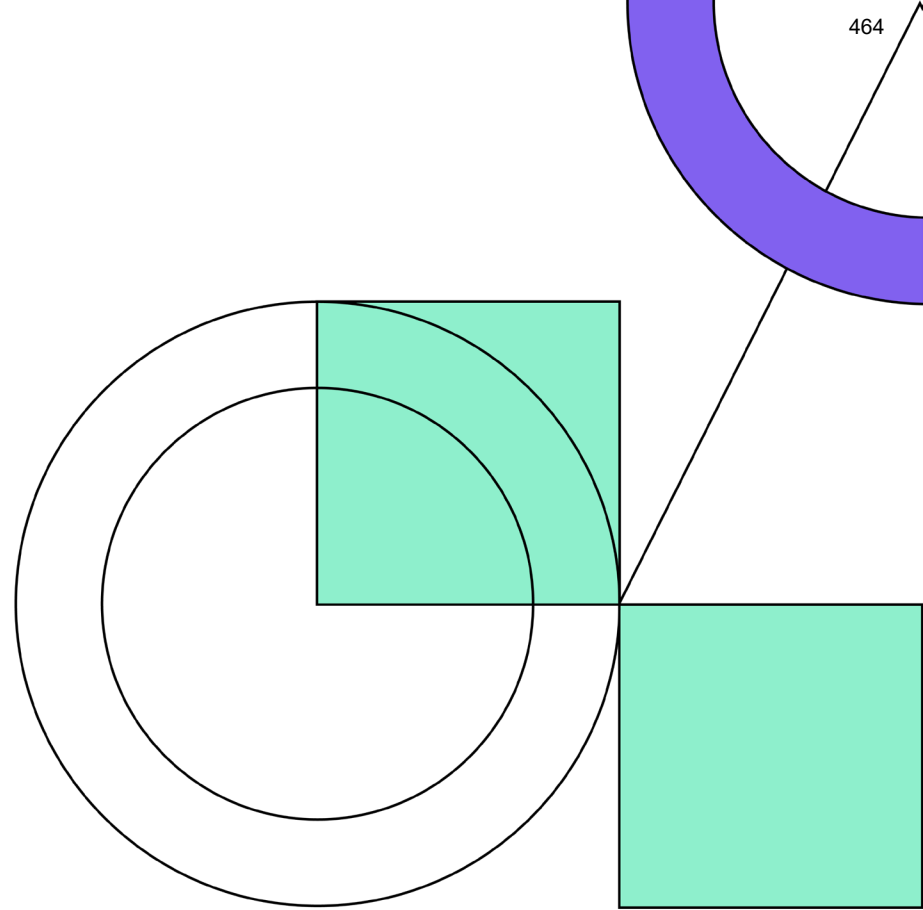
Executive Summary

Based on the proposed product offerings and trends in the surrounding CMA, Zonda Advisory believes the Subject Property has the potential to absorb up to 112 +/- homes during its anticipated peak year of 2024. This rate is based upon projected growth of the Market and upon forecasted levels of home production in the Market, CMA capture rate of the Market, and the Subject Property’s capture rate within the CMA.

Subject Property Absorption Projection Summary (Home Closings)						
	2023	2024F	2025F	2026F	2027F	2028F
The Lakes at Centerra Closings	96	112	54	54	22	0
The Lakes at Centerra Mkt Share of CMA	6%	7%	3%	3%	1%	0%

Additional information utilized in this analysis and our conclusions for the Subject Property are included within the context of the report beginning on the next page, as well as in the Appendix.

Introduction



Pictures Of Subject Site

Introduction

The purpose of this report is to provide The Lakes at Centerra Metropolitan District No. 2 with an overview of the Northern Colorado Market (“Market”) economy and the Competitive Market Area (“Lakes at Centerra CMA”, “CMA”) surrounding the Subject Property to provide insights about the positioning and absorption potential of the product within the Subject Property. The remaining future planned parcels within the Subject Property consists of attached for-sale residential with a few remaining detached units. The Subject Property covers a total of 1,231 total lots of which roughly 239 attached condominiums and townhome units remain, over the following three product lines: 1) 42 condominiums (Discovery), 2) 28 townhomes (Shores), and 3) 169 condominiums (North Shore Flats) as well as 3 remaining single family detached units yet to close.

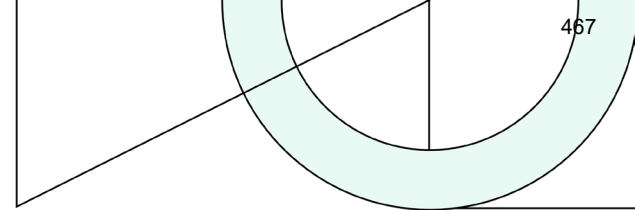


Property Overview and Services/Amenities Maps

Introduction

The Subject Property is located northwest of the intersection of Interstate 25 and East Eisenhower Boulevard within Loveland, in Larimer County. More specifically, the remaining projects are located east of Boyd Lake Avenue and south of East 37th Street, just northwest of Houts Reservoir. This report will include analysis on the for-sale residential components of the Subject Property.





Surrounding Services and Amenities

Introduction

The Lakes at Centerra is located adjacent to Interstate 25 and US Highway 34 (Eisenhower Boulevard) providing convenient access to vast employment, amenities, and retail centers. Centerra also has multiple active and future planned retail, grocery, gas, dining, and entertainment within the planned community.



A variety of major grocery stores are located in proximity including a nearby Safeway (5.1 miles southwest) and a King Soopers (5.8 miles northwest), both off of Highway 287. A Walmart Supercenter sits just 3.2 miles west of the site on E. US-34 and N. Denver Avenue.



Marianna Butte (9.5 miles to the west), The Olde Course at Loveland (7.4 miles northwest), Highland Meadows Golf Course (5.1 miles north), , and Cattail Creek Golf Course (7.2 miles northwest) are all within around a 12–20-minute drive. TPC Colorado in Berthoud (private) is 12.2 miles to the southwest (20 minutes).



There are a variety of nearby gas stations (six within three-miles), with the closest being the Conoco on East Eisenhower Boulevard near the Interstate 25 interchange (2.0 miles).



Boyd Lake State Park (5.0 miles), Lake Loveland (5.0 miles), Fairgrounds Park (5.6 miles), and Fossil Creek Reservoir (5.9 miles) are all within 15-minutes. Horsetooth Reservoir (18.8 miles) offers boating, hiking, biking, and camping in about a 30-minute drive.



Already established onsite, within the Centerra Marketplace, are a Target, restaurants, hotels, as well as a many other commercial services, and retail stores. Across Interstate 25 (4.5 miles), The Promenade Shops at Centerra offer an open-air shopping mall and a multitude of additional retail, entertainment, and dining options.



The newly developed 185-bed UCHealth Medical Center of the Rockies (hospital and ER) is located within the western portion of the site. There is also a UC Health Pediatric Care Hospital located 1.8 miles southwest of the property.



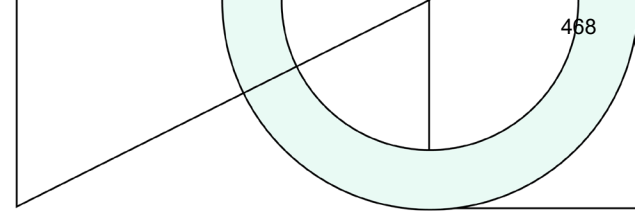
There are multiple eateries within proximity of the Subject including south along US Highway 34 (2.0 miles) and near the interchange with Interstate more options can be found at The Promenade Shops at Centerra (4.5 miles). Downtown Loveland (5.2 miles) also offers quick serve and sit-down dining options within 15-minutes.



There are a multitude of daycare and preschool options available nearby in all directions, some within Centerra. Others are available along transportation corridors, including into Loveland and near/along Interstate 25.

Surrounding Services and Amenities

Introduction



The Ranch Events Complex (4.4 miles) and 6,800 seat Blue Arena, is a modern stadium/event-center, home to a minor league hockey team, as well as events and concerts throughout the year.



Colorado State University (18.5 miles north, in Fort Collins) is the second largest university in the state and a top public research institution.



Denver International Airport provides ease of access for flights throughout the United States and International locales. The airport is located 55.7 miles from Centerra (roughly a 50-minute drive).



There are a multitude of world-class skiing destinations along the I-70 corridor to choose from. Winter Park Resort (112 miles) is the closest major ski resort destination by distance.



The site is served by the Thompson School District R-2, which is ranked 45th among 115 school districts in the State of Colorado (according to Schooldigger.com). The schools serving the site are:

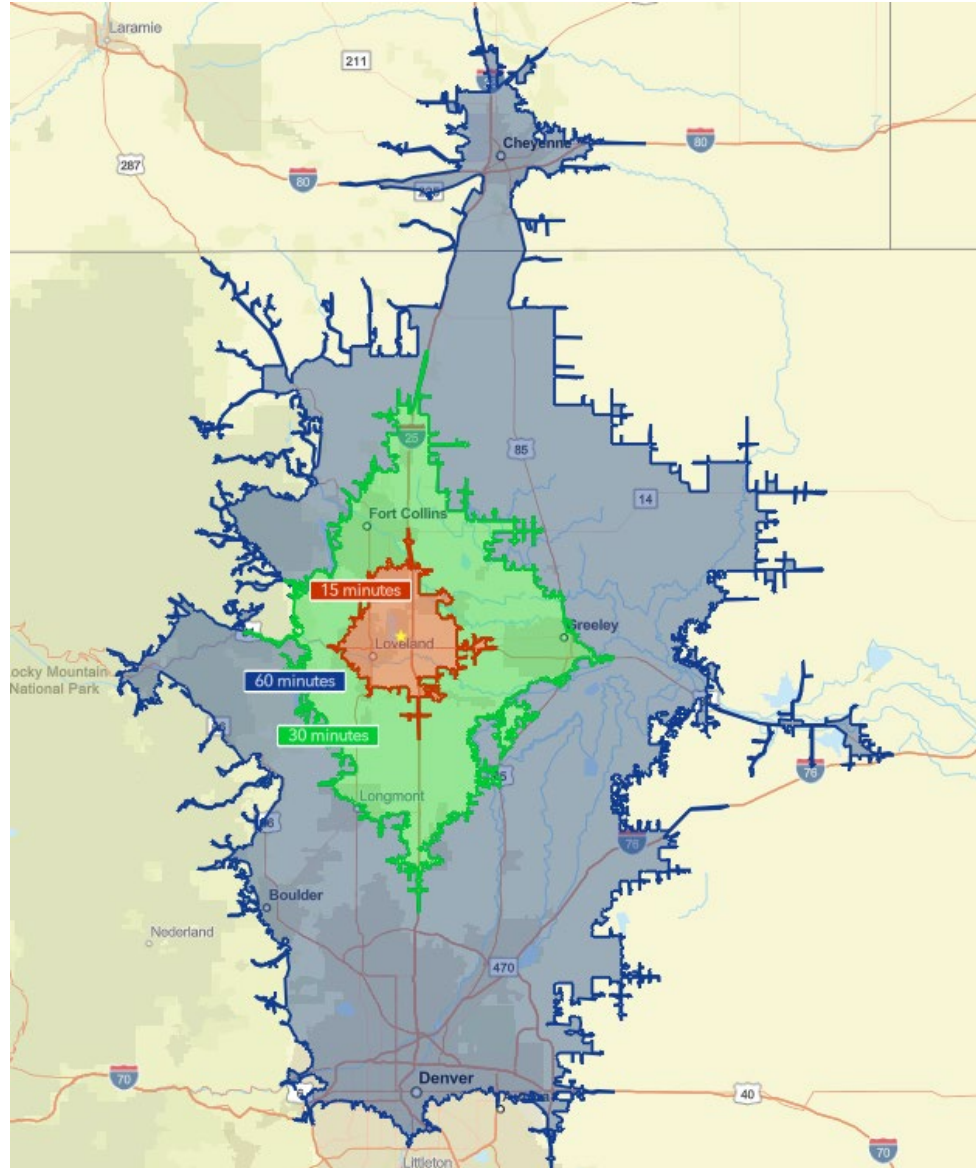
- High Plains School (PK-8; with an individual rank of 389 of 933 elementary schools, 450 students) located within the western portion of the site, and
- Mountain View High School (9-12; with an individual score of 189 out of 349 schools; 1,196 students)

Site Drive – Time Analysis Map

Introduction

Access to employment is convenient with easy access to Interstate 25 heading either south to Denver via Eisenhower Boulevard (2.7 miles), or north to Fort Collins via Crossroads Boulevard (3.5 miles). Downtown Loveland is located 5.2 miles to the west of the site. Many employment centers are located within a reasonable commute.

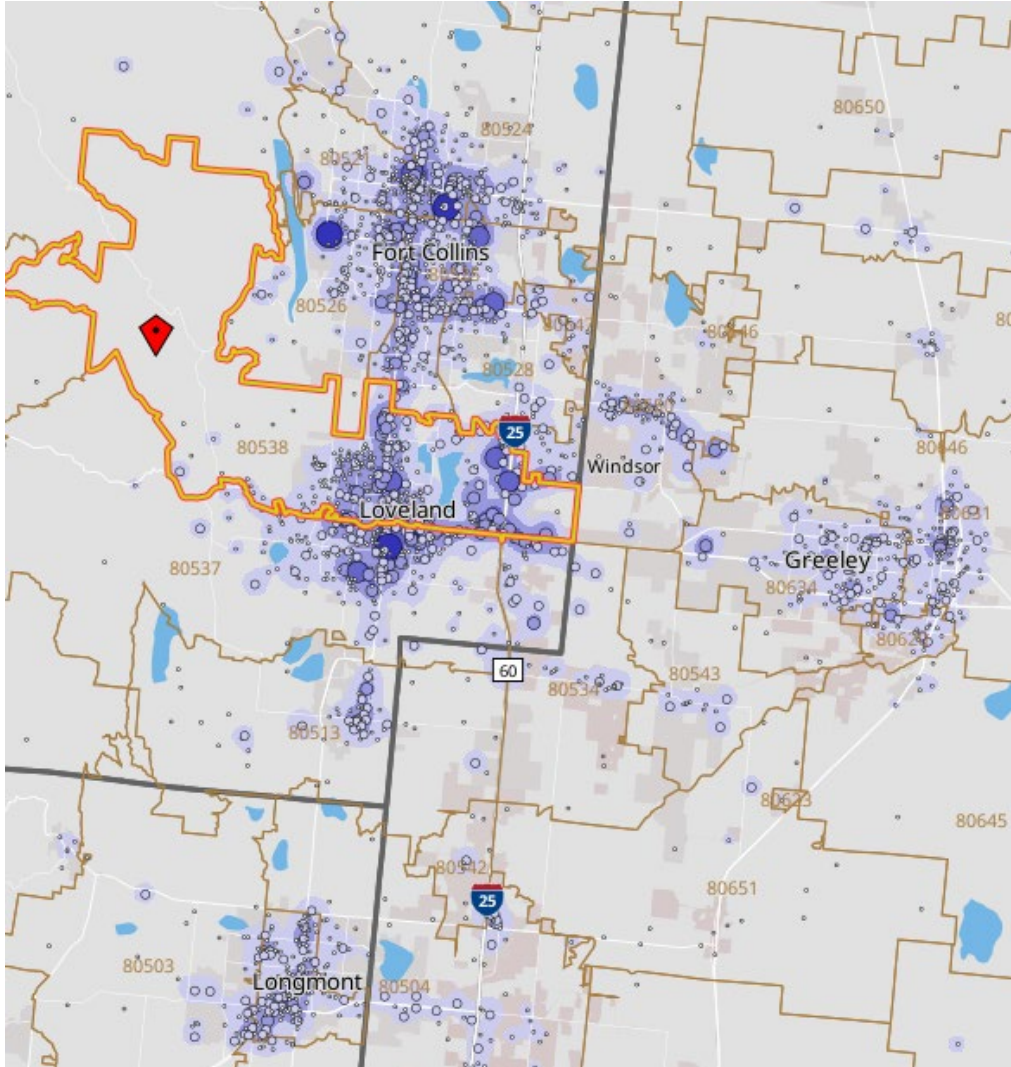
With these and local transit routes, nearly all locations within Loveland are within a 15-minute drive, most of Fort Collins and Windsor, and parts of Greeley and Longmont are within about a 30-minute drive, portions of Denver, Boulder and Cheyenne can be reached within about a 60-minute drive (minus high traffic volume time periods).



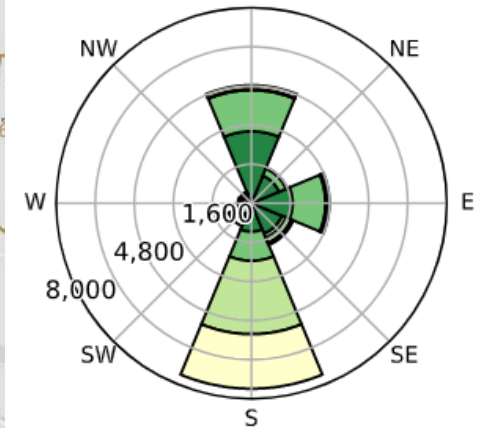
Employment Location Map

Introduction

Currently, 69% of residents within the CMA have a under 25-mile commute into employment and 16% have a 25-to-50-mile commute, so the drive time to the employment centers mentioned previously should be compatible with homebuyer expectations.



Job Counts by Distance/Direction in 2021
All Workers



Jobs by Distance - Home Census Block to Work Census Block

	2021	
	Count	Share
Total All Jobs	21,126	100.0%
Less than 10 miles	9,521	45.1%
10 to 24 miles	4,962	23.5%
25 to 50 miles	3,462	16.4%
Greater than 50 miles	3,181	15.1%

Subject Property Site Map

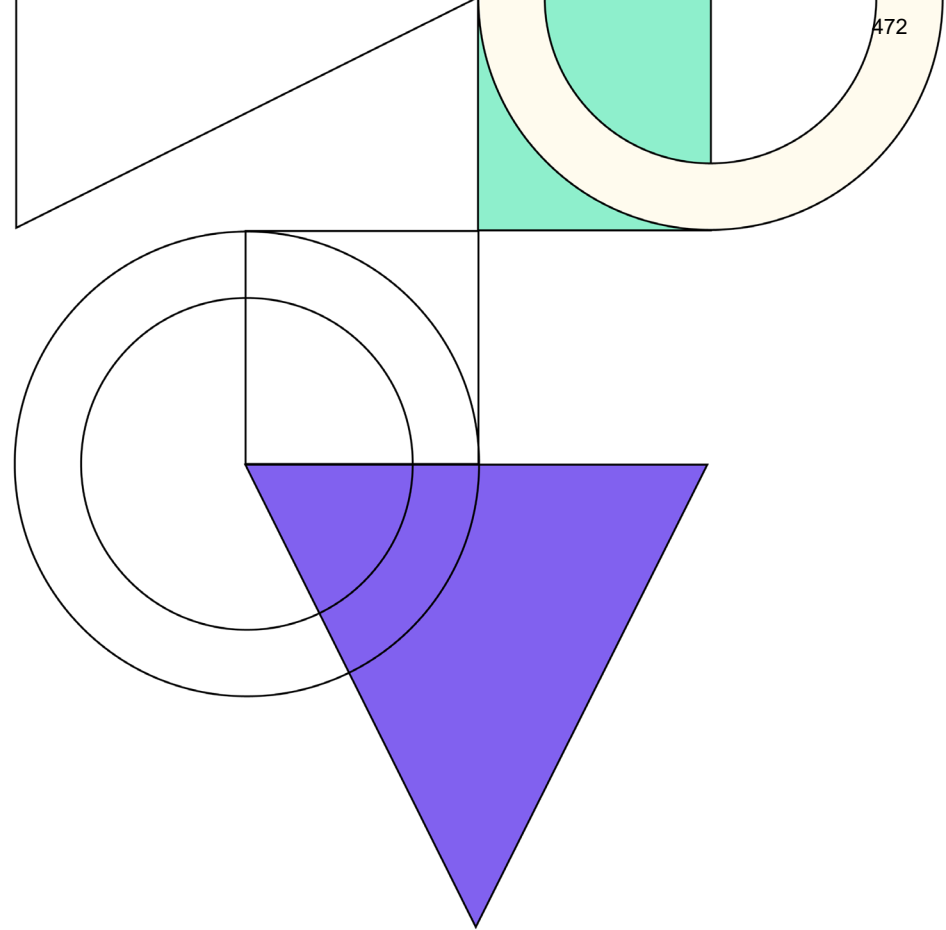
Introduction

The Lakes at Centerra is part of the larger Centerra planned community. The District planned to encompass 1,231 total units upon buildout. The majority of the community has already been built out with limited homes left.

The community has varied amenities including 275 acres of lakes and wetlands, The Lake Club offers an outdoor pool (with splash zone) overlooking the lake, a clubhouse, a community room, grilling areas, and a dock to fish/kayak/paddleboard off, the community also has parks and an extensive trail system that connects to a larger regional trail system.

At the end of the narrative of the report, an Exhibit Package has been included in the Appendix. In this package, additional exhibits and information utilized to analyze the Market and determine conclusions are provided.





Housing Market Statistics and Analysis

Northern Colorado Market Leading Indicators

Housing Market Statistics and Analysis

Post-pandemic, residential for-sale real estate growth in the Northern CO Market, both new and existing, reached heights not seen since 2004-2006. Sales boomed and home prices rose sharply while borrowing costs were low. Demand overrode the ability for supply levels to keep up, pushing the demand-supply balance well beyond a healthy equilibrium.

As 2022 advanced, concerns of inflation and rising mortgage rates moved to the forefront. Monthly payments increased, cancellations jumped, as many potential homebuyers were priced out of the market, either by confidence or qualification. Now, mid-way through 2023, we have reached a point of suppressed demand based on consumer income levels, still high (but improving) inflation, and mortgage rates in the 6.0%-7.0% range. Historically, this would drive home prices down, but the lack of housing inventory in both the resale (locked-in low-rate households) and new home (already behind production, now slowed sharply) markets counteracts this demand pressure. There is low demand, but even less supply.

The millennial generation is still entering their next phase of life, which often includes a home purchase. Long term markets like Northern Colorado, with a steady economy, good job growth, and strong demographics, while still having a limited housing supply, will still have healthier housing market conditions going forward but affordability is a rapidly rising concern.

Looking back, the most recent low point for Northern Colorado Market housing starts came at the end of the Great Recession in 2009 when builders started fewer than 1,000 homes. Since, home starts have continued to grow year-to-year, albeit marginally in 2017 and 2019. In 2020, homebuilders started 5,500 new homes, which was a 21.0% increase from the prior year; and the largest one-year percentage gain since 2013.

Northern CO Market Leading Indicators				Active Comparison		Sources; Notes	
New Home Trends							
Annual Lot Deliveries	↓	3,722	7,061	-47.3%	4,864	-23.5%	Zonda
		3Q23	3Q22	---	3Q21	---	
Annual Starts Production	↓	3,146	5,160	-39.0%	6,593	-52.3%	Zonda
		3Q23	3Q22	---	3Q21	---	
Annual Contract Sales	↓	3,062	3,659	-16.3%	6,038	-49.3%	Zonda
		3Q23	3Q22	---	3Q21	---	
Annual Home Closings	↓	4,061	5,409	-24.9%	6,022	-32.6%	Zonda
		3Q23	3Q22	---	3Q21	---	
Vacant Developed Lot Supply	↑	29.7	16.7	77.8%	9.6	209.4%	Zonda
		3Q23	3Q22	---	3Q21	---	
Total Home Inventory Supply	↓	7.5	7.6	-1.3%	7.3	2.7%	Zonda
		3Q23	3Q22	---	3Q21	---	
Average Home Base Price							
SF Detached	↑	\$646,338	\$636,075	1.6%	\$626,230	3.2%	Zonda
		\$294	\$294	0.0%	\$293	0.3%	Zonda
Townhome/Duplex	↓	\$491,073	\$498,030	-1.4%	\$499,230	-1.6%	Zonda
		\$303	\$302	0.3%	\$305	-0.7%	Zonda
Condominium	↓	\$573,699	\$581,977	-1.4%	\$579,594	-1.0%	Zonda
		\$412	\$423	-2.6%	\$424	-2.8%	Zonda
		3Q23	2Q23	---	4Q22	---	
Home Closing (Deed) Price - New							
		6 Months	1 Year	---	1 Year Ago	---	
SF Detached	↑	\$611,316	\$605,896	0.9%	\$589,022	3.8%	Zonda
		\$278	\$277	0.4%	\$274	1.5%	Zonda
Townhome/Duplex	↑	\$470,486	\$456,855	3.0%	\$432,682	8.7%	Zonda
		\$302	\$297	1.7%	\$271	11.4%	Zonda
Condominium	↑	\$429,271	\$420,018	2.2%	\$382,053	12.4%	Zonda
		\$340	\$330	3.0%	\$288	18.1%	Zonda
		As of 9/30/2023					
Building Permits							
Annual Total	↓	6,555	8,784	-25.4%	7,973	-17.8%	U.S. H.U.D. (SOCDS)
SF Detached	↓	3,543	5,418	-34.6%	5,775	-38.6%	U.S. H.U.D. (SOCDS)
MF Attached	↓	3,012	3,366	-10.5%	2,198	37.0%	U.S. H.U.D. (SOCDS)
		Aug 2023	Aug 2022	---	Aug 2021	---	
Existing Home Trends							
Annual Sales	↓	10,831	12,445	-13.0%	14,537	-25.5%	Zonda
		Sep 2023	Mar 2023	---	Sep 2022	---	
Months of Supply	↑	2.6	1.7	---	2.1	---	Zonda
		Sep 2023	Mar 2023	---	Sep 2022	---	
Listings	↓	2,319	1,683	37.8%	2,493	-7.0%	Denver MLS
		Sep 2023	Mar 2023	---	Sep 2022	---	
Resale % of Total (N + R) Sales	↑	72.7%	69.7%	---	70.7%	---	Zonda
Home Closing (Deed) Price - Resale							
		6 Months	1 Year	---	1 Year Ago	---	
SF Detached	↑	\$608,365	\$595,648	2.1%	\$579,644	5.0%	Zonda
		\$354	\$349	1.4%	\$341	3.8%	
Townhome/Duplex	↓	\$464,576	\$459,674	1.1%	\$478,328	-2.9%	Zonda
		\$318	\$320	-0.6%	\$317	0.3%	
Condominium	↑	\$397,919	\$391,072	1.8%	\$363,748	9.4%	Zonda
		\$354	\$343	3.2%	\$326	8.6%	

Start production in 2021 further ramped up, reaching over 6,500 home starts, and up annually nearly 18%. This marked the second highest production year in the last 20 years but was below 2005's peak of 7,365 homes. With the rise in mortgage rates and cancellations in the second half of 2022, homebuilders halted production. The Northern Colorado Market started 4,694 new homes in 2022, 28% fewer than in 2021, its lowest level since 2019. Through 3Q23, start production was 3,146, which is 39% below 3Q22 but an increase from 2Q23.

The most recent low for new home closings came in 2011 when builders closed under 1,400 homes. With final new home closing figures reaching 6,300 transactions in 2021, the Northern Colorado Market experienced its eleventh consecutive year of positive gains. This marked the second highest home closing total since Zonda began its survey in 2001, below the market's historical peak of 6,615 in 2004). Facing delayed home deliveries, closings were well off pace through the first half of 2022 before a rally to end the year improved results. Northern Colorado closed 4,796 homes in 2022, 24% below the levels closed in 2021.

With extending build times and housing inventory a factor in the current cycle, through the end of 3Q23 there were 2,390 inventory homes either at the finished/vacant stage or in some form of under construction, ticking down 27.8% YOY. Most of these homes are likely under contract (or will resell) and should close in the coming two quarters based on current estimated build times.

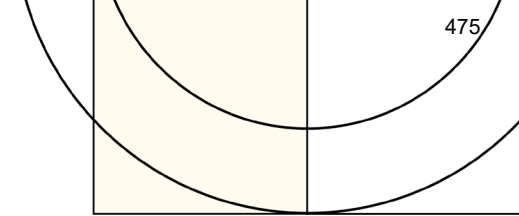
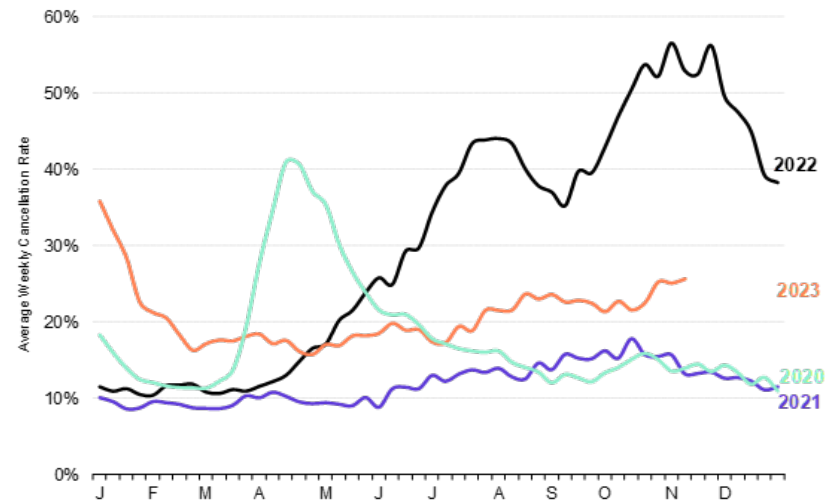
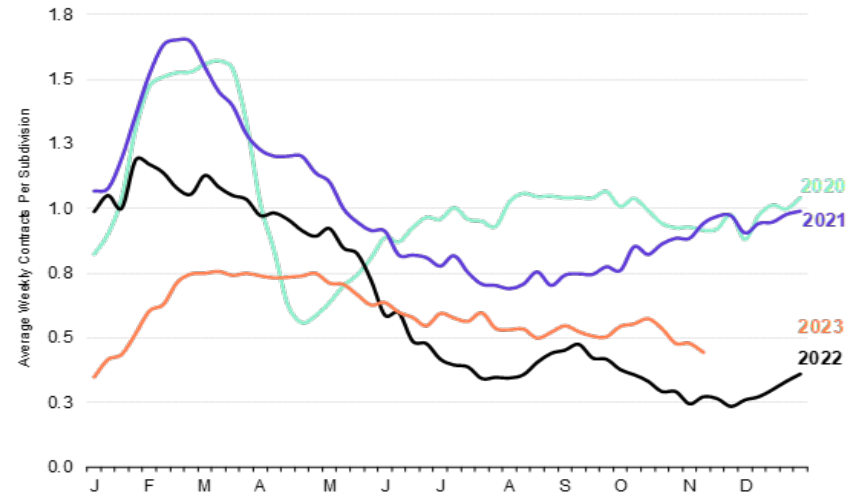
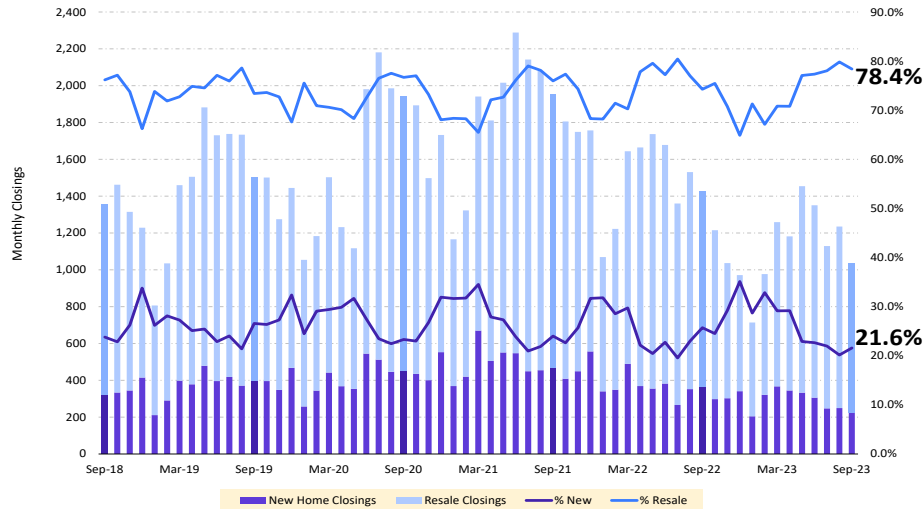
Northern CO Market Leading Indicators	Active Comparison					Sources; Notes	
	As of 9/30/2023						
For-Rent Trends							
Occupancy Rate	↓	95.4%	95.5%	---	96.0%	---	Real Page
Average Monthly Rate	↑	\$1,699	\$1,656	2.6%	\$1,676	1.4%	Real Page
Annual New Additions	↑	1,440	1,085	32.7%	952	51.3%	Real Page
		3Q23	1Q23	---	3Q22	---	
Demographics							
Total Population/Growth Rate	↑	2010 Cen	2023 Est.	---	2028 F	---	U.S. Census; Neustar
Annual Growth Rate	↓	552,455	726,252	31.5%	785,218	8.1%	
Median Age (2023 Est.)	↑	---	---	2.3%	---	1.6%	U.S. Census; Neustar
Total Households/Growth Rate	↑	34.4	36.7	---	38.1	---	
Annual Growth Rate	↑	209,644	276,064	31.7%	298,107	8.0%	U.S. Census; Neustar
Median Household Income (2023 Est.)	↑	---	---	2.3%	---	1.5%	U.S. Census; Neustar
Household Size	↑	\$53,874	\$84,094	56.1%	\$86,261	2.6%	
	↑	2.6	2.6	---	2.6	---	U.S. Census; Neustar
Economy							
Total Employment	↑	296,000	285,600	---	291,100	---	U.S. Bureau Labor Statistics
1-Yr Job Gain/Loss		4,900	1.7%	---	---	---	
5-Yr Job Gain/Loss		14,600	5.2%	---	---	---	CO Dept Labor & Employment
Unemployment Rate	↑	3.4%	3.2%	---	2.7%	---	
		Aug 2023	Feb 2023	---	Aug 2022	---	FreddieMac
30Yr FRM Rate	↑	7.31%	6.70%	---	3.01%	---	
		Sep 2023	Sep 2022	---	Sep 2021	---	U.S. Bureau Labor Statistics
Consumer Price Index	↓	3.67%	8.26%	---	5.25%	---	
		Aug 2023	Aug 2022	---	Aug 2021	---	U.S. Energy Information Admin.
Colorado Oil Production	↑	14,003	13,348	4.9%	12,093	15.8%	
		Jul 2023	Jul 2022	---	Jul 2021	---	U.S. Energy Information Admin.
Colorado Oil Price	↑	\$90.77	\$79.91	13.6%	\$75.22	20.7%	
		Sep 2023	Sep 2022	---	Sep 2021	---	U.S. Energy Information Admin.
CO Regular (All Forms) Gas Price	↑	\$3.860	\$3.640	6.0%	\$3.519	9.7%	
		Sep 2023	Sep 2022	---	Sep 2021	---	

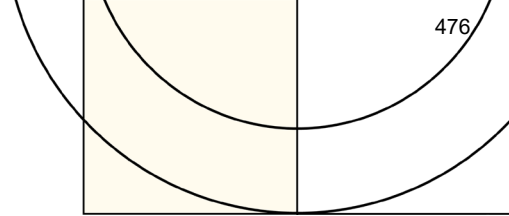
Weekly Traffic and Sales Trends

Housing Market Statistics and Analysis

To the right, Zonda’s Traffic and Contracts reporting provides another leading indicator of consumer sentiment and activity moving forward. While both consumer traffic (i.e., groups visiting a sales community) and sales contracts dropped with the rise in mortgage rates last year, they improved to begin 2023 before leveling off. Contract cancellations rose sharply last year as contracted homes that were 60+ days from closing took a hit as consumers fled from the new, higher monthly payments. Cancellations have crept back up but have not reached the cancellation rates of 2022.

Below is an illustrated review of new home versus existing resale home closing transaction volumes throughout the Northern Colorado Market over the last five years to further inform the short- and long-term trends of consumer demand. Over the past year, as new home supply shrunk to historically low levels, the capture of new home closings trended down to 21.6% (in September), well below the five-year historical average of 26.4%.



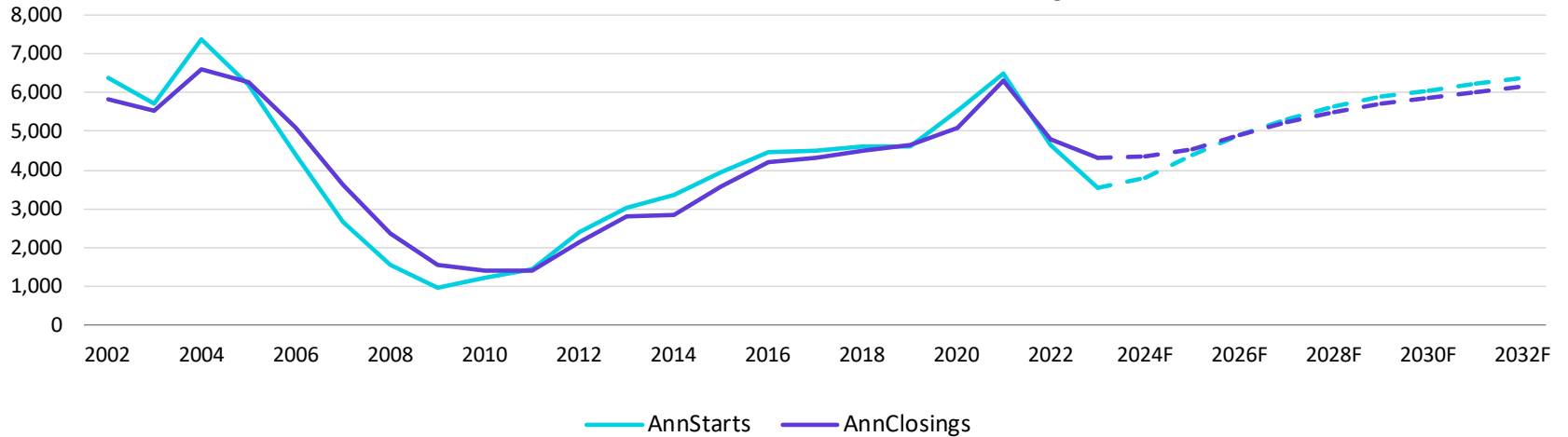


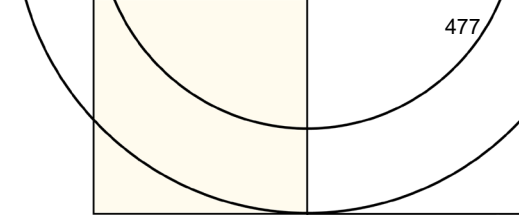
Market Forecast

Housing Market Statistics and Analysis

The Northern Colorado Market’s new housing levels saw a +/-30% decrease in new home starts and an +/-16% decline in annual new home closings from 2022 volume levels to 2023. Start production increased after a more normalized spring selling season. Annual reported sales appear to have found a bottom at the start of 2023 and increased through December 2023. Zonda expects closings to follow suit and find a bottom towards 4Q23/1Q24 and begin rising through 2024 barring unforeseen events. Still, this drop in volume would mark the lowest closings levels for the Market since 2016, reflecting the shifting dynamics across the Front Range given the changes in the economy. The outstanding questions for 2024 are when inflation declines to reasonable levels, mortgage rates level off, build cycles improve, and what price adjustments could occur.

Market Historical & Forecast of Total Starts & Closings

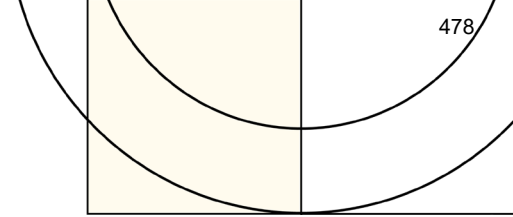




Ongoing Market Influences

Housing Market Statistics and Analysis

- Inflation is trending down but remains above the 2.0% target by the Federal Reserve. This has consumers facing high costs for food, energy, rent, and a range of other goods. The longer it continues to remain high, purchasing power will continue to decrease. However, there have been signs of consumers beginning to get more comfortable with higher prices.
- With the tightening on borrowing costs, mortgage interest rates have risen sharply in the past year, with a 30-year FRM rising from 3.22% in January 2022 to 7.50% in November 2023. This has diminished purchasing power for many and increases the financial needs to qualify and provide a down payment for a new home, slowing a sensitive housing industry that must adjust to a reality of 6.0-7.0%+ mortgage rates.
- Population growth is slowing. Migration inflow has slowed as housing affordability concerns elevate, while the overall net population like the nation, have turned down with rising death counts, fewer births, and stalled international in-migration as an impact from the pandemic. Roughly 20% of Colorado in-migration is related to international migration (at a variety of household income levels). As affordability diminishes, more transient households find barriers to home ownership and will look towards more affordable locations.
- Geopolitical uncertainty. The Russian-Ukrainian and Middle East conflicts and related Western response has moved the global economy into greater potential for uncertainty increasing the potential of recessionary influences across the world.
- Job growth and very low unemployment rate levels remain the strongest economic factors against a potential recession, but they also tend to be lag indicators, particularly unemployment. Aside from the Northern Colorado Market, other Colorado Front Range markets continue to add jobs, however, at declining rates of annual growth.
- The duration and depth of the significant supply/demand imbalance. Concerns about a recession, diminished affordability, and price corrections have kept sales contracts low in 2023, results of lessening demand. New home builders will continue to keep start production low and focus on inventory management in the short term. Lot deliveries have come to the market, pushing lot supply back up over 20 months in 2023. Spring 2023 saw an increase in sales that correlated to an increase in start production, but the potential of a gap in supply still exists. Potential declines in demand will decrease pressure on the supply side, allowing operational efficiency to get a foothold and cycle times should improve.

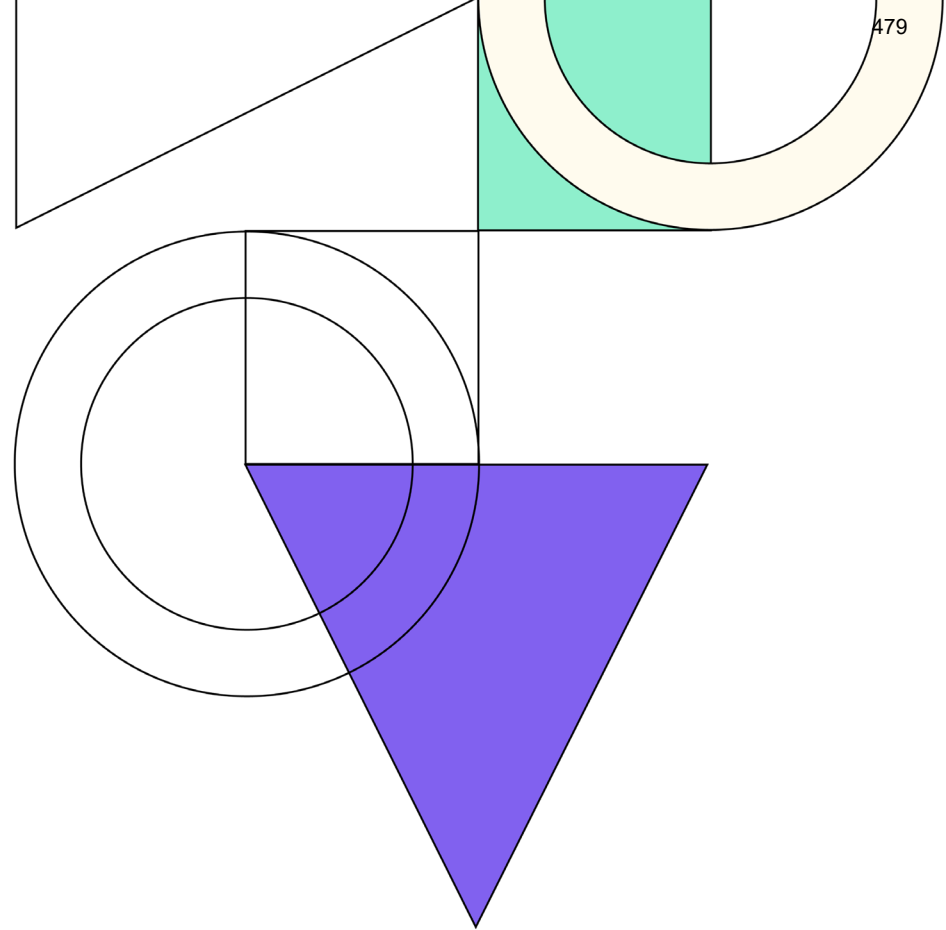


Ongoing Market Influences (continued)

Housing Market Statistics and Analysis

- While still early in the Market with many communities considering the option, but only a few actively open, the rise of Build-for-Rent (“BFR”) community development figures to delay and shift some demand away from home purchases. This may be a welcome addition if it serves as a bridge between renting and buying while monthly mortgage payments trend up. Given the current market, the BFR impact is likely to be delayed as those not yet constructed adjust to the new economic environment.
- Millennial demand continues to flood the market. This generation is now in traditional home-buying ages (life cycle/families); and with little-to-no debt, will continue expanding their share of the buyer population in the years to come.
- High municipal, raw water, and land costs.
- Stock market volatility.

Zonda Advisory will continue to monitor the market and update our Economic Indicators Addendum as further events unfold.



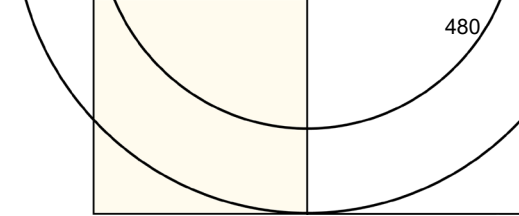
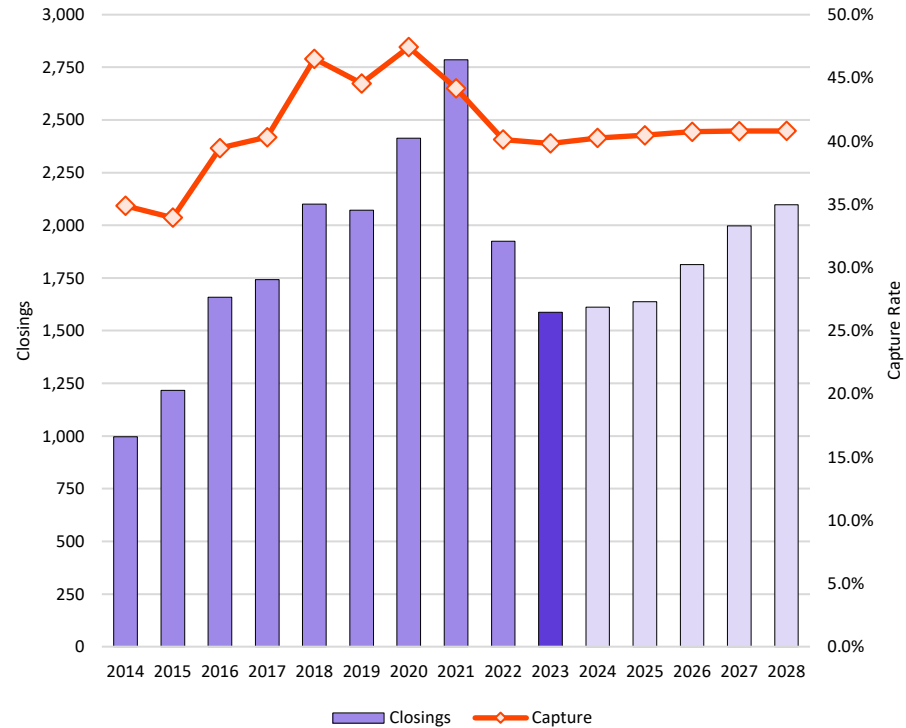
Competitive Market Analysis

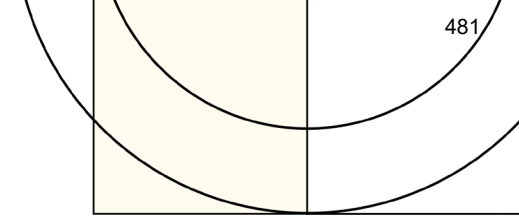
CMA Ten – Year Forecast & Market Capture

Competitive Market Analysis

In reviewing the most competitive master planned communities and subdivisions within The Lakes at Centerra CMA, Zonda Advisory coupled data obtained from its quarterly survey database with field research, wherein the various developments and site locations were inspected, and sales agents and developers were interviewed. Over the past decade, The Lakes at Centerra CMA has seen varied capture of the Northern Colorado Market.

- Historically, the CMA capture rate for annual closings in the Market fluctuated from 31.2% to 53.5% between 2002 and 2012 with an average of 39.0%.
- Annual starts in the CMA hit a low of 360 in 4Q09, with annual closings hitting a low of 553 one year later in 4Q10. As the housing market began a slow recovery, the CMA saw starts, and closings generally increase over the next several years.
- The CMA saw a peak of 3,000 annual starts in 2Q21 and have been slowly coming down since then. Annual closings peaked a quarter later at 2,866 in 3Q21 before also coming down.
- Through 3Q23, annual starts fell by 57.7% over the past two years as limited supply, inflation, and the rise in interest rates cooled the market to 1,267 starts, a low not experienced since 1Q15. With annual closings typically following a similar pattern of finding a bottom shortly after annual starts, closings may have further to come down.
- Lot deliveries in the CMA continue to fluctuate as subdivisions become active.





CMA Ten – Year Forecast & Market Capture (cont.)

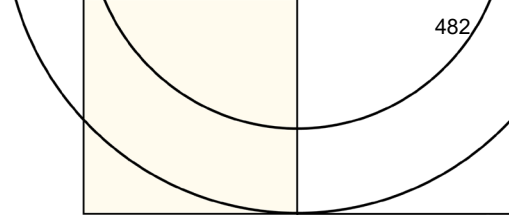
Competitive Market Analysis

- Over the past ten years the CMA has seen fluctuations; however, it has been dependent on the number of actively selling communities and availability of lots. Most communities in the CMA have shown strong demand when they are actively selling.

Residential lot development in the CMA averaged 2,167 new lot deliveries per year from 2003 through 2007 prior to the economic downturn and decline in housing demand. Between 2008 and 2012 the CMA averaged 363 annual lot deliveries. Lot development activity in the CMA picked up starting in 2013 through 2020, averaging 1,714 new lots annually, as the Market gained momentum and needed new supplies. Since 2020, the CMA has averaged 2,218 annual lot deliveries. A well-balanced supply of finished lots is estimated to be between 18 and 22 months, the current months-of-supply of 31.6 represents an over-supplied market, however with limited lot deliveries and increasing sales, this should come down in 2024, creating opportunity for actively selling communities to maintain or increase market share. The CMA has not dipped below the 18.0-month equilibrium bottom mark since 2Q22.

On the previous page is an illustration of the CMA’s historical and projected closings volumes and capture rates of the Market. Actual annual closings within the CMA are noted from 2012 through 2023 in the solid purple columns. The solid orange line represents the CMA’s capture of all annual closings within the Market. A housing forecast for 2024 through 2028 is provided, identified by the light purple columns. More discussion of these figures is offered in the following pages concentrating on the CMA’s Housing and Lot Supply Build-out model. The forecasted annual closings totals are derived from the Market housing forecasts. Zonda Advisory believes that as the Market’s new housing activity moves forward, the Lakes at Centerra CMA will see stable market share due to the communities located to the south and east of Interstate 25.

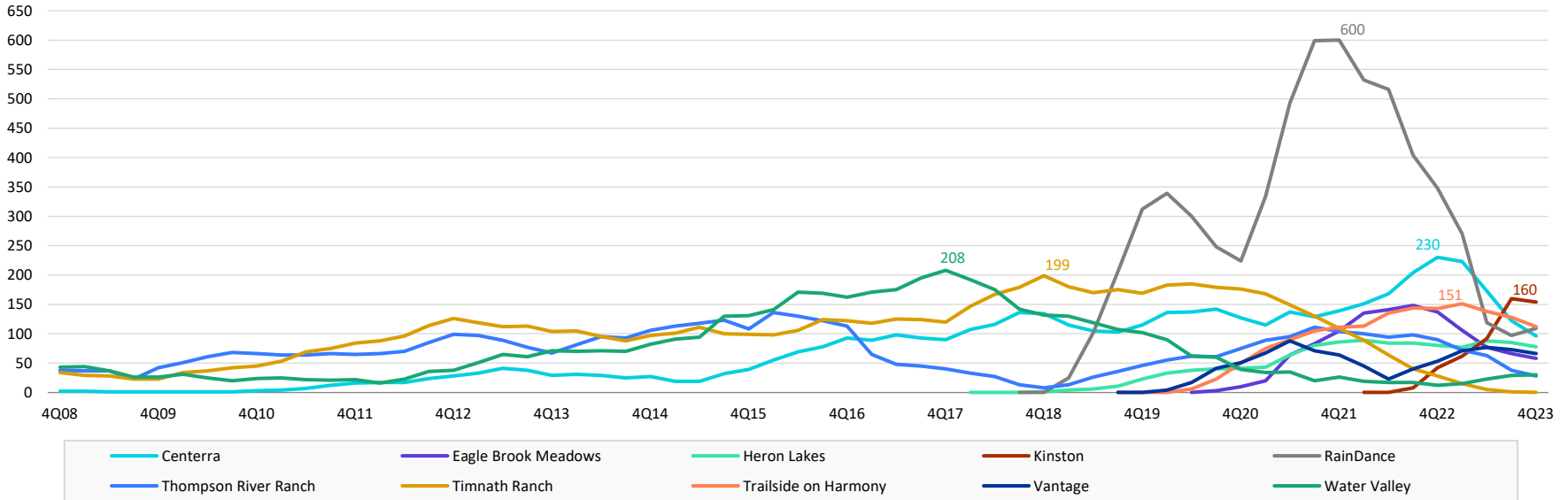
As can be seen within the following exhibits, the CMA is composed primarily of a few planned communities with a mix of more single and multiple builder-controlled developments. In addition, individual project volumes fluctuate from year to year depending on the life stage of the community (introduction, growth, maturity, and closeout), as well as when lots are delivered and made available in the individual communities.



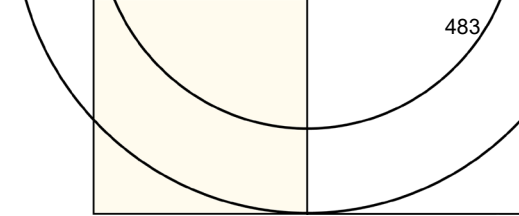
CMA Communities Historical Trends & Peak

Competitive Market Analysis

Kinston (154 closings, 9.7% capture rate), Trailside on Harmony (112 closings, 7.1% capture rate), RainDance (109 closings, 6.9%), and Centerra (96 closings, 6.0% capture rate) have been the most active communities in the CMA in terms of velocity through 4Q23 combining for more than 29% of the market. The CMA has historically supported multiple communities with strong demand.



MPCs	Built-Out	Lots Remain	VDL	Home Inv	Ann Starts Capture	Historical Capture Peak & Qtr.	Ann Close Capture	Historical Capture Peak & Qtr.
Centerra	86.6%	288	88	116	8.1%	10.0% 4Q22	6.0%	12.5% 1Q23
Eagle Brook Meadows	74.7%	105	73	12	2.1%	8.2% 2Q22	3.7%	7.1% 4Q22
Heron Lakes	21.8%	1,111	110	35	2.9%	4.4% 1Q23	4.9%	5.7% 2Q23
Kinston	7.9%	2,287	113	39	8.2%	10.9% 2Q23	9.7%	9.8% 3Q23
RainDance	79.3%	417	330	87	5.1%	22.5% 2Q21	6.9%	21.5% 4Q21
Thompson River Ranch	54.2%	940	183	23	2.2%	16.7% 2Q10	1.8%	12.1% 3Q10
Timnath Ranch	58.6%	1,098	73	13	1.1%	13.5% 4Q11	0.0%	12.3% 2Q12
Trailside on Harmony	72.7%	156	82	74	6.1%	8.0% 3Q22	7.1%	8.9% 2Q23
Vantage	28.4%	590	254	47	5.4%	5.4% 4Q23	4.2%	5.0% 2Q23
Water Valley	97.4%	57	44	13	0.5%	11.6% 1Q17	1.9%	11.9% 4Q17
Combined Total	---	7,049	1,350	459				



Lot Supplies

Competitive Market Analysis

Through the end of 4Q23, there were 3,242 vacant developed lots and an estimated 10,635 undeveloped future lots in actively selling communities within the CMA. In addition, future projects currently moving through the development process will continue to enter the market in the next decade, pending entitlement approvals, development financing and ultimately, land development. These future proposed communities have an additional 19,682 potential lots (many of these lots are conceptual and still raw land). Based on the closing pace of 1,613 new homes closed in the CMA through 4Q23, the lots identified in the active communities equate to 8.7 years of potential supply. The future proposed lots equate to another 12.4 years of potential supply. The CMA will see development shift to the south and eastern edges as land builds out.

For the purpose of understanding market supply in the years ahead, we have projected a build-out of active CMA communities' remaining lots, as well as estimated future projects' lots. This build-out model helps to identify when demand for lots and new home options in the Northern Colorado Market will no longer be met within the CMA within the framework of the currently active developments. This is a comprehensive list of all known lots in this CMA at the present time, featuring larger communities while grouping together the smaller scale communities. Projected absorptions for 2024 through 2028 are based on reasonable absorption projections of their remaining supply based on past performance and the stage of the community (introduction, growth, mature, close-out).

In our model, we have listed the competitive communities with their current housing trends, build-out percentage (highlighted in blue), historical absorption and projected an annual future absorption based on projected growth in the CMA, product segmentation, location strength analysis, and their overall anticipated position within the CMA housing market segment.

Known future planned communities are represented within the model. All reasonable efforts have been made to determine the conceptual plans of these future communities, but many of these communities, even those fully platted, could face potential delays of one kind or another, changes in product segmentation to reflect market conditions, financing and other variables that could affect their market entry timeline. It is important to remember many are still conceptual and undefined future communities, while seeking a more macro view of the future lot supply within the CMA.

In purple at the bottom of the exhibit, we have listed the CMA communities combined annual closings, as well as their combined historical and projected closing totals, representing the CMA totals based on these community absorptions, and further tracking the forecasted CMA capture rate of closings within the overall Market. This has been done in coordination with Zonda Advisory's Northern Colorado Market housing forecast, also represented in purple. The Market actual and projected annual closings are also provided.

Demand Analysis

Competitive Market Analysis

The assessment of housing demand and market capture is an iterative process with numerous ever-changing variables to consider. We have approached demand using our projected new home closings forecast within the Market. We accounted for demand based on a review of all active and future lots within the CMA, and all the variables previously discussed to generate a supply-based CMA capture rate (as noted within the build-out model). From there, we reviewed the ratio of currently active to future planned lots, the transition of communities to build-out, and plausible timelines for new communities. We then reviewed demographic and economic trends and the outlook for new housing supply availability, and projected a CMA capture rate, estimated at an average of 40.6% over the next five years which is consistent with demand in the market. We then calculated a potential demand variance of +/- 3.0% to account for unknown factors that could cause a negative or positive market movement from our estimate. This demand analysis is consistent with historical trending and current projected upward growth within the CMA. While we believe that these figures represent a realistic view of the Market based on our experience, these types of demand models are best served as points of discussion

	The Lakes at Centerra CMA									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Actual					Forecast				
Total Northern CO Mkt Closings Projections ¹	4,648	5,087	6,306	4,796	3,986	4,006	4,046	4,451	4,896	5,140
Total CMA Capture ²	2,071	2,413	2,786	1,924	1,587	1,612	1,637	1,813	1,997	2,097
	44.6%	47.4%	44.2%	40.1%	39.8%	40.2%	40.5%	40.7%	40.8%	40.8%
Active Community Capture ³	2,071	2,413	2,786	1,924	1,587	1,612	1,537	1,463	1,422	1,322
	100%	100%	100%	100%	100%	100%	94%	81%	71%	63%
Future Community Capture ⁴	0	0	0	0	0	0	100	350	575	775
	0%	0%	0%	0%	0%	0%	6%	19%	29%	37%
Lakes at Centerra Closings & CMA %	115	127	139	231	96	112	54	54	22	0
	6%	5%	5%	12%	6%	7%	3%	3%	1%	0%
Potential Demand Variance ⁶										
CMA @ 37.6% Capture	NA	NA	NA	NA	NA	-106	-116	-139	-156	-164
CMA @ 43.6% Capture	NA	NA	NA	NA	NA	135	127	128	138	144

Notes:

¹ Annual closings for 2019 to 2023 are based on the deed closing results for the CMA. Future annual closings between 2024 through 2028 are forecasted by Zonda Advisory. This level of sales can only be achieved if the housing market fundamentals continue to improve and homebuilders offer appropriately priced product in locations with price ranges in demand by the homebuying public.

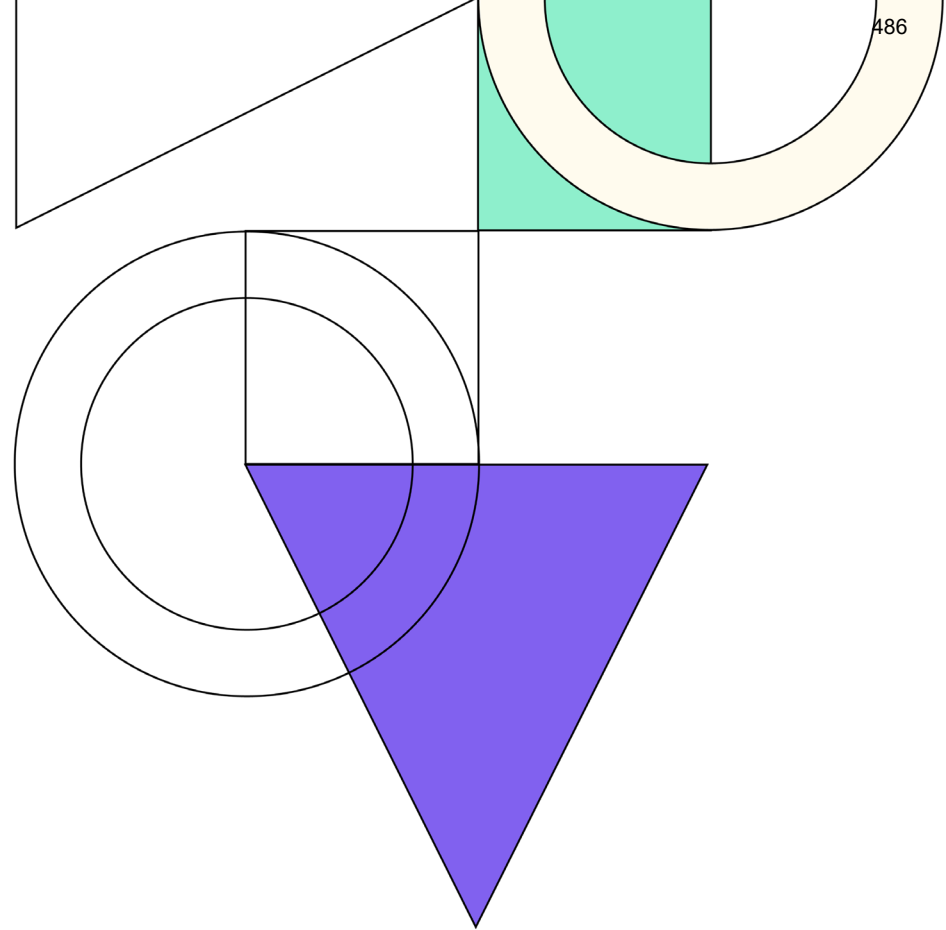
² Includes all annual closings within the Lakes at Centerra CMA per Zonda Advisory. Market share percentages between 2019 and 2023 are actual capture rates. Future closings within this segment were forecasted based on estimated capture rates that follow established start production and closing trends which are consistent with those listed in previous exhibits.

³ The combined total of all currently active selling communities' related closings within the CMA. 2019 through 2023 figures are actual capture counts, therefore equal 100%. Future closings with this segment were forecasting based on historical and anticipated absorption of these same communities within the CMA up until their completion.

⁴ The combined total of future planned communities and their closings within the CMA. Years 2019 through 2023 will not have any activity since these communities are yet to enter the market. Future closings within this segment were forecasted based on estimated market entry for each community and anticipated absorption given what is currently known about each potential community. As with any future plans, estimates are subject to change. Given today's current housing development environment, it is very possible that some of these communities may never be fully realized, may enter the market at another time than projected, and/or that additional communities currently unknown may enter the market over life of the forecast.

⁵ Based on the absorption analysis for the Subject Property, as shown within the build-out model.

⁶ Zonda Advisory acknowledges the possibilities of a variance in demand brought on by unforeseen circumstances such as interest rates spikes, gaps in lot deliveries and the ebb and flow of consumer confidence brought on by a variety of factors. Therefore, we have shown a +/- 3.0% variance from the average capture rate.



Conclusions

Absorption

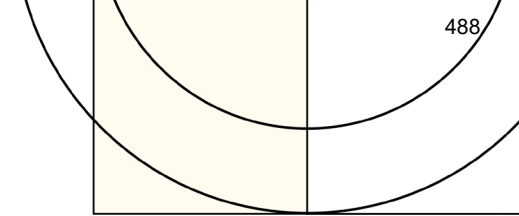
Conclusions

The Subject Property should continue to support demand in the CMA with its product offerings and price points. It offers ease of access to employment centers within a growing and in-demand market area. Zonda Advisory believes the Lakes at Centerra will perform well within the CMA. Based on this review of the competitive market area and the information provided by the District regarding the Subject Property, lot deliveries and product concepts, Zonda Advisory has provided an absorption schedule forecast for the community (set forth in the exhibit below), which we believe is reasonable and supported within this report.

Product Type ³	Average Close Price ¹	Unit Mix ²		Pre-2024	2024				2025				2026				2027				2028			
		Lots	%		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Discovery at the Lakes	\$420,150	160	13.0%	118	12	12	12	6																
Shores at the Lakes	\$527,150	94	7.6%	66	8	8	8	4																
North Shore Flats	\$392,511	196	15.9%	27	6	9	12	12	12	15	15	12	12	15	15	12	12	10						
Lakes - Bridgewater ⁴	\$1,045,000	30	2.4%	27	1	2																		
Boulder Creek Townhomes/Wee Cottages	---	37	3.0%	37																				
Boulder Creek Patio Homes	---	52	4.2%	52																				
Wonderland Patio Homes	---	25	2.0%	25																				
Wonderland 2-Story Homes	---	22	1.8%	22																				
TRI Pointe	---	79	6.4%	79																				
Richmond American	---	71	5.8%	71																				
Landmark Townhomes (South)	---	54	4.4%	54																				
Taylor Morrison	---	189	15.4%	189																				
KB Home	---	152	12.3%	152																				
Lennar	---	37	3.0%	37																				
Bridgewater	---	33	2.7%	33																				
Total		1,231	100.0%	989	27	31	32	22	12	15	15	12	12	15	15	12	12	10	0	0	0	0	0	0
				989	112				54				54				22						0	

Notes:

¹ Average Close Price was calculated as the average among a representative sampling of builder floor plans (if available) selling as base prices with a lot premium average and option/upgrade package estimate based on all currently available information regarding the Subject Property as provided by the developer and homebuilder, and an analysis within the competitive market.
² Unit and product line mix is based upon current and preliminary information from the developer and rough estimates on unit counts. Market entry may need to be adjusted based on development timelines.
³ Product sizes and types have been estimated based on market demand.
⁴ Bridgewater Homes' Lakes at Centerra has one home remaining listed for sale with the list price shown above.



Absorption (cont.)

Conclusions

Based on this product offering and trends in the surrounding CMA, Zonda Advisory believes that the Subject Property has the potential to absorb up to 112 homes during its peak year of 2024 should the homes be supplied to the market. With the current scheduled lot delivery, anticipated continuing sales and home closings, and market factors, we estimate full Subject Property build-out to occur by 2027 barring any significant setbacks.

The CMA's capture rate of the Market has averaged 43.2% over the past five years (2019 to 2023), and finished 2022 at 40.1%. 2023 finished lower at 39.7% of the Market, an indication of the declining lot availability. Based on current economic and competitive conditions, land availability, and established history of the area, Zonda Advisory estimates the future capture rate of the CMA to see market share remain steady through the forecast. Zonda Advisory believes that the Subject Property development has the potential to capture between 3.0% and 8.0% of the CMA's total home closings in the future, which seems reasonable given previous capture rates by similar sized communities as well as past performance within the Subject Property in the Northern Colorado Market, and the potential demand for housing within the CMA.

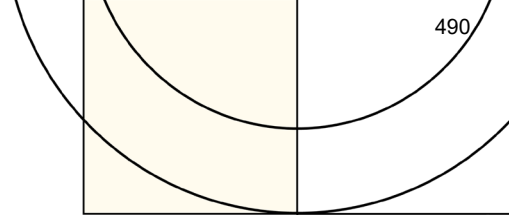
If the Market achieves greater volumes than those forecasted by Zonda Advisory, absorption potential would obviously increase. On the other hand, if a down cycle occurs within our current projection, Market volumes may fall off pace, resulting in potentially lower absorption. And finally, should other communities build-out earlier than expected, or run short on available lots, capture rates would also increase (at the same time, if other competition emerges sooner than expected, capture rates could potentially decline).

Price Positioning

Conclusions

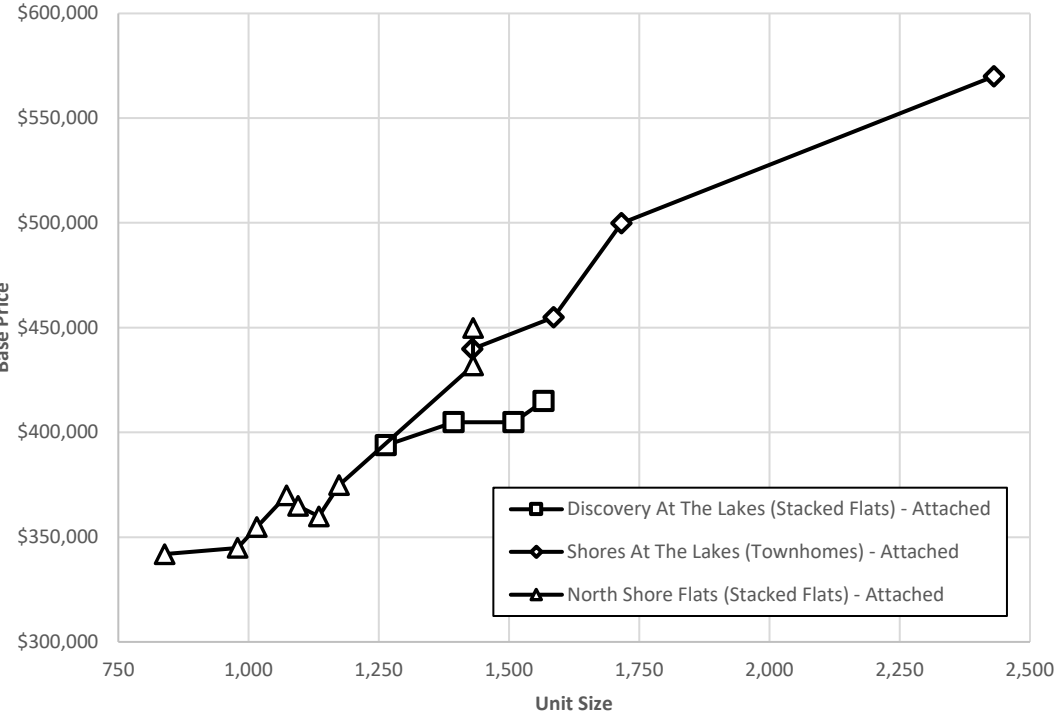
Zonda Advisory has evaluated the CMA in terms of price positioning, absorption levels, and market share. The recommendations and conclusions of Zonda Advisory with respect to estimated pricing for the Subject Property, which are based on present competition and market conditions, are set forth on the following page. We have utilized plan and price information on product offerings at the community based on assumptions and plans as provided by the developer, coupled with fieldwork to evaluate the competitive area. Pricing for future releases may need adjustment as the Market continues to evolve.

These prices represent the current minimum base price for all active product lines within the Subject Property. These base prices were matched against other competitive offerings base prices within the CMA. To calculate average closing prices, past deed records were reviewed and values for lot premiums and options/upgrades were estimated based on field data collected from interviews with sales agents and a review of deed records. Premiums varied based on the product line offered and consumer targeted. Lot premium values are typically based on orientation, size, topography, and the quality of views and open space behind the home site. Typical options/upgrades are the addition and finishing of basements and improvements to kitchens, bathrooms, and floorings from the base offering by the homebuilder. These additional options and upgrades will assist the District in achieving strong additional revenue. For details per product line on estimated premiums and options/upgrades, please refer to The Lakes at Centerra Home Pricing Program on the next page.



Price Positioning (cont.)

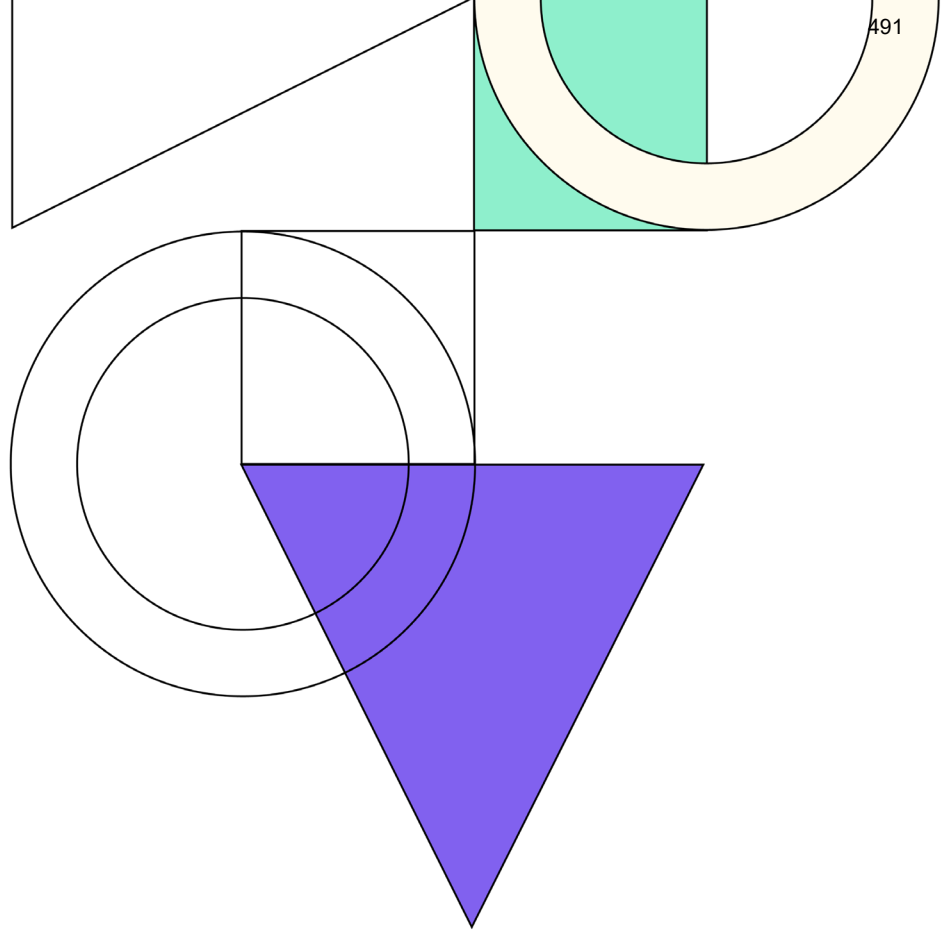
Conclusions



Subject Property	Product Details	Size				Typical Spending – Estimated					
		Mix	(SF)	Bd/Ba	Level	Pkg	Base Price	Options / Upgrades	Lot Premiums	Closing Price	Est. Closing \$/SF
DISCOVERY AT THE LAKES LANDMARK HOMES CENTERRA LOVELAND											
Product:	Stacked Flats	23	1,264	2/2	1	1	\$393,900	\$12,500	\$3,000	\$409,400	\$324
Configuration:	Attached	23	1,394	2/2.5	2	2	\$404,900	\$12,500	\$3,000	\$420,400	\$302
Lot Dimension:	n/a	23	1,509	3/2	1	1	\$404,900	\$12,500	\$3,000	\$420,400	\$279
Total Units:	89	23	1,567	3/2.5	2	2	\$414,900	\$12,500	\$3,000	\$430,400	\$275
		89	1,434				\$404,650	\$12,500	\$3,000	\$420,150	\$293
SHORES AT THE LAKES LANDMARK HOMES CENTERRA LOVELAND											
Product:	Tow nhomes	24	1,430	2/2.5	2	2	\$439,900	\$30,000	\$6,000	\$475,900	\$333
Configuration:	Attached	24	1,586	3/2.5	2	2	\$454,900	\$30,000	\$6,000	\$490,900	\$310
Lot Dimension:	20x85	24	1,716	3/2.5	2	2	\$499,900	\$30,000	\$6,000	\$535,900	\$312
Total Units:	94	24	2,431	3/3	2	2	\$569,900	\$30,000	\$6,000	\$605,900	\$249
		94	1,791				\$491,150	\$30,000	\$6,000	\$527,150	\$294
NORTH SHORE FLATS LANDMARK HOMES CENTERRA LOVELAND											
Product:	Stacked Flats	22	839	1/1	1	1	\$341,900	\$12,500	\$3,000	\$357,400	\$426
Configuration:	Attached	22	979	1/1	1	1	\$344,900	\$12,500	\$3,000	\$360,400	\$368
Lot Dimension:	n/a	22	1,016	2/2	1	1	\$354,900	\$12,500	\$3,000	\$370,400	\$365
Total Units:	196	22	1,073	2/2	1	1	\$369,900	\$12,500	\$3,000	\$385,400	\$359
		22	1,095	2/2	1	1	\$364,900	\$12,500	\$3,000	\$380,400	\$347
		22	1,135	2/2	1	1	\$359,900	\$12,500	\$3,000	\$375,400	\$331
		22	1,174	2/2	1	1	\$374,900	\$12,500	\$3,000	\$390,400	\$333
		22	1,431	2/2	1	1	\$431,900	\$12,500	\$3,000	\$447,400	\$313
		22	1,431	2/2	1	1	\$449,900	\$12,500	\$3,000	\$465,400	\$325
		196	1,130				\$377,011	\$12,500	\$3,000	\$392,511	\$347

--- Notes ---

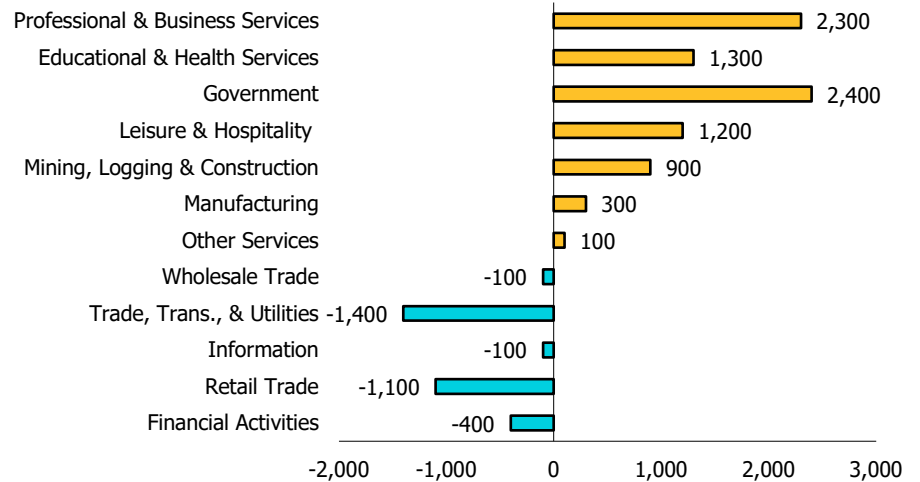
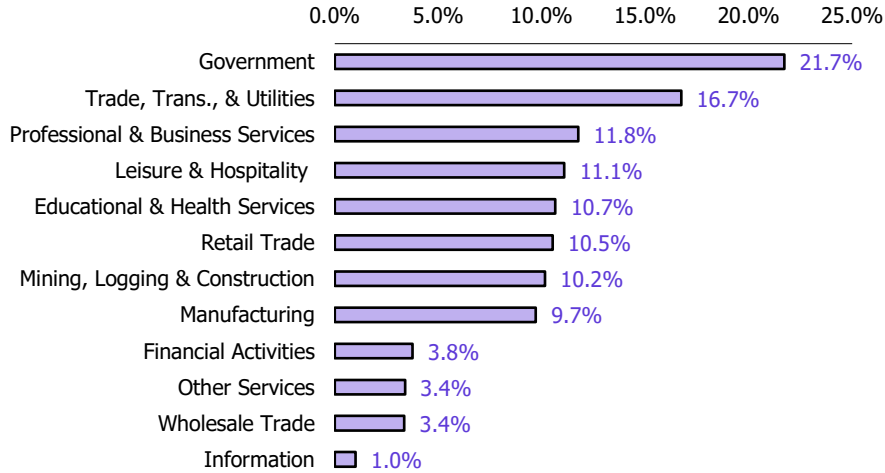
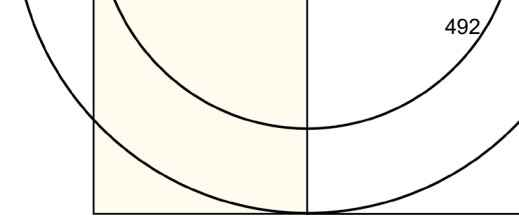
- Product prices and plan information for the Subject Property are based on all currently available information regarding the Subject Property as provided by the developer, and identified homebuilder(s). Additional assumptions and estimates have been included based on an analysis within the competitive market to determine the most likely additional product information. Duplex modeled after active duplex units at Urban Street Townhomes and Single-Family Detached units modeled after actively-selling Sunlight units.
- Average Prices for the Subject Property are based on all currently available information regarding the Subject Property, as provided by the developer and homebuilder(s). Plan information used was from actively selling product lines when available, and when not, from a compilation of competitive market information for the most reasonable product comparison.
- All information is based on current market conditions. Pricing at the Subject Property's release may need adjustment. Zonda Advisory estimates a long-term 3.0% annual average increase in pricing within the CMA over time.



Appendix

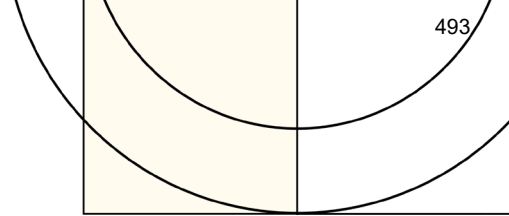
Employment and Job Growth

Economic Overview



Ranked by Current Industry Sector Capture

Sector	Nov 2023	Nov 2022	Net Jobs			Capture %	YOY %
			1-Yr	3-Yr	5-Yr		
Government	64,600	62,200	2,400	6,500	4,100	21.7%	3.9%
Trade, Trans., & Utilities	49,800	51,200	-1,400	1,100	1,900	16.7%	-2.7%
Professional & Business Services	35,000	32,700	2,300	4,000	3,900	11.8%	7.0%
Leisure & Hospitality	33,000	31,800	1,200	6,700	1,900	11.1%	3.8%
Educational & Health Services	31,700	30,400	1,300	2,500	2,800	10.7%	4.3%
Retail Trade	31,300	32,400	-1,100	800	500	10.5%	-3.4%
Mining, Logging & Construction	30,200	29,300	900	3,300	-2,000	10.2%	3.1%
Manufacturing	28,900	28,600	300	1,300	400	9.7%	1.0%
Financial Activities	11,200	11,600	-400	-100	-200	3.8%	-3.4%
Other Services	10,100	10,000	100	-200	0	3.4%	1.0%
Wholesale Trade	10,000	10,100	-100	500	600	3.4%	-1.0%
Information	3,000	3,100	-100	-400	-900	1.0%	-3.2%
Total Non-Farm	297,500	290,900	6,600	24,700	11,900	100.0%	2.3%

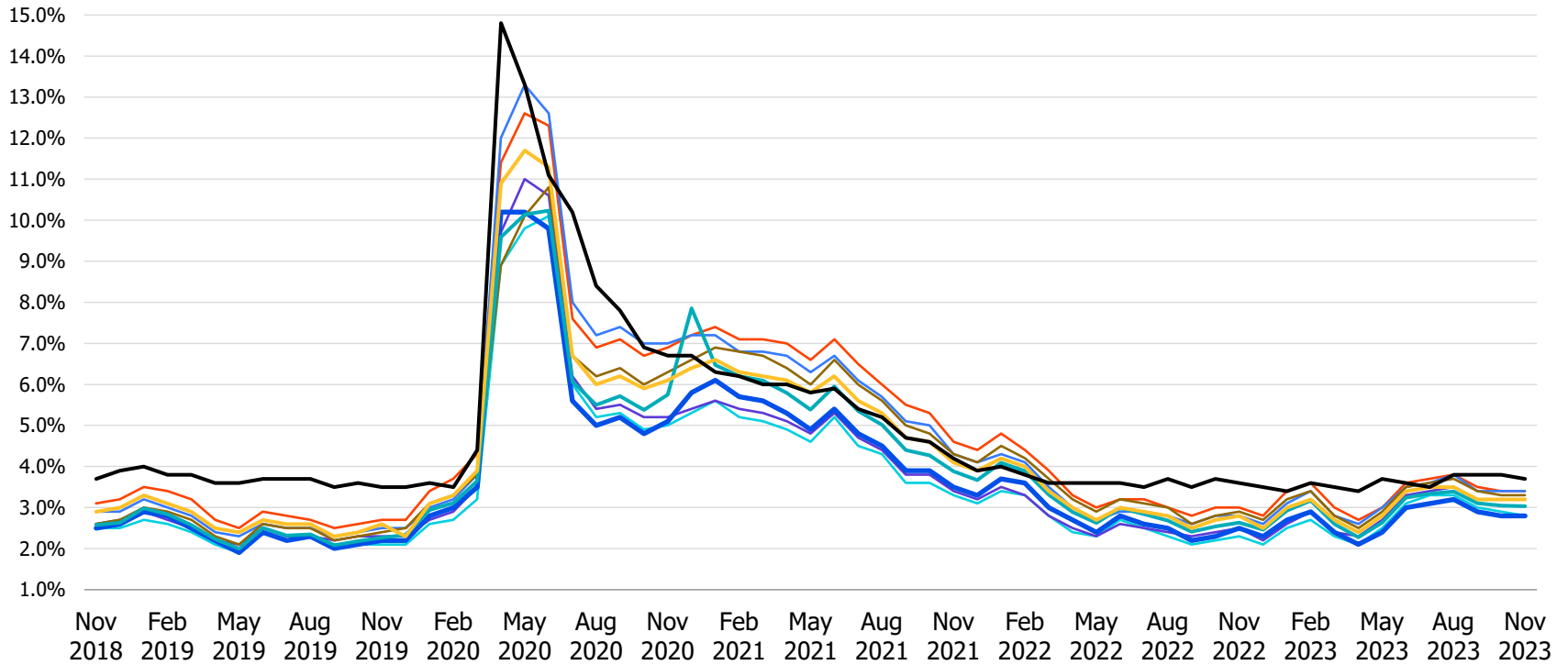


Unemployment Trends

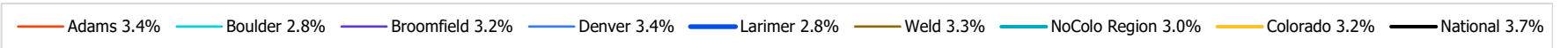
Economic Overview

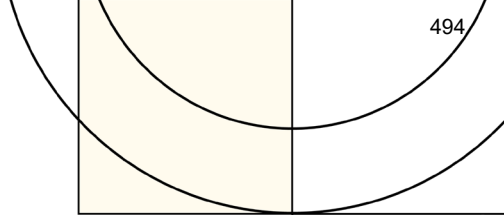
To further break down the economic characters of the area, Zonda Advisory has provided a historical look at select county unemployment rates, as well as against the state and national rates. As some rates begin to fall, there are some additional factors to consider when reviewing unemployment rate trends. These include fewer people looking for work and demographic shifts as workers who delayed retirement during the recession now begin to leave the workforce, leaving job openings to fill.

Larimer County is represented by the blue-colored line, where the Lakes at Centerra is located. The County’s unemployment rate stands at 2.8%, below levels of neighboring Weld County (3.3%) to the east, and below the Northern Colorado Region (3.0%) State (3.2%) and National (3.7%) rates.



November 2023 Unemployment Rate





Population and Households

Demographic Overview

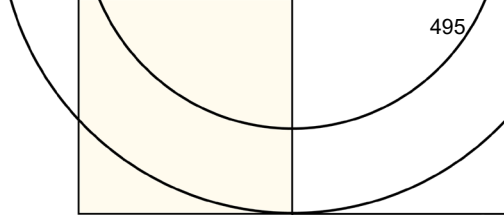
Northern Colorado Market	Total Population		
	2010 Census	2023 Estimate	2028 Projection
Population	552,394	734,434	818,113
Total Numerical Change	---	182,040	83,679
Total Percent Change	---	33.0%	11.4%
Annual Number Change	---	14,003	16,736
Annual Percent Change	---	2.2%	2.2%
Households	209,619	276,262	307,730
Total Numerical Change	---	66,643	31,468
Total Percent Change	---	31.8%	11.4%
Annual Number Change	---	5,126	6,294
Annual Percent Change	---	2.1%	2.2%
Average Household Size	2.6	2.7	2.7

Source: Zonda Advisory/Neustar/U.S. Census Bureau

Lakes at Centerra CMA	Total Population		
	2010 Census	2023 Estimate	2028 Projection
Population	155,500	196,698	211,300
Total Numerical Change	---	41,198	14,602
Total Percent Change	---	26.5%	7.4%
Annual Number Change	---	3,169	2,920
Annual Percent Change	---	1.8%	1.4%
Households	60,560	76,538	82,285
Total Numerical Change	---	15,978	5,747
Total Percent Change	---	26.4%	7.5%
Annual Number Change	---	1,229	1,149
Annual Percent Change	---	1.8%	1.5%
Average Household Size	2.6	2.6	2.6

Population	28.2%	26.8%	25.8%
Households	28.9%	27.7%	26.7%

Source: Zonda Advisory/Neustar/U.S. Census Bureau



Age Distribution

Demographic Overview

Age Group	Northern Colorado Market					
	2010 Census		2023 Estimate		2028 Projection	
	Total	%	Total	%	Total	%
0-24	203,945	36.9%	239,468	32.6%	254,516	31.1%
25-34	77,036	13.9%	109,815	15.0%	117,741	14.4%
35-44	71,256	12.9%	102,429	13.9%	115,268	14.1%
45-54	76,621	13.9%	85,431	11.6%	100,514	12.3%
55-64	63,756	11.5%	81,069	11.0%	87,171	10.7%
65-74	33,923	6.1%	70,468	9.6%	77,495	9.5%
75-84	18,176	3.3%	34,484	4.7%	47,773	5.8%
85+	7,681	1.4%	11,270	1.5%	17,635	2.2%
Total	552,394	100.0%	734,434	100.0%	818,113	100.0%

Annual Change						
Age Group	Total	%	Total	%	Total	%
0-24	-	-	2,733	1.2%	3,010	1.2%
25-34	-	-	2,521	2.8%	1,585	1.4%
35-44	-	-	2,398	2.8%	2,568	2.4%
45-54	-	-	678	0.8%	3,017	3.3%
55-64	-	-	1,332	1.9%	1,220	1.5%
65-74	-	-	2,811	5.8%	1,405	1.9%
75-84	-	-	1,254	5.0%	2,658	6.7%
85+	-	-	276	3.0%	1,273	9.4%
Median Age	34.4		36.7		38.1	

Source: Zonda Advisory/Neustar/U.S. Census Bureau

Age Group	Lakes at Centerra CMA					
	2010 Census		2023 Estimate		2028 Projection	
	Total	%	Total	%	Total	%
0-24	51,245	33.0%	62,304	31.7%	62,228	29.5%
25-34	20,070	12.9%	26,365	13.4%	31,198	14.8%
35-44	21,667	13.9%	23,613	12.0%	26,031	12.3%
45-54	24,149	15.5%	23,836	12.1%	24,917	11.8%
55-64	19,228	12.4%	24,315	12.4%	24,353	11.5%
65-74	10,559	6.8%	21,842	11.1%	22,815	10.8%
75-84	5,921	3.8%	10,784	5.5%	14,367	6.8%
85+	2,659	1.7%	3,638	1.8%	5,389	2.6%
Total	155,500	100.0%	196,698	100.0%	211,300	100.0%

Annual Change						
Age Group	Total	%	Total	%	Total	%
0-24	-	-	851	1.5%	-15	0.0%
25-34	-	-	484	2.1%	967	3.4%
35-44	-	-	150	0.7%	484	2.0%
45-54	-	-	-24	-0.1%	216	0.9%
55-64	-	-	391	1.8%	8	0.0%
65-74	-	-	868	5.8%	195	0.9%
75-84	-	-	374	4.7%	717	5.9%
85+	-	-	75	2.4%	350	8.2%
Median Age	38.0		39.2		39.6	

Source: Zonda Advisory/Neustar/U.S. Census Bureau

Household Income

Demographic Overview

Northern Colorado Market Annual Household Inc.	2010 Census		2023 Estimate		2028 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	47,932	22.9%	34,723	12.6%	37,673	12.2%
\$25,000-\$34,000	20,592	9.8%	16,170	5.9%	17,399	5.7%
\$35,000-\$49,000	30,346	14.5%	28,267	10.2%	30,738	10.0%
\$50,000-\$74,000	39,364	18.8%	45,563	16.5%	50,002	16.2%
\$75,000-\$99,000	29,318	14.0%	37,022	13.4%	41,054	13.3%
\$100,000-\$149,000	26,982	12.9%	55,603	20.1%	63,252	20.6%
\$150,000+	15,085	7.2%	58,914	21.3%	67,612	22.0%
	209,619	100.0%	276,262	100.0%	307,730	100.0%

Average Household Inc. **\$68,542** **\$106,284** **\$107,962**

Median Household Inc. **\$53,879** **\$84,054** **\$85,993**

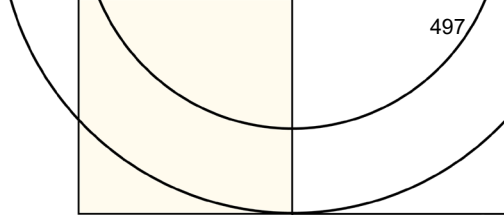
Source: Zonda Advisory/Neustar/U.S. Census Bureau

Lakes at Centerra CMA Annual Household Inc.	2010 Census		2023 Estimate		2028 Projection	
	Total HH	%	Total HH	%	Total HH	%
Under \$25,000	10,150	16.8%	6,873	9.0%	7,157	8.7%
\$25,000-\$34,000	5,094	8.4%	4,091	5.3%	4,285	5.2%
\$35,000-\$49,000	8,893	14.7%	7,111	9.3%	7,360	8.9%
\$50,000-\$74,000	11,870	19.6%	12,759	16.7%	13,475	16.4%
\$75,000-\$99,000	9,243	15.3%	10,778	14.1%	11,485	14.0%
\$100,000-\$149,000	9,295	15.3%	15,396	20.1%	16,771	20.4%
\$150,000+	6,016	9.9%	19,529	25.5%	21,753	26.4%
	60,560	100.0%	76,538	100.0%	82,285	100.0%

Average Household Inc. **\$78,776** **\$117,855** **\$120,039**

Median Household Inc. **\$62,592** **\$92,224** **\$94,298**

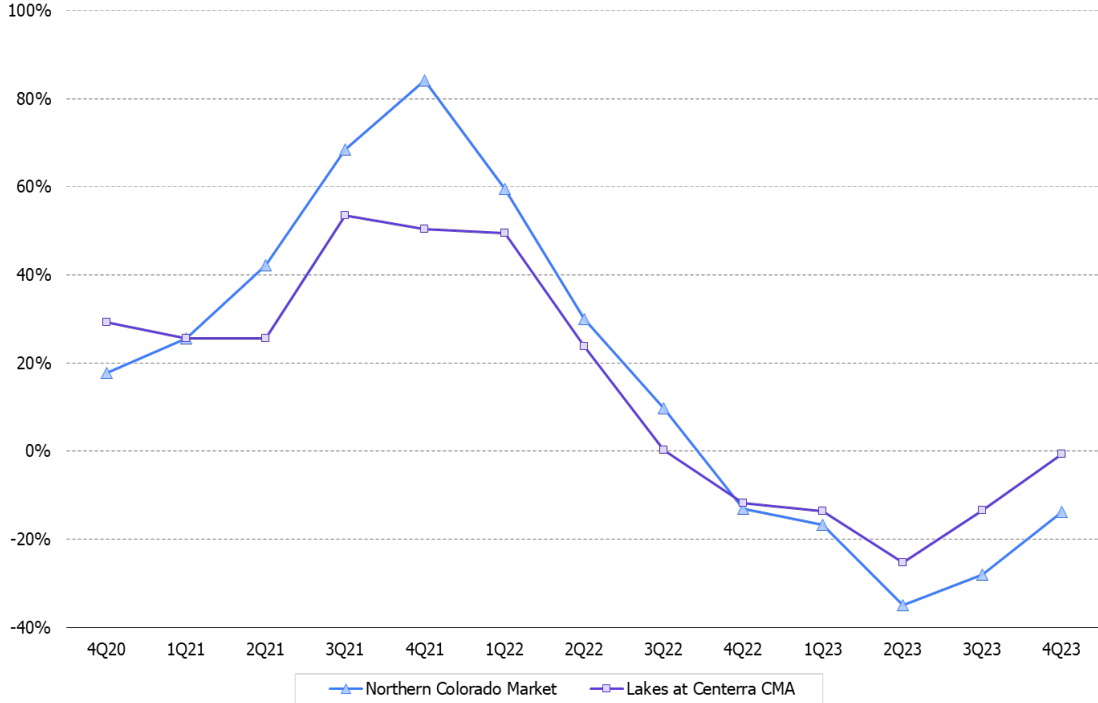
Source: Zonda Advisory/Neustar/U.S. Census Bureau



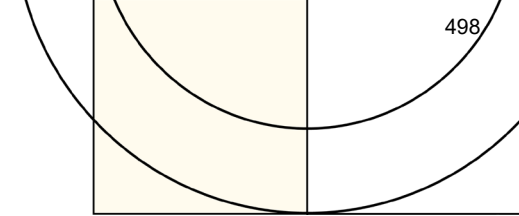
Housing Starts Activity - Attached

Housing Market Overview – New Home Production

Housing Starts Y-O-Y Growth Comparison
Market vs. CMA - Attached Market



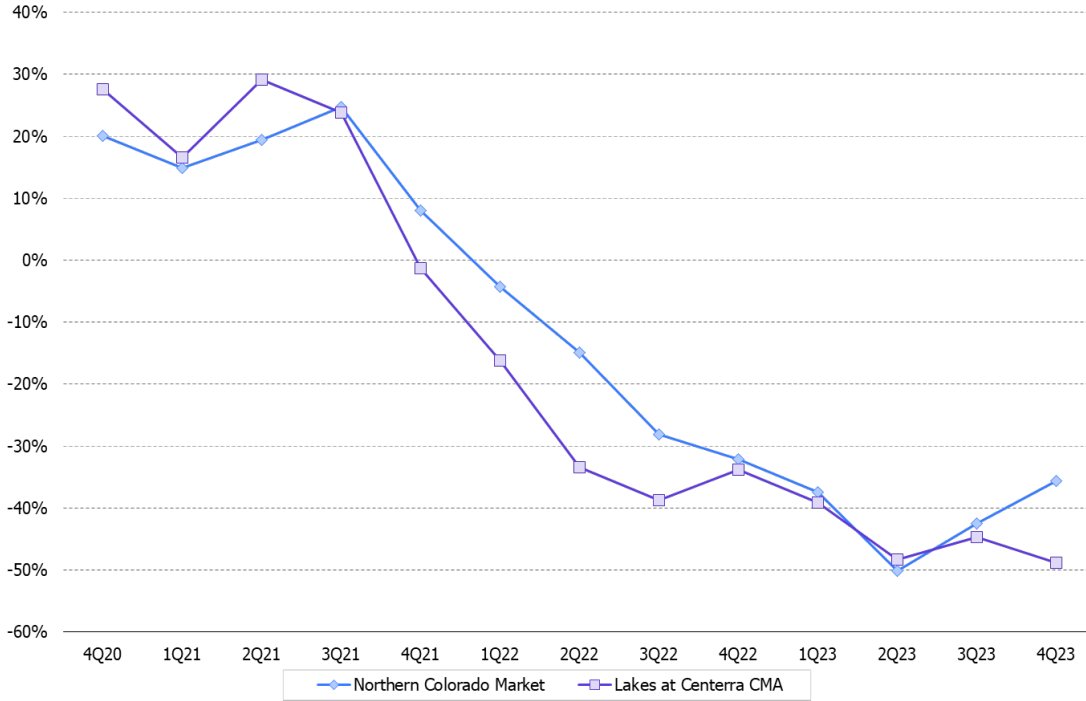
Quarter	Northern Colorado Market		Lakes at Centerra CMA	
	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
4Q19	584	*	259	*
1Q20	609	*	265	*
2Q20	675	*	324	*
3Q20	658	*	310	*
4Q20	688	17.8%	335	29.3%
1Q21	765	25.6%	333	25.7%
2Q21	960	42.2%	407	25.6%
3Q21	1,109	68.5%	476	53.5%
4Q21	1,267	84.2%	504	50.4%
1Q22	1,221	59.6%	498	49.5%
2Q22	1,247	29.9%	504	23.8%
3Q22	1,217	9.7%	477	0.2%
4Q22	1,102	-13.0%	445	-11.7%
1Q23	1,018	-16.6%	430	-13.7%
2Q23	811	-35.0%	377	-25.2%
3Q23	876	-28.0%	413	-13.4%
4Q23	951	-13.7%	442	-0.7%
Hist. Avg.	927	17.8%	400	14.9%



Housing Starts Activity - Detached

Housing Market Overview – New Home Production

Housing Starts Y-O-Y Growth Comparison
Market vs. CMA - Detached Market

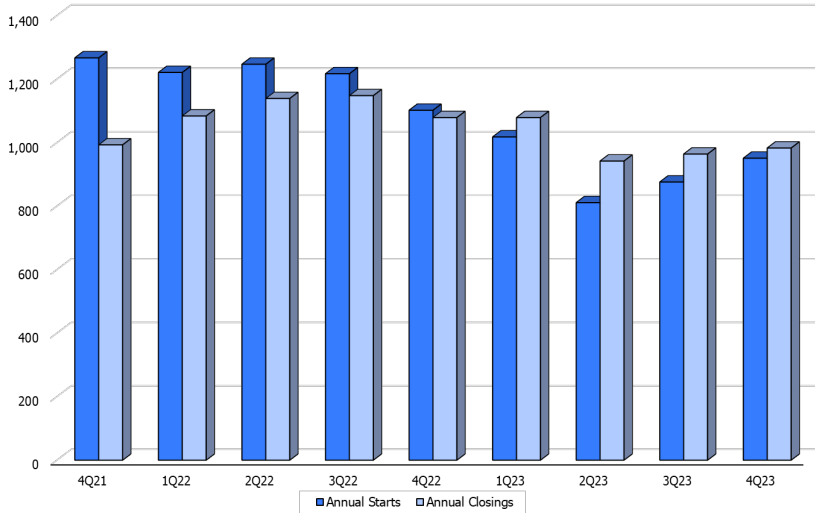


Quarter	Northern Colorado Market		Lakes at Centerra CMA	
	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
4Q19	4,037	*	1,811	*
1Q20	4,360	*	2,042	*
2Q20	4,460	*	2,008	*
3Q20	4,394	*	2,035	*
4Q20	4,848	20.1%	2,312	27.7%
1Q21	5,008	14.9%	2,382	16.7%
2Q21	5,328	19.5%	2,593	29.1%
3Q21	5,484	24.8%	2,521	23.9%
4Q21	5,239	8.1%	2,282	-1.3%
1Q22	4,792	-4.3%	1,996	-16.2%
2Q22	4,536	-14.9%	1,728	-33.4%
3Q22	3,943	-28.1%	1,546	-38.7%
4Q22	3,556	-32.1%	1,510	-33.8%
1Q23	2,997	-37.5%	1,215	-39.1%
2Q23	2,261	-50.2%	893	-48.3%
3Q23	2,270	-42.4%	856	-44.6%
4Q23	2,290	-35.6%	773	-48.8%
Hist. Avg.	4,106	-12.1%	1,794	-15.9%

New Housing Starts and Closings Activity Comparison - Attached

Housing Market Overview – New Home Production

Attached Annual Starts & Closings - Northern Colorado Market



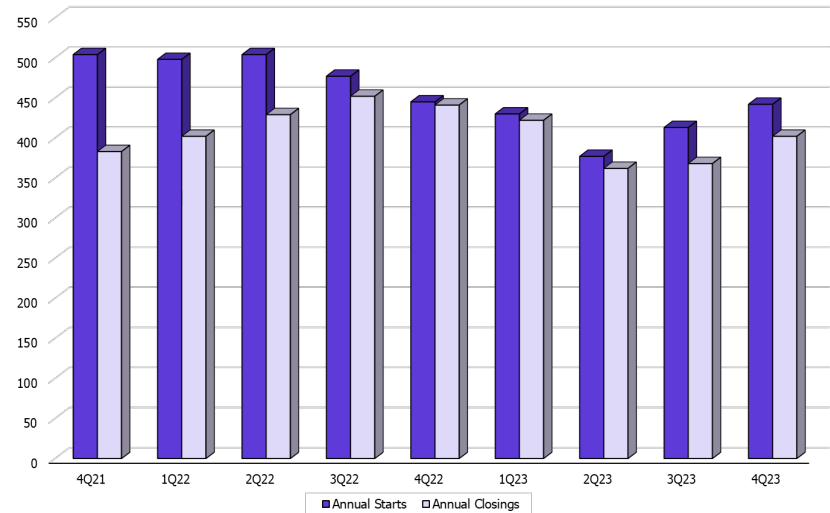
Northern Colorado Market - Attached

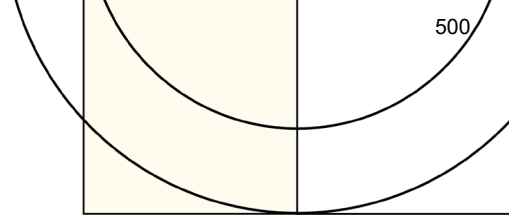
Quarter	Annual Starts	Annual Closings	Housing Inv	VDL Inv	Future Lots
4Q21	1,267	993	872	1,048	23,687
1Q22	1,221	1,084	833	1,181	24,875
2Q22	1,247	1,139	885	1,407	25,801
3Q22	1,217	1,148	917	1,610	27,075
4Q22	1,102	1,079	895	2,004	26,936
1Q23	1,018	1,079	772	2,015	27,639
2Q23	811	942	754	2,112	27,751
3Q23	876	964	829	2,028	28,389
4Q23	951	983	863	1,960	28,171
9 Qtr Hist. Avg.	1,079	1,046	847	1,707	26,703

Lakes at Centerra CMA - Attached

Quarter	Annual Starts	Annual Closings	Housing Inv	VDL Inv	Future Lots
4Q21	504	383	398	569	8,961
1Q22	498	402	394	489	9,573
2Q22	504	429	410	608	9,763
3Q22	477	452	401	856	9,453
4Q22	445	441	402	892	9,168
1Q23	430	422	402	819	9,168
2Q23	377	362	425	817	9,445
3Q23	413	368	446	802	9,584
4Q23	442	402	442	689	9,584
9 Qtr Hist. Avg.	454	407	413	727	9,411

Attached Annual Starts & Closings - Lakes at Centerra CMA

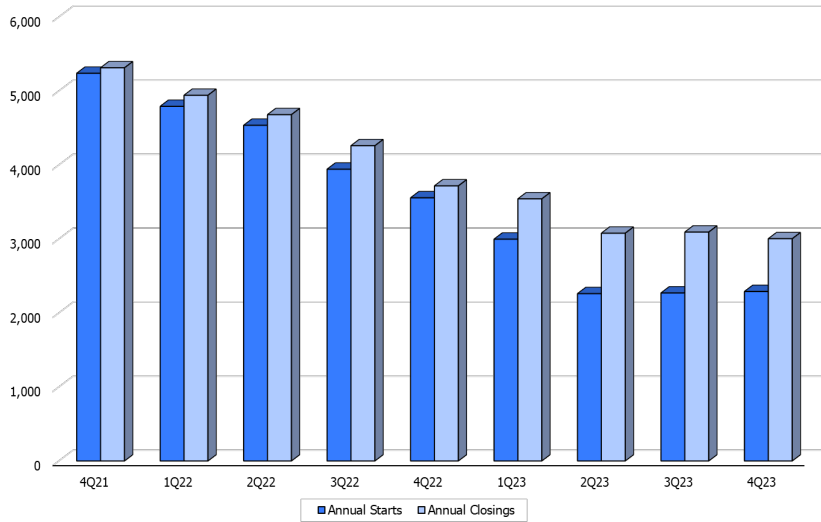




New Housing Starts and Closings Activity Comparison - Detached

Housing Market Overview – New Home Production

Detached Annual Starts & Closings - Northern Colorado Market



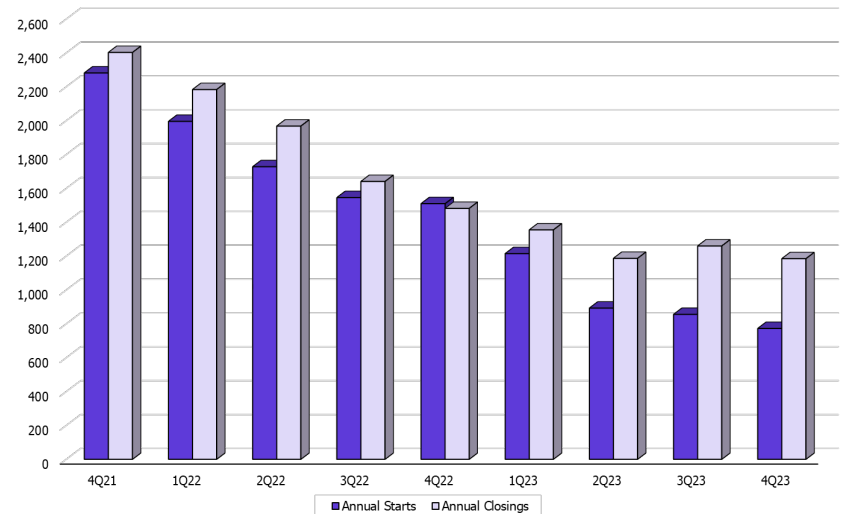
Northern Colorado Market - Detached

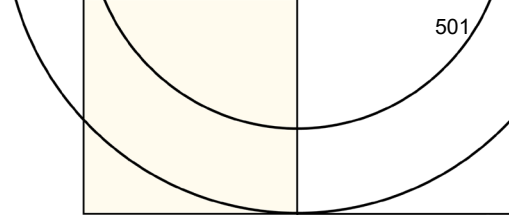
Quarter	Annual Starts	Annual Closings	Housing Inv	VDL Inv	Future Lots
4Q21	5,239	5,313	2,539	5,514	101,963
1Q22	4,792	4,942	2,528	5,031	104,172
2Q22	4,536	4,680	2,540	5,672	105,108
3Q22	3,943	4,260	2,518	5,590	103,344
4Q22	3,556	3,717	2,378	6,191	102,932
1Q23	2,997	3,542	1,983	6,114	104,442
2Q23	2,261	3,078	1,723	6,085	105,399
3Q23	2,270	3,093	1,695	5,750	106,315
4Q23	2,290	3,003	1,665	6,054	105,502
9 Qtr Hist. Avg.	3,543	3,959	2,174	5,778	104,353

Lakes at Centerra CMA - Detached

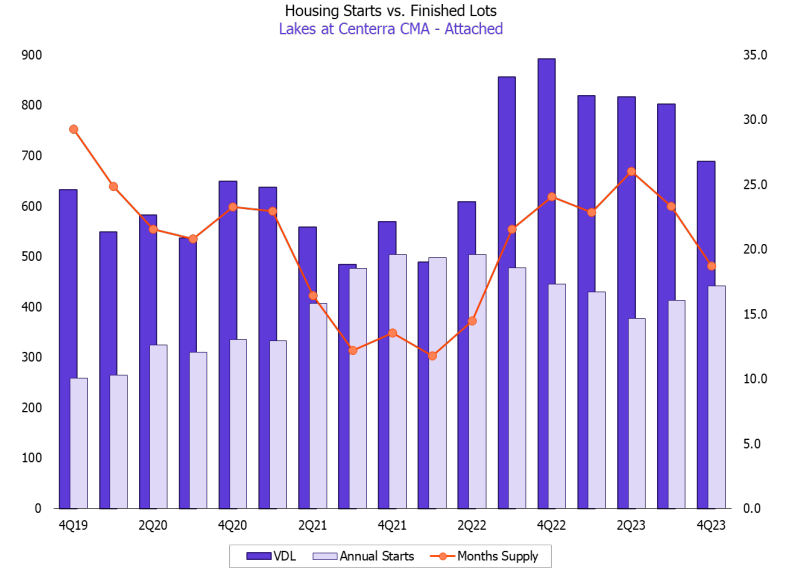
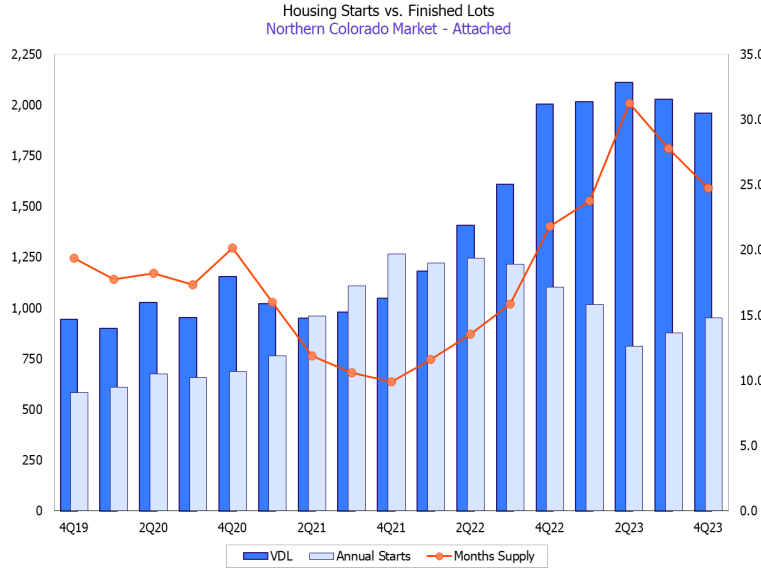
Quarter	Annual Starts	Annual Closings	Housing Inv	VDL Inv	Future Lots
4Q21	2,282	2,403	1,062	2,499	19,929
1Q22	1,996	2,184	1,073	2,224	20,182
2Q22	1,728	1,968	1,009	2,606	20,741
3Q22	1,546	1,641	1,072	2,443	20,714
4Q22	1,510	1,482	1,090	2,514	20,484
1Q23	1,215	1,355	933	2,447	21,455
2Q23	893	1,187	715	2,537	21,237
3Q23	856	1,260	668	2,248	21,193
4Q23	773	1,185	678	2,507	20,733
9 Qtr Hist. Avg.	1,422	1,629	922	2,447	20,741

Detached Annual Starts & Closings - Lakes at Centerra CMA

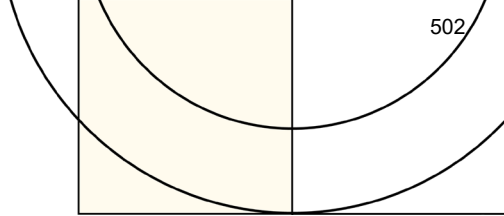




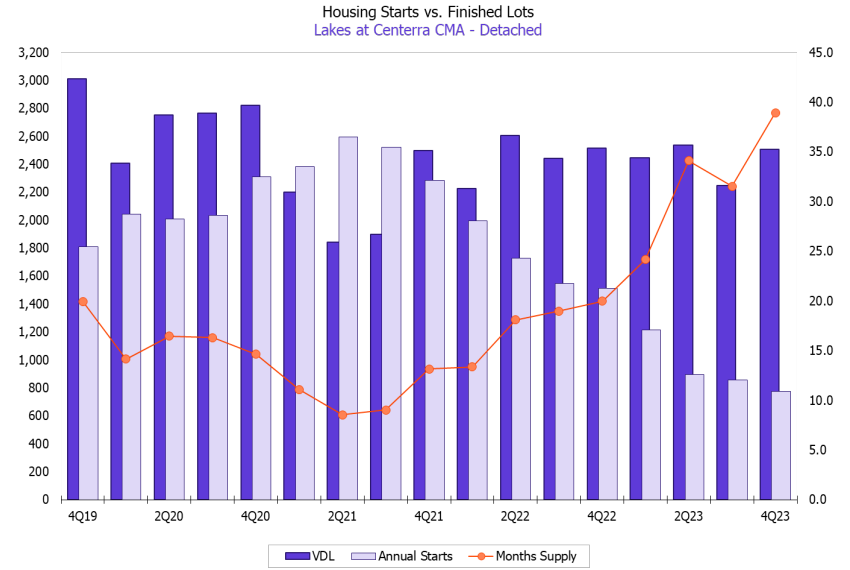
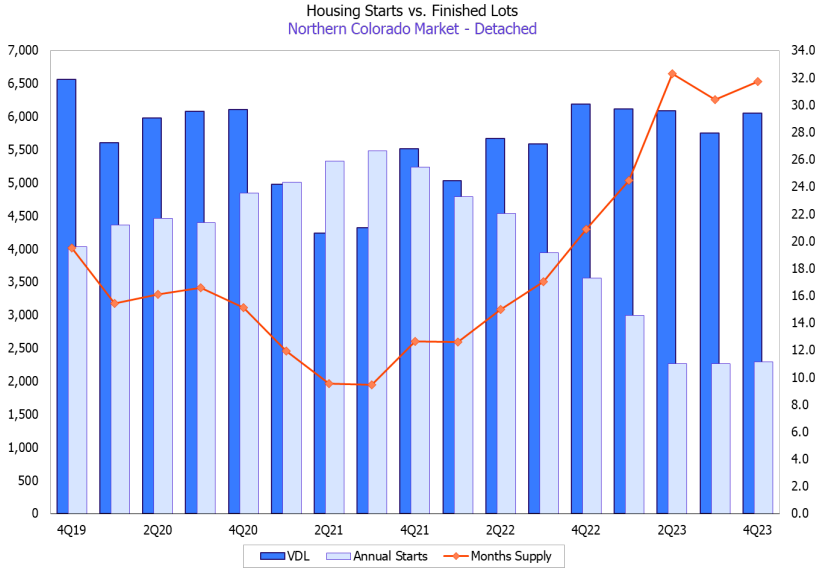
Vacant Developed Lots and Months of Supply - Attached Lot Supply



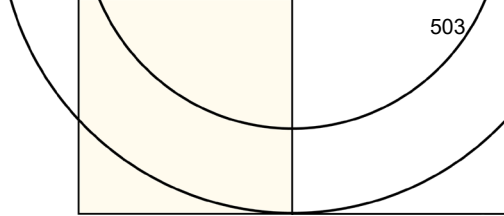
Quarter	Northern Colorado Market - Attached			Lakes at Centerra CMA - Attached		
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply
4Q20	1,156	688	20.2	649	335	23.2
4Q21	1,048	1,267	9.9	569	504	13.5
4Q22	2,004	1,102	21.8	892	445	24.1
4Q23	1,960	951	24.7	689	442	18.7
Hist. Avg	1,370	927	17.7	657	400	19.7



Vacant Developed Lots and Months of Supply - Detached Lot Supply

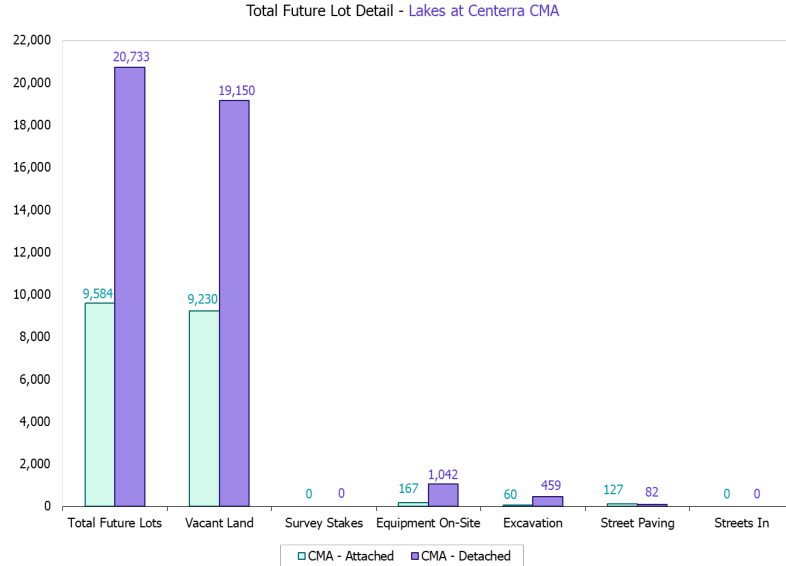


Quarter	Northern Colorado Market - Detached			Lakes at Centerra CMA - Detached		
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply
4Q20	6,110	4,848	15.1	2,821	2,312	14.6
4Q21	5,514	5,239	12.6	2,499	2,282	13.1
4Q22	6,191	3,556	20.9	2,514	1,510	20.0
4Q23	6,054	2,290	31.7	2,507	773	38.9
Hist. Avg	5,639	4,106	16.5	2,454	1,794	16.4

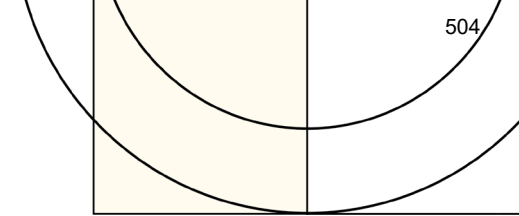


Development Status of Future Lots and Future Supply

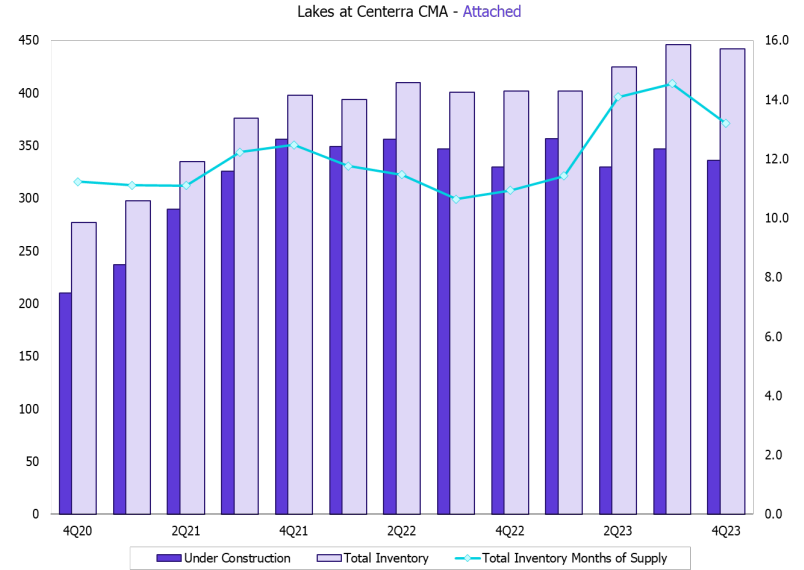
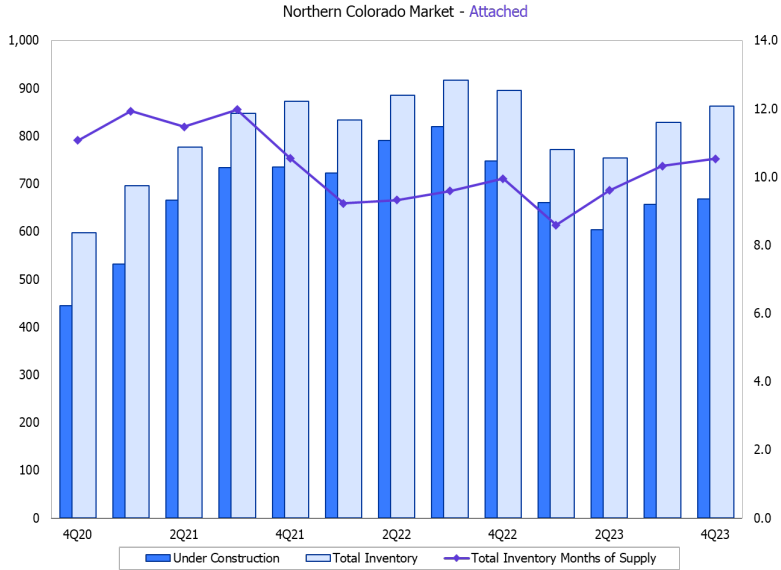
Future Lot Supply



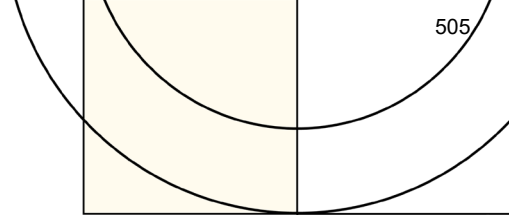
4Q23	Northern Colorado Market	Lakes at Centerra CMA		
Attached Future Lot Detail				
Total Future Lots	28,171	100.0%	9,584	100.0%
Vacant Land	26,701	94.8%	9,230	96.3%
Survey Stakes	32	0.1%	0	0.0%
Equipment On-Site	844	3.0%	167	1.7%
Excavation	467	1.7%	60	0.6%
Street Paving	127	0.5%	127	1.3%
Streets In	0	0.0%	0	0.0%
In-Process	1,470	5.2%	354	3.7%
Detached Future Lot Detail				
Total Future Lots	105,502	100.0%	20,733	100.0%
Vacant Land	100,086	94.9%	19,150	92.4%
Survey Stakes	29	0.0%	0	0.0%
Equipment On-Site	3,346	3.2%	1,042	5.0%
Excavation	1,681	1.6%	459	2.2%
Street Paving	360	0.3%	82	0.4%
Streets In	0	0.0%	0	0.0%
In-Process	5,416	5.1%	1,583	7.6%



Total Housing Inventory - Attached Housing Inventory

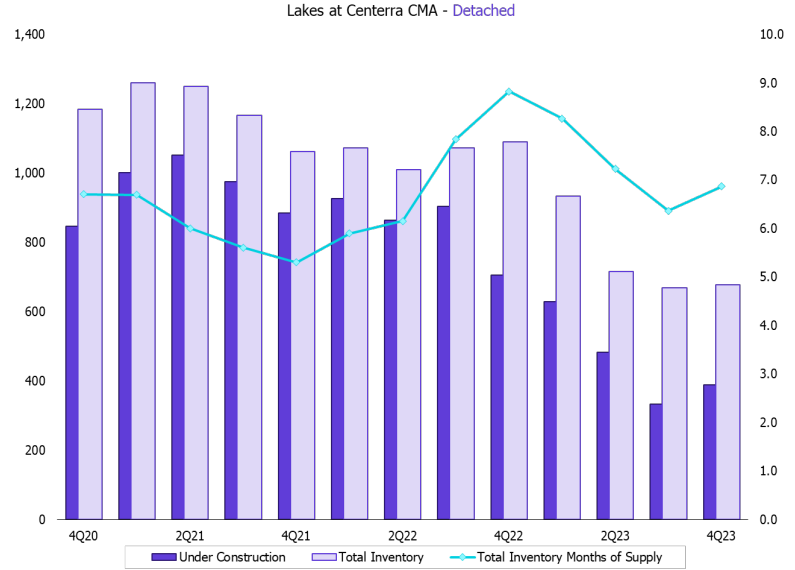
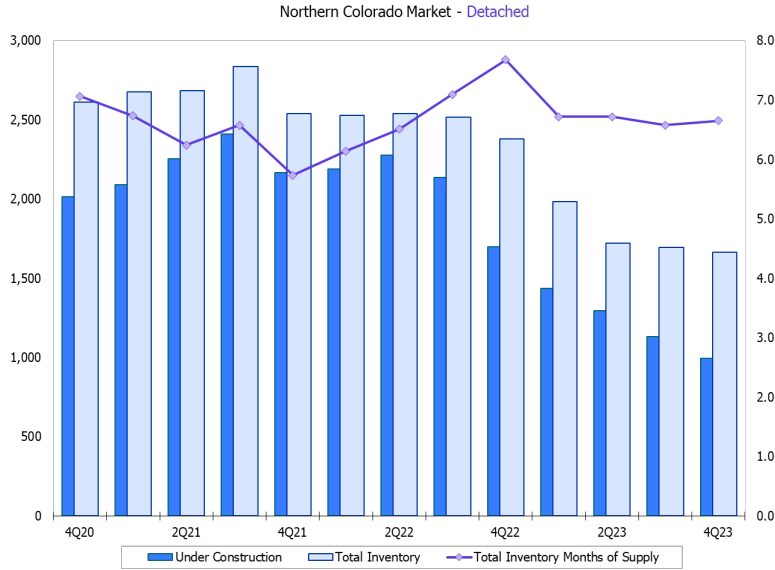


Quarter	Northern Colorado Market - Attached					Lakes at Centerra CMA - Attached				
	Finished Vacant	Under Construction	Models	Total Inventory	Total Inventory Months of Supply	Finished Vacant	Under Construction	Models	Total Inventory	Total Inventory Months of Supply
4Q20	121	445	32	598	11.1	50	210	17	277	11.2
1Q21	130	532	34	696	11.9	45	237	16	298	11.1
2Q21	77	666	34	777	11.5	28	290	17	335	11.1
3Q21	82	734	32	848	12.0	30	326	20	376	12.2
4Q21	108	735	29	872	10.5	25	356	17	398	12.5
1Q22	81	722	30	833	9.2	28	349	17	394	11.8
2Q22	65	791	29	885	9.3	38	356	16	410	11.5
3Q22	64	820	33	917	9.6	35	347	19	401	10.6
4Q22	110	748	37	895	10.0	50	330	22	402	10.9
1Q23	77	661	34	772	8.6	26	357	19	402	11.4
2Q23	117	604	33	754	9.6	75	330	20	425	14.1
3Q23	135	657	37	829	10.3	78	347	21	446	14.5
4Q23	156	668	39	863	10.5	85	336	21	442	13.2
Hist. Avg	102	676		811	10.3	46	321		385	12.0

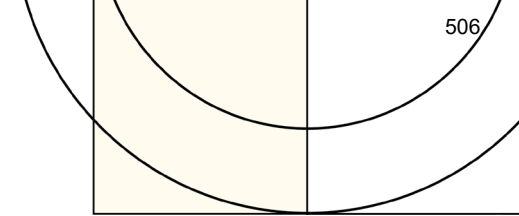


Total Housing Inventory - Detached

Housing Inventory



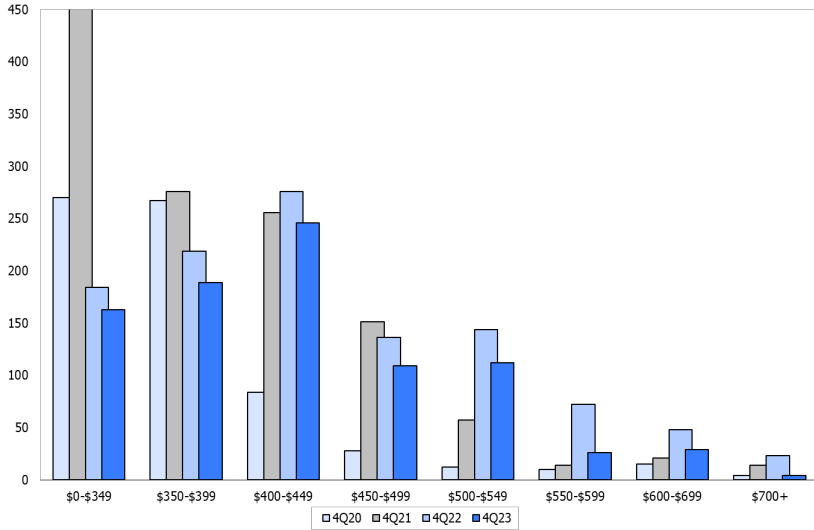
Quarter	Northern Colorado Market - Detached					Lakes at Centerra CMA - Detached				
	Finished Vacant	Under Construction	Models	Total Inventory	Total Inventory Months of Supply	Finished Vacant	Under Construction	Models	Total Inventory	Total Inventory Months of Supply
4Q20	468	2,014	131	2,613	7.1	277	847	59	1,183	6.7
1Q21	448	2,092	138	2,678	6.7	197	1,001	63	1,261	6.7
2Q21	305	2,253	126	2,684	6.2	144	1,052	53	1,249	6.0
3Q21	302	2,409	124	2,835	6.6	134	975	58	1,167	5.6
4Q21	268	2,168	103	2,539	5.7	129	885	48	1,062	5.3
1Q22	235	2,190	103	2,528	6.1	96	926	51	1,073	5.9
2Q22	174	2,276	90	2,540	6.5	101	863	45	1,009	6.2
3Q22	289	2,137	92	2,518	7.1	122	904	46	1,072	7.8
4Q22	585	1,697	96	2,378	7.7	337	706	47	1,090	8.8
1Q23	444	1,436	103	1,983	6.7	259	629	45	933	8.3
2Q23	326	1,294	103	1,723	6.7	190	482	43	715	7.2
3Q23	467	1,130	98	1,695	6.6	292	333	43	668	6.4
4Q23	571	996	98	1,665	6.7	252	389	37	678	6.9
Hist. Avg	376	1,853		2,337	6.6	195	769		1,012	6.7



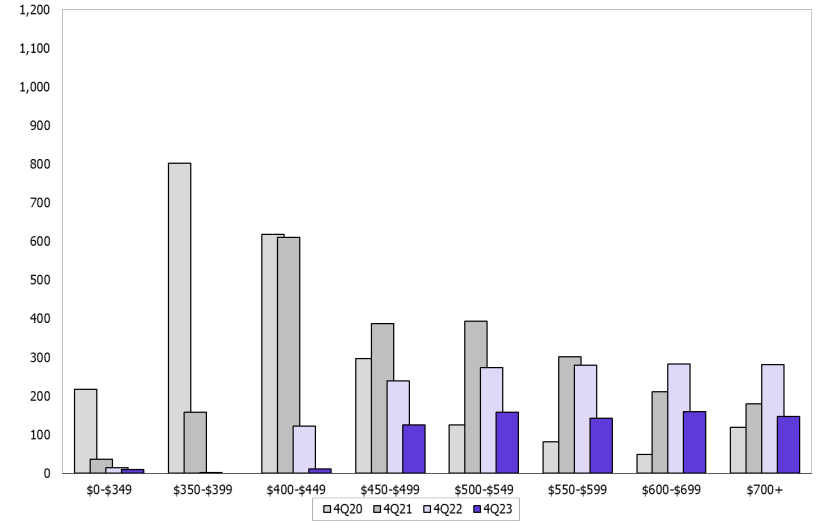
12-Month Starts by Price - Attached

Price Distribution

Rolling 12-Month Starts By Price
Northern Colorado Market - Attached



Rolling 12-Month Starts By Price
Lakes at Centerra CMA - Detached



Northern Colorado Market - Attached

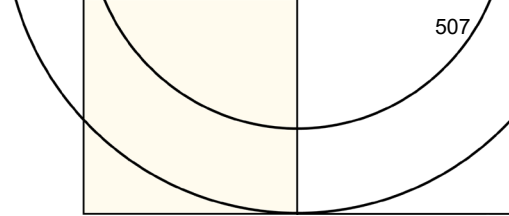
12-Month Annual Starts by Price Segment

Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+
4Q20	270	267	84	28	12	10	15	4
4Q21	478	276	256	151	57	14	21	14
4Q22	184	219	276	136	144	72	48	23
4Q23	163	189	246	109	112	26	29	4
Market Share								
4Q20	39.1%	38.7%	12.2%	4.1%	1.7%	1.4%	2.2%	0.6%
4Q21	37.7%	21.8%	20.2%	11.9%	4.5%	1.1%	1.7%	1.1%
4Q22	16.7%	19.9%	25.0%	12.3%	13.1%	6.5%	4.4%	2.1%
4Q23	18.6%	21.5%	28.0%	12.4%	12.8%	3.0%	3.3%	0.5%

Lakes at Centerra CMA - Attached

12-Month Annual Starts by Price Segment

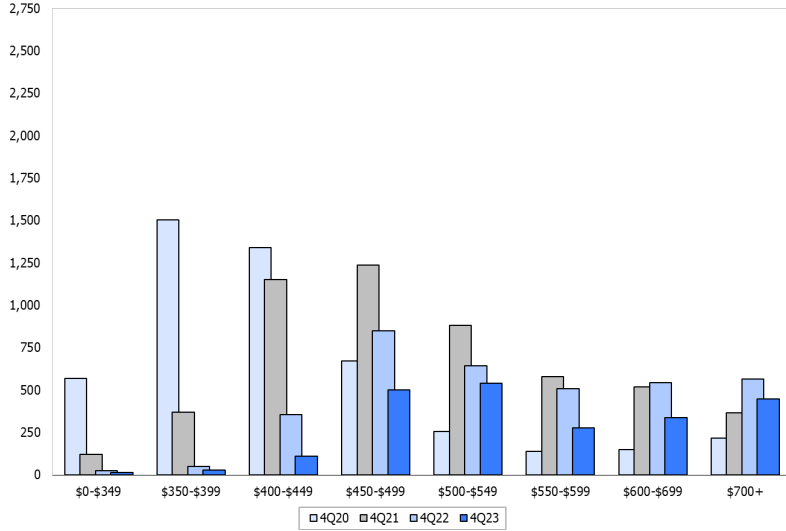
Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+
4Q20	106	113	60	27	12	7	10	0
4Q21	107	126	124	91	25	7	11	14
4Q22	27	73	84	81	84	36	38	22
4Q23	18	48	139	75	96	10	9	0
Market Share								
4Q20	31.6%	33.7%	17.9%	8.1%	3.6%	2.1%	3.0%	0.0%
4Q21	21.2%	25.0%	24.6%	18.0%	5.0%	1.4%	2.2%	2.8%
4Q22	6.1%	16.4%	18.9%	18.2%	18.9%	8.1%	8.5%	4.9%
4Q23	4.6%	12.2%	35.2%	19.0%	24.3%	2.5%	2.3%	0.0%



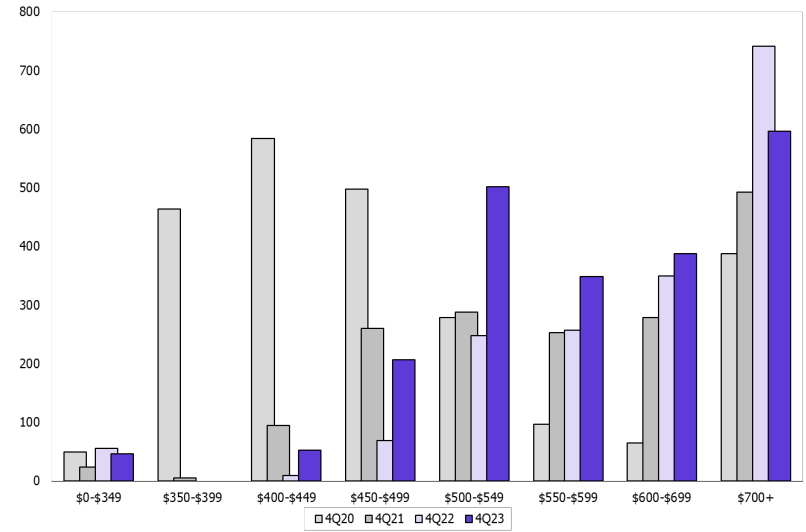
12-Month Starts by Price - Detached

Price Distribution

Rolling 12-Month Starts By Price
Northern Colorado Market - Detached



Vacant Developd Lots By Price
Lakes at Centerra CMA - Detached



Northern Colorado Market - Detached

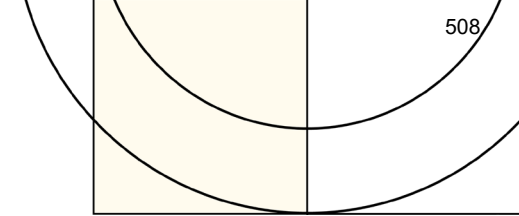
12-Month Annual Starts by Price Segment

Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+
4Q20	569	1,505	1,341	671	257	140	149	216
4Q21	121	370	1,152	1,237	882	581	519	366
4Q22	27	49	356	849	642	508	544	567
4Q23	15	28	111	503	539	278	338	448
Market Share								
4Q20	11.7%	31.0%	27.7%	13.8%	5.3%	2.9%	3.1%	4.5%
4Q21	2.3%	7.1%	22.0%	23.7%	16.9%	11.1%	9.9%	7.0%
4Q22	0.8%	1.4%	10.1%	24.0%	18.1%	14.3%	15.4%	16.0%
4Q23	0.7%	1.2%	4.9%	22.3%	23.8%	12.3%	15.0%	19.8%

Lakes at Centerra CMA - Detached

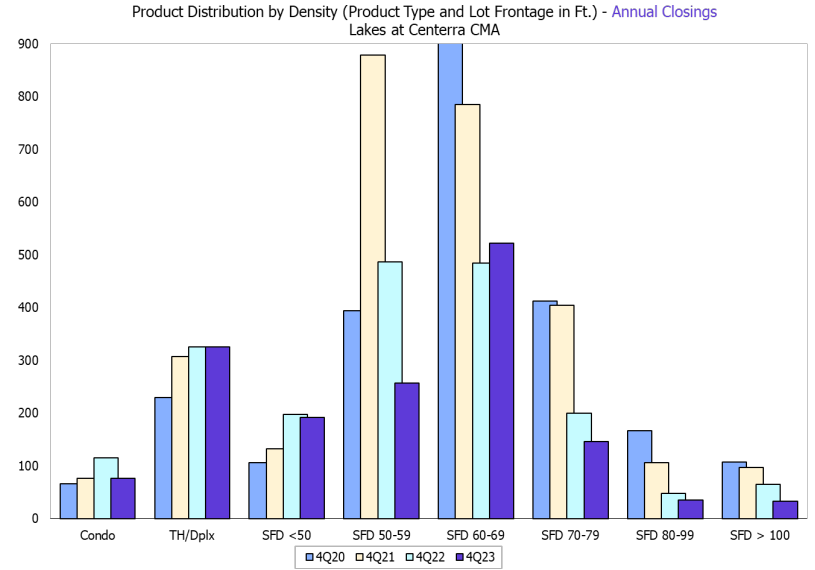
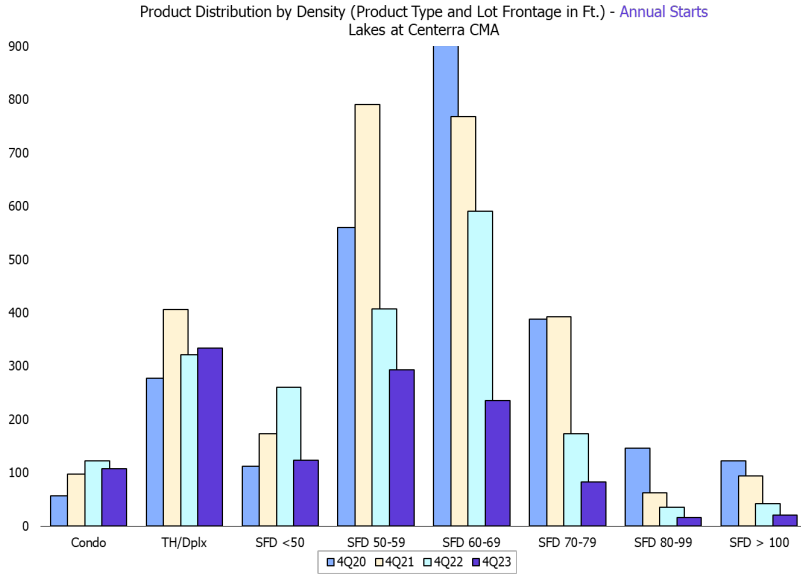
12-Month Annual Starts by Price Segment

Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+
4Q20	217	803	619	297	126	82	49	119
4Q21	37	158	611	388	394	302	211	180
4Q22	15	2	123	239	274	280	283	281
4Q23	10	0	12	126	158	142	160	148
Market Share								
4Q20	9.4%	34.7%	26.8%	12.8%	5.4%	3.5%	2.1%	5.1%
4Q21	1.6%	6.9%	26.8%	17.0%	17.3%	13.2%	9.3%	7.9%
4Q22	1.0%	0.1%	8.2%	16.0%	18.3%	18.7%	18.9%	18.8%
4Q23	1.3%	0.0%	1.6%	16.7%	20.9%	18.8%	21.2%	19.6%



CMA Product Distribution – Annual Starts and Closings

Product Distribution

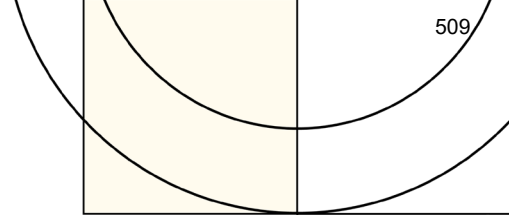


Lakes at Centerra CMA Annual Starts by Product Type/Lot Size

Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
4Q20	57	278	112	560	984	388	146	122	2,647
4Q21	98	406	173	791	768	393	63	94	2,786
4Q22	123	322	260	408	591	173	36	42	1,955
4Q23	108	334	124	293	236	83	16	21	1,215
Market Share									
4Q20	2.2%	10.5%	4.2%	21.2%	37.2%	14.7%	5.5%	4.6%	100%
4Q21	3.5%	14.6%	6.2%	28.4%	27.6%	14.1%	2.3%	3.4%	100%
4Q22	6.3%	16.5%	13.3%	20.9%	30.2%	8.8%	1.8%	2.1%	100%
4Q23	8.9%	27.5%	10.2%	24.1%	19.4%	6.8%	1.3%	1.7%	100%

Lakes at Centerra CMA Annual Closings by Product Type/Lot Size

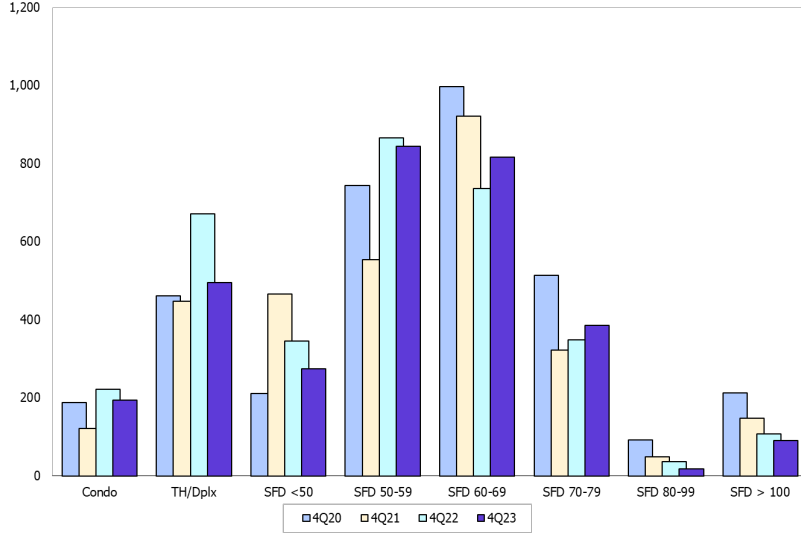
Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
4Q20	66	230	106	394	930	413	167	107	2,413
4Q21	76	307	132	879	785	404	106	97	2,786
4Q22	115	326	198	487	484	200	48	65	1,923
4Q23	76	326	192	257	522	146	35	33	1,587
Market Share									
4Q20	2.7%	9.5%	4.4%	16.3%	38.5%	17.1%	6.9%	4.4%	100%
4Q21	2.7%	11.0%	4.7%	31.6%	28.2%	14.5%	3.8%	3.5%	100%
4Q22	6.0%	17.0%	10.3%	25.3%	25.2%	10.4%	2.5%	3.4%	100%
4Q23	4.8%	20.5%	12.1%	16.2%	32.9%	9.2%	2.2%	2.1%	100%



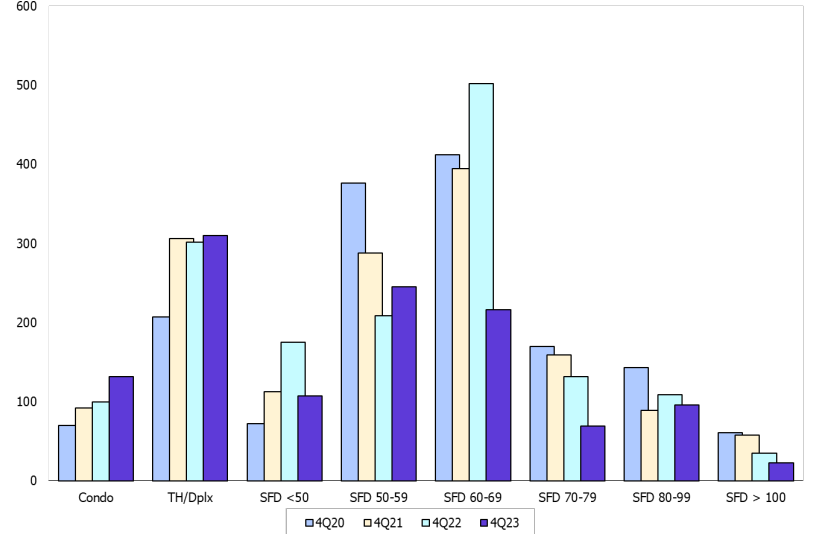
CMA Product Distribution – Vacant Developer Lots and Total Inventory

Product Distribution

Product Distribution by Density (Product Type and Lot Frontage in Ft.) - VDL
Lakes at Centerra CMA

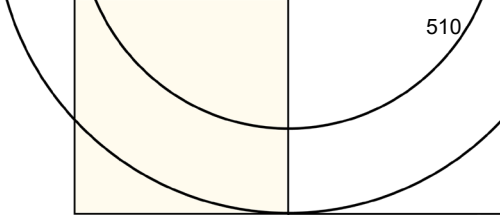


Product Distribution by Density (Product Type and Lot Frontage in Ft.) - Total Inventory
Lakes at Centerra CMA



Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
4Q20	188	461	211	744	997	514	92	212	3,419
4Q21	122	447	465	553	922	322	49	148	3,028
4Q22	221	671	346	866	736	349	37	108	3,334
4Q23	194	495	274	844	817	385	18	91	3,118
Market Share									
4Q20	5.5%	13.5%	6.2%	21.8%	29.2%	15.0%	2.7%	6.2%	100%
4Q21	4.0%	14.8%	15.4%	18.3%	30.4%	10.6%	1.6%	4.9%	100%
4Q22	6.6%	20.1%	10.4%	26.0%	22.1%	10.5%	1.1%	3.2%	100%
4Q23	6.2%	15.9%	8.8%	27.1%	26.2%	12.3%	0.6%	2.9%	100%

Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	Total
4Q20	70	207	72	376	412	170	143	61	1,511
4Q21	92	306	113	288	395	159	89	58	1,500
4Q22	100	302	175	209	502	132	109	35	1,564
4Q23	132	310	107	245	216	69	96	23	1,198
Market Share									
4Q20	4.6%	13.7%	4.8%	24.9%	27.3%	11.3%	9.5%	4.0%	100%
4Q21	6.1%	20.4%	7.5%	19.2%	26.3%	10.6%	5.9%	3.9%	100%
4Q22	6.4%	19.3%	11.2%	13.4%	32.1%	8.4%	7.0%	2.2%	100%
4Q23	11.0%	25.9%	8.9%	20.5%	18.0%	5.8%	8.0%	1.9%	100%



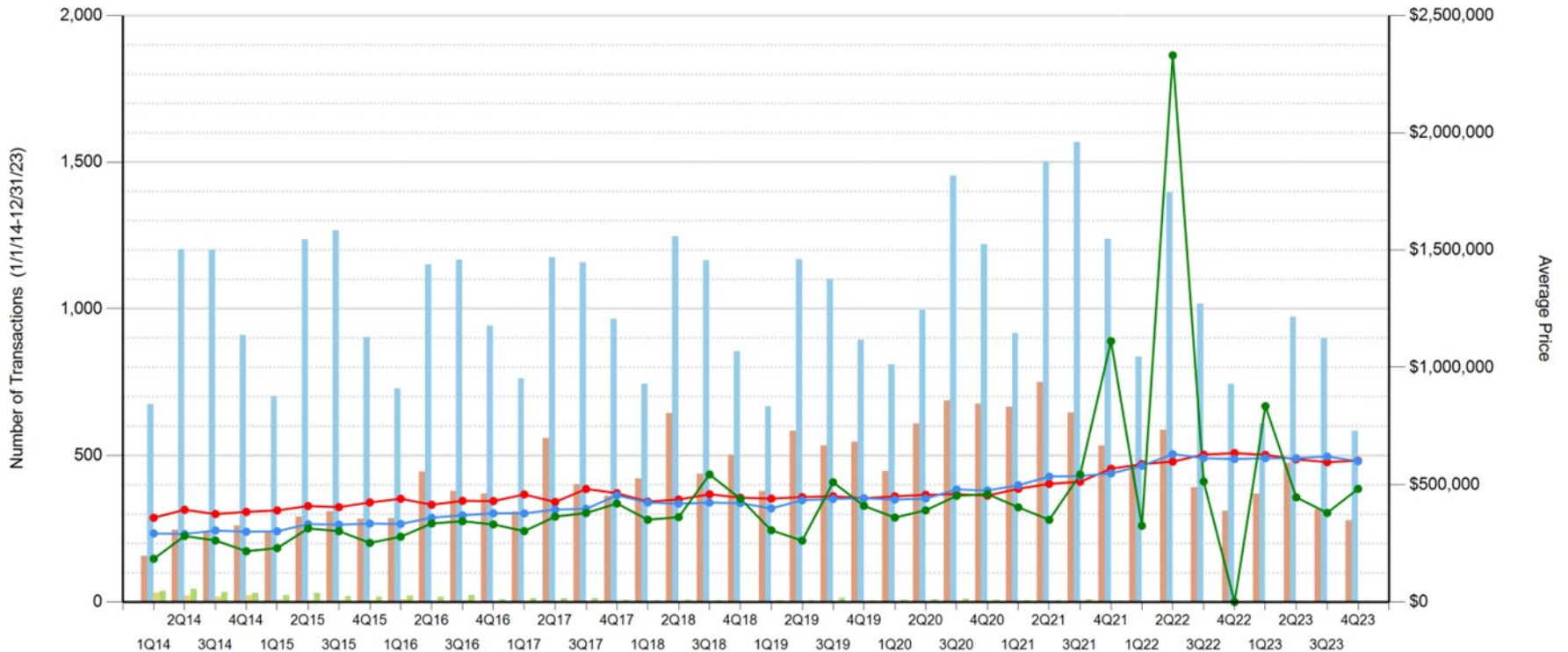
New, Resale, and Foreclosures by Housing Type - CMA

Resale Activity

New, Resale, and Foreclosures By Housing Type *Lakes at Centerra CMA*

Date Range: 1/1/2023 - 12/31/2023															
Transaction Type	Single Family					TH/Plex/Other				Condominium				Other/Unkn	Total
	Count	Avg Price	Avg SF	\$ / SF	Avg Lot SF	Count	Avg Price	Avg SF	\$ / SF	Count	Avg Price	Avg SF	\$ / SF	Count	Count
New	1,124	\$634,779	2,131	\$285.0	7,427	269	\$532,749	1,637	\$314.0	45	\$421,084	1,340	\$316.5	0	1,438
Regular Resale	2,429	\$646,763	1,914	\$343.6	14,622	311	\$487,905	1,563	\$322.6	210	\$366,704	1,160	\$321.7	111	3,061
Foreclosure	0	n/a	---	---	---	0	---	---	---	1	---	1,088	---	0	1
REO Sale	9	\$643,375	1,846	\$379.8	10,970	1	\$380,000	1,184	\$321.0	0	---	---	---	1	11
Selection Totals	3,568	\$642,979	1,978	\$326.6	12,337	581	\$508,427	1,594	\$318.9	256	\$376,124	1,192	\$320.8	112	4,511

■ New - Transaction Count
 ■ Regular Resale - Transaction Count
 ■ Foreclosure - Transaction Count
 ■ REO Sale - Transaction Count
● New - Average Price
 ● Regular Resale - Average Price
 ● REO Sale - Average Price



CMA Comparable Subdivisions Detail

Competitive Market Comparables & Positioning

Project Project Detail	Size				— Incentives —			— Typical Spending —			Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —			80.0% 6.6% Mo.Pmt.	35.0% Qualifying Income	
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Mo.				Base Tax	Addl Taxes				
1 Discovery at the Lakes at Centerra Landmark Homes Centerra Loveland Stacked Flats Expected Sell-Out By 05/25 at 2.65 per mo.																			
Contracts / Sales Pace / SPL3M: 116 / 2.7 / 1.	1,264	2/2	1	1	\$393,900	\$0	\$0	\$12,500	\$3,000	\$409,400	\$324	-\$4,000	\$380	1.0%	0.2%	\$2,874	\$114,953		
Annual Starts / L12M Start Rate: 24 / 2.0	1,394	2/2.5	2	2	\$404,400	\$0	\$0	\$12,500	\$3,000	\$419,900	\$301	-\$4,000	\$380	1.0%	0.2%	\$2,936	\$117,450		
Annual Closings / L12M Closing Rate: 38 / 3.2	1,509	3/2	1	1	\$404,900	\$0	\$0	\$12,500	\$3,000	\$420,400	\$279	-\$4,000	\$380	1.0%	0.2%	\$2,939	\$117,568		
Total Units / Occupancy / Occ. Rate: 160 / 89.	1,567	3/2.5	2	2	\$414,400	\$0	\$0	\$12,500	\$3,000	\$429,900	\$274	-\$4,000	\$380	1.0%	0.2%	\$2,996	\$119,828		
	1,434				\$404,400	\$0	\$0	\$12,500	\$3,000	\$419,900	\$295	-\$4,000	\$380	1.0%	0.2%	\$2,936	\$117,450		
2 Lakes at Centerra/North Shore Flats Landmark Homes Centerra Loveland Stacked Flats Expected Sell-Out By 10/33 at 1.47 per mo.																			
Contracts / Sales Pace / SPL3M: 23 / 1.5 / 1.0	839	1/1	1	1	\$341,900	\$0	\$0	\$12,500	\$3,000	\$357,400	\$426	-\$4,000	\$380	1.0%	0.2%	\$2,565	\$102,587		
Annual Starts / L12M Start Rate: 40 / 3.3	979	1/1	1	1	\$344,900	\$0	\$0	\$12,500	\$3,000	\$360,400	\$368	-\$4,000	\$380	1.0%	0.2%	\$2,583	\$103,301		
Annual Closings / L12M Closing Rate: 0 / 0.0	1,016	2/2	1	1	\$354,900	\$0	\$0	\$12,500	\$3,000	\$370,400	\$365	-\$4,000	\$380	1.0%	0.2%	\$2,642	\$105,679		
Total Units / Occupancy / Occ. Rate: 196 / 0 /	1,073	2/2	1	1	\$369,900	\$0	\$0	\$12,500	\$3,000	\$385,400	\$359	-\$4,000	\$380	1.0%	0.2%	\$2,731	\$109,246		
	1,095	2/2	1	1	\$364,900	\$0	\$0	\$12,500	\$3,000	\$380,400	\$347	-\$4,000	\$380	1.0%	0.2%	\$2,701	\$108,057		
	1,135	2/2	1	1	\$359,900	\$0	\$0	\$12,500	\$3,000	\$375,400	\$331	-\$4,000	\$380	1.0%	0.2%	\$2,672	\$106,868		
	1,174	2/2	1	1	\$374,900	\$0	\$0	\$12,500	\$3,000	\$390,400	\$333	-\$4,000	\$380	1.0%	0.2%	\$2,761	\$110,435		
	1,431	2/2	1	1	\$431,900	\$0	\$0	\$12,500	\$3,000	\$447,400	\$313	-\$4,000	\$380	1.0%	0.2%	\$3,100	\$123,989		
	1,431	2/2	1	1	\$449,900	\$0	\$0	\$12,500	\$3,000	\$465,400	\$325	-\$4,000	\$380	1.0%	0.2%	\$3,207	\$128,269		
	1,130				\$377,011	\$0	\$0	\$12,500	\$3,000	\$392,511	\$352	-\$4,000	\$380	1.0%	0.2%	\$2,773	\$110,937		
3 Shores at the Lakes at Centerra Landmark Homes Centerra Loveland Townhomes Expected Sell-Out By 01/25 at 1.85 per mo.																			
Contracts / Sales Pace / SPL3M: 69 / 1.9 / 1.3	1,430	2/2.5	2	2	\$439,900	\$0	\$0	\$30,000	\$6,000	\$475,900	\$333	-\$4,000	\$250	1.0%	0.2%	\$3,139	\$125,566		
Annual Starts / L12M Start Rate: 24 / 2.0	1,586	3/2.5	2	2	\$454,900	\$0	\$0	\$30,000	\$6,000	\$490,900	\$310	-\$4,000	\$250	1.0%	0.1%	\$3,228	\$129,133		
Annual Closings / L12M Closing Rate: 28 / 2.3	1,716	3/2.5	2	2	\$499,900	\$0	\$0	\$30,000	\$6,000	\$535,900	\$312	-\$4,000	\$250	1.0%	0.1%	\$3,496	\$139,834		
Total Units / Occupancy / Occ. Rate: 94 / 50 /	2,431	3/3	1	2	\$554,900	\$0	\$0	\$30,000	\$6,000	\$590,900	\$243	-\$4,000	\$250	1.0%	0.1%	\$3,823	\$152,912		
	1,791				\$487,400	\$0	\$0	\$30,000	\$6,000	\$523,400	\$299	-\$4,000	\$250	1.0%	0.1%	\$3,422	\$136,861		
4 Urban Collection at Kinston Richmond American Homes Kinston Loveland Attached Expected Sell-Out By 02/25 at 1.16 per mo.																			
Contracts / Sales Pace / SPL3M: 24 / 1.2 / 1.7	1,450	3/2.5	2	2	\$411,950	\$0	\$0	\$20,000	\$5,000	\$436,950	\$301	\$0	\$0	1.1%	0.0%	\$2,638	\$105,506		
Annual Starts / L12M Start Rate: 26 / 2.2	1,470	3/2.5	2	2	\$411,950	\$0	\$0	\$20,000	\$5,000	\$436,950	\$297	\$0	\$0	1.1%	0.0%	\$2,638	\$105,506		
Annual Closings / L12M Closing Rate: 14 / 1.2																			
Total Units / Occupancy / Occ. Rate: 40 / 14 /																			
	1,460				\$411,950	\$0	\$0	\$20,000	\$5,000	\$436,950	\$299	\$0	\$0	1.1%	0.0%	\$2,638	\$105,506		

CMA Comparable Subdivisions Detail

Competitive Market Comparables & Positioning

Project Project Detail	Size				Base Price	— Incentives —		— Typical Spending —			Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —			80.0% 6.6% Mo.Pmt.	35.0% Qualifying Income
	(SF)	Bd/Ba	Level	Pkg		Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Mo.				Base Tax	Addl Taxes			
5 Trailside on Harmony/TH Hartford Homes Timnath Townhomes Expected Sell-Out By 11/24 at 2.26 per mo.																		
Contracts / Sales Pace / SPL3M: 107 / 2.3 / 3.	1,620	3/2.5	2	2	\$470,500	\$0	\$0	\$15,000	\$5,000	\$490,500	\$303	\$0	\$205	1.1%	0.0%	\$3,154	\$126,146	
Annual Starts / L12M Start Rate: 20 / 1.7	1,626	3/2.5	2	2	\$442,400	\$0	\$0	\$15,000	\$5,000	\$462,400	\$284	\$0	\$205	1.1%	0.0%	\$2,985	\$119,389	
Annual Closings / L12M Closing Rate: 30 / 2.5																		
Total Units / Occupancy / Occ. Rate: 131 / 98.																		
	1,623				\$456,450	\$0	\$0	\$15,000	\$5,000	\$476,450	\$294	\$0	\$205	1.1%	0.0%	\$3,069	\$122,767	
6 Timnath Lakes/Paired David Weekley Homes Timnath Lakes Timnath Attached Expected Sell-Out By 01/24 at 1.30 per mo.																		
Contracts / Sales Pace / SPL3M: 50 / 1.3 / 1.0	1,666	3/2.5	2	2	\$474,990	\$0	\$0	\$0	\$0	\$474,990	\$285	\$0	\$70	1.2%	0.0%	\$2,957	\$118,283	
Annual Starts / L12M Start Rate: 0 / 0.0	2,248	3/2.5	2	2	\$499,099	\$0	\$0	\$0	\$0	\$499,099	\$222	\$0	\$70	1.2%	0.0%	\$3,104	\$124,144	
Annual Closings / L12M Closing Rate: 17 / 1.4																		
Total Units / Occupancy / Occ. Rate: 52 / 46 /																		
	1,957				\$487,045	\$0	\$0	\$0	\$0	\$487,045	\$254	\$0	\$70	1.2%	0.0%	\$3,030	\$121,214	
7 Timnath Lakes/Parkside Lennar Timnath Lakes Timnath Townhomes Expected Sell-Out By 03/25 at 4.01 per mo.																		
Contracts / Sales Pace / SPL3M: 65 / 4.0 / 3.7	1,099	2/2	2	2	\$405,900	\$0	\$0	\$0	\$0	\$405,900	\$369	\$0	\$70	1.2%	0.0%	\$2,537	\$101,485	
Annual Starts / L12M Start Rate: 53 / 4.4	1,099	2/2	2	1	\$405,900	\$0	\$0	\$0	\$0	\$405,900	\$369	\$0	\$70	1.2%	0.0%	\$2,537	\$101,485	
Annual Closings / L12M Closing Rate: 40 / 3.3	1,266	2/2.5	2	2	\$451,900	\$0	\$0	\$0	\$0	\$451,900	\$357	\$0	\$70	1.2%	0.0%	\$2,817	\$112,669	
Total Units / Occupancy / Occ. Rate: 125 / 40.	1,266	2/2	2	2	\$451,900	\$0	\$0	\$0	\$0	\$451,900	\$357	\$0	\$70	1.2%	0.0%	\$2,817	\$112,669	
	1,528	3/2.5	2	2	\$468,900	\$0	\$0	\$0	\$0	\$468,900	\$307	\$0	\$70	1.2%	0.0%	\$2,920	\$116,802	
	1,617	3/2.5	2	2	\$478,900	\$0	\$0	\$0	\$0	\$478,900	\$296	\$0	\$70	1.2%	0.0%	\$2,981	\$119,234	
	1,623	3/2.5	2	2	\$478,900	\$0	\$0	\$0	\$0	\$478,900	\$295	\$0	\$70	1.2%	0.0%	\$2,981	\$119,234	
	1,357				\$448,900	\$0	\$0	\$0	\$0	\$448,900	\$336	\$0	\$70	1.2%	0.0%	\$2,798	\$111,940	
8 Trailside/Garden/Paired Brightland Homes Timnath Attached Expected Sell-Out By 12/43 at 0.35 per mo.																		
Contracts / Sales Pace / SPL3M: 16 / 0.4 / 1.3	1,478	2/2	2	2	\$566,218	\$0	\$0	\$0	\$0	\$566,218	\$383	\$0	\$200	1.1%	0.0%	\$3,604	\$144,153	
Annual Starts / L12M Start Rate: 6 / 0.5	1,566	3/2.5	2	2	\$565,098	\$0	\$0	\$0	\$0	\$565,098	\$361	\$0	\$200	1.1%	0.0%	\$3,597	\$143,884	
Annual Closings / L12M Closing Rate: 11 / 0.9	1,739	3/2.5	2	2	\$627,949	\$0	\$0	\$0	\$0	\$627,949	\$361	\$0	\$200	1.1%	0.0%	\$3,975	\$158,997	
Total Units / Occupancy / Occ. Rate: 100 / 11.	1,846	3/2.5	2	2	\$619,935	\$0	\$0	\$0	\$0	\$619,935	\$336	\$0	\$200	1.1%	0.0%	\$3,927	\$157,070	
	1,657				\$594,800	\$0	\$0	\$0	\$0	\$594,800	\$360	\$0	\$200	1.1%	0.0%	\$3,776	\$151,026	

CMA Comparable Subdivision Detail

Competitive Market Comparables & Positioning

Project Project Detail	Size				Base Price	— Incentives —			— Typical Spending —			Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —				
	(SF)	Bd/Ba	Level	Pkg		Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	80.0%	35.0%				Mo.	Base	Addl	6.6%	Qualifying
9 Wilder at Timnath Ranch/Discovery Landmark Homes Timnath Townhomes Expected Sell-Out By 10/27 at 1.67 per mo.																			
Contracts / Sales Pace / SPL3M: 4 / 1.7 / 0.0	1,264	2/2	1	1	\$414,900	\$0	\$0	\$8,000	\$2,000	\$424,900	\$336	-\$4,000	\$290	1.1%	0.0%	\$2,855	\$114,197		
Annual Starts / L12M Start Rate: 13 / 1.1	1,394	2/2.5	2	1	\$424,900	\$0	\$0	\$8,000	\$2,000	\$434,900	\$312	-\$4,000	\$290	1.1%	0.0%	\$2,915	\$116,611		
Annual Closings / L12M Closing Rate: 0 / 0.0	1,509	3/2	1	1	\$434,900	\$0	\$0	\$8,000	\$2,000	\$444,900	\$295	-\$4,000	\$290	1.1%	0.0%	\$2,976	\$119,026		
Total Units / Occupancy / Occ. Rate: 81 / 0 / 0	1,567	3/2.5	2	2	\$439,900	\$0	\$0	\$8,000	\$2,000	\$449,900	\$287	-\$4,000	\$290	1.1%	0.0%	\$3,006	\$120,233		
	1,434				\$428,650	\$0	\$0	\$8,000	\$2,000	\$438,650	\$308	-\$4,000	\$290	1.1%	0.0%	\$2,938	\$117,517		
10 Hansen Farm/Paired D.R. Horton Fort Collins Attached Expected Sell-Out By 09/42 at 0.20 per mo.																			
Contracts / Sales Pace / SPL3M: 1 / 0.2 / 0.0	1,468	3/2.5	2	2	\$459,000	\$0	\$0	\$0	\$0	\$459,000	\$313	-\$10,000	\$193	0.7%	0.0%	\$2,792	\$111,665		
Annual Starts / L12M Start Rate: 20 / 1.7	1,512	3/2.5	2	2	\$469,000	\$0	\$0	\$0	\$0	\$469,000	\$310	-\$10,000	\$193	0.7%	0.0%	\$2,848	\$113,930		
Annual Closings / L12M Closing Rate: 0 / 0.0	1,684	4/2.5	2	2	\$482,120	\$0	\$0	\$0	\$0	\$482,120	\$286	-\$10,000	\$193	0.7%	0.0%	\$2,923	\$116,901		
Total Units / Occupancy / Occ. Rate: 46 / 0 / 0	1,555				\$470,040	\$0	\$0	\$0	\$0	\$470,040	\$303	-\$10,000	\$193	0.7%	0.0%	\$2,854	\$114,165		
11 Reserve at Timberline/Paired Dream Finders Homes Fort Collins Attached Expected Sell-Out By 09/29 at 0.03 per mo.																			
Contracts / Sales Pace / SPL3M: 4 / 0.0 / 0.7	1,459	3/2.5	2	2	\$449,990	\$0	\$0	\$0	\$0	\$449,990	\$308	\$0	\$0	1.0%	0.0%	\$2,679	\$107,155		
Annual Starts / L12M Start Rate: 12 / 1.0																			
Annual Closings / L12M Closing Rate: 0 / 0.0																			
Total Units / Occupancy / Occ. Rate: 42 / 0 / 0	1,459				\$449,990	\$0	\$0	\$0	\$0	\$449,990	\$308	\$0	\$0	1.0%	0.0%	\$2,679	\$107,155		

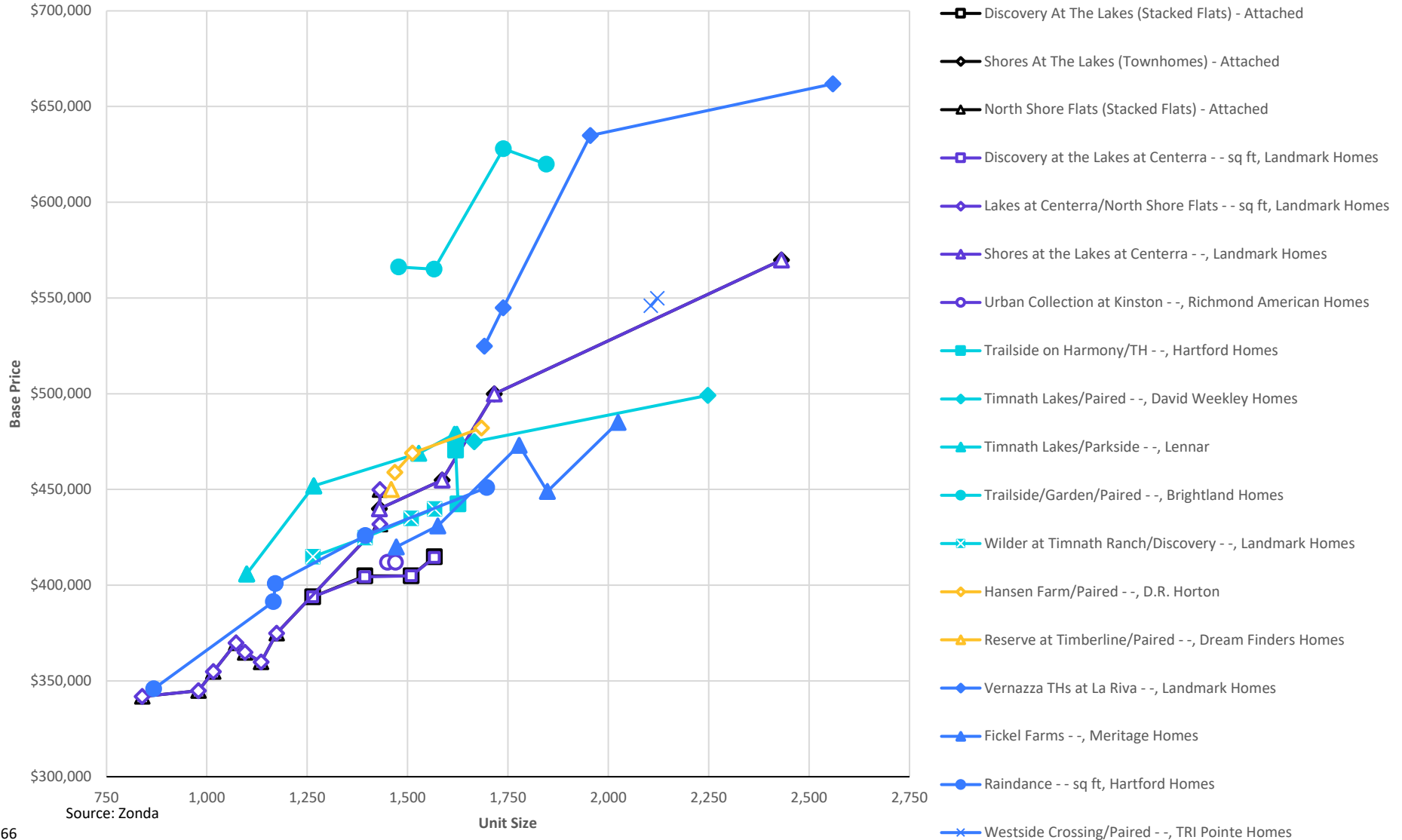
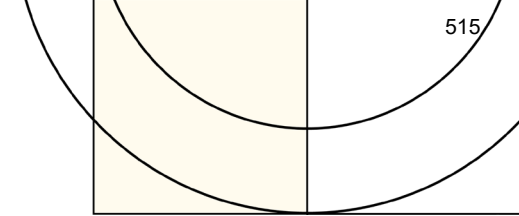
CMA Comparable Subdivision Detail

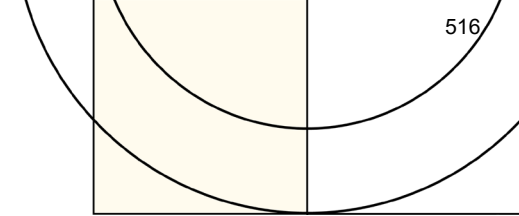
Competitive Market Comparables & Positioning

Project Project Detail	Size				Base Price	— Incentives —		— Typical Spending —			Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —			80.0% 6.6% Mo.Pmt.	35.0% Qualifying Income
	(SF)	Bd/Ba	Level	Pkg		Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Mo.				Base	Addl	HOA		
12 Vernazza THs at La Riva Landmark Homes Highland Meadows Windsor Townhomes Expected Sell-Out By 11/25 at 1.46 per mo.																		
Contracts / Sales Pace / SPL3M: 67 / 1.5 / 1.3	1,691	2/2.5	2	2	\$524,900	\$0	\$0	\$12,000	\$3,000	\$539,900	\$319	-\$4,000	\$290	1.0%	0.0%	\$3,504	\$140,165	
Annual Starts / L12M Start Rate: 23 / 1.9	1,738	3/2.5	2	2	\$544,900	\$0	\$0	\$12,000	\$3,000	\$559,900	\$322	-\$4,000	\$290	1.0%	0.0%	\$3,623	\$144,927	
Annual Closings / L12M Closing Rate: 22 / 1.8	1,955	3/2.5	2	2	\$634,900	\$0	\$0	\$12,000	\$3,000	\$649,900	\$332	-\$4,000	\$290	1.0%	0.0%	\$4,159	\$166,359	
Total Units / Occupancy / Occ. Rate: 100 / 48	2,559	3/3.5	1	2	\$661,900	\$0	\$0	\$12,000	\$3,000	\$676,900	\$265	-\$4,000	\$290	1.0%	0.0%	\$4,320	\$172,788	
	1,986				\$591,650	\$0	\$0	\$12,000	\$3,000	\$606,650	\$310	-\$4,000	\$290	1.0%	0.0%	\$3,901	\$156,060	
13 Fickel Farms Meritage Homes Berthoud Attached Expected Sell-Out By 08/25 at 2.90 per mo.																		
Contracts / Sales Pace / SPL3M: 8 / 2.9 / 2.0	1,472	3/2.5	2	2	\$419,990	\$0	\$0	\$15,000	\$4,000	\$438,990	\$298	-\$20,000	\$90	0.7%	0.0%	\$2,575	\$103,014	
Annual Starts / L12M Start Rate: 16 / 1.3	1,575	3/2.5	2	2	\$430,990	\$0	\$0	\$15,000	\$4,000	\$449,990	\$286	-\$20,000	\$90	0.7%	0.0%	\$2,638	\$105,505	
Annual Closings / L12M Closing Rate: 0 / 0.0	1,778	3/2.5	2	2	\$473,000	\$0	\$0	\$15,000	\$4,000	\$492,000	\$277	-\$20,000	\$90	0.7%	0.0%	\$2,875	\$115,019	
Total Units / Occupancy / Occ. Rate: 66 / 0 / 0	1,848	3/2.5	2	2	\$448,990	\$0	\$0	\$15,000	\$4,000	\$467,990	\$253	-\$20,000	\$90	0.7%	0.0%	\$2,740	\$109,581	
	2,024	3/2.5	2	2	\$484,990	\$0	\$0	\$15,000	\$4,000	\$503,990	\$249	-\$20,000	\$90	0.7%	0.0%	\$2,943	\$117,734	
	1,739				\$451,592	\$0	\$0	\$15,000	\$4,000	\$470,592	\$273	-\$20,000	\$90	0.7%	0.0%	\$2,754	\$110,170	
14 Raindance Hartford Homes Raindance Windsor Stacked Flats Expected Sell-Out By 05/25 at 3.32 per mo.																		
Contracts / Sales Pace / SPL3M: 104 / 3.3 / 3.	868	1/1	1	1	\$345,900	\$0	\$0	\$9,000	\$3,000	\$357,900	\$412	\$0	\$350	0.9%	0.0%	\$2,460	\$98,391	
Annual Starts / L12M Start Rate: 24 / 2.0	1,166	2/2	1	1	\$391,400	\$0	\$0	\$9,000	\$3,000	\$403,400	\$346	\$0	\$350	0.9%	0.0%	\$2,728	\$109,119	
Annual Closings / L12M Closing Rate: 18 / 1.5	1,171	2/2	1	1	\$400,900	\$0	\$0	\$9,000	\$3,000	\$412,900	\$353	\$0	\$350	0.9%	0.0%	\$2,784	\$111,359	
Total Units / Occupancy / Occ. Rate: 160 / 71	1,395	2/2	2	2	\$425,900	\$0	\$0	\$9,000	\$3,000	\$437,900	\$314	\$0	\$350	0.9%	0.0%	\$2,931	\$117,254	
	1,697	3/2	0	2	\$450,990	\$0	\$0	\$9,000	\$3,000	\$462,990	\$273	\$0	\$350	0.9%	0.0%	\$3,079	\$123,170	
	1,259				\$403,018	\$0	\$0	\$9,000	\$3,000	\$415,018	\$340	\$0	\$350	0.9%	0.0%	\$2,796	\$111,859	
15 Westside Crossing/Paired TRI Pointe Homes Berthoud Attached																		
Contracts / Sales Pace / SPL3M: 0 / 0.0 / 0.0	2,106	3/3	1	2	\$545,900	\$0	\$0	\$0	\$0	\$545,900	\$259	\$0	\$130	0.7%	0.0%	\$3,221	\$128,825	
Annual Starts / L12M Start Rate: 6 / 0.5	2,122	3/3	1	2	\$549,900	\$0	\$0	\$0	\$0	\$549,900	\$259	\$0	\$130	0.7%	0.0%	\$3,243	\$129,731	
Annual Closings / L12M Closing Rate: 0 / 0.0																		
Total Units / Occupancy / Occ. Rate: 16 / 0 / 0																		
	2,114				\$547,900	\$0	\$0	\$0	\$0	\$547,900	\$259	\$0	\$130	0.7%	0.0%	\$3,232	\$129,278	

CMA Price Position Graph – Attached - New Home Base Prices

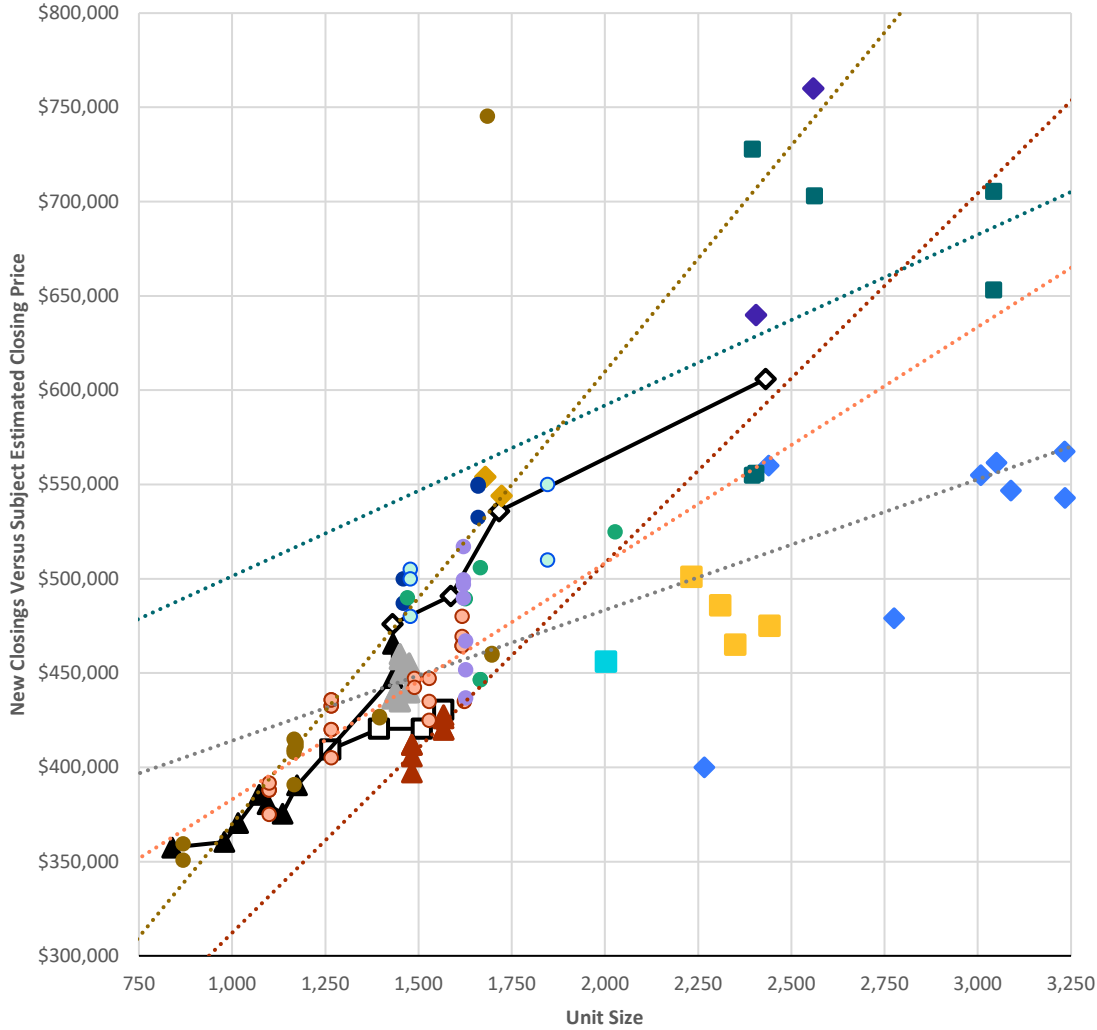
Competitive Market Comparables & Positioning



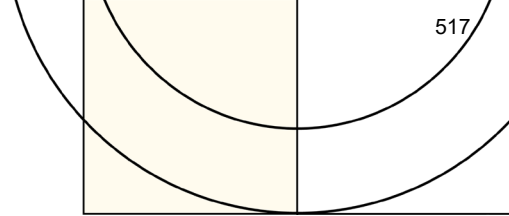


CMA Price Position Graph – Attached - New Home Closing Prices

Competitive Market Comparables & Positioning

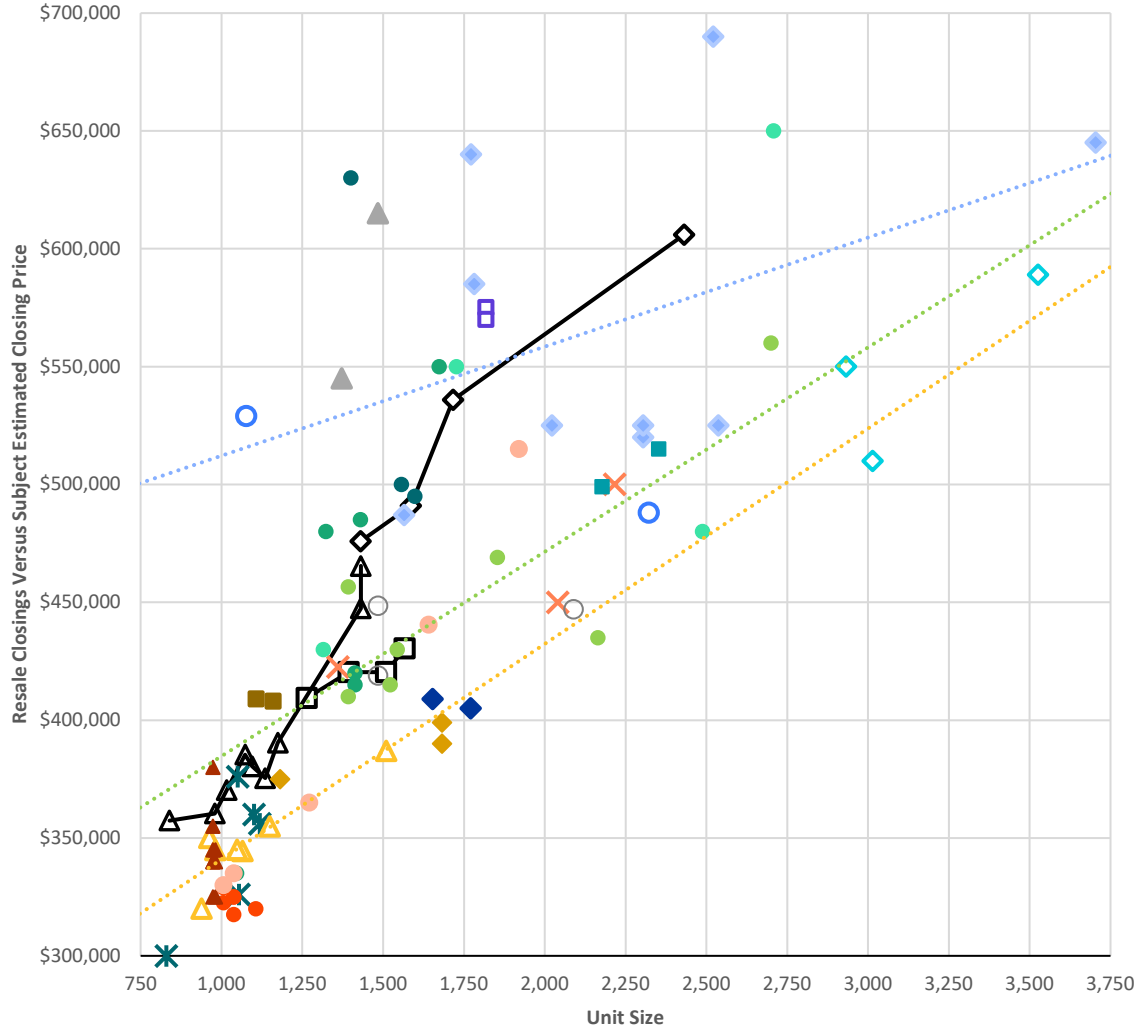


- Discovery At The Lakes (Stacked Flats) - Attached
- ◇— Shores At The Lakes (Townhomes) - Attached
- ▲— North Shore Flats (Stacked Flats) - Attached
- ▲ Centerra/Lakes Discovery - Landmark (Condos)
- Centerra/Lakes - Landmark (TH)
- Eagle Brook Meadows - Black Timber (TH)
- ◆ Greenspire at Windsor Lake - Windmill Homes (DU)
- Harmony - Landmark (TH)
- Harmony/Villas - Landmark (DU)
- ◆ Heron Lakes - Landmark (TH)
- Highland Meadows/Vernazza - Landmark (TH)
- ◆ Kechter Farm - Black Timber (TH)
- ▲ Kinston Centerra/Urban - Richmond American (DU)
- RainDance - Hartford Homes (Condos)
- Reserve at Timberline/Villas - Dream Finders (DU)
- Timnath Farms/Timnath Lakes - David Weekley (DU)
- Timnath Farms/Timnath Lakes - Lennar (TH)
- Trailside on Harmony/Garden - Brightland Homes (DU)
- Trailside on Harmony - Hartford Homes (TH)
- Trendline - Centerra/Lakes Discovery - Landmark (Condos)
- Trendline - Highland Meadows/Vernazza - Landmark (TH)
- Trendline - Kinston Centerra/Urban - Richmond American (DU)
- Trendline - RainDance - Hartford Homes (Condos)
- Trendline - Timnath Farms/Timnath Lakes - Lennar (TH)



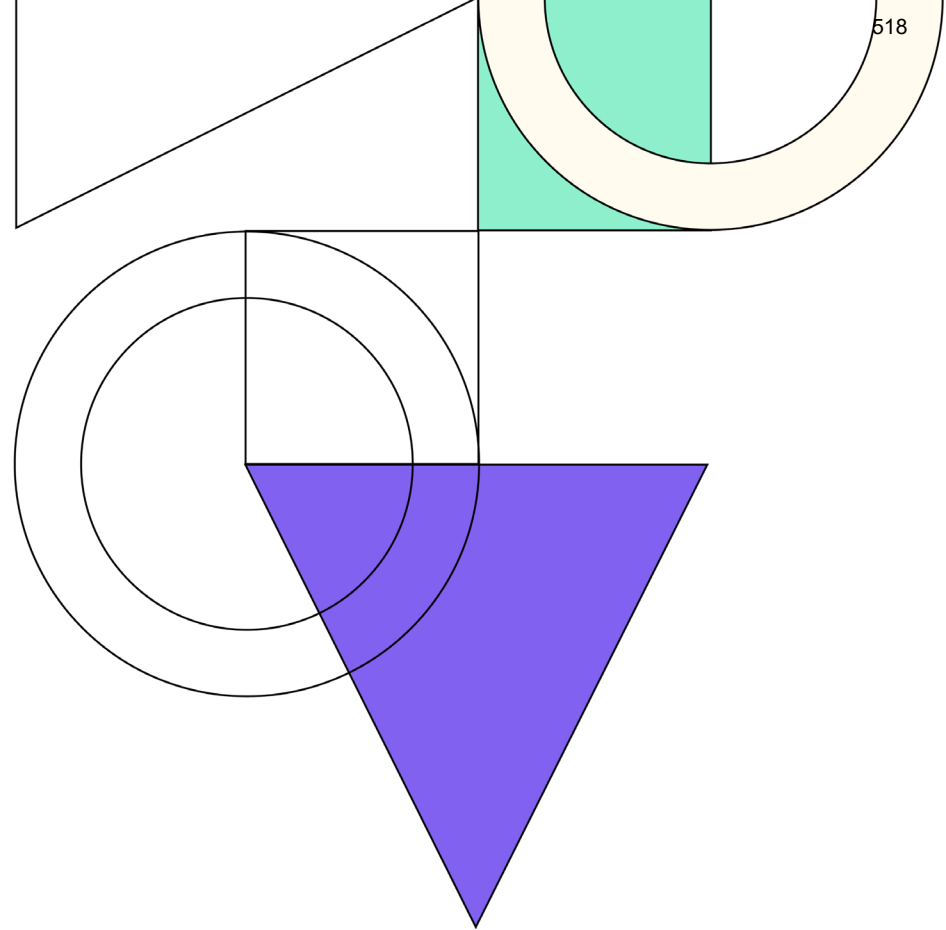
CMA Price Position Graph – Attached – Resale Home Closing Prices

Competitive Market Comparables & Positioning



- Discovery At The Lakes (Stacked Flats) - Attached
- ◇— Shores At The Lakes (Townhomes) - Attached
- ▲— North Shore Flats (Stacked Flats) - Attached
- Boardwalk at Pelican Bay (Condos)
- ◇ Boyd Lake (TH)
- ▲ Centerra (Condos)
- Centerra (TH)
- × Crossings at Fossil Lake (Condos)
- ✱ High Plains Village (Condos)
- Highland Meadows/La Riva (Condos)
- ◇ Highland Meadows (TH)
- ◆ Jacoby Farms (TH)
- ▲ Kendall Brook (TH)
- Lakes at Water Valley (Condos)
- ▲ Lakeshore at Centerra (Condos)
- Mariana Butte (TH)
- Morningside Village (Condos)
- Registry Ridge/Reserve (DU)
- Timnath Ranch (TH)
- Trailside on Harmony (TH)
- ◆ Van de Water/Stone Creek (TH)
- Water Valley (Condos)
- Water Valley (TH)
- Trendline - Centerra (Condos)
- Trendline - Highland Meadows (TH)
- Trendline - Water Valley (TH)

Source: Black Knight and Zonda



Appendix: Methodology

Methodology

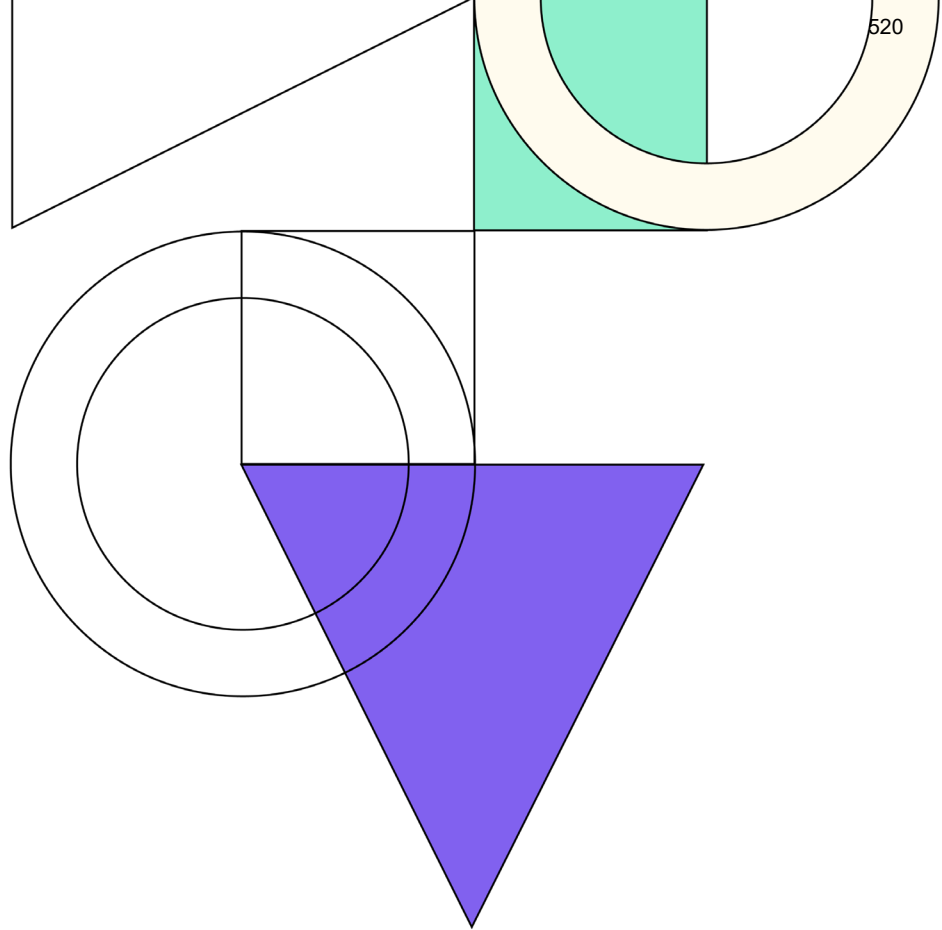
Appendix

The Northern Colorado Market and the Lakes at Centerra Competitive Market Area were analyzed by evaluating historical trends in housing supply, demographics, employment, and household formation to determine economic expansion trends and associated levels of housing demand. Further, to supplement the data indicating increasing demand from surrounding areas into the broader Northern Colorado Market area, we reviewed nearby major employment centers and known workforce commuting patterns.

The Zonda housing survey monitors the supply of detached and attached homes on a quarterly basis. Our survey tracks all condominium, townhome, duplex, and single-family construction activity in the 11-County Colorado Front Range. The survey allows us to accurately track the size of the total market, as well as supply and demand within the sub-markets. Further, it helps us establish the depth of the market and the scope of the competition. In this study, Zonda Advisory supplemented the quarterly data with specific fieldwork needed to analyze the Competitive Market Area within the overall Market.

Definitions

- **Annual Starts:** The number of homes started during the last four quarters. A “start” occurs when a slab or foundation is initiated.
- **Annual Closings:** The number of homes closed during the last four quarters. A “closing” occurs when a home is moved into and occupied. Zonda tracks move-ins, as they are a better indicator of demand than deed deliveries.
- **Square Footage:** All measures of a home size are in terms of air-conditioned space.
- **Models:** Must be fully finished, furnished, and decorated.
- **Finished Vacant:** Construction is complete, the site is clean, but there is no evidence of occupancy.
- **Finished Vacant Months of Supply:** F/V months of supply is calculated by dividing the number of F/V homes by the current annual closings pace; and then multiplying by twelve to yield months.
- **Vacant Developed Lots:** Also referred to as “VDL” and “Finished Lots”; a lot on a recorded plat with streets and utilities in place, ready for construction of a new home.
- **Vacant Developed Lots Months of Supply:** VDL months-of-supply is calculated by dividing the number of VDL by the current annual starts pace; and then multiplying by twelve to yield months.
- 70 ▪ **Future Lots:** Lots that are platted, but not yet developed.



Appendix: Disclaimer

Disclaimer

Appendix

It is understood by Lakes at Centerra Metropolitan District No. 2 (“Client”) that Zonda can make no guarantees about the recommendations in this study, primarily because these recommendations must be based and, in some cases, inferred from facts discovered by Zonda during the course of the study. To protect the Client and to assure that Zonda’s research results will continue to be accepted as objective and impartial by the business community, it is understood that Zonda’s fee for this study is in no way dependent upon the specific conclusions reached or the nature of the advice given in this report.

Reasonable efforts have been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions and other information developed by Zonda from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agents and representatives or any other data source used in preparing or presenting this study. This report is based on market-wide information that was current as of the end of 4Q23 and Zonda has not undertaken any update of its research effort since such date. While every reasonable effort was made to collect this information and it is deemed reliable, it cannot be guaranteed for accuracy.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, Zonda makes no warranty or representation that any of the projected values or results in this study will actually be achieved.



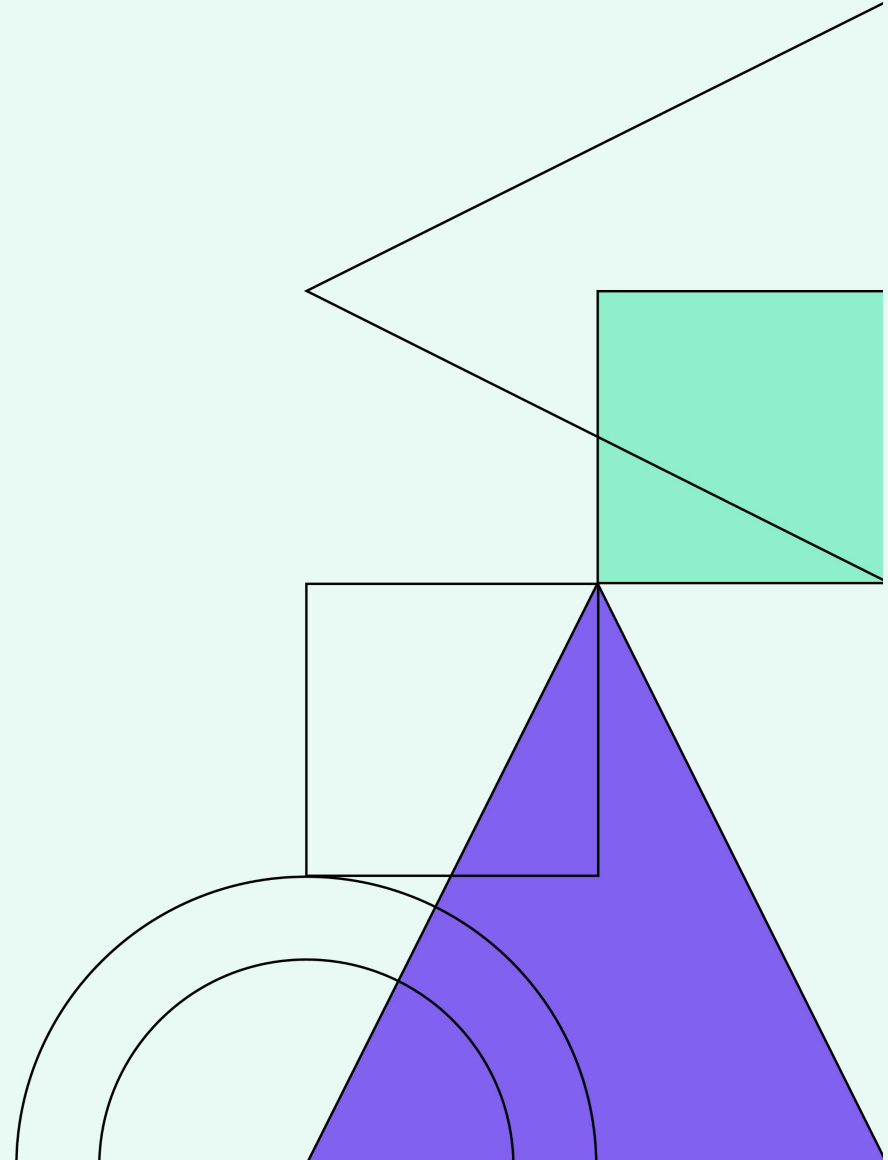
Thank you!

Zonda

4000 Macarthur Boulevard, Suite 400

Newport Beach, California 92660

(949) 579-1229



BOND PURCHASE AGREEMENT

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND, COLORADO)**

\$ _____
**LIMITED TAX
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2024A**

\$ _____
**SUBORDINATE LIMITED TAX
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2024B**

February __, 2024

Board of Directors
The Lakes at Centerra Metropolitan District No. 2
c/o Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237

Ladies and Gentlemen:

Wells Fargo Securities, LLC (the “Underwriter”) hereby offers to enter into this bond purchase agreement (the “Agreement”) with The Lakes at Centerra Metropolitan District No. 2, in the City of Loveland, Larimer County, Colorado (the “District”), which, upon acceptance of this offer by the District, will be binding upon the District and the Underwriter. This offer is made subject to acceptance by the District by signing this Agreement and its delivery to the Underwriter at or prior to 10:00 P.M. in Denver, Colorado, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriter upon notice to the District at any time prior to acceptance hereof by the District.

The issuance of (i) \$ _____ Limited Tax General Obligation Refunding Bonds, Series 2024A (the “2024A Senior Bonds”) and (ii) the \$ _____ Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the “2024B Subordinate Bonds” and, together with the 2024A Senior Bonds, the “Bonds”) were approved by a resolution adopted by the District’s Board of Directors (the “Board”) on _____, 2024 (the “Bond Resolution”). The 2024A Senior Bonds are being issued pursuant to an Indenture of Trust (Senior) dated as of _____, 2024 (the “Senior Indenture”) between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”). The 2024B Subordinate Bonds are being issued pursuant to an Indenture of Trust (Subordinate) dated as of _____, 2024 (the “Subordinate Indenture” and together with the Senior Indenture, the “Indentures”) by the District and the Trustee.

Capitalized words and phrases used in this Agreement and not otherwise defined herein are used with the meanings given in the Preliminary Official Statement relating to the Bonds dated February __, 2024 (including any supplements or amendments thereto as of the date hereof, the “Preliminary Official Statement”).

The undersigned represent that they are authorized to enter into this Agreement.

Section 1. Purchase and Sale of the Bonds.

(a) Subject to the terms and conditions and upon the basis of the representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds. The 2024A Senior Bonds will be sold and purchased at an aggregate purchase price of \$_____ (i.e. the aggregate principal amount of the 2024A Senior Bonds of \$_____, less underwriting discount of \$_____). The 2024B Subordinate Bonds will be sold and purchased at an aggregate purchase price of \$_____ (i.e. the aggregate principal amount of the 2024B Subordinate Bonds of \$_____, less underwriting discount of \$_____).

(b) The Bonds shall be as described in the final Official Statement relating to the Bonds, and the terms of the Bonds shall be as set forth on Exhibit A attached hereto, and in the Indentures. The 2024A Senior Bonds shall be issued and secured under and pursuant to the Senior Indenture and the 2024B Subordinate Bonds shall be issued and secured under and pursuant to the Subordinate Indenture. The Bonds are being issued for the purposes of (i) refunding the District's Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A, originally issued in the aggregate principal amount of \$29,035,000 and currently outstanding in the aggregate principal amount of \$28,860,000 (the "2018A Bonds"), (ii) refunding the District's Subordinate Limited Tax General Obligation Bonds, Series 2018B, originally issued and currently outstanding in the aggregate principal amount of \$4,090,000 (the "2018B Bonds" and together with the 2018A Bonds, the "Series 2018 Bonds" or the "Refunded Bonds"), (iii) funding a debt service reserve fund (for the benefit of the 2024A Senior Bonds only), and (iv) paying costs of issuance in connection with the Bonds. The 2024A Senior Bonds are also being issued to pay the premiums with respect to a municipal bond insurance policy (the "Policy") to be issued by [_____] (the "Insurer") [and a debt service reserve policy (the "Reserve Policy") to be issued by the Insurer securing the 2024A Senior Bonds].

(c) Upon acceptance by the District of this Agreement, the Underwriter agrees to make a bona fide offering of the Bonds at not in excess of the initial offering prices (which may be expressed in terms of yield) set forth on the inside cover page of the Official Statement and in Exhibit A hereto.

(d) The District hereby authorizes the Underwriter to use copies of the Official Statement and the information contained therein and copies of the Indentures in connection with the sale of the Bonds. The District ratifies and confirms the use by the Underwriter, prior to the date of this Agreement, of the Preliminary Official Statement. The District agrees to furnish to the Underwriter copies of the Official Statement and all amendments and supplements thereto, in each case as soon as available and in such quantities as the Underwriter may reasonably request. The parties hereto will advise each other promptly of the institution of any proceedings by any governmental agency or any other material occurrence affecting the use of the Official Statement in connection with the offer and the sale of the Bonds prior to the End of the Underwriting Period (as hereinafter defined).

Section 2. Certain Representations of the Underwriter.

The Underwriter is obligated under Rule G-23 of the Municipal Securities Rulemaking Board (the “MSRB”) to disclose to the District the following information, which the District acknowledges and agrees to by signing this Agreement:

- (i) The bond purchase contemplated by this Agreement is an arm’s length, commercial transaction between the District and the Underwriter.
- (ii) The Underwriter is not acting as a municipal advisor, financial advisor or fiduciary with respect to the District.
- (iii) The Underwriter has not assumed any fiduciary responsibility to the District with respect to the underwriting of the Bonds and the District has consulted and will continue to consult with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it deems appropriate.

In addition, the District acknowledges that MSRB Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors, while recognizing that the Underwriter has financial and other interests that differ from the interests of the District. The Underwriter hereby discloses to the District that the Underwriter is not required by federal law to act in the District’s best interests without regard to the Underwriter’s own financial or other interests. The Underwriter does have a duty to purchase securities from the District at a fair and reasonable price, but the Underwriter must balance that duty with its duty to sell the Bonds to investors at prices that are also fair and reasonable. The Underwriter will review the Official Statement for the Bonds in accordance with and as part of its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Section 3. Representations, Warranties and Covenants of the District.

The District, by its acceptance of this Agreement, represents, warrants and covenants to the Underwriter that:

- (a) The District is duly organized and existing as a quasi-municipal corporation and political subdivision of the State of Colorado, and is duly authorized by all applicable laws, rules, and regulations to consummate all transactions contemplated by this Agreement, the Indentures and the Tax Certificate.
- (b) The District has full right, power and authority (i) to issue the Bonds for the purposes set forth herein, (ii) to adopt the Bond Resolution, (iii) to issue, sell (or cause to be sold) and deliver (or cause to be delivered) the Bonds to the Underwriter as provided in this Agreement, (iv) to secure the Bonds in the manner contemplated by the Indentures, (v) to enter into (A) this Agreement; (B) the Bonds; (C) the Indentures; and (D) the Continuing Disclosure Agreement, and to execute and deliver the Tax Certificate (collectively and together with the Bond Resolution, the “District Documents”) and to perform and observe the provisions therein, and (vi) to carry out and consummate all other transactions contemplated by the District Documents; and the District has complied with all provisions of applicable laws in all matters relating to such transactions.

(c) The District has duly authorized (i) the signing, delivery and performance of the Bonds and the District Documents, (ii) the signing, delivery and distribution, as applicable, of the Preliminary Official Statement and the Official Statement, and (iii) the taking of any and all such actions as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated by this Agreement and by the other District Documents.

(d) The Bond Resolution has been duly adopted by the District's Board and is in full force and effect and has not been modified or supplemented in any way, and constitutes the legal, valid and binding action of the District. This Agreement, the Indentures and the Continuing Disclosure Certificate, when signed and delivered by the parties thereto, and the Tax Certificate when signed and delivered by the District, will each constitute legal, valid and binding obligations of the District in accordance with their respective terms except that enforceability may be limited by laws relating to bankruptcy, reorganization or other similar laws affecting the rights of creditors, by the exercise of judicial discretion in accordance with general principles of equity, and by matters of public policy.

(e) The District, in all material respects, has complied with and will at the Closing (defined below) be in compliance with this Agreement and each of the District Documents, as applicable.

(f) When delivered to and paid for by the Underwriter at Closing in accordance with the provisions of this Agreement, the Bonds will be duly authorized, signed, issued, and delivered and will constitute legal, valid and binding limited tax general obligations of the District in accordance with their terms and the terms of the Bond Resolution and the Indentures except that enforceability may be limited by laws relating to bankruptcy, reorganization or other similar laws affecting the rights of creditors, by the exercise of judicial discretion in accordance with general principles of equity, and by matters of public policy.

(g) The 2024A Senior Bonds are limited tax general obligations of the District, secured by the Trust Estate (as defined in the Senior Indenture) and payable from the Senior Pledged Revenue, generally defined in the Senior Indenture as (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The Senior Indenture creates in favor of the 2024A Senior Bonds a valid and binding pledge and lien on the Senior Pledged Revenue.

(h) The 2024B Subordinate Bonds are limited tax general obligations of the District, secured by the Trust Estate (as defined in the Subordinate Indenture) and payable from the Subordinate Pledged Revenue, generally defined in the Subordinate Indenture as (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. The Subordinate Indenture creates in favor of the 2024B Subordinate Bonds a valid and binding pledge and lien on the Subordinate Pledged Revenue.

(i) The District is as of the date hereof, and expects at the Closing, to be in material compliance with its Service Plan.

(j) No Events of Default (as defined in the Indentures) by the District and, to the best of its knowledge, by any other party has occurred and is continuing, and no event has occurred and is continuing that, with the lapse of time or the giving or notice or both, would constitute such an Event of Default.

(k) At the Closing, all approvals, consents and orders of and filings with any government authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the District of its obligations under this Agreement or any of the District Documents will have been obtained and all consents, approvals and orders so received will be in full force and effect; and except as may be required under the securities laws of any state, there is no further requirement as to any other consent, approval, authorization or other order of, filing with, registration with, or certification by, any regulatory authority having jurisdiction over the District and no election or referendum of or by any person, organization or public body whatsoever, in connection with any of the foregoing transactions; there are no provisions of Colorado law that would allow, as of the date of this Agreement, any public vote, referendum or other proceeding, the results of which could invalidate the Bond Resolution, the Bonds, this Agreement, or any of the other District Documents, or invalidate, limit or condition the obligations of the District undertaken under this Agreement or under any of the District Documents in connection with the transactions contemplated in this Agreement or in the District Documents.

(l) The adoption of the Bond Resolution and the authorization, signing, delivery and performance by the District of the Bonds, this Agreement and the other District Documents, and any other agreement or instrument to which the District is a party, used or contemplated for use in connection with the consummation of the transactions contemplated hereby or by the Official Statement, and compliance with the provisions of each such instrument, will not, to the knowledge of the District, conflict with, or constitute or result in a breach of or default under, any existing law, administrative regulation, rule, decree or order, state or federal, or any provision of the Constitution or laws of the State, or any rule or regulation of the District, or any agreement, indenture, mortgage, lease, bond, note or other instrument to which the District or its properties are subject or by which the District or its properties are or may be bound.

(m) The District has deemed the Preliminary Official Statement “final” as of its date (within the meaning of the Rule), except for the possible omission of the following information to the extent such omission is permitted by the Rule: offering price(s), interest rate(s), aggregate principal amount, principal amount per maturity (including dates and amounts of optional and mandatory sinking fund redemption provisions), delivery dates, and other matters which are dependent on the foregoing matters.

(n) The Preliminary Official Statement did not contain as of the date thereof and does not contain as of the date hereof, and the Official Statement does not contain as of the date thereof and, the Official Statement, including any supplements thereto, will not contain as of the Closing and at all times subsequent thereto during the period up to and including 25 days subsequent to the End of the Underwriting Period, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) the financial statements of the District included as a part of the Preliminary Official Statement and Official Statement fairly present the financial

position of the District, as of the dates of those statements and for the fiscal years covered by them and (iii) there has been no material adverse change in the financial position of the District since the date of the most recent of such financial statements (except as disclosed in the Preliminary Official Statement and the Official Statement).

(o) Between the time of acceptance hereof and the Closing, the District will not have signed or issued any bonds or notes or incurred any other obligations for borrowed money other than those referred to in the Official Statement, and there will not have been any adverse change of a material nature in the legal existence or status, financial position, method of operation or personnel of the District.

(p) There is no action, suit, hearing, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board, agency or body, pending or, to the best knowledge of the District, threatened in any agency, court or tribunal, state or federal against or affecting the District (or, to the best knowledge of the District, any basis therefor) or any of its members or officers in his or her respective capacity as such, (i) restraining or enjoining or seeking to restrain or enjoin the issuance, sale, signing or delivery of any of the Bonds, (ii) in any way questioning or affecting the validity of any provision of this Agreement, the Bonds, the Indentures, the Continuing Disclosure Certificate, or the Tax Certificate, (iii) in any way questioning or affecting the validity of any of the proceedings or authority for the authorization, sale, signing or delivery of the Bonds, or any provision, program or transactions made or authorized for their payment, (iv) questioning or affecting the organization or existence of the District, the present boundaries thereof, or the title of any of its members, trustees, or officers to their respective offices, or (v) questioning the exclusion of interest on the Bonds from gross income for purposes of federal income tax (including taxation as an item of tax preference for purposes of the alternative minimum tax) or the exclusion of interest on, and any profit made on the sale, exchange or other disposition of, the Bonds, or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (A) the transactions contemplated by this Agreement or by the Official Statement, (B) the validity or enforceability of the Bonds, this Agreement or the other District Documents, or any other agreement or instrument to which the District is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(q) The District will not knowingly take or omit to take any action, which action or omission will adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income tax (including taxation as an item of tax preference for purposes of the alternative minimum tax) or the exclusion of interest on, and any profit made on the sale, exchange or other disposition of, the Bonds.

(r) Prior to or on the date of the Closing, the District shall have taken all actions necessary to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth in this Agreement and in the Bond Resolution and the Indentures and (ii) the signing and delivery by the District of all such other instruments and the taking of all such other actions on the part of the District as may be necessary or appropriate for the effectuation and consummation of the transactions contemplated by the Bond Resolution, the Bonds, this Agreement and the other District Documents. Between the date of this Agreement and the date of the Closing, the District will take such actions as are reasonably necessary to cause the representations and warranties contained in this Agreement to be true as of the Closing.

(s) The District has not received any judicial or administrative notice which in any way questions the exclusion of interest on the Bonds from gross income for purposes of federal income tax (including taxation as an item of tax preference for purposes of the alternative minimum tax) or the exclusion of interest on, and any profit made on the sale, exchange or other disposition of, the Bonds, and has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

(t) The District will not take or omit to take any action which will in any way result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Bond Resolution or the Indentures.

(u) All certificates signed by any official of the District and delivered to the Underwriter shall be deemed to be representations and warranties by the District to the Underwriter as to the statements made therein.

(v) Except as described in the Official Statement, the District is not currently and has never been in default in the payment of principal of, or interest on, any bonds, notes or other material debt obligations that it has issued, assumed or guaranteed as to payment of principal or interest, and otherwise is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of Colorado or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, including, without limitation, any bond ordinance, trust indenture or agreement or state law pertaining to bonds or notes.

(w) Other than the Bond Resolution or the Indentures, or as otherwise set forth in the Official Statement, the District has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Senior Pledged Revenue or any portion thereof or the Subordinate Pledged Revenue or any portion thereof.

(x) The District has made all filings and given all notices required pursuant to any of its undertakings or pursuant to paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) on a timely basis, and the District has not failed during the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under the Rule except as disclosed in the Official Statement.

Section 4. Closing.

Delivery of and payment for the Bonds shall be made at the offices of bond counsel, Kline Alvarado Veio, P.C. (“Bond Counsel” ~~and “Special Disclosure Counsel”~~), 1775 Sherman Street, Suite 1790, Denver, Colorado 80203, at 9:00 A.M. on March [___], 2024, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District and the Underwriter (such delivery and payment is referred to herein as the “Closing”). Delivery of the Bonds shall be made to the Underwriter against payment by the Underwriter of the purchase price thereof as set forth in Section 1(a) in immediately available funds to or upon the order of the District, less, with respect to the purchase price of the 2024A Senior Bonds, \$_____ for the Policy and Reserve Policy premiums, which the Underwriter shall wire directly to the Insurer. The

Bonds shall be delivered in definitive form duly executed on the District's behalf pursuant to the Indentures.

Section 5. Expenses.

(a) The District agrees to pay all expenses incident to the performance of the obligations of the District hereunder, including but not limited to (i) the cost of the preparation, printing or other reproduction (for distribution prior to, on or after the date of acceptance of this Agreement) of the Preliminary Official Statement and the Official Statement, including any amendments thereto, in reasonable quantities for distribution, (ii) charges made by rating agencies for the rating of the Bonds, if any, (iii) the cost of printing, reproducing, and signing the definitive Bonds, (iv) the cost of federal funds, if any, (v) the fees and disbursements of Bond Counsel ~~and Special Disclosure Counsel~~ and any other experts or consultants retained by the District; and (vi) the fees and disbursements of Sherman & Howard L.L.C. ("Underwriter's Counsel"). The Underwriter shall have no obligation to pay any of the expenses set forth in the foregoing sentences. The initial fees of the Trustee shall be paid from the proceeds of the Bonds.

(b) The District has agreed to pay the Underwriter's discount set forth in Section 1 of this Agreement, and inclusive in the expense component of the Underwriter's discount are actual expenses incurred or paid for by the Underwriter on behalf of the District in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and transportation, lodging, and meals for the District's employees and representatives, if any.

(c) The District and Underwriter acknowledge that expenses included in the expense component of the Underwriter's discount are based upon estimates. The District and Underwriter agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount equal to or greater than \$1,000 (the "Reimbursement Threshold"), the Underwriter shall reimburse to the District the aggregate amount of expenses equal to or greater than the Reimbursement Threshold. For the avoidance of doubt, the District acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriter. The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 6. Blue Sky Qualification.

The District agrees to cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities laws of any jurisdiction, and to furnish the Underwriter with such information, sign such instruments and take such other actions as shall be necessary in the reasonable judgment of the Underwriter to effect registration or confirmation of exemption from registration of the Bonds under such laws; provided, however, that the District shall not be required with respect to the offer or sale of the Bonds to consent to suit or consent to general service of process in any jurisdiction.

Section 7. Conditions to Underwriter’s Obligations.

The obligations of the Underwriter hereunder shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing, to the accuracy and completeness of and compliance with the representations, warranties and covenants of the District herein, as of the date hereof and as of the time of Closing, and are also subject, in the sole discretion of the Underwriter, to the following further conditions:

(a) Bond Counsel Opinions. The Underwriter shall receive the legal opinions of Bond Counsel, dated as of the day of the Closing, in substantially the forms attached to the Official Statement as Appendix F.

(b) Bond Counsel Opinion Related to Pledge Agreements. The Underwriter shall receive the approving opinion of Bond Counsel, in a form satisfactory to the Underwriter, dated the day of Closing and addressed to the District and the Underwriter, stating in substance that: (A) the Pledge Agreements have been duly executed and delivered by the Pledge Districts; (B) the Pledge Agreements constitute legal, valid and binding limited tax obligations of the Pledge Districts enforceable in accordance with its terms; and (C) the Pledge Agreements create limited tax pledges by each of the Pledge Districts with respect to the Bonds, and are multi-fiscal year obligations of each of the Pledge Districts.

(c) Supplemental Bond Counsel Opinion. The Underwriter shall receive a supplemental opinion of Bond Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that:

(i) this Agreement has been duly authorized, executed and delivered by the District, and, assuming valid authorization and execution by the other parties thereto, constitutes a legal, valid and binding agreement of the District enforceable in accordance with its terms;

(ii) the statements contained in the Official Statement under the captions “INTRODUCTION – Security for the 2024A Senior Bonds,” “- Security for the 2024B Subordinate Bonds;” “THE 2024A SENIOR BONDS;” “THE 2024B SUBORDINATE BONDS;” “DISTRICT DEBT STRUCTURE-General Obligation Debt” and Appendices G and H insofar as such statements purport to summarize certain provisions of the Bonds, the Indentures and the Pledge Agreements, present accurate summaries of such provisions, and the information contained in the italicized first paragraph on the cover page of the Official Statement, under the caption “INTRODUCTION - Tax Matters” and under the caption “TAX MATTERS” presents an accurate summary of the matters discussed therein; and

(iv) Based upon our review of the items described in our opinions dated the date hereof as to the validity of the Bonds and our review of the provisions of the two acts referred to in this paragraph, we are of the opinion, under existing laws and as of the date hereof, that the respective Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indentures are not required to be qualified under the Trust Indenture Act of 1939, as amended.

(d) Letters of Underwriter’s Counsel. The Underwriter shall receive a letter from Underwriter’s Counsel in connection with the preparation of the Preliminary Official Statement and the Official Statement (the “Engagement”), in form and substance satisfactory to the Underwriter, dated as of the date of Closing and addressed to the Underwriter (with a reliance letter to the District), stating in substance, that no facts have come to the attention of the attorneys in such firm rendering legal services in connection with the Engagement that cause them to believe that the Preliminary Official Statement as of its date or the Official Statement as of its date or as of the date of such letter contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, such firm will not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nor will such firm express any belief with respect to any financial and statistical data and forecasts, projections, estimates, assumptions and expressions of opinion, and information concerning the 2024A Bond Insurer, the 2024A Bond Insurance Policy [and the Reserve Policy] and information concerning The Depository Trust Company and the book-entry system for the Bonds contained or incorporated by reference in the Preliminary Official Statement or Official Statement and their Appendices, which such firm will expressly exclude from the scope of this paragraph.

(e) Opinion of Counsel to the District. The Underwriter shall receive the opinion of the District’s general counsel, Icenogle Seaver Pogue, P.C., dated as of the day of Closing, and addressed to the District and the Underwriter in a form satisfactory to the Underwriter, stating in substance: (A) the District is duly organized and existing as a special district under Colorado law; (B) the District is not required by law to further amend the Service Plan to effectuate the execution and performance of its obligations pursuant to the District Documents to which it is a party; (C) to the best of our knowledge, the members of the Board of the District are qualified to serve in such capacity; (D) the District Documents to which the District is a party have been duly adopted, approved, executed, and delivered by the District, and are valid and binding agreements, enforceable against the District in accordance with their respective terms; (E) to the best of our knowledge and with reasonable inquiry, the absence of litigation involving the District except as disclosed in the Official Statement; (F) to the best of our knowledge and with reasonable inquiry, the issuance of the Bonds, the authorization, execution and delivery of the District Documents to which the District is a party will violate any applicable judgment, order, or decree of any authority of the State or federal courts of the State, or breach any agreement or instrument to which the District is a party; (G) to the best of our knowledge, no additional or further approval, consent, or authorization of any governmental, public agency, or authority not already obtained is required by the District to perform its obligations under the District Documents to which it is a party; and (H) a statement to the effect that the sections of the Preliminary Official Statement and the Official Statement entitled “INTRODUCTION – Issuer and Related Districts;” “THE DISTRICTS;” “DISTRICT DEBT STRUCTURE – General Obligation Debt;” “FINANCIAL INFORMATION OF THE PLEDGE DISTRICTS – Budget Process” and “LEGAL MATTERS,” but excluding financial information, statistical data, projections, monetary data and forecasts and other financial information contained therein, did not contain, as of the date of the Preliminary Limited Offering Memorandum, and do not contain, as of the date of the Limited Offering Memorandum and the date of such opinion, any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) Opinion of Counsel to District No. 3. The Underwriter shall receive an opinion of District No. 3's general counsel, Icenogle Seaver Pogue, P.C., in a form and in substance satisfactory to the Underwriter, dated the day of Closing and addressed to District No. 3 and the Underwriter, concerning (A) the due organization of District No. 3; (B) District No. 3 is not required by law to further amend the Service Plan to effectuate the execution and performance of its obligations pursuant to the District Documents to which it is a party; (C) to the best of our knowledge, the members of the Board of District No. 3 are qualified to serve in such capacity; (D) the District Documents to which District No. 3 is a party have been duly adopted, approved, executed, and delivered by District No. 3, and are valid and binding agreements, enforceable against District No. 3 in accordance with their respective terms; (E) to the best of its knowledge and with reasonable inquiry, the absence of litigation involving District No. 3 not disclosed in the Official Statement; (F) the adoption, due execution and delivery of the District Documents to which District No. 3 is a party; (G) to the best of our knowledge and with reasonable inquiry, the issuance of the Bonds, the authorization, execution and delivery of the District Documents to which District No. 3 is a party will violate any applicable judgment, order, or decree of any authority of the State or federal courts of the State, or breach any agreement or instrument to which District No. 3 is a party; (H) to the best of our knowledge, no additional or further approval, consent, or authorization of any governmental, public agency, or authority not already obtained is required by the District to perform its obligations under the District Documents to which it is a party; and (I) a statement to the effect that the sections of the Preliminary Official Statement and the Official Statement entitled "INTRODUCTION – Issuer and Related Districts;" "THE DISTRICTS;" "DISTRICT DEBT STRUCTURE – General Obligation Debt;" "FINANCIAL INFORMATION OF THE PLEDGE DISTRICTS – Budget Process" and "LEGAL MATTERS," but excluding financial information, statistical data, projections, monetary data and forecasts and other financial information contained therein, did not contain, as of the date of the Preliminary Limited Offering Memorandum, and do not contain, as of the date of the Limited Offering Memorandum and the date of such opinion, any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) Pledge Districts' Certificates. The Underwriter shall receive two certificates dated the day of Closing, in a form satisfactory to the Underwriter, signed by the appropriate officials of each of the ~~Taxing District~~Pledge Districts, which are expected to state in substance, among other things, that (A) there is no litigation pending or threatened seeking to restrain or to enjoin the issuance or delivery of the Bonds, the levy, imposition or collection of the Pledged Revenue, or in any manner questioning the authority and proceedings for the issuance of the Bonds or the levy, imposition or collection of the Pledged Revenue, or affecting the validity of the Bonds or the levy, imposition or collection of the Pledged Revenue; (B) neither the corporate existence of the applicable ~~Taxing District~~Pledge District, the present boundaries thereof, nor the rights of the board of directors of the applicable ~~Taxing District~~Pledge District and the applicable ~~Taxing District~~Pledge District's officers to hold their respective positions is being contested or challenged; (C) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked, or rescinded; (D) none of the Bonds have been issued prior to the date of Closing; (E) so far as is known, nothing exists to hinder or prevent the District from issuing the Bonds; (F) the applicable ~~Taxing District~~Pledge District has complied with all agreements and covenants and satisfied all conditions contemplated by the District Documents; (G) the Official Statement is complete and accurate in all material respects and does not contain any untrue statement of a material fact or

omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (H) there has been no material adverse change in the ability of the District to pay debt service on the Bonds or the financial condition of the ~~Taxing District~~Pledge Districts from the date of the Official Statement to the date of such certificate; and (I) such other representations as the Underwriter or Bond Counsel may reasonably request.

(h) Zonda Consent. The Underwriter shall receive a certificate or letter from Zonda in which such firm consents to the attachment of the [_____] Report to the Official Statement as Appendix C.

(i) Causey Consent. The Underwriter shall receive a certificate or letter from Causey Demgen & Moore P.C. in which such firm consents to the attachment of the Financial Forecast to the Official Statement as Appendix D.

(j) [Developer Certificate and Indemnification Agreement]. The Underwriter shall receive an executed Developer Letter of Representations and Agreement, dated the day of issuance of the Bonds, in substantially the form set forth in Exhibit C hereto.]

(k) Indentures, Pledge Agreements, Continuing Disclosure Certificate and Official Statement. The Underwriter shall receive signed copies of the Indentures, the Pledge Agreements and the Continuing Disclosure Certificate and a copy of the Official Statement manually signed on behalf of the District by its President, Secretary, Assistant Secretary, or any other authorized officer of the District.

(l) Tax Documents. The Underwriter shall receive such additional legal opinions, certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the “tax-exempt” status of the Bonds, which certificates shall be satisfactory in form and substance to Bond Counsel and Underwriter’s Counsel.

(m) Trustee Certificate. The Underwriter shall receive a certificate of the Trustee, dated the day of Closing, as to, among other things, the powers and authority of the Trustee, the acceptance of the duties of the Trustee under the Indentures, the authentication of the Bonds by the Trustee and the receipt by the Trustee of the proceeds of the sale of the Bonds on behalf of the District.

(n) Bond Insurance [and Reserve Policy]. The Underwriter shall receive satisfactory evidence of (i) the issuance of the 2024A Bond Insurance Policy by the 2024A Bond Insurer insuring the 2024A Senior Bonds and [(ii) the issuance of the Reserve Policy by the 2024A Bond Insurer].

(o) Bond Insurance Opinion. The Underwriter shall receive an opinion of counsel to the 2024A Bond Insurer in form and substance satisfactory to the Underwriter.

(p) Rating. The Underwriter shall receive satisfactory evidence that the 2024A Senior Bonds have an insured rating of “[_]” by S&P.

(q) Colorado Registration Exemption. The Underwriter shall receive evidence of the exemption of the Bonds from the registration requirements of the Colorado Municipal Bond Supervision Act.

(r) Refunded Bonds. The Underwriter shall receive evidence of the refunding and payoff of the Refunded Bonds as may be acceptable to Bond Counsel and the Underwriter.

(s) Additional Certificates and Documents. The Underwriter shall receive such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

All of the opinions and certificates and other evidence referred to above shall be in form and substance satisfactory to the Underwriter and Underwriter's Counsel and a copy of each shall be delivered to the Underwriter.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Section, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except as provided in Section 8 hereof.

Section 8. Cancellation of the Agreement.

The Underwriter shall have the right to cancel this Agreement, without liability therefor, by notification to the District, if at any time prior to the Closing:

(a) Legislation shall be enacted or favorably reported for passage by at least one house of the United States Congress or the Colorado General Assembly (including any committee of such a house), a federal court decision shall be rendered, or an official ruling, regulation or decision shall be made by a governmental agency or department having appropriate jurisdiction, any of which has the purpose or effect, directly or indirectly (i) of adversely affecting the federal or Colorado income tax treatment of the Bonds and the interest on the Bonds; (ii) of providing that the Bonds, or securities of the general character of the Bonds, shall not be exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"); or that the Indentures shall not be exempt from qualification under the Trust Indenture Act of 1939, as amended (the "1939 Act"); or (iii) that the issuance, offering or sale of the Bonds, or securities of the general character of the Bonds, shall be in violation of any provision of the 1933 Act, the Securities Exchange Act of 1934, as amended, or the 1939 Act.

(b) Any legislation ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered, that, in the reasonable opinion of the Underwriter, might materially and adversely affect the market price of the Bonds.

(c) Any amendment to the federal or State Constitution shall be enacted or any action by any federal or State court, legislative body, regulatory body or other authority shall be taken that will, in the reasonable opinion of the Underwriter, adversely affect the tax status of the District

or its property, income or securities, or the validity or enforceability of this Agreement, the Continuing Disclosure Certificate, the Indentures, the Tax Certificate or the Bonds.

(d) Any fact shall exist or any event shall have occurred that, in the reasonable opinion of the Underwriter, makes the Official Statement contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (i) the District refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriter, or (ii) the effect of the Official Statement as so supplemented, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), of the Bonds by the Underwriter.

(e) Any extraordinary event shall have occurred or shall exist affecting the then national or international economic, financial or other conditions or affecting the District that, in the reasonable opinion of the Underwriter, materially affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it.

(f) There shall have occurred any outbreak of hostilities or any national calamity or crisis, including a financial crisis, or any change in the scope or magnitude of any of the foregoing, the effect of which on the financial markets of the United States is such as in the reasonable opinion of the Underwriter, would materially affect the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds.

(g) Legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission that, in the opinion of Underwriter's Counsel, has the effect of requiring the contemplated distribution of the Bonds to be registered under the 1933 Act or the Indentures to be qualified under the 1939 Act or any laws analogous thereto relating to governmental bodies.

(h) There shall be in force a general suspension in trading on The New York Stock Exchange or general minimum or maximum prices for trading on The New York Stock Exchange shall have been fixed and shall be in force, or a general banking moratorium shall have been declared by United States, New York or Colorado authorities, which, in the reasonable opinion of the Underwriter, materially affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it.

(i) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price of obligations of the general character of the Bonds, would be adversely affected because (1) additional material restrictions not in force as of the date of this Agreement shall have been imposed upon trading in securities generally by any United States of America, New York or Colorado governmental authority or by any United States national securities exchange, or (2) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

(j) There shall have occurred, since the date hereof, any material adverse change in the financial affairs and condition of the District, from that reflected in the financial statements of the District included as a part of the Preliminary Official Statement and the Official Statement.

(k) Any rating of any of the District's securities (including the Bonds) shall have been downgraded or withdrawn by a national rating service or put on credit watch with negative implications after the date hereof, the effect of which, in the reasonable opinion of the Underwriter, is to materially and adversely affect the market price of the Bonds or the Underwriter's ability to underwrite the Bonds.

(l) A supplement or amendment has been made to the Official Statement subsequent to the date hereof that, in the reasonable judgment of the Underwriter, materially and adversely affects the market price or the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

(m) Bond Counsel fails to deliver the opinion letters on or before the Closing substantially in the forms set forth as Appendices H and I to the Official Statement, for any reason.

(n) Bond Counsel fails to deliver its opinions that the Bonds will be exempt securities under the 1933 Act, and it is not necessary in connection with the offering and sale of the Bonds to register the Bonds under the 1933 Act, and that it is not necessary in connection with the offering and sale of the Bonds to qualify the Bonds or the Indentures under the 1939 Act, for any reason.

(o) Any fact, condition or circumstance exists that, but for the passage of time or giving of notice or both, would constitute an Event of Default under the Indentures upon the execution and effectiveness thereof.

Section 9. Preliminary Official Statement and Official Statement.

(a) The District shall provide and shall cause its accountants and advisors to provide such information, access to records, and other cooperation as the Underwriter may reasonably request in connection with the preparation of the Preliminary Official Statement and the Official Statement for use in connection with the distribution of the Bonds by the Underwriter. If requested by the Underwriter, the District shall cause the Official Statement to be executed on behalf of the District by one of its authorized officials.

(b) The District will undertake, pursuant to the Continuing Disclosure Certificate, in substantially the form attached to the Preliminary Official Statement and the Official Statement, to provide the annual operating information and notice of certain events to the Municipal Securities Rulemaking Board in accordance with the Rule and the Continuing Disclosure Certificate.

(c) The District hereby agrees to deliver to the Underwriter, within the earlier of: (i) seven (7) business days after the date of acceptance hereof by the District or (ii) one day prior to Closing, sufficient copies of the final version of the Official Statement as may be reasonably requested by the Underwriter. The Underwriter has determined that such delivery date is in sufficient time to permit the Official Statement to accompany any confirmation that requests payment from any customer of the Underwriter.

(d) The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than the deadline set forth in the preceding sentence to enable the Underwriter to comply with MSRB Rule G-32.

Section 10. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this Section to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until either (i) the Underwriter has sold all of the Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section 10, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within such maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied

as to the Bonds of that maturity, provided that, the reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter;

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public; and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (1) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (2) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this Section 10, the Underwriter will rely on (1) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (2) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 10:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

Section 11. Indemnity.

To the extent permitted by law, the District agrees to indemnify and hold harmless the Underwriter, its directors, officers or employees and each person, if any, who controls the Underwriter within the meaning of Section 15 of the 1933 Act, from and against any and all losses, claims, damages, liabilities or expenses whatsoever caused by (a) any untrue statement or alleged untrue statement of a material fact in the Official Statement (other than under the caption “UNDERWRITING”); or (b) any omission or alleged omission of any material fact in such Official Statement (other than under the caption “UNDERWRITING”) required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (c) any information supplied by the District in connection with the issuance and sale of the Bonds including, without limitation, information supplied to any rating agency; provided that, in respect to clause (c) only, nothing herein shall be construed to require the District to pay for any losses, claims, damages, liabilities or expenses resulting from the willful misconduct or negligence of the Underwriter.

The Underwriter agrees to indemnify and hold harmless the District and each of its members, officers or employees from and against any and all losses, claims, damages, liabilities or expenses whatsoever caused by (a) any untrue statement or alleged untrue statement of a material fact pertaining to the Underwriter in the Official Statement under the heading "UNDERWRITING;" or (b) any omission or alleged omission of any material fact pertaining to the Underwriter in the Official Statement under the heading "UNDERWRITING," required to be stated therein or necessary in order to make the statements pertaining to the Underwriter therein, in the light of the circumstances under which they were made, not misleading.

Each indemnified party agrees that in the event of any claim, suit, action or proceeding against it, any of its members, directors, officers or employees or any persons controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement by an indemnifying party contained herein, it will promptly give written notice thereof to the indemnifying party. In case such notice shall be so given, the indemnifying party shall be entitled to participate at its own expense in the defense or, if it so elects, to assume at its own expense the defense of such claim, suit, action or proceeding, in which event such defense shall be conducted by counsel chosen by the indemnifying party and satisfactory to the indemnified party or parties against whom such claim, suit, action or proceeding is pending; but if the indemnifying party shall elect not to assume such defense, it shall reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however that at any time the indemnified or indemnifying party becomes dissatisfied with the selection of counsel by the indemnifying party, a new mutually agreeable counsel shall be retained at the expense of the indemnifying party. Each and every indemnified party agrees that the indemnifying party shall have the sole right (subject to the limitations of Colorado law) to compromise, settle or conclude any claim, suit, action or proceeding against any indemnified party; provided, however, that the indemnifying party shall have no right to agree to a settlement involving injunctive or other equitable relief without the prior written consent of the indemnified party. Notwithstanding the foregoing, the indemnified party shall have the right to employ counsel in any such action at its own expense; and provided further that the indemnified party shall have the right to employ counsel in any such action and the fees and expenses of such counsel shall be at the expense of the indemnifying party if: (i) the employment of counsel by such indemnified party has been authorized by the indemnifying party, (ii) there reasonably appears that there is conflict of interest between the indemnifying party and the indemnified party in the conduct of the defense of such action (in which case the indemnifying party shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying party shall not in fact have employed counsel to assume the defense of such action. An indemnifying party shall not be liable for any settlement of any action or claim effected without its consent.

If the indemnification provided for in the first or second paragraphs of this Section 11 is unavailable to an indemnified party in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the District and the Underwriter from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the District and of the Underwriter in connection with the

statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the District and the Underwriter shall be deemed to be in the same respective proportions as the net proceeds from the offering (before deducting expenses) received by the District and the total underwriting discounts and commissions received by the Underwriter, bear to the aggregate public offering price of the Bonds. The relative fault of the District and the Underwriter shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the District or by the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The District and the Underwriter agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 12. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telecopied or delivered to:

The Underwriter:
Wells Fargo Securities, LLC
1700 Lincoln Street, 21st Floor
Denver, Colorado 80203
Attn: Tom Wynne, Director

The District:
The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group, Inc.
550 W. Eisenhower Boulevard
Loveland, Colorado 80538
Attn: Brendan Campbell

(b) This Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and will not confer any rights upon any other person.

(c) The terms “successors” and “assigns” shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(d) The indemnity and contribution provisions contained in Section 11 and all representations, warranties, covenants and agreements of the District in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Underwriter, its officers or directors or any other person controlling the Underwriter or (ii) delivery of and payment for the Bonds hereunder, (iii) any termination of this Agreement, and (iv) acceptance of and payment for any of the Bonds.

(e) Section headings have been inserted in this Agreement as a matter of convenience and reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

(f) This Agreement shall not be assigned by the District or the Underwriter.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

(i) This Agreement may be signed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(j) It is understood and agreed that the officers, trustees and other employees of the District, shall not be subject to personal liability or accountability by reason of the issuance of the Bonds or by reason of the representations, warranties, covenants, obligations or agreements of the District contained in this Agreement.

(k) If the District shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter shall be cancelled or otherwise terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the District shall be under further obligation hereunder, except that the agreements relating to the payment of expenses in Section 5 hereof shall survive any termination of this Agreement.

(l) The only obligations that the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Agreement. The provisions hereof contain all of the terms of the agreement between the District and the Underwriter concerning the sale and purchase of the Bonds, and this Agreement supersedes any other agreements or

understandings between the District and the Underwriter concerning such matters. No addition, amendment, alteration, modification, or deletion hereto shall be made except by written amendment signed by the District and the Underwriter.

WELLS FARGO SECURITIES, LLC

By: _____

Its: _____

Date: _____

Time: _____

Accepted for and on behalf of The Lakes at Centerra Metropolitan District No. 2.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2

By: _____

Its: _____

Date: _____

Time: _____

**Mandatory Sinking Fund Redemption Schedule
for the 2024A Senior Bonds Maturing December 1, 20__**

**Redemption Date Principal
(December 1) Amount**

¹ Maturity, not a sinking fund redemption date.

2024B SUBORDINATE BONDS

Maturity Date (December 15)	Principal Amount	Interest Rate	Yield	Price	10% Test Used	Hold the Offering Price Rule Used

Redemption of 2024B Subordinate Bonds

Mandatory Redemption. On each November 15, the Trustee shall determine the amount credited to the Subordinate Bond Fund and, to the extent the amount therein is in excess of the amount required to pay interest on the 2024B Subordinate Bonds due on the next succeeding interest payment date (including current interest, accrued but unpaid interest, and interest due as a result of compounding, if any), the Trustee shall promptly give such notice of redemption and take such other actions as necessary to redeem as many 2024B Subordinate Bonds as can be redeemed with such excess moneys. Such redemptions shall be made by the Trustee on the next interest payment date, and amounts insufficient to redeem at least one 2024B Subordinate Bond in the denomination of \$1,000 will be retained in the Subordinate Bond Fund. The mandatory redemption provided in the Subordinate Indenture shall be made by the Trustee without further instruction from the District and notwithstanding any instructions from the District to the contrary. Notwithstanding anything in the Subordinate Indenture to the contrary, it is understood and agreed that borrowed moneys shall not be used for the purpose of redeeming principal of the 2024B Subordinate Bonds pursuant to this paragraph.

Optional Redemption. The 2024B Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 20__ and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption

Redemption Premium

EXHIBIT B**FORM OF ISSUE PRICE CERTIFICATE****THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO)**

\$ _____
**LIMITED TAX GENERAL
 OBLIGATION REFUNDING BONDS,
 SERIES 2024A**

\$ _____
**SUBORDINATE LIMITED TAX
 GENERAL OBLIGATION REFUNDING
 BONDS, SERIES 2024B**

The undersigned, on behalf of Wells Fargo Securities, LLC (“WFS”), hereby certifies as set forth below in connection with the issuance on the date hereof by The Lakes at Centerra Metropolitan District No. 2, in the City of Loveland, State of Colorado (the “District”) of the above captioned Limited Tax General Obligation Refunding Bonds, Series 2024A (the “2024A Senior Bonds”) and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the “2024B Subordinate Bonds” and together with the 2024A Senior Bonds, the “Bonds”).

1. *[If all maturities satisfy the 10% test on the sale date:]* **Sale of the Bonds.** As of the date of this Issue Price Certificate, for each Maturity of the Bonds, the first price at which at least ten percent of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I hereto. *[If only some of the maturities satisfy the 10% test on the sale date:]* **Sale of the General Rule Maturities.** As of the date of this Issue Price Certificate, for each Maturity of the General Rule Maturities, the first price at which at least ten percent of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I hereto.

2. *[If only some of the maturities satisfy the 10% test on the sale date:]* **Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities].**

(a) *[If all maturities use hold-the-offering-price rule:]* WFS offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule I hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached as Schedule II hereto. *[If select maturities use hold-the-offering-price rule:]* WFS offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule I hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached as Schedule II hereto.]

(b) *[If all maturities use hold-the-offering-price rule:]* As set forth in the Bond Purchase Agreement, WFS has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-

the-offering-price rule”), and (ii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [*If select maturities use hold-the-offering-price rule:*] As set forth in the Bond Purchase Agreement, WFS has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. **[Other Matters.** Representations as to reserve funds, bond insurance, yield and average maturity to be included here, as applicable, at time of closing.]

4. **Defined Terms.**

(a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule I hereto as the “General Rule Maturities.”]

(b) [“*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule I hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [“*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([_____], 2024), or (ii) the date on which WFS has sold at least ten percent of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) [“*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [_____], 2024.]

(g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Issue Price Certificate are limited to factual matters only. Nothing in this Issue Price Certificate represents WFS’ interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied on by the District with respect to certain of the representations set forth in the Tax Compliance Certificate to which this Issue Price Certificate is attached and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kline Alvarado Veio, P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned, on behalf of WFS, has set his or her hand as of the date first written above.

Wells Fargo Securities, LLC

By _____
Authorized Representative

EXHIBIT C**FORM OF
CERTIFICATE OF REPRESENTATIONS
AND INDEMNIFICATION AGREEMENT
OF DEVELOPER****[to be provided]**

CONTINUING DISCLOSURE AGREEMENT

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
(IN THE CITY OF LOVELAND, COLORADO)**

\$ _____
**LIMITED TAX
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2024A**

\$ _____
**SUBORDINATE LIMITED TAX GENERAL
OBLIGATION
REFUNDING BONDS, SERIES 2024B**

This Continuing Disclosure Agreement (this “Agreement”) is entered into as of _____, 2024, by and between The Lakes at Centerra Metropolitan District No. 2 (In the City of Loveland), Larimer County, Colorado (the “Issuer”) and UMB Bank, n.a. Denver, Colorado (the “Dissemination Agent”) in connection with the issuance of the above captioned bonds (the “Bonds”). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indentures or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“Debt” shall mean (a) the principal amount of the Bonds outstanding, (b) the principal amount of any Additional Obligations (as defined in the Indentures) and (c) the amount of unpaid but accrued interest due on the Bonds or such Additional Obligations, if any.

“Dissemination Agent” shall mean, initially, UMB Bank, n.a., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“District No. 3” shall mean The Lakes at Centerra Metropolitan District No. 3 (In the City of Loveland), Larimer County, Colorado.

“Indentures” shall mean, together, the Indenture of Trust (Senior) dated as of _____ 1, 2024, and the Indenture of Trust (Subordinate) dated as of _____ 1, 2024, pursuant to which the Bonds were issued.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Obligated Person” means, together, the Issuer and District No. 3.

“Participating Underwriter” shall mean the original managing underwriter of the Bonds.

“Plat Changes” shall mean any change (as approved by the City and recorded in the land records of the County) to subdivision plats that has occurred to property within the Pledge Districts.

“Pledge Districts” shall mean the Issuer and District No. 3.

“Quarterly Report” shall mean any Quarterly Report provided by the Issuer pursuant to, and as described in, Section 4 of this Disclosure Agreement.

“Quarterly Report Termination Date” shall mean the earlier of the following to occur: (a) the date upon which the City has issued a total of 1,140 certificates of occupancy for residential units within the Pledge Districts (including single family detached and attached units and multi-family units), such number representing 95% of the approximate number of planned units of 1,200; or (b) the date upon which the combined certified assessed valuation of the Pledge Districts equals or exceeds two times the amount of Debt outstanding.

SECTION 3. Provision of Annual Reports.

a. Annual Reports shall be due according to the following schedule:

Last Day of Annual Reporting Period	Date Annual Report is Due to Dissemination Agent (“Annual Report District Due Date”)	Date Annual Report is Due to Be Filed with the MSRB (“Annual Report Filing Date”)
December 31	August 5	August 15

The first Annual Report will be due for the year ending December 31, 2023. The first Annual Report District Due Date will be August 5, 2024, and the first Annual Report Filing Date will be August 15, 2024.

Not later than each Annual Report District Due Date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3(d); provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Issuer shall include with

each submission of the Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Annual Report is the Annual Report required by this Disclosure Agreement and that it complies with the requirements hereof.

b. If the Issuer is unable to provide to the Dissemination Agent an Annual Report by the Annual Report District Due Date, which results in the Dissemination Agent's inability to provide an Annual Report to the MSRB by the Annual Report Filing Date, the Dissemination Agent shall file or cause to be filed a notice in substantially the form attached as Exhibit "A" with the MSRB.

c. The Dissemination Agent shall:

(1) determine prior to each Annual Report Filing Date the appropriate electronic format prescribed by the MSRB;

(2) on or before July 1 of each year, commencing July 1, 2018, send written notice to the Issuer stating that the Annual Report will be due by the Annual Report District Due Date;

(3) on or before each Annual Report Filing Date, provide to the MSRB (in an electronic formation as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 3(d); and

(4) file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and listing all the entities to which it was provided.

d. The Annual Report shall contain or incorporate by reference the following:

(1) A copy of the annual financial statements of the Pledge Districts, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants; except, in the case of District No. 3, only if such audited financial statements are required to be produced by Colorado law. If audited annual financial statements are not available by the Annual Report Filing Date, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(2) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement dated [_____], 2024, with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 4. Provision of Quarterly Reports.

a. Until the occurrence of the Quarterly Report Termination Date, Quarterly Reports shall be due according to the following schedule:

Last Day of Quarterly Reporting Period	Date Quarterly Report is Due to Dissemination Agent (“Quarterly Report District Due Date”)	Date Quarterly Report is Due to Be Filed with the MSRB (“Quarterly Report Filing Date”)
March 31	May 5	May 15
June 30	August 5	August 15
September 30	November 5	November 15
December 31	February 5	February 15

The first Quarterly Report will be due for the quarter ending March 31, 2024. The first Quarterly Report District Due Date will be May 5, 2023, and the first Quarterly Report Filing Date will be May 15, 2023. *After the occurrence of the Quarterly Report Termination Date, no further Quarterly Reports will be due.* The Issuer is obligated to provide notice of the occurrence of the Quarterly Report Termination Date as provided in Section 5(o) below.

Not later than each Quarterly Report District Due Date, the Issuer shall provide the Quarterly Report to the Dissemination Agent. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4(d). The Issuer shall include with each submission of the Quarterly Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Quarterly Report is the Quarterly Report required by this Disclosure Agreement and that it complies with the requirements hereof.

b. If the Issuer fails to provide to the Dissemination Agent a Quarterly Report by the Quarterly Report District Due Date, which results in the Dissemination Agent’s inability to provide a Quarterly Report to the MSRB by the Quarterly Report Filing Date, the Dissemination Agent shall file or cause to be filed a notice in substantially the form attached as Exhibit “A” with the MSRB.

c. The Dissemination Agent shall:

(1) determine prior to each Quarterly Report Filing Date the appropriate electronic format prescribed by the MSRB;

(2) on or before the last day of the Quarterly Reporting periods identified in Section 4(a), send written notice to the Issuer stating that the Quarterly Report will be due by the applicable Quarterly Report District Due Date;

(3) on or before each Quarterly Report Filing Date, provide to the MSRB (in an electronic formation as prescribed by the MSRB) a Quarterly Report which is consistent with the requirements of Section 4(d); and

(4) file a report with the Issuer certifying that the Quarterly Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and listing all the entities to which it was provided.

d. The Quarterly Report shall contain or incorporate by reference the following:

(1) *Building Permits*. The number of building permits issued by the City for property within the boundaries of the Pledge Districts during the preceding quarter, including a notation as to whether the building permit is for (i) single family residential property, (ii) multi-family residential property (and if so, the number of units); or (iii) commercial property (and if so, the square feet of the building).

(2) *Certificates of Occupancy*. The number of certificates of occupancy issued by the City within the boundaries of the Pledge Districts during the preceding quarter, including a notation as to whether the certificate of occupancy is for (i) single family residential property, (ii) multi-family residential property (and if so, the number of units); or (iii) commercial property (and if so, the square feet of the building).

(3) *Plat Changes*. The Issuer shall use its best efforts to obtain information regarding any Plat Changes and will provide a summary of any information received as a result of such best efforts.

(4) *Land Sales*. The Issuer shall use its best efforts to obtain information regarding any land sales to home builders or developers within the Pledge Districts and will provide a summary of any information received as a result of such best efforts.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Either Pledge District fails or refuses to impose its Required Mill Levy or Subordinate Required Mill Levy, as applicable, or the Issuer fails or refuses to apply the Pledged Revenue or Subordinate Pledged Revenue as required by the Indentures;
- c. Non-payment related defaults, *if material*;

- d. Unscheduled draws on debt service reserves reflecting financial difficulties;
- e. Unscheduled draws on credit enhancements reflecting financial difficulties;
- f. Substitution of credit or liquidity providers, or their failure to perform;
- g. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- h. Modifications to rights of bondholders, *if material*;
- i. Bond calls, *if material*, and tender offers;
- j. Defeasances;
- k. Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- l. Rating changes;
- m. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;¹
- n. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- o. Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- p. The occurrence of the Quarterly Report Termination Date;
- q. Incurrence of a Financial Obligation of the Obligated Person, *if material*, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms

¹ The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

r. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Quarterly Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Quarterly Report or notice of occurrence of a Material Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 9. Resignation or Removal of Dissemination Agent. The present or any future Dissemination Agent may resign at any time upon 30 days' prior written notice to the Issuer. The Issuer may remove the present or any future Dissemination Agent upon 30 days' prior written notice to the Dissemination Agent. Such resignation or removal shall take effect upon the appointment by the Issuer of a successor Dissemination Agent or upon the execution by the Issuer of a written undertaking in which the Issuer agrees to assume all of the obligations of the Dissemination Agent hereunder, but in no event earlier than 30 days after such written notice of resignation or removal has been given. If the Dissemination Agent also serves as the Trustee under the Indenture, the Dissemination Agent may resign or be removed under this Disclosure Agreement without also resigning or being removed as Trustee under the Indenture.

SECTION 9. Duties; Indemnification. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct or failure to perform its obligations hereunder. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 10. Compensation As compensation for its services under this Disclosure Agreement, the Dissemination Agent shall be compensated or reimbursed by the Issuer for its reasonable fees and expenses in performing the services specified under this Disclosure Agreement.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Jurisdiction and Venue. The rights of the Issuer under this Disclosure Agreement shall be deemed to be a contract under and shall be construed in accordance with and governed by the laws of the State of Colorado. Jurisdiction and venue for any disputes related to this Disclosure Agreement shall be in the United States District Court for the District of the State of Colorado or in Colorado District Court in Larimer County, Colorado.

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Disclosure Agreement to be executed in their respective names, all as of the date first above written.

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2 (CITY
OF LOVELAND), LARIMER COUNTY,
COLORADO

By: _____
Authorized Officer

UMB Bank, n.a.

By: _____
Authorized Officer

EXHIBIT “A”

NOTICE OF FAILURE TO FILE [ANNUAL]/[QUARTERLY] REPORT

Name of Issuer: The Lakes at Centerra Metropolitan District No. 2

Name of Bond Issue: The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024A and The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B

CUSIP:

Date of Issuance: [_____], 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an [Annual]/[Quarterly] Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed [_____], 2024, by the Issuer. The Issuer anticipates that the [Annual]/[Quarterly] Report will be filed by _____.

Dated: _____, _____

UMB BANK, n.a., as Dissemination Agent

By: _____
Its: _____

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

History of Assessed Valuations for the Pledge Districts
 Property Tax Collections in the Pledge Districts
 Ten Largest Owners of Taxable Property within the District
 Ten Largest Owners of Taxable Property within District No. 3
 2023 Assessed Valuation of Classes of Property in the Pledge Districts
 Selected Debt Ratios of the Pledge Districts⁽¹⁾
 [District No. 2 Statement of Revenue, Expenditures and Changes in Fund Balance –
 General Fund
 District No. 2 Statement of Revenue, Expenditures and Changes in Fund Balance –
 Debt Service Fund
 District No. 3 Statement of Revenue, Expenditures and Changes in Fund Balance –
 General Fund
 District No. 3 Statement of Revenue, Expenditures and Changes in Fund Balance –
 Debt Service Fund
 District No. 2 Budget Summary and Comparison – General Fund
 District No. 2 Budget Summary and Comparison – Debt Service Fund
 District No. 3 Budget Summary and Comparison – General Fund
 District No. 3 Budget Summary and Comparison – Debt Service Fund]

(1) Only those portions of the table pertaining to the direct debt of the Pledge Districts are required to be updated.

KAV Draft: 1/19/2024

ESCROW DEPOSIT AGREEMENT

By and Between

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2,
as Issuer

And

UMB BANK, N.A.,
as Escrow Agent

Dated as of [CLOSING DATE], 2024

Executed as Part of the Proceedings Pertaining to the
Authorization and Issuance of:

THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
Limited Tax General Obligation Refunding Bonds
Series 2024A

and

Subordinate Limited Tax General Obligation Refunding Bonds
Series 2024B

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT, dated as of [CLOSING DATE], 2024 (the “Escrow Agreement”), is made and executed by and between THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the “Issuer”), and UMB BANK, N.A., located in Denver, Colorado (the “Escrow Agent”), a national banking association duly organized and existing under the laws of the United States of America and having full and complete trust powers, serving in its capacity as escrow agent hereunder;

W I T N E S S E T H:

The parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The Issuer, by its Indenture of Trust (Senior), and Indenture of Trust (Subordinate), each dated as of [MONTH] 1, 2024 (collectively the “Indentures”), by and between the Issuer and UMB Bank, n.a., as trustee thereunder, has authorized the issuance of \$[A PAR] aggregate principal amount of its “Limited Tax General Obligation Refunding Bonds, Series 2024A” and \$[B PAR] aggregate principal amount of its “Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (collectively, the “Refunding Bonds”). A portion of the proceeds of the Refunding Bonds will be used to establish an escrow to refund, on a current refunding basis, the Issuer’s outstanding Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “Series 2018A Bonds”) on [____], 2024 (the “Redemption Date”), as more fully described in the Indentures and herein. The Series 2018A Bonds to be refunded (the “Refunded Bonds”) is set forth in Exhibit B-2 of the Escrow Verification Report attached hereto as Exhibit C.

2. The Issuer shall deposit with the Escrow Agent, in a special, separate trust fund to be created with the Escrow Agent pursuant to the Indentures and this Escrow Agreement, and designated as the “The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024 Escrow Account” (the “Escrow Account”), the amount of \$[_____] from the proceeds of the Refunding Bonds. Such amounts shall be used: (i) to purchase the non-callable U.S. Treasury obligations described in Exhibit A to this Escrow Agreement at a cost (including accrued interest) of \$[_____] (the “Escrow Account Securities”); and (ii) to establish a beginning cash balance in the Escrow Account in the amount of \$[_____].

The Escrow Agent agrees, without the necessity of any further direction from the Issuer, to use the amounts on deposit in the Escrow Account to purchase the Escrow Account Securities in accordance with the preceding paragraph. The Escrow Account Securities to be purchased shall mature on the dates, be of the aggregate face amounts and yield or bear interest at the rates set forth in Exhibit A attached hereto.

3. The maturing principal of and interest on the Escrow Account Securities, together with the beginning cash balance in the Escrow Account, shall be held and applied by the Escrow Agent to pay the principal, premium, if any, and interest due on the Refunded Bonds as follows:

(a) the interest coming due on the Refunded Bonds, shall be paid from the Escrow Account on the proper interest payment dates according to their original terms;

(b) the Refunded Bonds, shall be called for redemption prior to their respective maturities and shall be paid on the Redemption Date indicated in Section 1 above, at a redemption price (expressed as a percentage of principal amount) of 103% plus accrued interest to the date of redemption; and

(c) Interest and principal becoming due on the Refunded Bonds prior to the Redemption Date shall be paid from the Escrow Account each year on the proper interest and principal payment dates according to their original terms until the Refunded Bonds mature or are redeemed prior to maturity in accordance with the foregoing schedule.

The Issuer hereby directs UMB Bank, n.a., as registrar and paying agent for the Refunded Bonds, to give notice (in substantially the form attached hereto as Exhibit B) to each registered owner of the Refunded Bonds of the refunding of the Refunded Bonds and of the redemption of the Refunded Bonds upon the issuance of the Refunding Bonds and prior to the redemption of the Refunded Bonds in accordance with the provisions of the Prior Indenture authorizing the issuance of the Refunded Bonds.

4. Based upon the Escrow Verification Report dated as of the date hereof prepared by [_____], and attached hereto as Exhibit C, the Issuer represents that the payments of the principal of and interest on the Escrow Account Securities will be sufficient to pay the total of the principal of, and interest on the Refunded Bonds coming due in accordance with the provisions of Section 3 of this Escrow Agreement.

5. The Escrow Agent acknowledges the receipt of the amounts initially deposited in the Escrow Account as specified in Section 2 above. The Escrow Agent shall hold the beginning cash balance and the Escrow Account Securities in the Escrow Account and shall collect and receive on behalf of the Issuer all payments of principal and interest on the Escrow Account Securities. Without the requirement of any action being taken by the Issuer, the Escrow Agent shall, from amounts credited to the Escrow Account, make punctual payments to UMB Bank, n.a., as paying agent for the Refunded Bonds, of the principal of and interest on the Refunded Bonds, as the same shall become due and payable in accordance with Section 3 above. After payment to the paying agent for the Refunded Bonds for the principal of and interest on all remaining outstanding Refunded Bonds, the Escrow Agent shall pay any remaining funds in the Escrow Account to the Issuer.

6. The Escrow Agent shall not reinvest any cash or redeem and reinvest the proceeds of the Escrow Account Securities held in the Escrow Account unless and until the Issuer requests that such reinvestment be made. Any such reinvestment must be in non-callable Defeasance Obligations. "Defeasance Obligations" means (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Government Series "SLGS"); (iii) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (iv) Prior Indenture Funding Corp. (REFCORP)--only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (v) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's; and (vi) obligations issued by the following agencies which are backed by the full faith and credit of the United States: (A) *U.S. Export-Import Bank* (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (B) *Farmers Home Administration (FmHA)*, Certificates of beneficial ownership; (C) *General Services Administration*, Participation certificates; (D) *U.S. Maritime Administration*, Guaranteed Title XI financing; and (E) *U.S. Department of Housing and Urban Development* (HUD), Local Authority Bonds. Prior to any request for such redemption and reinvestment of any proceeds of the Escrow Account Securities held in the Escrow Account, the Issuer shall provide to the Escrow Agent: (a) an opinion by an independent certified public accountant that after such reinvestment, the principal amount of the new securities purchased with the reinvested proceeds, plus the remaining Escrow Account Securities, together with the earnings thereon and other available funds, will be sufficient to pay, as the same become due, all principal of, premium, if any, and interest on the Refunded Bonds which have not then previously been paid; and (b) an unqualified opinion of nationally recognized municipal bond counsel to the effect that: (i) such reinvestment will not cause the Refunding Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations in effect thereunder on the date of such reinvestment; and (ii) such reinvestment complies with the Constitution and laws of the State of Colorado and the provisions of all relevant documents relating to the issuance of the Refunded Bonds and the Refunding Bond.

7. As full consideration for all services to be performed by the Escrow Agent under this Escrow Agreement, the Issuer agrees to pay the Escrow Agent the sum of \$[_____] upon the execution of this Escrow Agreement, receipt of which amount is hereby acknowledged by the Escrow Agent; provided, however, the Issuer agrees to pay the Escrow Agent additional fees in the event of any reinvestment pursuant to Section 6 hereof or if the Escrow Agent is a party to any forward supply contract. The Escrow Agent expressly waives any lien upon or claim against the funds and securities in the Escrow Account for its services under this Escrow Agreement.

8. Within 90 days after the Redemption Date, the Escrow Agent shall submit to the Issuer a report covering all funds it shall have received and all payments it shall have made or caused to be made hereunder as of such date.

9. The Escrow Agent shall hold the Escrow Account Securities and funds held in the Escrow Account in a special trust fund and account which is accounted for separately from other funds and securities on deposit with the Escrow Agent. Any and all amounts held in the Escrow Account shall be insured by the Federal Deposit Insurance Corporation or its successor. All

money deposited with the Escrow Agent hereunder in excess of the amounts insured by the Federal Deposit Insurance Corporation shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Colorado and the laws of the United States of America to secure and be pledged as collateral for public funds, having a market value at least equal to such cash balances. It is understood and agreed that the responsibility of the Escrow Agent under this Escrow Agreement is limited to the safekeeping of the funds and securities held in such Escrow Account, the collection of and accounting for the principal and interest payable with respect thereto, and the remittance of funds to UMB Bank, n.a., the paying agent for the Refunded Bonds, for the payment of the principal of, premium, if any, and interest on the Refunded Bonds in accordance with the provisions of this Escrow Agreement.

10. This Escrow Agreement is made by the Issuer for the benefit of the registered owners of the Refunded Bonds and is irrevocable by the Issuer, and the securities and other funds held in the Escrow Account and all income therefrom have been irrevocably appropriated for the payment of the Refunded Bonds in accordance with this Escrow Agreement; provided however, that when the principal of and interest on all of the Refunded Bonds shall have been paid in full, and all amounts payable to the Escrow Agent hereunder have been paid in full, any amount which may remain on deposit in the Escrow Account shall be paid to the Issuer.

11. This Escrow Agreement shall be binding upon and shall inure to the benefit of the Issuer and the Escrow Agent and their respective successors and assigns. In addition, this Escrow Agreement shall constitute a third party beneficiary contract for the benefit of the registered owners of the Refunded Bonds. Said third party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if such third party beneficiaries were parties hereto. Any bank into which the Escrow Agent may be merged or with which it may be consolidated, any bank resulting from any merger or consolidation to which it shall be a party, or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, unless the Issuer disapproves in writing, be the successor agent without the execution of any document or the performance of any other act. In the event the Issuer disapproves of the successor agent resulting from any of the events described above, the Issuer shall immediately appoint any state or national bank which is a member of the Federal Deposit Insurance Corporation, and which has trust powers, to be the successor agent, whereupon such successor agent shall immediately succeed to the respective agreements and covenants hereunder.

12. The Escrow Agent shall immediately notify the Issuer and the Underwriter (as defined in the Indentures) by first-class mail, postage prepaid, whenever, for any reason, the funds or accounts created pursuant to this Escrow Agreement, plus the Escrow Account Securities therein and interest on said Escrow Account Securities, as the same accrues, and the principal amount of any securities purchased and held in the Escrow Account pursuant to the Escrow Agreement, will be insufficient to pay the interest on, premium, if any, or principal of the Refunded Bonds as the same become due and payable in accordance with, Section 3 hereof. The

Issuer shall, upon receipt of such notice, immediately deposit the amount of any such deficiency with the Escrow Agent for application in accordance with this Escrow Agreement.

13. The Issuer shall have the right, at any time during business hours, to examine all the records of the Escrow Agent regarding the status of the funds or accounts created pursuant to this Escrow Agreement and the details of all income, investments, reinvestments, redemptions and withdrawals therefrom with respect to the funds or accounts created pursuant to this Escrow Agreement.

14. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Escrow Agent has no discretionary duties of any kind. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Escrow Agent's negligence or willful misconduct was the sole cause of any loss to the Issuer. Escrow Agent's sole responsibility shall be for the safekeeping of the Escrow Account in accordance with Escrow Agent's customary practices and disbursement thereof in accordance with the terms of this Agreement. Escrow Agent shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. Escrow Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall believe to be genuine and to have been signed or presented by the person or parties purporting to sign the same. Escrow Agent shall not be responsible for or have any duty to make any calculations under this Agreement, or to determine when any calculation required under the provisions of this Agreement should be made, how it should be made or what it should be, or to confirm or verify any such calculation. In no event shall Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses, attacks or intrusions, power failures, earthquakes or other disasters. Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Escrow Account or this Agreement, or to appear in, prosecute or defend any such legal action or proceeding or to take any other action that in Escrow Agent's sole judgment may expose it to potential expense or liability. Escrow Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall, to the extent permitted by law, be fully indemnified from any liability whatsoever in acting in accordance with the advice of such counsel. The Issuer shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel. The Issuer agrees to perform or procure the performance of all further acts and things, and execute and deliver such further documents, as may be required by law or as Escrow Agent may reasonably request in connection with its duties hereunder.

The Escrow Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Escrow Account, without determination by the Escrow Agent of such court's jurisdiction in the matter. If any portion of the Escrow Account is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Escrow Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the District of any of the obligations of the District, or to protect any of the rights of the District under any bond resolution or any of the other contracts of the District with or franchises or privileges from any states, county, municipality or other governmental agency, or with any corporation or individual. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Refunded Bonds or any proceedings taken in connection therewith.

15. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

16. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Escrow Agreement shall be governed by the laws of the State of Colorado, without regard to conflict of laws principles, and the venue shall be in the District Court for Larimer County.

17. This Escrow Agreement shall terminate upon the payment of all of the principal of, premium, if any, and interest on the Refunded Bonds.

18. This Escrow Agreement may be amended in a writing executed by the parties hereto; provided, however, no such amendment shall reduce the amounts credited to the Escrow Account being held by the Escrow Agent.

19. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

20. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by their duly authorized officers as of the date first written above.

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2

By _____
President

UMB BANK, N.A.,
as Escrow Agent

By _____
Authorized Officer

[Signature page to Escrow Deposit Agreement]

EXHIBIT A**LIST OF ESCROW ACCOUNT SECURITIES**

The Escrow Account Securities shall consist of the following United States Government obligations:

EXHIBIT B**NOTICE OF REDEMPTION****OF**

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
 (IN THE CITY OF LOVELAND)
 LARIMER COUNTY, COLORADO
 LIMITED TAX GENERAL OBLIGATION
 REFUNDING AND IMPROVEMENT BONDS
 SERIES 2018A**

CUSIP NOS.: 51207G AA6, AB4, AC2

PUBLIC NOTICE IS HEREBY GIVEN the outstanding bonds captioned above maturing on December 1, 2027 and thereafter (the “Refunded Bonds”) are being called for redemption on [_____] 2024 (the “Redemption Date”). The Refunded Bonds will be redeemed at a redemption price equal to 103% of the principal amount of such bonds, plus accrued interest thereon to the Redemption Date (the “Redemption Price.”) Interest on the Refunded Bonds shall cease to accrue from and after the Redemption Date.

The Refunded Bonds are further described as follows:

Maturity Date (December 1)	CUSIP No.	Principal Amount
2027	51207G AA6	\$1,685,000
2037	51207G AB4	8,290,000
2047	51207G AC2	18,885,000

The Refunded Bonds are to be surrendered for payment of the Redemption Price at the principal corporate office of the Registration and Paying Agent:

UMB Bank, n.a.
 Corporate Trust & Escrow Services
 2 S. Broadway, Suite 600
 St. Louis, Missouri 63102

The Refunded Bonds were originally issued on March 15, 2018.

THIS NOTICE IS GIVEN at the direction of The Lakes at Centerra Metropolitan District No. 2, in the City of Aurora, Adams County, Colorado, and is dated as of this ____ day of _____, 2024.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT
NO. 2

By: /s/ James Laferriere
President

EXHIBIT C
ESCROW VERIFICATION REPORT



March 20, 2024

VIA EMAIL

Mr. Brendan Campbell
 The Lakes at Centerra Metropolitan District No. 2
 c/o Pinnacle Consulting Group Inc.
 550 W. Eisenhower Blvd.
 Loveland, Colorado 80537

Re: Not to exceed \$40,185,000 aggregate principal amount of The Lakes at Centerra Metropolitan District No. 2 Limited Tax General Obligation Refunding Bonds, Series 2024A

Dear Mr. Campbell:

Attached please find Assured Guaranty Municipal Corp.'s ("AGM") municipal bond insurance commitment and municipal bond debt service reserve insurance commitment (collectively, the "Commitments"), both in respect of the above-referenced issue (the "Senior Bonds"). Please return fully executed copies of the Commitments to Mrs. Audrey Udit-Adler, at the email address indicated below, on or before the date of pricing the Senior Bonds.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements, as applicable, and bond proof should be delivered to AGM for review and comment. AGM will require an electronic copy of the final official statement prior to the closing date of the Senior Bonds.

The email transmitting the Commitments includes a link to AGM's website, where the logo, statement of insurance, disclosure language, specimen municipal bond insurance policy and procedures for premium payment may be accessed and downloaded as needed.

Upon acceptance and satisfaction of the conditions of the Commitments, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Senior Bonds, and timely issue its policies:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.
- A copy of (i) the preliminary official statement and the final official statement, each of which shall include to the extent applicable the disclosure provided by AGM and the specimen municipal bond insurance policy and any other references to AGM, and (ii) the Senior Bonds, together with the legend to be affixed to such Senior Bonds, must be delivered to the Closing Coordinator by email in order that AGM may confirm its accuracy.
- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Senior Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by email in order that AGM may confirm the premium to be paid for the policies and request the assignment of an insured rating for the Senior Bonds.
- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Senior Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Senior Bonds should be delivered to the Closing Coordinator listed below by email in order that AGM may request the assignment of an insured rating for the Senior Bonds.

Assured Guaranty Municipal Corp.

1633 Broadway
 New York, NY 10019

main 1 212 974 0100
 fax 1 212 581 3268

info@agltd.com

AssuredGuaranty.com

Mr. Brendan Campbell
The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
March 20, 2024
Page 2

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitments have been met, an opinion of counsel as to the validity of the policies, a disclosure, no default and tax certificate and the policies. Prior to the closing, AGM will obtain rating letters from the rating agencies specified by the underwriter or purchaser of the Senior Bonds. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

Please include the following people on the Distribution List for this transaction:

Eric Torkelson, Counsel	Telephone: (212) 408-6057 Email: ETorkelson@agltd.com
Richard Simon, Director	Telephone: (212) 408-6020 Email: RSimon@agltd.com
Audrey Udit-Adler, Closing Coordinator	Telephone: (212) 339-3548 Email: AUdit-Adler@agltd.com

As a post-closing condition, AGM shall receive an electronic copy of the final closing transcript of proceedings.

AGM looks forward to working with you on this transaction.

Very truly yours,



Eric Torkelson
Counsel

cc: K.C. Veio, Esq.; Kline Alvarado Veio, P.C.
Tom Wynne; Wells Fargo Securities, LLC
Peter Whitmore, Esq.; Sherman & Howard L.L.C.
P. Jonathan Heroux; Piper Sandler & Co.



MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Senior Bonds"), subject to the terms and conditions set forth in this Municipal Bond Insurance Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The disclosure document relating to the Senior Bonds (the "Official Statement") shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any underwriter or purchaser of the Senior Bonds, otherwise required, not to be required to underwrite or purchase the Senior Bonds on the date scheduled for the issuance and delivery thereof (the "Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Senior Bonds (including, without limitation, the security for the Senior Bonds or the proposed debt service schedule of the Senior Bonds), the Official Statement, the financing documents to be executed and delivered with respect to the Senior Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Senior Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Senior Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Senior Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Senior Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve.

6. AGM shall be provided with:

(a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Senior Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure and the opinion of counsel to the underwriter(s), shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Senior Bonds. Payment of the insurance premium is a condition to release of the Policy by AGM.

(c) S&P Global and Moody's Investors Service Inc., if applicable, will separately present bills for their respective fees relating to the Senior Bonds. Payment of such bills by or on behalf of the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

7. Promptly after the closing of the Senior Bonds, AGM shall receive an electronic copy of the final closing transcript of proceedings.

**MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET**

Issuer: The Lakes at Centerra Metropolitan District No. 2

Name of Bonds Insured: Limited Tax General Obligation Refunding Bonds, Series 2024A (the "Senior Bonds")

Principal Amount of Bonds Insured: Not to exceed in the aggregate \$40,185,000

Date of Commitment: March 20, 2024 Expiration Date: Friday, May 24, 2024*

Premium: .34% of total debt service on the Senior Bonds Insured

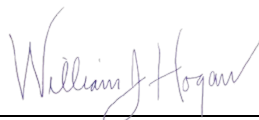
Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Senior Bonds shall be acceptable to AGM.
2. AGM shall insure 100% of the Senior Bonds and the Issuer's Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (the "Subordinate Bonds" and together with the Senior Bonds, the "Bonds").
3. So long as any Subordinate Bonds insured by AGM remain outstanding, the Senior Bonds insured by AGM shall not be refunded or refinanced unless such Subordinate Bonds will be refunded or refinanced concurrently with the Senior Bonds.
4. The Senior Indenture shall be acceptable to AGM and shall incorporate the following:
 - a. Until such time as the Subordinate Bonds have been paid in full, the District shall not issue any Parity Bonds or other Additional Obligations obligations payable from and secured by a lien on the Senior Pledged Revenues, other than Junior Lien Obligations, without the prior written consent of AGM.
 - b. Notwithstanding anything in the Senior Pledge Agreement to the contrary, AGM's prior written consent shall be required for the issuance of any obligations by District No. 3 that are payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District No. 3 or other District No. 3 Senior Pledged Revenue.
 - c. See Exhibit B hereto.
5. The Senior Pledge Agreement shall be acceptable to AGM and shall include the following provisions:
 - a. AGM shall be a third-party beneficiary of the Senior Pledge Agreement.
 - b. Any amendment, supplement, modification to, or waiver of, the Senior Pledge Agreement shall be subject to the prior written consent of AGM.
6. AGM shall be addressed or entitled to rely upon the following opinions of counsel, which opinions shall include all opinions as are customary for financings of the type contemplated and otherwise shall be in form and content acceptable to AGM:
 - a. The unqualified approving opinion and supplemental opinion (but only to the extent such supplemental opinion covers matters beyond customary disclosure and securities laws opinions) of Bond Counsel;
 - b. The defeasance opinion of Bond Counsel;
 - c. The opinion of counsel(s) to the Issuer and other Districts; and

- d. Any opinion of counsel to any other party, the obligations of which are material to the security for the Senior Bonds.

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the Indenture of Trust (Senior) authorizing the issuance of, and setting forth the terms for, the Senior Bonds described above (the "Indenture").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer on or before the date of pricing the Senior Bonds. This Commitment may be delivered by the exchange of executed signature pages by email with a .pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as the originally signed version of such signature page.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Senior Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Senior Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Senior Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Senior Bonds do not constitute a recommendation to insure the Senior Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Senior Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, if all or a portion of the Senior Bonds are insured by the Policy, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2

Authorized Officer

SENIOR INDENTURE REQUIREMENTS

The Indenture shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Bond Insurance" (or the like), **the provisions of which section or article shall be stated in the Indenture to govern, notwithstanding anything to the contrary set forth in the Indenture**, or individually in the appropriate sections:

- (a) The Indenture shall include the following defined terms:

"Bond Insurance Policy" means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2024A Senior Bonds when due.

"Bond Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Reserve Policy" means the debt service reserve insurance policy issued by the Bond Insurer and deposited in the Reserve Fund.

- (b) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in substitution of the Reserve Policy or in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Series 2024A Senior Bonds.
- (c) The Bond Insurer shall be deemed to be the sole Owner of the Series 2024A Senior Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series 2024A Senior Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2024A Senior Bond, each Owner of the Series 2024A Senior Bonds appoints the Bond Insurer as its agent and attorney-in-fact with respect to the Series 2024A Senior Bonds and agrees that the Bond Insurer may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the Series 2024A Senior Bonds delegates and assigns to the Bond Insurer, to the fullest extent permitted by law, the rights of each Owner of the Series 2024A Senior Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Series 2024A Senior Bonds for the Bond Insurer's benefit, and agrees to cooperate with the Bond Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus.
- (d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Bond Insurer. No grace period shall be permitted for payment defaults.
- (e) The Bond Insurer is a third party beneficiary of the Indenture.
- (f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2024A Senior Bonds to be redeemed shall be subject to the approval of the Bond Insurer. The exercise of any provision of the Indenture which permits the purchase of Series 2024A Senior

Bonds in lieu of redemption shall require the prior written approval of the Bond Insurer if any Series 2024A Senior Bond so purchased is not cancelled upon purchase.

- (g) Any amendment, supplement, modification to, or waiver of, the Indenture shall be subject to the prior written consent of the Bond Insurer.
- (h) The rights granted to the Bond Insurer under the Indenture, the Senior Pledge Agreement or any other transaction document, including any underlying security agreement (each a "Related Document"), to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Bond Insurer.
- (i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Bond Insurer, pre-refunded municipal obligations rated in the then highest rating category by S&P and Moody's for such obligations, or (5) subject to the prior written consent of the Bond Insurer, any other type of security or obligation which S&P and Moody's have determined to be permitted defeasance securities, shall be used to effect defeasance of the Series 2024A Senior Bonds unless the Bond Insurer otherwise approves.

To accomplish defeasance of the Series 2024A Senior Bonds, the District shall cause to be delivered to the Bond Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a firm of independent, nationally-recognized certified public accountants as shall be acceptable to the Bond Insurer verifying the sufficiency of the escrow established to pay the Series 2024A Senior Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement or other irrevocable written instructions (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally-recognized bond counsel to the effect that the Series 2024A Senior Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2024A Senior Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, the Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. Series 2024A Senior Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

- (j) Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2024A Senior Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the District in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.
- (k) Claims Upon the Bond Insurance Policy and Payments by and to the Bond Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2024A Senior Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00

noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2024A Senior Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2024A Senior Bonds and the amount required to pay principal of the Series 2024A Senior Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2024A Senior Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2024A Senior Bonds registered to the then current Owner of the Series 2024A Senior Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2024A Senior Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2024A Senior Bond shall have no effect on the amount of principal or interest payable by the District on any Series 2024A Senior Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2024A Senior Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2024A Senior Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of the Series 2024A Senior Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2024A Senior Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2024A Senior Bonds under the sections of the Indenture regarding payment of Series 2024A Senior Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the District agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the "Bond Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then-applicable highest rate of interest on the Series 2024A Senior Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The District hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Series 2024A Senior Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee shall notify the Bond Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the Owners of the Series 2024A Senior Bonds and shall, at the written direction of the Bond Insurer, promptly remit such funds remaining to the Bond Insurer.

- (l) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2024A Senior Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the District to the Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

- (m) The District shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Bond Insurer until the date the Bond Insurer is paid in full. The obligation to reimburse the Bond Insurer shall survive discharge or termination of the Related Documents.

- (n) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the District or rebate only after the payment of past due and current debt service on the Series 2024A Senior Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

- (o) The Bond Insurer shall be entitled to pay principal or interest on the Series 2024A Senior Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Series 2024A Senior Bonds as a result of acceleration of the maturity thereof, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

- (p) Notices to the Bond Insurer shall be sent to the following address (or such other address as the Bond Insurer may designate in writing):

Assured Guaranty Municipal Corp.
 1633 Broadway
 New York, NY 10019
 Attention: Managing Director – Municipal Surveillance
 Re: Policy Nos. _____-N (Bond Insurance Policy) and _____-R (Reserve Policy)
 Telephone: (212) 974-0100
 Email: munidisclosure@agltd.com

In each case in which the notice or other communication refers to a claim on the Bond Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked "URGENT MATERIAL ENCLOSED" and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@agltd.com.

- (q) The Bond Insurer shall be provided with the following information by the District or the Trustee, as the case may be:
1. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, annual audited financial statements within the filing deadline specified in the District's continuing disclosure agreement, covenant or undertaking with respect to the Series 2024A Senior Bonds (together with a certification of the District that it is not aware of any default or Event of Default under the Indenture), and, upon request, the District's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;
 2. Notice of any draw upon the Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the Series 2024A Senior Bonds;
 3. Notice of any default or Event of Default under the Indenture known to the Trustee or the District within five (5) Business Days after knowledge thereof;
 4. Prior notice of the advance refunding or redemption of any of the Series 2024A Senior Bonds, including the principal amount, maturities and CUSIP numbers thereof;
 5. Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
 6. Notice of the commencement of any Insolvency Proceeding (as defined in subsection [(c)] above);
 7. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2024A Senior Bonds;
 8. A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;
 9. All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents; and
 10. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Series 2024A Senior Bonds.
- (r) The Bond Insurer shall have the right to receive such additional information as it may reasonably request.
- (s) The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the Series 2024A Senior Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.
- (t) The Trustee shall notify the Bond Insurer of any known failure of the District to provide notices, certificates and other information under the Related Documents that are required to be delivered to the Owners of the Series 2024A Senior Bonds.
- (u) Notwithstanding satisfaction of the other conditions to the issuance of Additional Obligations set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or

grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional Obligations, in either case unless otherwise permitted by the Bond Insurer.

- (v) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2024A Senior Bonds or the rights of the Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Bond Insurance Policy.
- (w) No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Series 2024A Senior Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.
- (x) The District shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate without the prior written consent of the Bond Insurer.

**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

AGM's issuance of its municipal bond insurance policy and municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. **NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED.** Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of
Amount to be Paid:

Upon determination of the final debt service schedule, email such schedule to AGM

Attention: Richard Simon, Director
Phone No.: (212) 408-6020
Email: RSimon@agltd.com

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Beneficiary Bank:	BNYMellon, New York
ABA Number:	021 000 018
Address:	One Wall Street, New York, NY 10286
Beneficiary:	Assured Guaranty Municipal Corp.
Account Number:	8900297263
Policy Numbers:	[To Be Assigned]

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

The wire transfer number and the name of the sending bank shall be communicated on the closing date to Audrey Udit-Adler, Closing Coordinator, (212) 339-3548 AUdit-Adler@agltd.com.

5. AGM shall insure all of the Senior Bonds pursuant to its Commitment Letter dated March 20, 2024.
6. The Reserve Policy shall expire on the earlier of the date the Senior Bonds are no longer outstanding and the final maturity date of the Senior Bonds.
7. The Indenture shall be in form and substance acceptable to AGM and shall incorporate the terms and provisions set forth in Exhibit A.
8. Prior to closing of the Senior Bonds, AGM shall be provided with:
- (a) A letter from Kline Alvarado Veio, P.C. ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;
- (b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Indenture, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Indenture, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Senior Bonds (subject only to the priority of payment provisions set forth under the Indenture), and (iv) such other matters AGM shall reasonably request; and
- (c) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy. Payment of the insurance premium is a condition to release of the Reserve Policy by AGM.
9. Promptly after the closing of the Senior Bonds, AGM shall receive an electronic copy of the final closing transcript of proceedings.

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

This Commitment may be delivered by the exchange of executed signature pages by email with a .pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as the originally signed version of such signature page.

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The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Senior Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Senior Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Senior Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Senior Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Indenture; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, to the extent the Reserve Policy is issued by AGM, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2

By: _____
Authorized Officer

SENIOR INDENTURE REQUIREMENTS

The Indenture shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Reserve Policy" (or the like), **the provisions of which section or article shall be stated in the Indenture to govern, notwithstanding anything to the contrary set forth in the Indenture**, or individually in the appropriate sections:

(a) The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then-applicable highest rate of interest on the Series 2024A Senior Bonds, and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the calendar year immediately following the calendar year in which initial draw was made.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a lien on and pledge of the Trust Estate (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Fund shall be transferred to the Senior Bond Fund for payment of debt service on Series 2024A Senior Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the District shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to

it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2024A Senior Bonds or (ii) remedies which would adversely affect owners of the Series 2024A Senior Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Series 2024A Senior Bonds.

(d) The District shall include any Policy Costs then due and owing the Insurer in the calculation of the Parity Coverage test in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2024A Senior Bonds. Where deposits are required to be made by the District with the Trustee to the Senior Bond Fund for the Series 2024A Senior Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the District to make timely payment in full of such deposits within two Business Days of the date due.

EXHIBIT B



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: \$

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. **NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED.** Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of
Amount to be Paid: **Upon determination of the final debt service schedule, email such schedule to AGM**

Attention: Richard Simon, Director
Phone No.: (212) 408-6020
Email: RSimon@agltd.com

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Beneficiary Bank:	BNYMellon, New York
ABA Number:	021 000 018
Address:	One Wall Street, New York, NY 10286
Beneficiary:	Assured Guaranty Municipal Corp.
Account Number:	8900297263
Policy Number:	[To Be Assigned]

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

The wire transfer number and the name of the sending bank shall be communicated on the closing date to Audrey Udit-Adler, Closing Coordinator, (212) 339-3548 AUdit-Adler@agltd.com.



March 20, 2024

VIA EMAIL

Mr. Brendan Campbell
 The Lakes at Centerra Metropolitan District No. 2
 c/o Pinnacle Consulting Group Inc.
 550 W. Eisenhower Blvd.
 Loveland, Colorado 80537

Re: Not to exceed \$3,000,000 aggregate principal amount of The Lakes at Centerra Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B

Dear Mr. Campbell:

Attached please find Assured Guaranty Municipal Corp.'s ("AGM") commitment letter (the "Commitment") in respect of the above-referenced issue (the "Subordinate Bonds"). Please return one fully executed copy of the Commitment to Mrs. Audrey Udit-Adler, at the email address indicated below, on or before the date of pricing the Subordinate Bonds.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements, as applicable, and bond proof should be delivered to AGM for review and comment. AGM will require an electronic copy of the final official statement prior to the closing date of the Subordinate Bonds.

The email transmitting the Commitment includes a link to AGM's website, where the logo, statement of insurance, disclosure language, specimen policy and procedures for premium and S&P rating fee payment may be accessed and downloaded as needed.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Subordinate Bonds, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.
- A copy of (i) the preliminary official statement and the final official statement, each of which shall include to the extent applicable the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Subordinate Bonds, together with the legend to be affixed to such Subordinate Bonds, must be delivered to the Closing Coordinator by email in order that AGM may confirm its accuracy.
- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Subordinate Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by email in order that AGM may confirm the premium to be paid for the insurance policy and S&P rating fee and request the assignment of an insured rating for the Subordinate Bonds.
- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Subordinate Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Subordinate Bonds should be delivered to the Closing Coordinator listed below by email in order that AGM may request the assignment of an insured rating for the Subordinate Bonds.

Assured Guaranty Municipal Corp.

1633 Broadway
 New York, NY 10019

main 1 212 974 0100
 fax 1 212 581 3268

info@agltd.com

AssuredGuaranty.com

Mr. Brendan Campbell
The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
March 20, 2024
Page 2

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy, a disclosure, no default and tax certificate and the insurance policy. Prior to the closing, AGM will obtain rating letters from the rating agencies specified by the underwriter or purchaser of the Subordinate Bonds.

Please include the following people on the Distribution List for this transaction:

Eric Torkelson, Counsel	Telephone: (212) 408-6057 Email: ETorkelson@agltd.com
Richard Simon, Director	Telephone: (212) 408-6020 Email: RSimon@agltd.com
Audrey Udit-Adler, Closing Coordinator	Telephone: (212) 339-3548 Email: AUdit-Adler@agltd.com

As a post-closing condition, AGM shall receive an electronic copy of the final closing transcript of proceedings.

AGM looks forward to working with you on this transaction.

Very truly yours,



Eric Torkelson
Counsel

ec: K.C. Veio, Esq.; Kline Alvarado Veio, P.C.
Tom Wynne; Wells Fargo Securities, LLC
Peter Whitmore, Esq.; Sherman & Howard L.L.C.
P. Jonathan Heroux; Piper Sandler & Co.



MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Subordinate Bonds"), subject to the terms and conditions set forth in this Municipal Bond Insurance Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The disclosure document relating to the Subordinate Bonds (the "Official Statement") shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any underwriter or purchaser of the Subordinate Bonds, otherwise required, not to be required to underwrite or purchase the Subordinate Bonds on the date scheduled for the issuance and delivery thereof (the "Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Subordinate Bonds (including, without limitation, the security for the Subordinate Bonds or the proposed debt service schedule of the Subordinate Bonds), the Official Statement, the financing documents to be executed and delivered with respect to the Subordinate Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Subordinate Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Subordinate Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Subordinate Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Subordinate Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve.

6. AGM shall be provided with:

(a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Subordinate Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure and the opinion of counsel to the underwriter(s), shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the sum of the insurance premium and S&P rating fee, unless alternative arrangements for the payment of such amounts acceptable to AGM have been made prior to the delivery date of the Subordinate Bonds. Payment of the insurance premium and S&P rating fee is a condition to release of the Policy by AGM.

(c) Moody's Investors Service Inc., if applicable, will separately present its bill for its rating fee relating to the Subordinate Bonds. Payment of such bill by or on behalf of the Issuer should be made directly to Moody's. Payment of the Moody's rating fee is not a condition to release of the Policy by AGM.

7. Promptly after the closing of the Subordinate Bonds, AGM shall receive an electronic copy of the final closing transcript of proceedings.

**MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET**

Issuer: The Lakes at Centerra Metropolitan District No. 2

Name of Bonds Insured: Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B
(the "Subordinate Bonds")

Principal Amount of Bonds Insured: Not to exceed in the aggregate \$3,000,000

Date of Commitment: March 20, 2024 Expiration Date: Friday, May 24, 2024*

Premium: .56% of total debt service on the Subordinate Bonds Insured

S&P Rating Fee: \$3,135.00 (subject to adjustment based on any change in the final par amount of the Subordinate Bonds Insured)

Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Subordinate Bonds shall be acceptable to AGM.
2. AGM shall insure 100% of the Subordinate Bonds and the Issuer's Limited Tax General Refunding Bonds, Series 2024A (the "Senior Bonds" and together with the Subordinate Bonds, the "Bonds").
3. So long as any Subordinate Bonds insured by AGM remain outstanding, the Senior Bonds insured by AGM shall not be refunded or refinanced unless such Subordinate Bonds will be refunded or refinanced concurrently with the Senior Bonds.
4. The Subordinate Indenture shall be acceptable to AGM and shall incorporate the following:
 - a. The District shall not issue any Parity Bonds or other Additional Obligations payable from and secured by a lien on the Subordinate Pledged Revenues, other than Junior Lien Obligations, without the prior written consent of AGM.
 - b. Notwithstanding anything in the Subordinate Pledge Agreement to the contrary, AGM's prior written consent shall be required for the issuance of any obligations by District No. 3 that are payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District No. 3 or other District No. 3 Subordinate Pledged Revenue.
 - c. The Subordinate Indenture shall require excess Subordinate Pledged Revenues to be deposited in a Special Redemption Fund that is pledged to the Subordinate Bonds, which fund shall be subject to standing instructions to the Trustee to the redeem outstanding Subordinate Bonds, in whole or in part, from amounts on deposit therein, commencing on the first special redemption date and each special redemption date thereafter (which instructions shall be acceptable to AGM).
 - d. See Exhibit B hereto.
5. The Subordinate Pledge Agreement shall be acceptable to AGM and shall include the following provisions:
 - a. So long as any Subordinate Bonds are outstanding or AGM is owed any amounts under the Subordinate Indenture, the Subordinate Required Mill Levy shall be levied at the maximum rate permitted by the District's or District No. 3's electoral authorization, respectively.

- b. AGM shall be a third-party beneficiary of the Subordinate Pledge Agreement.
 - c. Any amendment, supplement, modification to, or waiver of, the Subordinate Pledge Agreement shall be subject to the prior written consent of AGM.
6. AGM shall be addressed or entitled to rely upon the following opinions of counsel, which opinions shall include all opinions as are customary for financings of the type contemplated and otherwise shall be in form and content acceptable to AGM:
- a. The unqualified approving opinion and supplemental opinion (but only to the extent such supplemental opinion covers matters beyond customary disclosure and securities laws opinions) of Bond Counsel;
 - b. The defeasance opinion of Bond Counsel;
 - c. The opinion of counsel(s) to the Issuer and other Districts; and
 - d. Any opinion of counsel to any other party, the obligations of which are material to the security for the Bonds.

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Subordinate Bonds described above (the "Indenture").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer on or before the date of pricing the Subordinate Bonds. This Commitment may be delivered by the exchange of executed signature pages by email with a .pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as the originally signed version of such signature page.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Subordinate Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Subordinate Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Subordinate Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Subordinate Bonds do not constitute a recommendation to insure the Subordinate Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Subordinate Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, if all or a portion of the Subordinate Bonds are insured by the Policy, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2

Authorized Officer

SUBORDINATE INDENTURE REQUIREMENTS

The Indenture shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Bond Insurance" (or the like), **the provisions of which section or article shall be stated in the Indenture to govern, notwithstanding anything to the contrary set forth in the Indenture**, or individually in the appropriate sections:

- (a) The Indenture shall include the following defined terms:

"Bond Insurance Policy" means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2024B Subordinate Bonds when due.

"Bond Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Reserve Policy" means the debt service reserve insurance policy issued by the Bond Insurer and deposited in the Subordinate Reserve Fund.

- (b) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in substitution of the Reserve Policy or in lieu of a cash deposit into the Subordinate Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Subordinate Reserve Fund shall be applied solely to the payment of debt service due on the Series 2024B Subordinate Bonds.

- (c) The Bond Insurer shall be deemed to be the sole Owner of the Series 2024B Subordinate Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series 2024B Subordinate Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2024B Subordinate Bond, each Owner of the Series 2024B Subordinate Bonds appoints the Bond Insurer as its agent and attorney-in-fact with respect to the Series 2024B Subordinate Bonds and agrees that the Bond Insurer may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the Series 2024B Subordinate Bonds delegates and assigns to the Bond Insurer, to the fullest extent permitted by law, the rights of each Owner of the Series 2024B Subordinate Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Series 2024B Subordinate Bonds for the Bond Insurer's benefit, and agrees to cooperate with the Bond Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus.

- (d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Bond Insurer. No grace period shall be permitted for payment defaults.

- (e) The Bond Insurer is a third party beneficiary of the Indenture.

- (f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2024B Subordinate Bonds to be redeemed shall be subject to the approval of the Bond

Insurer. The exercise of any provision of the Indenture which permits the purchase of Series 2024B Subordinate Bonds in lieu of redemption shall require the prior written approval of the Bond Insurer if any Series 2024B Subordinate Bond so purchased is not cancelled upon purchase.

- (g) Any amendment, supplement, modification to, or waiver of, the Indenture shall be subject to the prior written consent of the Bond Insurer.
- (h) Unless the Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Subordinate Project Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2024B Subordinate Bonds.
- (i) The rights granted to the Bond Insurer under the Indenture, the Subordinate Pledge Agreement or any other transaction document, including any underlying security agreement (each a "Related Document"), to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Bond Insurer.
- (j) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Bond Insurer, pre-refunded municipal obligations rated in the then highest rating category by S&P and Moody's for such obligations, or (5) subject to the prior written consent of the Bond Insurer, any other type of security or obligation which S&P and Moody's have determined to be permitted defeasance securities, shall be used to effect defeasance of the Series 2024B Subordinate Bonds unless the Bond Insurer otherwise approves.

To accomplish defeasance of the Series 2024B Subordinate Bonds, the District shall cause to be delivered to the Bond Insurer (i) other than with respect to a current refunding that is gross funded, a report of either a nationally-recognized verification agent or a firm of independent, nationally-recognized certified public accountants as shall be acceptable to the Bond Insurer verifying the sufficiency of the escrow established to pay the Series 2024B Subordinate Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement or other irrevocable written instructions (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally-recognized bond counsel to the effect that the Series 2024B Subordinate Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2024B Subordinate Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, the Trustee and the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. Series 2024B Subordinate Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

- (k) Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2024B Subordinate Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the District in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

(I) Claims Upon the Bond Insurance Policy and Payments by and to the Bond Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2024B Subordinate Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2024B Subordinate Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2024B Subordinate Bonds and the amount required to pay principal of the Series 2024B Subordinate Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2024B Subordinate Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2024B Subordinate Bonds registered to the then current Owner of the Series 2024B Subordinate Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2024B Subordinate Bond to the Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2024B Subordinate Bond shall have no effect on the amount of principal or interest payable by the District on any Series 2024B Subordinate Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2024B Subordinate Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2024B Subordinate Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of the Series 2024B Subordinate Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2024B Subordinate Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2024B Subordinate Bonds under the sections of the Indenture regarding payment of Series 2024B Subordinate Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the District agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Bond Insurance Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the "Bond Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then-applicable highest rate of interest on the Series 2024A Senior Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on

the basis of the actual number of days elapsed over a year of 360 days. The District hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Series 2024B Subordinate Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee shall notify the Bond Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the Owners of the Series 2024B Subordinate Bonds and shall, at the written direction of the Bond Insurer, promptly remit such funds remaining to the Bond Insurer.

- (m) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2024B Subordinate Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the District to the Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (n) The District shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Bond Insurer until the date the Bond Insurer is paid in full. The obligation to reimburse the Bond Insurer shall survive discharge or termination of the Related Documents.
- (o) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the District or rebate only after the payment of past due and current debt service on the Series 2024B Subordinate Bonds and amounts required to restore the Subordinate Reserve Fund to the Required Reserve.
- (p) The Bond Insurer shall be entitled to pay principal or interest on the Series 2024B Subordinate Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Series 2024B Subordinate Bonds as a result of acceleration of the maturity thereof, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.
- (q) Notices to the Bond Insurer shall be sent to the following address (or such other address as the Bond Insurer may designate in writing):

Assured Guaranty Municipal Corp.
 1633 Broadway
 New York, NY 10019
 Attention: Managing Director – Municipal Surveillance
 Re: Policy Nos. _____-N (Bond Insurance Policy) and _____-R (Reserve Policy)
 Telephone: (212) 974-0100
 Email: munidisclosure@agltd.com

In each case in which the notice or other communication refers to a claim on the Bond Insurance Policy, the Reserve Policy or an Event of Default, such notice or other communication shall be marked "URGENT MATERIAL ENCLOSED" and a copy shall also be sent to the attention of the General Counsel at the above address and at generalcounsel@aglttd.com.

- (r) The Bond Insurer shall be provided with the following information by the District or the Trustee, as the case may be:
1. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, annual audited financial statements within the filing deadline specified in the District's continuing disclosure agreement, covenant or undertaking with respect to the Series 2024B Subordinate Bonds (together with a certification of the District that it is not aware of any default or Event of Default under the Indenture), and, upon request, the District's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;
 2. Notice of any draw upon the Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the Series 2024B Subordinate Bonds;
 3. Notice of any default or Event of Default under the Indenture known to the Trustee or the District within five (5) Business Days after knowledge thereof;
 4. Prior notice of the advance refunding or redemption of any of the Series 2024B Subordinate Bonds, including the principal amount, maturities and CUSIP numbers thereof;
 5. Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
 6. Notice of the commencement of any Insolvency Proceeding (as defined in subsection [(c)] above);
 7. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2024B Subordinate Bonds;
 8. A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;
 9. All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents; and
 10. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Series 2024B Subordinate Bonds.
- (s) The Bond Insurer shall have the right to receive such additional information as it may reasonably request.
- (t) The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the Series 2024B Subordinate Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.

- (u) The Trustee shall notify the Bond Insurer of any known failure of the District to provide notices, certificates and other information under the Related Documents that are required to be delivered to the Owners of the Series 2024B Subordinate Bonds.
- (v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Obligations set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional Obligations, in either case unless otherwise permitted by the Bond Insurer.
- (w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2024B Subordinate Bonds or the rights of the Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Bond Insurance Policy.
- (x) No contract shall be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Series 2024B Subordinate Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.
- (y) The District shall not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate without the prior written consent of the Bond Insurer

**PROCEDURES FOR PREMIUM AND S&P FEE PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium and S&P fee. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNTS HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium and S&P fee to be paid and for paying such amounts:

Confirmation of Amount to be Paid:

PREMIUM:	\$
S&P FEE:	<u>\$3,135.00</u>

TOTAL DUE TO AGM AT CLOSING: \$

Please contact Audrey Udit-Adler, Closing Coordinator, (212) 339-3548 AUdit-Adler@agltd.com if you are not in agreement with respect to the premium and S&P fee on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Beneficiary Bank:	BNYMellon, New York
ABA Number:	021 000 018
Address:	One Wall Street, New York, NY 10286
Beneficiary:	Assured Guaranty Municipal Corp.
Account Number:	8900297263
Policy Number:	[To Be Assigned]

CONFIRMATION OF WIRE NUMBER AT CLOSING

The wire transfer number and the name of the sending bank shall be communicated on the closing date to Audrey Udit-Adler, Closing Coordinator, (212) 339-3548 AUdit-Adler@agltd.com.

5. AGM shall insure all of the Senior Bonds pursuant to its Commitment Letter dated March 20, 2024.
6. The Reserve Policy shall expire on the earlier of the date the Senior Bonds are no longer outstanding and the final maturity date of the Senior Bonds.
7. The Indenture shall be in form and substance acceptable to AGM and shall incorporate the terms and provisions set forth in Exhibit A.
8. Prior to closing of the Senior Bonds, AGM shall be provided with:
- (a) A letter from Kline Alvarado Veio, P.C. ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;
- (b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Indenture, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Indenture, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Senior Bonds (subject only to the priority of payment provisions set forth under the Indenture), and (iv) such other matters AGM shall reasonably request; and
- (c) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy. Payment of the insurance premium is a condition to release of the Reserve Policy by AGM.
9. Promptly after the closing of the Senior Bonds, AGM shall receive an electronic copy of the final closing transcript of proceedings.

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

This Commitment may be delivered by the exchange of executed signature pages by email with a .pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as the originally signed version of such signature page.

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The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Senior Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Senior Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Senior Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Senior Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Indenture; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, to the extent the Reserve Policy is issued by AGM, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 2

By: _____
Authorized Officer

SENIOR INDENTURE REQUIREMENTS

The Indenture shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Reserve Policy" (or the like), **the provisions of which section or article shall be stated in the Indenture to govern, notwithstanding anything to the contrary set forth in the Indenture**, or individually in the appropriate sections:

(a) The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then-applicable highest rate of interest on the Series 2024A Senior Bonds, and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the District had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the calendar year immediately following the calendar year in which initial draw was made.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a lien on and pledge of the Trust Estate (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Fund shall be transferred to the Senior Bond Fund for payment of debt service on Series 2024A Senior Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (herein, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the District shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to

it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2024A Senior Bonds or (ii) remedies which would adversely affect owners of the Series 2024A Senior Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Series 2024A Senior Bonds.

(d) The District shall include any Policy Costs then due and owing the Insurer in the calculation of the Parity Coverage test in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2024A Senior Bonds. Where deposits are required to be made by the District with the Trustee to the Senior Bond Fund for the Series 2024A Senior Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the District to make timely payment in full of such deposits within two Business Days of the date due.

EXHIBIT B



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: \$

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

**PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")**

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. **NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED.** Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of
Amount to be Paid:

Upon determination of the final debt service schedule, email such schedule to AGM

Attention: Richard Simon, Director
Phone No.: (212) 408-6020
Email: RSimon@agltd.com

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Beneficiary Bank:	BNYMellon, New York
ABA Number:	021 000 018
Address:	One Wall Street, New York, NY 10286
Beneficiary:	Assured Guaranty Municipal Corp.
Account Number:	8900297263
Policy Number:	[To Be Assigned]

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

The wire transfer number and the name of the sending bank shall be communicated on the closing date to Audrey Udit-Adler, Closing Coordinator, (212) 339-3548 AUdit-Adler@agltd.com.

S&P Global Ratings

One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1792610

March 21, 2024

The Lakes at Centerra Metropolitan District No. 2
550 W. Eisenhower Blvd
Loveland, CO 80537
Attention: James Laferriere, President

Re: *US\$37,125,000 The Lakes at Centerra Metropolitan District No. 2, Colorado, Limited Tax General Obligation Refunding Bonds, Series 2024A, dated: Date of delivery, due: December 15, 2054*

Dear James Laferriere

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "BBB". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

jm
enclosures

cc: *Jonathan Heroux*
K.C. Veio

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

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PRELIMINARY – SUBJECT TO CHANGE

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO**

**FORECASTED SURPLUS CASH BALANCES AND
CASH RECEIPTS AND DISBURSEMENTS**

**FOR THE YEARS ENDING
DECEMBER 31, 2024 THROUGH 2054**

CAUSEY DEMGEN & MOORE P.C.
Certified Public Accountants and Consultants



Certified Public Accountants
and Consultants

1099 Eighteenth Street - Suite 2300
Denver, Colorado 80202
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.causeycpas.com

March __, 2024

Board of Directors
The Lakes at Centerra Metropolitan District No. 2
Loveland, Colorado

Management (as defined herein) is responsible for the accompanying forecast of surplus cash balances, cash receipts and disbursements of The Lakes at Centerra Metropolitan District No. 2 (herein referred to as the "District") for the years ending December 31, 2024 through 2054, and the related summaries of significant assumptions and accounting policies. Such forecast was prepared in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The accompanying presentation of projected surplus cash balances and cash receipts and disbursements for the years ending December 31, 2024 through _____ under the hypothetical assumptions described in Note 8 are presented as an alternative to the forecast and are not part of the forecast. The projections are provided for additional analysis only and should not be used for any other purpose. We express no assurance of any kind on the projections.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

NOTE 1

Purpose and limitations of forecast: The following forecast is based on information provided by representatives of the Board of Directors of the District, collectively referred to herein as “Management”. The forecast was prepared for the purpose of showing the amount of funds available to pay the debt service requirements of the Limited Tax General Obligation Refunding Bonds, Series 2024A (herein referred to as the “2024A Bonds”) and the Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B (herein referred to as the “2024B Bonds”, and collectively with the 2024A Bonds, the “2024 Bonds”) to be issued by the District, and The Lakes at Centerra Metropolitan District No. 2 Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D (herein referred to as the “2022D Bonds” and collectively with the 2024 Bonds as the “Bonds”) previously issued by the District. The Bonds will be secured by and payable from moneys derived by the Pledge Districts from ad valorem property taxes more specifically described in Note 3 below. The forecast displays how the proposed Bonds will be repaid from forecasted cash receipts and disbursements. The forecast presents, to the best of Management’s knowledge and belief, the expected cash receipts and disbursements for the forecast period for the Debt Service Fund of the District. Accordingly, the forecast reflects Management’s judgement as of March __, 2024 of the expected conditions within the District and the District’s expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast, however, they are not all-inclusive. There will usually be differences between forecasted and actual results because circumstances and events frequently do not occur as planned and those differences may be material. Certain assumptions relating to the market values of property, the development schedule for properties and the rate of inflation for property values are particularly sensitive. A small variation in these assumptions could have a large effect on the forecasted results and there is a high probability that the forecasted assessed values derived from these assumptions will differ from the actual future assessed values.

Market values of residential properties are based on values provided in the Market Study (as defined herein). Unfinished lots are valued as a percentage of the 2024 market value and are not adjusted for inflation. The market values per unit for new residential properties are forecasted to increase at 2.0% compounded annually starting in 2024 through the end of the build out period in 2027. The anticipated market value for each property is multiplied by the number of residential units completed during the year to determine the market value of property at completion. Absorbed unfinished lots are assumed to be completed after a 1-year construction period. After construction, the value of the corresponding unfinished land is reduced and the market value of finished properties are added to the cumulative market value of developed property. After the end of the buildout period, such cumulative market values of developed properties are assumed to increase pursuant to biennial reassessment of property required by State statute. The forecast assumes the biennial reassessment to inflate at 2% as provided by Management.

NOTE 2

The District Service Plan and The Development: The District is a special district formed pursuant to Title 32, Article 1, Colorado Revised Statutes, formed pursuant to an Order and Decree entered by the District Court for Larimer County, Colorado (herein referred to as the

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

“County”) on November 21, 2007, and recorded in the real property records of the County on December 12, 2007. The District is authorized to furnish certain public facilities and services in accordance with an Amended and Restated Service Plan approved by the City of Loveland (herein referred to as the “City”) (as further amended or restated from time to time, herein referred to as the “Service Plan”). At the same time that the District was formed, The Lakes at Centerra Metropolitan District No. 1 (herein referred to as “District No. 1”) and The Lakes at Centerra Metropolitan District No. 3 (herein referred to as “District No. 3”) were also formed pursuant to the Service Plan. The Bonds will be secured by revenues generated by the District and District No. 3, as described further herein. Together, the District, District No. 1 and District No. 3 are referred to herein as the “Districts.” The District and District No. 3 are referred to herein as the “Pledge Districts.” Only the properties within the Pledge Districts are subject to pay debt service on the Bonds. Property located within the boundaries of District No. 1 is not subject to taxation to pay debt service on the Bonds or otherwise obligated in any manner to pay the Bonds.

The primary purpose of the Districts is to provide public improvements necessary for The Lakes at Centerra development (herein referred to as the “Development”), a planned residential community located in the City. The Development contains approximately 287 acres within the boundaries of the Pledge Districts and it is projected that at full build out, the Development will include approximately 690 single family detached residences and 541 attached residences, as well as a clubhouse, parks, open space, and community trails. The 2023 certified assessed valuation of the property in the Pledge Districts is \$36,279,008.

Commented [KB1]: Pg 71 of PLOM

NOTE 3

Ad Valorem Taxes: The primary source of revenue pledged for payment of debt service is the collection of ad valorem property taxes. Specifically, (1) the 2024 Bonds are secured by the Pledged Revenues as described in the 2024 Indentures (as defined herein) comprised generally of (i) the Senior Required Mill Levy of 55.477 (adjusted for changes occurring in the method of calculating assessed valuation as described below), which is required to be imposed by the Pledge Districts pursuant to the 2024 Indentures; (ii) the specific ownership taxes allocable to the debt service mill levy; and (iii) Subordinated Required Mill Levy of 55.477 less the Senior Required Mill Levy (adjusted for changes occurring in the method of calculating assessed valuation as described below), which is required to be imposed by the Pledge Districts pursuant to the 2024 Indentures and (2) the 2022D Bonds are secured by the Pledged Revenues from (a) the District by the Junior Lien Subordinate Required Mill Levy of 55.477 (as adjusted, less the Senior Required Mill Levy, and the Subordinate Required Mill Levy and the Junior Lien Required Mill Levy (as defined therein)) which is required to be imposed by the District pursuant to the Junior Lien Indenture and the Junior Subordinated Indenture 2022D Indenture (as defined herein), and (b) by-District No. 3 by the Junior Subordinate d Required Mill Levy of 50 mills (as adjusted, less the Senior Required Mill Levy, Subordinated d Required Mill Levy, and Junior Lien Required Mill Levy) which is required to by-be imposed by the-District pursuant to the Junior Lien Pledge Agreement and the Junior Subordinated Pledge Agreement dated as of April 1, 2022 by and among the District, District No. 3 and the trustee. Taxes are levied by the District’s Board of Directors. The levy is based upon assessed values of property as determined by the County Assessor. Residential property is assessed at 7.15% of its market value. Unfinished land for property in development is assessed at 29% of its

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

market value. Property absorbed is assumed to be assessed on January 1st following the year it is absorbed and the forecast recognizes the related property taxes as revenue in the subsequent year (i.e. property absorbed in 2024 is assumed to be assessed in 2025 with the related tax revenue collected in 2026.)

The ~~2024 Indentures~~ [Service Plan](#) permits the Pledge Districts to impose a maximum levy of 70 mills for debt service and operations combined, subject to adjustment for changes occurring in the method of calculating assessed valuation as more particularly provided in the Service Plan. As a result of prior changes in the statewide assessment rate, the debt service mill levy for the Pledge Districts, as adjusted, is 55.477 mills once all the property within the Pledge Districts is residential; however, because a portion of the property in the Pledge Districts is vacant land in 2023 (for collection in 2024) the projection reflects a mill levy rate of 70.236 for collection year 2024. As vacant land converts to finished residential property, the debt service mill levy is projected to ~~increase~~ [decrease](#) during the forecast period as shown in Exhibit ~~B-A-2~~ attached hereto.

On November 3, 2020, a majority of voters in the State of Colorado approved Colorado Amendment B – Gallagher Amendment Repeal and Property Tax Assessment Rates (herein referred to as “Amendment B”) which repealed the Gallagher Amendment to the State Constitution. The Gallagher Amendment had previously required that statewide residential assessed values must be approximately 45% of total assessed values. To comply with the Gallagher Amendment, the Colorado State General Assembly would adjust the residential assessment rate on a biennial basis to keep the statewide residential assessed value at the required ratio. As a result of the passage of Amendment B, the General Assembly is no longer required to establish residential assessment rates based on the formula expressed in the Gallagher Amendment.

As a result of, and subsequent to, the passage of Amendment B, multiple bills have been passed or proposed in the Colorado legislature to temporarily adjust the assessment rates for the various classes of real property for certain periods of time. Among these bills are Senate Bill 22-238 that was signed into law on May 16, 2022 and Senate Bill 23B-001 that was signed into law on November 20, 2023. There is no assurance that the assessment rates for property will not increase or decrease after the temporary periods mandated by these bills or other legislative actions expire. The forecast includes adjustments for temporary property value reductions imposed as a result of the passage of Senate Bill 23B-001 and which are set to expire in assessment year 2024.

To avoid an increase or decrease in tax revenues resulting from a change in the method of calculating assessed valuations, the Service Plan allows and the Bond Documents require the District to adjust the mill levy for changes in the method of calculating assessed valuation. It is possible, however, that the language in the Service Plan and Bond Documents will not account for every conceivable change of law which could occur. The forecast includes the reduced residential assessment rates for levy year 2023 (collection year 2024) and the residential assessment ratio of 7.15% throughout the remainder of the forecast period because it is assumed that in the event the assessment rates change in the future, the Board of Directors of the District will increase or decrease the mill levy as required by the Bond Documents and authorized under the Service Plan so that the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced.

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

Property within the District is assumed to be assessed annually as of January 1st and the related tax revenue is assumed to be received in the subsequent year. Thus, the assessed values for collection year 2024 are assumed to be equal to the actual assessed value for the District for calendar year 2023.

Specific ownership taxes (herein referred to as “Specific Ownership Taxes”) are set by the State and collected by the County Treasurer, primarily on vehicle registration fees within the County as a whole. The Specific Ownership Taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the Pledge District’s share of Specific Ownership Taxes collected will be 7% of calculated collected property taxes for both the General Fund and Debt Service Fund.

The County Treasurer currently charges a fee for the collection of property taxes. The forecast assumes the revenues from mill levy property taxes will be reduced for the County Treasurer’s 1.50% fee. It is assumed an additional 0.5% of taxes will be uncollectable.

NOTE 4

Trustee Fees: The forecast assumes the District will pay Trustee fees in the amount of \$3,000 for the 2024A Bonds, \$3,000 for the 2024B Bonds, and \$4,000 for the 2022D Bonds beginning in 2024 and annually each year thereafter until the respective Bonds are repaid in full.

NOTE 5

Bond Assumptions: The 2024A Bonds are assumed to be issued on April 24, 2024 in the principal amount of \$43,275,000. The 2024B Bonds are assumed to be issued on April 24, 2024 in the principal amount of \$3,290,000. The 2022D Bonds have an outstanding principal balance \$7,816,276 as of the date of this forecast.

Commented [KB2]: From PLOM and investor presentation

The proceeds of the 2024A Bonds will be used for the purposes of (a) refunding certain prior obligations of District, and (b) ~~financing a portion of the costs of the Development (c)~~ paying the costs of issuing the 2024A Bonds. The proceeds of the 2024B Bonds will be used for (a) ~~refunding certain prior obligations of District, financing a portion of the costs of the Development~~ and (b) paying costs of issuance of the 2024B Bonds.

The Bonds are secured by the ad valorem taxes described in Note 3. The 2024A Bonds bear interest at rates ranging from 4.00% to 5.00% per annum from the issuance date until December 1, 2054 which is the scheduled final maturity date of the 2024A Bonds. Interest is payable semi-annually on June 1 and December 1 (each herein referred to as a “Senior Interest Payment Date”) with the first such interest payment due on June 1, 2024. Annual payments of principal are due on December 1 of each year beginning December 1, 2024 until the 2024A Bonds are repaid in full. The 2024A Bonds are subject to optional prepayment beginning on December 1, 20___. The forecast assumes no such prepayment to occur. To the extent any interest payment on the 2024A Bonds is not paid when due, such unpaid interest will compound semiannually on each Senior Interest Payment Date at the rate then borne by the 2024A Bonds.

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

The 2024B Bonds bear interest at rates of 4.25% per annum from the issuance date until December 15, 2044 which is the scheduled final maturity date of the 2024 Bonds. Interest is payable annually on December 15 (each herein referred to as a “Subordinate Interest Payment Date”) with the first such interest payment due on December 15, 2024. Annual payments of principal are due on December 15 of each year beginning December 1, 2024 until the 2024B Bonds are repaid in full. The 2024A Bonds are subject to optional prepayment beginning on December 15, 2029 at 103%. The forecast assumes such prepayment to occur from the balance of the Surplus Fund. To the extent any interest payment on the 2024B Bonds is not paid when due, such unpaid interest will compound annually on each Subordinate Interest Payment Date at the rate then borne by the 2024B Bonds.

The 2022D Bonds mature on December 15, 2056 and bear interest at the rate of 0.00%. The 2022D Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2022, and on any date thereafter, upon payment of par plus accrued interest. The 2022D Bonds are also subject to mandatory redemption in part by lot on December 15 of each year, commencing December 15, 2022. The forecast assumes no such optional or mandatory redemption to occur.

The 2024A Bonds will be issued pursuant to that certain Trust Indenture dated as of ~~April 1, 2024~~ April 1, 2024 (herein referred to as the “2024 Senior Indenture”) and the 2024B Bonds will be issued pursuant to that certain Trust Indenture (Subordinate) dated as of ~~April 1, 2024~~ April 1, 2024 (herein referred to as the “2024 Subordinate Indenture”, and collectively with the 2024 Senior Indenture as the “2024 Indentures”). Under the terms of the 2024 Indentures, the 2024B Bonds constitute “Subordinate Bonds”. Accordingly, to the extent any revenues are pledged under the Indentures to both the 2024A Bonds and the 2024B Bonds, the lien of the 2024B Bonds is junior and subordinate in all respects to the lien of the 2024A Bonds.

The 2022D Bonds were issued pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 (the “2022D Indenture” and collectively with the 2024 Indentures as the “Indentures”). Under the terms of the Indentures, the 2022D Bonds constitute “Junior Subordinate Bonds”. Accordingly, to the extent any revenues are pledged under the Indentures to the 2024A Bonds, the 2024B Bonds and the 2022C Bonds, the lien of the 2022C Bonds is junior and subordinate in all respects to the lien of the 2024 Bonds.

Users of this forecast are encouraged to read the Indentures in conjunction with such use.

NOTE 6

Market Study: The District retained Zonda Advisory, Denver, Colorado, to provide an independent market study and absorption forecast (herein referred to as the “Market Study”) of residential development and property value appreciation to occur within the Pledge Districts. The Market Study provided estimates related to (a) the reasonableness of planned land uses in the Pledge Districts, (b) the schedule of construction, (c) estimated statutory actual value and market value for real property and (d) projected appreciation rates for residential property values. The assumptions used in the forecast are consistent with the assumptions presented in the Market Study. Users of this forecast are encouraged to read the Market Study in conjunction with such use.

PRELIMINARY – SUBJECT TO CHANGE
The Lakes at Centerra Metropolitan District No. 2
Summary of Significant Assumptions and Accounting Policies

NOTE 7

Interest Earnings: The forecast assumes interest income earnings of 2.5% per annum on balances of the Surplus Fund.

NOTE 8

Hypothetical Alternative Scenario A: To be provided

SENIOR CAPITAL PLEDGE AGREEMENT

This **SENIOR CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of [_____] 1, 2024, by and among **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2** (the “**Issuing District**”), **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”), and **UMB BANK, N.A.**, in its capacity as trustee under that certain Indenture of Trust (Senior) dated as of [_____] 1, 2024, entered into with the Issuing District (the “**Trustee**”). The Issuing District and District No. 3 are referred to herein as the “**Districts.**” Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

RECITALS

WHEREAS, the formation of the Issuing District, District No. 3, and The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) was approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007, in conjunction with the approval of The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan (the “**Service Plan**”); and

WHEREAS, under the Service Plan, the Districts and District No. 1 are intended to work together and coordinate their activities with respect to the financing, construction, operation and maintenance of public improvements necessary to serve development within the Districts; and

WHEREAS, the Districts and District No. 1 were organized with the approval of the City, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts and District No. 1 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 Districts and District No. 1 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, the Service Plan has been prepared for the Districts and District No. 1 pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

WHEREAS, the purposes for which the Districts and District No. 1 were formed include the provision of, among other things, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities (the “**Public Improvements**”), all in accordance with the Service Plan; and

WHEREAS, the Issuing District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in

the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Senior Indenture**”) and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the original aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Public Improvements and refunding in full prior loans; and

WHEREAS, the Issuing District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the Issuing District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 by and between the Issuing District and the Trustee, each for the purpose of financing or reimbursing the costs of Public Improvements; and

WHEREAS, in order to provide for the payment of the Series 2018A Bonds, the Issuing District entered into an Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Senior Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2018B Bonds, the Issuing District entered into an Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Subordinate Pledge Agreement**” and together with the 2018 Senior Pledge Agreement, the “**2018 Pledge Agreements**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2022C Bonds, the Issuing District entered into a Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, with District No. 3 and the Trustee (the “**2022C Junior Lien Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Junior Lien Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, the parties now desire to facilitate the issuance of indebtedness by the Issuing District secured by ad valorem property taxes of the Issuing District and District No. 3 for the purpose of refunding the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”); and

WHEREAS, for the purpose of refunding the Refunded Bonds, the Board of Directors of the Issuing District has previously determined to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Series 2024A Senior Bonds**”) pursuant to an Indenture of Trust (Senior) dated as of [_____] 1, 2024 (the “**2024A Senior Indenture**”) between the Issuing District and the Trustee, which Series 2024A Senior Bonds are to be secured by the Senior Pledged Revenue hereunder, as more particularly described herein and in the 2024A Senior Indenture; and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and additional obligations that may be issued by the Issuing District in the future (as more particularly defined herein, the “**Additional Senior Obligations**”), District No. 3 has, by the terms of this Pledge Agreement, pledged certain revenues (referred to herein as the District No. 3 Senior Pledged Revenue) to the Issuing District for the payment of the Series 2024A Senior Bonds and the Additional Senior Obligations, and each of District No. 3 and the Issuing District has covenanted to take certain actions with respect to generating certain ad valorem property revenues, for the benefit of the holders of the Series 2024A Senior Bonds and any Additional Senior Obligations (the “**Bondholders**); and

WHEREAS, for the purpose of refunding the Refunded Bonds, on or about the date of issuance of the Series 2024A Senior Bonds, the Issuing District intends to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Series 2024B Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of [_____] 1, 2024 (the “**2024B Subordinate Indenture**”), by and between the Issuing District and the Trustee; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by the Issuing District in the future (excluding Senior Obligations), the Issuing District has entered into a Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, with District No. 3 and the Trustee (the “**Subordinate Pledge Agreement**”), pursuant to which the Issuing District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024B Subordinate Bonds, or as otherwise directed by the Issuing District; and

WHEREAS, the Series 2024A Senior Bonds are to be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Series 2024A Senior Bonds pursuant to Section 32-1-1101(6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, at an election of the qualified electors of District No. 3 duly called for and held on November 6, 2007 (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 indebtedness and the imposition of taxes for the payment thereof, for the purpose of funding certain improvements and facilities and for the purpose of refunding such indebtedness (the ballot questions relating thereto being attached as Exhibit A hereto).

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by District No. 3 by certified mail to the board of county commissioners of each county in which District No. 3 is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S., within 45 days after the Election; and

WHEREAS, it has been determined by the Districts and it is hereby determined that the Issuing District and District No. 3 shall be liable for the repayment of the Series 2024A Senior Bonds and Additional Senior Obligations (if any) through the imposition of a debt service mill levy, subject to the adjustments and limitations set forth in the 2024A Senior Indenture and herein; and

WHEREAS, District No. 3 will, upon the issuance of Additional Senior Obligations as permitted by this Pledge Agreement, allocate additional electoral authority as applicable; and

WHEREAS, the Districts have determined and hereby determine that the execution of this Pledge Agreement, the issuance of the Series 2024A Senior Bonds and any Additional Senior Obligations are in the best interests of the Districts and the residents, property owners, and taxpayers thereof; and

WHEREAS, pursuant to Interpretive Order No. 06-IN-001 of the Division of Securities, this Pledge Agreement is not subject to registration and does not require the filing of a claim of exemption because this Pledge Agreement represents the contractual obligation of District No. 3 to pay or pledge funds to another political subdivision where such contractual obligation is specifically pledged as security or collateral for an issuance of securities that is either subject to the registration or exemption requirements of the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Board of Directors of District No. 3 specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to this Pledge Agreement and the Senior Payment Obligation; 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 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this 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 in the Recitals hereto and below:

“*Additional Senior 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 Senior Obligation Document) as secured by a lien on all or any portion of the Senior Pledged Revenues payable hereunder; provided that such obligations are issued for the purpose of (i) refinancing the Series 2024A Senior Bonds, Additional Senior Obligations, or any other obligations of the Issuing District for which District No. 3 is obligated to impose ad valorem property taxes (including in accordance with the Subordinate Pledge Agreement), or obligations issued to refinance the same; or (ii) issued for the purpose of financing or refinancing the Public Improvements. In addition, an obligation shall not constitute an Additional Senior Obligation hereunder unless (i) an exemption from the registration requirements of the Colorado Municipal Bond Supervision Act, or any successor statute, is otherwise available; AND (ii) it will initially (A) be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Additional Senior Obligations pursuant to Section 32-1-1101(6)(a)(I), C.R.S., or (B) 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 (C) will

constitute a refunding or restructuring contemplated by Section 32-1-1101(6)(b) C.R.S. The term “Additional Senior Obligations” does not include any obligations that are payable only on an annual appropriation basis at the discretion of the obligated District.

“*Additional Senior Obligation Documents*” means, collectively, any resolution, indenture, loan agreement or other instrument agreement executed by the Issuing District pursuant to which Additional Senior 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 Senior Capital Pledge Agreement and any amendment hereto made in accordance herewith.

“*Annual Financing Costs*” means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest on the Series 2024A Senior Bonds and any Additional Senior Obligations as the same become due and payable in the immediately succeeding calendar year, whether at maturity or upon earlier redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any Additional Senior Obligation Documents, the amount (if any) necessary to replenish the Reserve Fund held under the 2024A Senior Indenture and any other reserve fund held under any Additional Senior Obligation Document to the amount required by the 2024A Senior Indenture or Additional Senior Obligation Document, as applicable, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the Series 2024A Senior Bonds and any Additional Senior Obligations, in accordance with the 2024A Senior Indenture or Additional Senior Obligation Document, as applicable, *but less* the amount then held under the 2024A Senior Indenture and Additional Senior Obligation Document available for the payment of such Financing Costs, and any amount of revenues projected to be available for payment of such Financing Costs, to the extent such amounts are permitted under the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable, to be taken into account in the calculation of the Senior Required Mill Levy (which, in the case of the 2024A Senior Indenture, includes only: (a) the amount on deposit in the Senior Bond Fund (held under the 2024A Senior Indenture) as of such Mill Levy Certification Date; and (b) for the last Mill Levy Certification Date prior to the final maturity date of the Series 2024A Senior Bonds only, amounts on deposit in the Reserve Fund).

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of the Districts.

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

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

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

~~“*Districts*” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.~~

“*District No. 3*” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado, and its successors and assigns.

“*District No. 3 Senior Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all District No. 3 Senior Property Tax Revenues; and
- (b) all District No. 3 Senior Specific Ownership Tax Revenues.

“*District No. 3 Senior Property Tax Revenues*” means all moneys derived from imposition by District No. 3 of the Senior Required Mill Levy net of the costs of collection and net of any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, District No. 3 Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*District No. 3 Senior Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Senior Required Mill Levy in accordance with the provisions hereof.

“*Districts*” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.

“*Effective Date*” means the date of issuance of the Series 2024A Senior Bonds.

“*Financing Costs*” means the principal and redemption price of, and interest and premium on, the Series 2024A Senior Bonds and any Additional Senior Obligations, required deposits to or replenishments of funds or accounts securing the Series 2024A Senior Bonds and any Additional Senior Obligations, any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing the Series 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the Series 2024A Senior Bonds and any Additional Senior Obligations, all in accordance with the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable, including, without limitation: (a) with respect to the Series 2024A Senior Bonds, any scheduled mandatory sinking fund payments as provided in the 2024A Senior Indenture, replenishment of the Reserve Fund relating to the Series 2024A Senior Bonds, any amounts owing to the Bond Insurer, and customary fees related to the issuance of the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Senior Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Senior Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Senior Obligations, customary fees related to the issuance of the Additional Senior Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity, bond insurance or other credit facility), and any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing any Additional Senior Obligations. Where used in describing the permitted uses by the Issuing

District of the District No. 3 Senior Pledged Revenue, “Financing Costs” also includes the payment of the principal and redemption price of, and interest on, any obligation issued by District No. 1, the Issuing District or District No. 3 to fund the Public Improvements.

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

“*Issuing District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, and its successors and assigns.

“*Mill Levy Certification Date*” means the date each year on which District No. 3 is required to impose the Senior Required Mill Levy in accordance with the provisions hereof.

“*Public Improvements*” has the meaning assigned thereto in the Recitals hereof.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the issuance of the Series 2024 Bonds.

“*Senior Payment Obligation*” means each of the Issuing District’s and District No. 3’s obligation to pay its allocated portion of the Financing Costs in accordance with the provisions hereof, but solely from Senior Pledged Revenue, to the extent available.

“*Senior Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

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

“*Senior Property Tax Revenues*” means (a) all moneys derived from imposition by the Issuing District of the Senior Required Mill Levy (as defined herein and in accordance with the 2024A Senior Indenture and any Additional Senior Obligation Document, as applicable), and (b) all moneys derived from imposition by District No. 3 of the Senior Required Mill Levy, in accordance with the provisions hereof. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*Senior 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 upon all taxable property of the Issuing District and District No. 3 each year in an amount which, if imposed by the Issuing District and District No. 3 for collection in the succeeding calendar year, would generate Senior Property Tax Revenues equal to the Annual Financing Costs, but not in excess of 55.477 mills; provided, however, that:

- (i) in the event that the method of calculating assessed valuation is

changed after September 4, 2007, the maximum mill levy of 55.477 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 (it being acknowledged that such adjustment with respect to the Issuing District and District No. 3 may result in different mill levies being imposed by each of the Issuing District and District No. 3). 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

(ii) in the event that the mill levies calculated pursuant to clause (i) are different for the Issuing District and District No. 3, each of the Issuing District and District No. 3 shall impose their respective adjusted 55.477 mills (in the case of the Issuing District, in accordance with the 2024A Senior Indenture and any applicable Additional Senior Obligation Document); in all other cases: (A) the actual mill levies imposed by the Issuing District and District No. 3 shall be the same if sufficient to generate the amount of Senior Property Tax Revenues required and if not in excess of the adjusted 55.477 maximum mill levy of either District, and (B) if the actual mill levies necessary to generate the amount of Senior Property Tax Revenues required would exceed the adjusted 55.477 maximum mill levy of either District, then the District with the lower adjusted 55.477 maximum mill levy shall impose such amount, and the District with the higher adjusted 55.477 maximum mill levy shall impose the amount required to generate the Senior Property Tax Revenues required, but not in excess of such District's adjusted 55.477 maximum mill levy;

(b) notwithstanding anything herein to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the Issuing District or District No. 3 to derive tax revenue in any year in excess of the maximum tax increases permitted by such District's electoral authorization, and if the Senior 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 such District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“Senior 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 its imposition of the Senior Required Mill Levy in accordance with the provisions hereof.

“Series 2024 Bonds” means, collectively, the Series 2024A Senior Bonds and Series 2024B Subordinate Bonds.

“Series 2024A Senior Bonds” has the meaning set forth in the Recitals hereof.

“*Series 2024A Senior Bonds*” has the meaning set forth in the Recitals hereof.

“*Service Plan*” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“*State*” means the State of Colorado.

“*Subordinate District No. 3 Obligations*” means District No. 3’s obligations under the Subordinate Pledge Agreement and any other 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 on a basis subordinate to the Senior Payment Obligation hereunder.

“*Subordinate Pledge Agreement*” means the Subordinate Capital Pledge Agreement, dated as of [_____] 1, 2024, by and among the Issuing District, District No. 3, and the Trustee.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Termination Date*” means, subject to the provisions of Section 2.02(d) hereof, the date on which all amounts due with respect to the Series 2024A Senior Bonds and any Additional Senior Obligations and any other amounts owing under the 2024A Senior Indenture and any Additional Senior Obligation Document have been defeased or paid in full.

“*2018 Senior Pledge Agreement*” means the Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“*2018 Subordinate Pledge Agreement*” means the Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee

“*2018 Pledge Agreements*” means the 2018 Senior Pledge Agreement and the 2018 Subordinate Pledge Agreement.

“*2022C Junior Lien Pledge Agreement*” means the Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, by and among the Issuing District, District No. 3 and the Trustee.

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.

(a) ~~In exchange for~~In exchange for the issuance of the Policies (as defined in the 2024A Senior Indenture) by the Bond Insurer and the purchase by the Bondholders of the Series 2024A Senior Bonds and any Additional Senior Obligations, the proceeds of which are to be applied to the refunding of obligations previously issued to finance the costs of the Public Improvements), District No. 3 hereby agrees to pay such portion of the Financing Costs as may be funded with the District No. 3 Senior Pledged Revenue available to District No. 3, in accordance with the provisions hereof.

(b) The obligation of District No. 3 to pay its portion of the Financing Costs as provided herein shall constitute a limited tax general obligation of District No. 3 payable solely from and to the extent of the District No. 3 Senior Pledged Revenue. Such District No. 3 Senior Pledged Revenue is hereby pledged by District No. 3 to the Issuing District, for the benefit of the Bondholders and the Bond Insurer, for the payment of Financing Costs in accordance with the provisions hereof. The obligation of District No. 3 to pay the Financing Costs as provided herein (the “**Senior Payment Obligation**”) shall constitute an irrevocable lien upon the District No. 3 Senior Pledged Revenue. The Senior Payment Obligation of the Issuing District hereunder (and the lien thereof on the Issuing District’s Senior Pledged Revenue) is the same, and not in addition to, its obligation under the 2024A Senior Indenture and any Additional Senior Obligation Document to which the Issuing District is a party, to the extent pertaining to the payment of Financing Costs of such obligations, and the liens established thereby. The Districts hereby elect to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Senior Payment Obligation.

(c) In no event shall the total or annual obligations of District No. 3 hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Senior Payment Obligation will be deemed defeased and no longer outstanding upon the payment by District No. 3 of such amount.

(d) Notwithstanding any other provision in this Pledge Agreement, in accordance with the Service Plan (because debt instruments entered into by the Districts are required to be discharged forty (40) years after the date of issuance thereof, regardless of whether such obligation has been paid in full), the portion of each District’s Senior Payment Obligation hereunder relating to the payment of amounts due in connection with the Series 2024A Senior Bonds and any Additional Senior Obligations shall be deemed discharged, and the lien on the Senior Pledged Revenue hereunder, to the extent (and solely to the extent) securing such obligation shall cease, terminate, and be void, on the 40th anniversary of the date of issuance of such Series 2024A Senior Bonds or Additional Senior Obligations, as applicable. Upon such discharge, the Bondholders of the Series 2024A Senior Bonds and any Additional Senior Obligations will have no recourse to the District No. 3 or any property of District No. 3 for the payment of any portion of such

Senior Payment Obligation remaining unpaid.

(e) Because the actual total District No. 3 Senior Pledged Revenue payable by District No. 3 hereunder cannot be determined with any certainty at this time, District No. 3 shall not be permitted to pre-pay any amounts due hereunder.

Section 2.03. Imposition of Senior Required Mill Levy.

(a) In order to fund their respective Senior Payment Obligations, the Issuing District and District No. 3 each agree to levy on all of the taxable property in such District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the 2024A Senior Bonds or Additional Senior Obligations and any other Financing Costs remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Senior Required Mill Levy. Nothing herein shall be construed to require the Issuing District or District No. 3 to impose an ad valorem property tax levy for the payment of the Senior Payment Obligation in excess of the Senior Required Mill Levy or after the Termination Date.

(b) NOTWITHSTANDING ANY OTHER PROVISIONS HEREIN NEITHER THE ISSUING DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE SERIES 2024A SENIOR BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

(c) In order to facilitate the determination of the Senior Required Mill Levy, District No. 3 shall provide to the Issuing District and the Bond Insurer: (i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for District No. 3 provided by the Larimer 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 Larimer County Assessor (expected to be provided to District No. 3 no later than December 10 of each year). In accordance with the definition of Senior Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to District No. 3, the Senior Required Mill Levy for District No. 3 no later than October 15 of each year, and shall finally determine, and provide to District No. 3, the Senior Required Mill Levy for District No. 3 no later than December 12 of each year.

(d) Each of the Issuing District and District No. 3 acknowledges that it has actively participated in the development of the calculation for determining the Senior 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 Districts of the Public Improvements and the relative ability of such 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 Senior Required Mill Levy shall be final and binding upon District No. 3.

(e) This Section 2.03 is hereby declared to be the certificate of each

District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Senior Payment Obligation due hereunder.

(f) It shall be the duty of each District annually at the time and in the manner provided by law for the levying of ~~it's~~such 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 District to cause the appropriate officials of Larimer 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.

(g) 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.

(h) The Districts hereby agree to cooperate in the amendment of this Agreement to modify the definition of Senior Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Senior Obligations by the Issuing District.

(i) Neither the Issuing District nor District No. 3 shall take any action, or allow any action to be taken, which impairs the Senior Pledged Revenue.

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

(k) The parties hereto acknowledge that the Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations hereof. This Agreement shall not operate to limit such obligations except as specifically set forth herein.

Section 2.04. Payment and Application of District No. 3 Senior Pledged Revenue.

(a) District No. 3 hereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the 2024A Senior Indenture and any Additional Senior Obligation Documents) as soon as practicable upon receipt, all revenues comprising District No. 3 Senior Pledged Revenue, which District No. 3 Senior Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the 2024A Senior Indenture or Additional Senior Obligation Documents, as applicable. To the extent any portion of such District No. 3 Senior Pledged Revenue is released from the lien of the 2024A Senior Indenture and Additional Senior Obligation Documents (if any), the Issuing District will continue to ensure that such revenues are applied to Financing Costs and any other costs of the Public Improvements. Such District No. 3 Senior Pledged Revenue shall be paid by District No. 3 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 Districts.

(b) District No. 3 hereby covenants that all property tax revenue collected by District No. 3 from a debt service mill levy, or so much thereof as is needed, shall first, be designated as District No. 3 Senior Pledged Revenue in any Bond Year (as defined in the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents) to pay annual debt service on the Series 2024A Senior Bonds and any Additional Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents (including to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and to pay any other amounts owing under the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents, and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue be applied to pay any Subordinate District No. 3 Obligations (including under the Subordinate Pledge Agreement). The debt service property tax levy imposed for the payment of any Subordinate District No. 3 Obligations (including under the Subordinate Pledge Agreement) shall be deemed reduced to the number of mills (if any) available for payment of such obligation in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Series 2024A Senior Bonds and any Additional Senior Obligations in such Bond Year.

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 District No. 3 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 District No. 3 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 3 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the ~~obligations~~Payment Obligations hereunder.

In addition, and without limiting the generality of the foregoing, the obligations of District No. 3 to transfer funds as described herein for each payment described herein shall survive any ~~Court~~court determination of the invalidity of this Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the 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 Districts' meetings as set forth in their official minutes.

Section 2.06. Limited Defenses; Specific Performance. It is understood and agreed by District No. 3 that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of District No. 3 hereunder remains unfulfilled, District No. 3 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 Senior Payment Obligation, or take or fail to take any action which would delay a payment to, or

on behalf of, the Issuing District, the Trustee, the Bond Insurer, or any Bondholders or impair the ability of the Issuing District, the Trustee, the Bond Insurer or any Bondholders to receive payments due hereunder. Notwithstanding that this Pledge Agreement specifically prohibits and limits defenses and claims of District No. 3, in the event that District No. 3 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. Any property excluded from District No. 3 after the date hereof is to remain liable for the imposition of the Senior 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 District No. 3, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from District No. 3 does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, District No. 3 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) Without the prior consent of the Issuing District and the Bond Insurer, District No. 3 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 District No. 3 Senior Pledged Revenue (including, but not limited to Subordinate District No. 3 Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) the Subordinate Payment Obligation, as provided in the Subordinate Pledge Agreement;

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(iii) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital), so long

as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Series 2024A Senior Bonds in such Fiscal Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iv) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions hereof, when and if issued;

(v) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

(b) At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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) District No. 3 agrees to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Series 2024A Senior Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Senior Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

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

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

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

(c) The District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the District to perform its obligations hereunder. The execution, delivery and performance by the District of this 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 District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the District is a party or which purports to be binding upon the District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the District of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the District threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the District to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the District, enforceable against the District in accordance with its terms (except as

such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

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) District No. 3 fails or refuses to impose the Senior Required Mill Levy or to remit the District No. 3 Senior 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY

OTHER PROVISION CONTAINED HEREIN, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 HEREOF. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SENIOR PLEDGED REVENUES IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE SERIES 2024A SENIOR BONDS AND ANY ADDITIONAL SENIOR OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUES.

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 District No. 3 Senior Pledged Revenue to secure or pay the Senior Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The District No. 3 Senior 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 Districts irrespective of whether such persons have notice of such liens.

Section 5.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board of District No. 3, or any officer or agent of District No. 3 acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Senior Payment Obligation. Such recourse shall not be

available either directly or indirectly through the Board or District No. 3, 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 Districts and the Trustee 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, consents or paymentsapprovals required or permitted to be given under this Pledge Agreement shall be in writing and shall be hand-delivered or sent given either (i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified mail, return receipt requested, or air freight, to the following addresses:

Issuing District: The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with copies to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

District No. 3: The Lakes at Centerra Metropolitan District No. 3
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with copies to: Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

Trustee: UMB Bank, n.a.
 Corporate Trust and Escrow Services
 1670 Broadway
 Denver, Colorado 80202
 Telephone: 303-839-2220
 Email: john.wahl@umb.com
 Attention: John Wahl

Bond Insurer: Assured Guaranty Municipal Corp.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Surveillance
Re: Policy No. _____-N
Telephone: 212-974-0100
Email: munidisclosure@agltd.com

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, upon confirmation by the email recipient, or three (3) days after mailing. Any ~~District~~person designated above may designate by written notice ~~so provided may to the other persons of a change in~~ the address to which future notices shall be sent.

Section 5.06. Rights of Trustee. Notwithstanding any other provision herein, at such time as no amounts remain due and owing under the 2024A Senior Indenture, all rights of the Trustee 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) The Bondholders and the Bond Insurer are third party beneficiaries to this Pledge Agreement. It is intended that there be no third party beneficiaries of this Pledge Agreement other than the Bondholders- and the Bond Insurer. Nothing contained herein, expressed or implied, is intended to give to any person other than the District parties hereto, the Bondholders and the Bond Insurer 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 and with the prior written consent of the Bond Insurer.

(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 and is subject to the limitations and requirements of the 2024A Senior Indenture. Any amendment, supplement, modification to, or waiver of, this Pledge Agreement shall be subject to the prior written consent of the Bond Insurer.

(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 Series 2024A Senior Bonds set forth in the 2024A Senior Indenture.

Section 5.08. Effective Date and Termination Date. This Pledge Agreement shall become effective as of the Effective Date and shall remain in effect until the Termination Date, and shall terminate in accordance with Section 2.02(d) hereof.

Section 5.09. Termination of 2018 Senior Pledge Agreement and 2022C Junior Lien Pledge Agreement. Upon the execution and delivery of this Pledge Agreement in connection with the issuance of the Series 2024A Senior Bonds, and the corresponding payment and defeasance of the Refunded Bonds, the 2018 Senior Pledge Agreement and 2022C Junior Lien Pledge Agreement shall be automatically terminated without any further action of the parties thereto.

Section 5.10. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Pledge Agreement on behalf of the Issuing District, District No. 3 or the Trustee are not able to be physically present to manually sign this Pledge Agreement or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Pledge Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Remainder of Page Left Intentionally Blank]

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

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2,
Larimer County, Colorado

President

ATTESTED:

Secretary

THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 3,
Larimer County, Colorado

President

ATTESTED:

Secretary

UMB BANK, N.A., as Trustee

Authorized Officer

[Signature Page to Senior Capital Pledge Agreement]

EXHIBIT A

BALLOT QUESTIONS OF DISTRICT NO. 3

SUBORDINATE CAPITAL PLEDGE AGREEMENT

This **SUBORDINATE CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of [_____] 1. 2024, by and among **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 2** (the “**Issuing District**”), **THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 3** (“**District No. 3**”) and **UMB BANK, N.A.**, in its capacity as trustee under that certain Indenture of Trust (Subordinate) dated as of [_____] 1. 2024, entered into with the Issuing District (the “**Trustee**”). The Issuing District and District No. 3 are referred to herein as the “**Districts.**” Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

RECITALS

WHEREAS, the formation of the Issuing District, District No. 3, and The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) was approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007, in conjunction with the approval of The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan (the “**Service Plan**”); and

WHEREAS, under the Service Plan, the Districts and District No. 1 are intended to work together and coordinate their activities with respect to the financing, construction, operation and maintenance of public improvements necessary to serve development within the Districts; and

WHEREAS, the Districts and District No. 1 were organized with the approval of the City, and with the approval of their respective electors, such approvals fully contemplating cooperation between the Districts and District No. 1 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 Districts and District No. 1 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, the Service Plan has been prepared for the Districts and District No. 1 pursuant to Sections 32-1-201, C.R.S. et seq., and all required governmental approvals have been obtained therefor; and

WHEREAS, the purposes for which the Districts and District No. 1 were formed include the provision of, among other things, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements and facilities (the “**Public Improvements**”), all in accordance with the Service Plan; and

WHEREAS, the Issuing District has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Senior Indenture**”) in the aggregate principal amount of \$29,035,00 and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**”) and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between the Issuing District and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”) in the aggregate principal amount of \$4,090,000, each for the purpose of financing or reimbursing the costs of Public Improvements and refunding in full prior loans; and

WHEREAS, the Issuing District has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between the Issuing District and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 by and between the Issuing District and the Trustee, each for the purpose of financing or reimbursing the costs of Public Improvements; and

WHEREAS, in order to provide for the payment of the Series 2018A Bonds, the Issuing District entered into an Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Senior Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2018B Bonds, the Issuing District entered into an Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, with District No. 3 and the Trustee (the “**2018 Subordinate Pledge Agreement**”) and together with the 2018 Senior Pledge Agreement, the “**2018 Pledge Agreements**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, in order to provide for the payment of the Series 2022C Bonds, the Issuing District entered into a Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, with District No. 3 and the Trustee (the “**2022C Junior Lien Pledge Agreement**”), pursuant to which District No. 3 is obligated to impose ad valorem property taxes in an amount equal to the “Junior Lien Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, the parties now desire to facilitate the issuance of indebtedness by the Issuing District secured by ad valorem property taxes of the Issuing District and District No. 3 for the purpose of refunding the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”); and

WHEREAS, for the purpose of refunding the Refunded Bonds, the Board of Directors of the Issuing District has previously determined to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of \$[A PAR] (the “**Series 2024A Senior Bonds**”) pursuant to an Indenture of Trust (Senior) dated as of [_____] 1. 2024 (the “**2024A Senior Indenture**”) between the Issuing District and UMB Bank, n.a., as trustee; and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and certain other obligations that may be issued by the Issuing District in the future, the Issuing District has entered into a Senior Capital Pledge Agreement, dated as of [_____] 1. 2024, with District No. 3 and the Trustee (the “**Senior Pledge Agreement**”), pursuant to which the Issuing District and District No. 3 are each obligated to impose ad valorem property taxes in an amount equal to the “**Senior Required Mill Levy**” (as defined therein) and pay the proceeds thereof to the trustee for payment of the obligations specified therein, or as otherwise directed by the Issuing District; and

WHEREAS, for the purpose of refunding the Refunded Bonds , on or about the date of issuance of the Series 2024A Senior Bonds, the Issuing District intends to issue its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of \$[B PAR] (the “**Series 2024B Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of [_____] 1. 2024 (the “**2024B Subordinate Indenture**”), by and between the Issuing District and the Trustee; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by the Issuing District in the future (excluding Senior Obligations, defined herein) (as more particularly defined herein, the “**Additional Subordinate Obligations**”), District No. 3 has, by the terms of this Pledge Agreement, pledged certain revenues (referred to herein as the District No. 3 Subordinate Pledged Revenue) to the Issuing District for the payment of the Series 2024B Subordinate Bonds and the Additional Subordinate Obligations, and each of District No. 3 and the Issuing District has covenanted to take certain actions with respect to generating certain ad valorem property revenues, for the benefit of the holders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations (the “**Bondholders**”); and

WHEREAS, at an election of the qualified electors of District No. 3 duly called for and held on November 6, 2007 (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 indebtedness and the imposition of taxes for the payment thereof, for the purpose of funding certain improvements and facilities and for the purpose of refunding such indebtedness (the ballot questions relating thereto being attached as Exhibit A hereto).

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by District No. 3 by certified mail to the board of county commissioners of each county in which District No. 3 is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S., within 45 days after the Election; and

WHEREAS, it has been determined by the Districts and it is hereby determined that the Issuing District and District No. 3 shall be liable for the repayment of the Series 2024B Subordinate Bonds and Additional Subordinate Obligations (if any) through the imposition of a debt service mill levy, subject to the adjustments and limitations set forth in the 2024B Subordinate Indenture and herein; and

WHEREAS, District No. 3 will, upon the issuance of Additional Subordinate Obligations as permitted by this Pledge Agreement, allocate additional electoral authority as applicable; and

WHEREAS, the Series 2024B Subordinate Bonds are to be issued in minimum denominations of \$500,000 and integral multiples of \$5,000 in excess thereof, or otherwise will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S., the Series 2024B Subordinate Bonds are to be issued only to “financial institutions or institutional investors” as such terms are defined in Section 32-1-103(6.5), C.R.S., unless otherwise permitted pursuant to the provisions of Section 32-1-1101(6), C.R.S.; and

WHEREAS, the Districts have determined and hereby determine that the execution of this Pledge Agreement, the issuance of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations are in the best interests of the Districts and the residents, property owners, and taxpayers thereof; and

WHEREAS, pursuant to Interpretive Order No. 06-IN-001 of the Division of Securities, this Pledge Agreement is not subject to registration and does not require the filing of a claim of exemption because this Pledge Agreement represents the contractual obligation of District No. 3 to pay or pledge funds to another political subdivision where such contractual obligation is specifically pledged as security or collateral for an issuance of securities that is either subject to the registration or exemption requirements of the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Board of Directors of District No. 3 specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to this Pledge Agreement and the Subordinate Payment Obligation; 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 1.02 hereof.
- (c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.
- (d) The captions or headings of this 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 in the Recitals hereto and below:

“*Additional Subordinate 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 Subordinate Obligation Document) as secured by a lien on all or any portion of the ~~District No. 3~~ Subordinate Pledged Revenues payable hereunder; provided that such obligations are issued for the purpose of: (i) refinancing the Series 2024B Subordinate Bonds, Additional Subordinate Obligations, or any other obligations of the Issuing District for which District No. 3 is obligated to impose ad valorem property taxes (including in accordance with the Senior Pledge Agreement), or obligations issued to refinance the same; or (ii) issued for the purpose of financing or refinancing the Public Improvements. In addition, an obligation shall not constitute an Additional Subordinate Obligation hereunder unless (i) 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) unless designated ~~a Limited Obligation hereunder,~~ an obligation payable from a limited mill levy not to exceed 50 mills (without adjustment), 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.; provided however, that the foregoing clause (ii) shall not apply at such time as the Issuing District executes in writing its written direction to limit the Subordinate Required Mill Levy hereunder to not in excess of 50 mills (without adjustment), which written direction shall not be effective prior to the date that the Series 2024B Subordinate Bonds (and any Additional Subordinate Obligation if specified in the applicable Additional Subordinate Obligation Documents) are paid in full or defeased.

“*Additional Subordinate Obligation Documents*” means, collectively, any resolution, indenture, loan agreement or other instrument agreement executed by the Issuing District pursuant to which Additional Subordinate 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 Subordinate Capital Pledge Agreement and any amendment hereto made in accordance herewith.

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of the Districts.

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

“*Bond Insurer*” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

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

~~“Districts” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.~~

“District No. 3” means The Lakes at Centerra Metropolitan District No. 3, Larimer County, Colorado, and its successors and assigns.

“District No. 3 Junior Lien Obligations” means any other 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 on a basis subordinate to the Subordinate Payment Obligation hereunder.

“District No. 3 Subordinate Pledged Revenue” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all District No. 3 Subordinate Property Tax Revenues; and
- (b) all District No. 3 Subordinate Specific Ownership Tax Revenues.

“District No. 3 Subordinate Property Tax Revenues” means all moneys derived from imposition by District No. 3 of the Subordinate Required Mill Levy net of the costs of collection and net of any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, District No. 3 Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“District No. 3 Subordinate Specific Ownership Tax Revenues” means the specific ownership taxes remitted to District No. 3 pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Subordinate Required Mill Levy in accordance with the provisions hereof.

“Districts” means the Issuing District and District No. 3 collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.

“Effective Date” means the date of issuance of the Series 2024B Subordinate Bonds.

“Financing Costs” means the principal and redemption price of, and interest and premium on, the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, required deposits to or replenishments of funds or accounts securing the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing the Series 2024A Senior Bonds and any Additional Senior Obligations, and customary fees and expenses relating to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, all in accordance with the Subordinate Indenture or Additional Subordinate Obligation Documents, as applicable, including, without limitation: (a) with respect to the Series 2024B Subordinate Bonds, the principal and interest components of any mandatory

redemption payments as provided in the 2024B Subordinate Indenture; replenishment of the Reserve Fund relating to the Series 2024B Subordinate Bonds, any amounts owing to the Bond Insurer, and customary fees related to the issuance of the Series 2024B Subordinate Bonds and the Series 2024A Senior Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Subordinate Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Subordinate Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Subordinate Obligations, customary fees related to the issuance of the Additional Subordinate Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity, bond insurance or other credit facility), and any reimbursement due to a provider of liquidity, bond insurance or other credit facility securing any Additional Subordinate Obligations. Where used in describing the permitted uses by the Issuing District of the District No. 3 Subordinate Pledged Revenue, “Financing Costs” also includes the payment of the principal and redemption price of, and interest on, any other obligation issued by District No. 1, the Issuing District or District No. 3 to fund the Public Improvements.

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

“*Issuing District*” means The Lakes at Centerra Metropolitan District No. 2, Larimer County, Colorado, and its successors and assigns.

“*Mill Levy Certification Date*” means the date each year on which District No. 3 is required to impose the Subordinate Required Mill Levy in accordance with the provisions hereof.

“*Refunded Bonds*” means the outstanding Series 2018 Bonds and Series 2022C Bonds to be refunded by the issuance of the Series 2024 Bonds.

“*Senior Obligations*” means, collectively, the Series 2024A Senior Bonds, any obligations constituting “Parity Bonds” under the 2024A Senior Indenture, and any other obligation of the Issuing District so designated by the Issuing District as a Senior Obligation (such that any ad valorem property taxes imposed for the payment thereof will constitute a Senior Required Mill Levy hereunder).

“*Senior Pledge Agreement*” means the Senior Capital Pledge Agreement, dated as of [_____] 1. 2024, by and among the Issuing District, District No. 3, and the Trustee.

“*Senior Required Mill Levy*” means the ad valorem property tax levy required to be imposed by the Issuing District and District No. 3 in accordance with the Senior Pledge Agreement and any other ad valorem property tax levy required to be imposed by the Issuing District and District No. 3 for the payment of Senior Obligations.

“*Series 2024 Bonds*” means, collectively, the Series 2024A Senior Bonds and Series 2024B Subordinate Bonds.

“*Series 2024A Senior Bonds*” has the meaning set forth in the Recitals hereof.

“*Series ~~2024A Senior~~2024B Subordinate Bonds*” has the meaning set forth in the Recitals hereof.

“*Service Plan*” means The Lakes at Centerra Metropolitan Districts No. 1, No. 2 and No. 3 Consolidated Service Plan approved by the City Council for the City of Loveland, Colorado on September 4, 2007, as the same may be amended from time to time.

“*Subordinate Payment Obligation*” means each of the Issuing District’s and District No. 3’s obligation to pay its allocated portion of the Financing Costs in accordance with the provisions hereof, but solely from the Subordinate Pledged Revenue available to it.

“*Subordinate Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

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

“*Subordinate Property Tax Revenues*” means (a) all moneys derived from imposition by the Issuing District of the Subordinate Required Mill Levy (as defined herein and in accordance with the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document, as applicable), and (b) all moneys derived from imposition by District No. 3 of the Subordinate Required Mill Levy in accordance with the provisions hereof. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

“*Subordinate Required Mill Levy*” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Issuing District and District No. 3 each year in an amount equal to (i) 55.477 mills **less the applicable Senior Required Mill Levy**, or (ii) such lesser amount which, if imposed by the Issuing District and District No. 3 for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the Series 2024B Subordinate Bonds, and any Additional Subordinate Obligations; provided however, that:

- (a) in the event that the method of calculating assessed valuation is changed after September 4, 2007, the maximum mill levy of 55.477 mills (less the Senior Required Mill Levy) 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 (it being acknowledged that such

adjustment with respect to the Issuing District and District No. 3 may result in different mill levies being imposed by each of the Issuing District and District No. 3). 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;

(b) in the event that the mill levies calculated pursuant to clause (a) are different for the Issuing District and District No. 3, each of the Issuing District and District No. 3 shall impose their respective adjusted 55.477 mills, provided that if ~~clause (i) paragraph (a)~~ clause (a) above applies, the Issuing District and District No. 3 shall impose the same mill levy in the amount required to generate the Subordinate Property Tax Revenues required; and

(c) notwithstanding anything herein to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the Issuing District or District No. 3, as applicable, to derive tax revenue in any year in excess of the maximum tax increases permitted by such District's electoral authorization, and if the Subordinate 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 such District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“*Subordinate 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 its imposition of the Subordinate Required Mill Levy in accordance with the provisions hereof.

“*State*” means the State of Colorado.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Termination Date*” means, subject to the provisions of Section 2.02(d) hereof, the date on which all amounts due with respect to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations and any other amounts owing under the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document have been defeased or paid in full.

“*2018 Senior Pledge Agreement*” means the Amended and Restated Senior Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“*2018 Subordinate Pledge Agreement*” means the Amended and Restated Subordinate Capital Pledge Agreement, dated as of March 1, 2018, by and among the Issuing District, District No. 3 and the Trustee.

“2018 Pledge Agreements” means the 2018 Senior Pledge Agreement and the 2018 Subordinate Pledge Agreement.

“2022C Junior Lien Pledge Agreement” means the Junior Lien Capital Pledge Agreement, dated as of April 1, 2022, by and among the Issuing District, District No. 3 and the Trustee.

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.

(a) ~~In exchange for~~In exchange for the issuance of the Policies (as defined in the 2024B Subordinate Indenture) by the Bond Insurer and the purchase by the Bondholders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, the proceeds of which are to be applied to the refunding of obligations previously issued to finance the costs of the Public Improvements, District No. 3 hereby agrees to pay such portion of the Financing Costs as may be funded with the District No. 3 Subordinate Pledged Revenue available to District No. 3, in accordance with the provisions hereof.

(b) The obligation of District No. 3 to pay its portion of the Financing Costs as provided herein shall constitute a limited tax general obligation of District No. 3 payable solely from and to the extent of the District No. 3 Subordinate Pledged Revenue available to it. Such District No. 3 Subordinate Pledged Revenues is hereby pledged by District No. 3 to the Issuing District, for the benefit of the Bondholders and the Bond Insurer, for the payment of Financing Costs in accordance with the provisions hereof. The obligation of District No. 3 to pay the Financing Costs as provided herein (the “**Subordinate Payment Obligation**”) shall constitute an irrevocable lien upon the District No. 3 Subordinate Pledged Revenue. The Subordinate Payment Obligation of the Issuing District hereunder (and the lien thereof on the Issuing District’s Subordinate Pledged Revenue) is the same, and not in addition to, its obligation under the 2024B Subordinate Indenture and any Additional Subordinate Obligation Document to which the Issuing District is a party, to the extent pertaining to the payment of Financing Costs of such obligations, and the liens established thereby. The Districts hereby elect to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Subordinate Payment Obligation.

(c) In no event shall the total or annual obligations of District No. 3 hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Subordinate Payment Obligation will be deemed defeased and no longer outstanding upon the payment by District No. 3 of such amount.

(d) Notwithstanding any other provision in this Pledge Agreement, in accordance with the Service Plan (because debt instruments entered into by the Districts are required to be discharged forty (40) years after the date of issuance thereof, regardless of whether such obligation has been paid in full), the portion of each District's Subordinate Payment Obligation hereunder relating to the payment of amounts due in connection with the Series 2024B Subordinate Bonds, and any Additional Subordinate Obligations shall be deemed discharged, and the lien on the Subordinate Pledged Revenue hereunder, to the extent (and solely to the extent) securing such obligation shall cease, terminate, and be void, on the 40th anniversary of the date of issuance of such Series 2024B Subordinate Bonds or any Additional Subordinate Obligations, as applicable. Upon such discharge, the Bondholders of the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations, will have no recourse to District No. 3 or any property of District No. 3 for the payment of any portion of such Subordinate Payment Obligation remaining unpaid.

(e) Because the actual total District No. 3 Subordinate Pledged Revenue payable by District No. 3 hereunder cannot be determined with any certainty at this time, District No. 3 shall not be permitted to pre-pay any amounts due hereunder.

Section 2.03. Imposition of Subordinate Required Mill Levy.

(a) In order to fund their respective Subordinate Payment Obligations, the Issuing District and District No. 3 each agree to levy on all of the taxable property of such District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the Series 2024B Subordinate Bonds or Additional Subordinate Obligations and any other Financing Costs remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Subordinate Required Mill Levy. Nothing herein shall be construed to require the Issuing District or District No. 3 to impose an ad valorem property tax levy for the payment of the Subordinate Payment Obligation in excess of the Subordinate Required Mill Levy or after the Termination Date.

(b) NOTWITHSTANDING ANY OTHER PROVISIONS HEREIN NEITHER THE ISSUING DISTRICT NOR DISTRICT NO. 3 SHALL BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE SERIES 2024B SUBORDINATE BONDS AFTER DECEMBER 2062 (FOR COLLECTION IN CALENDAR YEAR 2063).

(c) In order to facilitate the determination of the Subordinate Required Mill Levy, District No. 3 shall provide to the Issuing District and the Bond Insurer:

(i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for District No. 3 provided by the Larimer 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 Larimer County Assessor (expected to be provided to District No. 3 no later than December 10 of each year). In accordance with the definition of Subordinate Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to District No. 3, the Subordinate Required Mill Levy no later than October 15 of each year, and shall finally determine, and provide to District No. 3, the Subordinate Required Mill Levy no later than December 12 of each year.

(d) Each of the Issuing District and District No. 3 acknowledges that it has actively participated in the development of the calculation for determining the Subordinate 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 Districts of the Public Improvements (including the Project) and the relative ability of such 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 Subordinate Required Mill Levy shall be final and binding upon District No. 3.

(e) This Section 2.03 is hereby declared to be the certificate of each District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Subordinate Payment Obligation due hereunder.

(f) It shall be the duty of each District annually at the time and in the manner provided by law for the levying of such 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 District to cause the appropriate officials of Larimer 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.

(g) 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.

(h) The Districts hereby agree to cooperate in the amendment of this Agreement to modify the definition of Subordinate Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Subordinate Obligations by the Issuing District.

(i) Neither the Issuing District nor District No. 3 shall take any action, or allow any action to be taken, which impairs the Subordinate Pledged Revenue.

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

(k) The parties hereto acknowledge that the Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations hereof. This Agreement shall not operate to limit such obligations except as specifically set forth herein.

Section 2.04. Payment and Application of District No. 3 Subordinate Pledged Revenue.

(a) District No. 3 hereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the 2024B Subordinate Indenture and any Additional Subordinate Obligation Documents) as soon as practicable upon receipt, all revenues comprising District No. 3 Subordinate Pledged Revenue, which District No. 3 Subordinate Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the 2024B Subordinate Indenture or Additional Subordinate Obligation Documents, as applicable. To the extent any portion of such District No. 3 Subordinate Pledged Revenue is released from the lien of the 2024B Subordinate Indenture and Additional Subordinate Obligation Documents (if any), and in all events, the Issuing District will continue to ensure that such revenues are applied to Financing Costs and any other costs of the Public Improvements, subject to the provisions of Section 2.05 hereof. Such District No. 3 Subordinate Pledged Revenue shall be paid by District No. 3 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 Districts.

(b) District No. 3 hereby covenants that all property tax revenue collected by District No. 3 from a debt service mill levy, or so much thereof as is needed, shall first, be designated as District No. 3 Senior Pledged Revenue in any Bond Year (as defined in the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents) to pay annual debt service on the Series 2024A Senior Bonds and any Additional Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the 2024A Senior Indenture or other applicable Additional Senior Obligation Documents and only after the funding of such payments and accumulations required in such Bond Year, shall, second, be designated as District No. 3 Subordinate Pledged Revenue be applied to pay annual debt service on the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations; and to fund such funds and accounts as are required in accordance with the terms of the 2024B Subordinate Indenture or other applicable Additional Subordinate Obligation Documents (including to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and to pay any other amounts owing under the terms of

the 2024B Subordinate Indenture or other applicable Additional Subordinate Obligation Documents. The debt service property tax levy imposed for the payment of any District No. 3 Junior Lien Obligations shall be deemed reduced to the number of mills available for payment of such District No. 3 Junior Lien Obligations in any Bond Year after first providing for the funding of payments and accumulations required with respect to all Senior Obligations in such Bond Year (including the amounts required to accomplish the full repayment or defeasance of any such Senior Obligations, to the extent required by the applicable resolutions, indentures, or other enactments authorizing Senior Obligations), and the full amount outstanding with respect to the Series 2024B Subordinate Bonds and any Additional Subordinate Obligations (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Additional Subordinate Obligations).

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 District No. 3 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 District No. 3 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 3 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligationsPayment Obligations hereunder.

In addition, and without limiting the generality of the foregoing, the obligations of District No. 3 to transfer funds as described herein for each payment described herein shall survive any Court determination of the invalidity of this Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the 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 Districts' meetings as set forth in their official minutes.

Section 2.06. Limited Defenses; Specific Performance. It is understood and agreed by District No. 3 that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of District No. 3 hereunder remains unfulfilled, District No. 3 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 Subordinate Payment Obligation, or take or fail to take any action which would delay a payment to, or on behalf of, the Issuing District, the Trustee, the Bond Insurer, or any Bondholders or impair the ability of the Issuing District, the Trustee, the Bond Insurer, or any Bondholders to receive payments due hereunder. Notwithstanding that this Pledge Agreement specifically prohibits and limits defenses and claims of District No. 3, in the event that District No. 3 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. Any property excluded from District No. 3 after the date hereof is to remain liable for the imposition of the Subordinate 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 District No. 3, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from District No. 3 does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, District No. 3 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) Without the prior consent of the Issuing District and the Bond Insurer, District No. 3 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 District No. 3 Subordinate Pledged Revenue (including, but not limited to, District No. 3 Junior Lien Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) the Senior Payment Obligation, as provided in the Senior Pledge Agreement;

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of District No. 3, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from District No. 3's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from District No. 3's operations and maintenance mill levy in excess of that permitted by District No. 3's Service Plan (after taking into account the Senior Required Mill Levy and the Subordinate Required Mill Levy required hereunder, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(iii) obligations issued for any purpose, the repayment of which is contingent upon District No. 3's annual determination to appropriate moneys therefor (other than obligations of District No. 3 as lessee under capital leases), so long as (A) such obligations are payable only to the extent District No. 3 has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Series 2024B Subordinate Bonds in such Fiscal

Year, and (C) District No. 3 makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iv) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions hereof, when and if issued;

(v) obligations payable solely from periodic, recurring service charges imposed by District No. 3 for the use of any District No. 3 facility or service, which obligations do not constitute a debt or indebtedness of District No. 3 or an obligation required to be approved at an election under State law;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions hereof, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vii) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of District No. 3.

(b) At least once a year, District No. 3 will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and District No. 3 shall use its best efforts to have such audit report or application for audit exemption completed 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, District No. 3 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) District No. 3 agrees to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Series 2024B Subordinate Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Subordinate Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

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

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

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

(c) The District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the District to perform its obligations hereunder. The execution, delivery and performance by the District of this 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 District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the District is a party or which purports to be binding upon the District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the District of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the District threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the District to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the District, enforceable against the District in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

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) District No. 3 fails or refuses to impose the Subordinate Required Mill Levy or to remit the District No. 3 Subordinate 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.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, DISTRICT NO. 3 ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST DISTRICT NO. 3 IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 HEREOF. DISTRICT NO. 3 FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUES IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE SERIES 2024B SUBORDINATE BONDS AND ANY ADDITIONAL SUBORDINATE OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT DISTRICT NO. 3 TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUES.

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 District No. 3 Subordinate Pledged Revenue to secure or pay the Subordinate Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The District No. 3 Subordinate 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 Districts irrespective of whether such persons have notice of such liens.

Section 5.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board of District No. 3, or any officer or agent of District No. 3 acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Subordinate Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board or District No. 3, 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 Districts and the Trustee 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, consents or paymentsapprovals required or permitted to be given under this Pledge Agreement shall be in writing and shall be hand-delivered or sent given either (i) in person, (ii) by email, provided that the intended recipient of the email promptly confirms receipt, or (iii) by certified mail, return receipt requested, or air freight, to the following addresses:

To the Issuing District:

The Lakes at Centerra Metropolitan District No. 2
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with a copy to:

Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

To District No. 3:

The Lakes at Centerra Metropolitan District No. 3
c/o Pinnacle Consulting Group Inc.
550 W. Eisenhower Blvd.
Loveland, CO 80537
Attention: Brendan Campbell

with a copy to:

Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: 303.867.3006
Email: apogue@isp-law.com
Attention: Alan Pogue, Esq.

If to the Trustee:

UMB Bank, n.a.
Corporate Trust and Escrow Services
1670 Broadway
Denver, Colorado 80202

If to the Bond Insurer:

Assured Guaranty Municipal Corp.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Surveillance
Re: Policy No. _____-N
Telephone: 212-974-0100
Email: munidisclosure@agltd.com

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, upon confirmation by the email recipient, or three (3) days after mailing. Any District person designated above may designate by written notice ~~so provided may to the other persons of a change~~ in the address to which future notices shall be sent.

Section 5.06. Rights of Trustee. Notwithstanding any other provision herein, at such time as no amounts remain due and owing under the 2024B Subordinate Indenture, all rights of the Trustee 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) The Bondholders and the Bond Insurer are third party beneficiaries to this Pledge Agreement. It is intended that there be no third party beneficiaries of this Pledge Agreement other than the Bondholders- and the Bond Insurer. Nothing contained herein, expressed or implied, is intended to give to any person other than the ~~Districts~~ parties hereto, the Bondholders and the Bond Insurer 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 and with the prior written consent of the Bond Insurer.

(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 and is subject to the limitations and requirements of the 2024B Subordinate Indenture. Any amendment, supplement, modification to, or waiver of, this Pledge Agreement shall be subject to the prior written consent of the Bond Insurer

(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 Series 2024B Subordinate Bonds set forth in the 2024B Subordinate Indenture.

Section 5.08. Effective Date and Termination Date. This Pledge Agreement shall become effective as of the Effective Date and shall remain in effect until the Termination Date, and shall terminate in accordance with Section 2.02(d) hereof.

Section 5.09. Termination of 2018 Subordinate Pledge Agreement and 2022C Junior Lien Pledge Agreement. Upon the execution and delivery of this Pledge Agreement in connection with the issuance of the Series 2024B Subordinate Bonds, and the corresponding payment and defeasance of the Refunded Bonds, the 2018 Subordinate Pledge Agreement and 2022C Junior Lien Pledge Agreement shall be automatically terminated without any further action of the parties thereto.

Section 5.10. Electronic Execution and Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Pledge Agreement on behalf of the Issuing District, District No. 3 or the Trustee are not able to be physically present to manually sign this Pledge Agreement or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Pledge Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Remainder of Page Left Intentionally Blank]

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

**THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 2**

President

ATTESTED:

Secretary or Assistant Secretary

**THE LAKES AT CENTERRA
METROPOLITAN DISTRICT NO. 3**

President

ATTESTED:

Secretary or Assistant Secretary

UMB BANK, N.A., as Trustee

Authorized Signatory

EXHIBIT A
TO
CAPITAL PLEDGE AGREEMENT
BALLOT QUESTIONS OF DISTRICT NO. 3

STATE OF COLORADO)
)
 LARIMER COUNTY) ss
)
 THE LAKES AT CENTERRA)
 METROPOLITAN DISTRICT NO. 3)

I, the Secretary of The Lakes at Centerra Metropolitan District No. 3, in Larimer County, Colorado (the "District"), do hereby certify that:

1. Attached hereto is a true and correct copy of a resolution (the "Resolution") adopted by the Board of Directors (the "Board") of The Lakes at Centerra Metropolitan District No. 3, in Larimer County, Colorado (the "District") at a special meeting held at 11:00 a.m. on Friday, March 29, 2024, via Microsoft Teams:

[INFORMATION TO BE ADDED]

2. Notice of such meeting was posted in a designated public place within the boundaries of the District no less than twenty-four (24) hours prior to the meeting, in accordance with law.

3. Upon roll call, the members of the Board not marked absent below, were present, constituting a quorum, and the Resolution was duly introduced, moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of the Board as follows:

Board Member	Yes	No	Absent	Abstaining
Kim Perry, President and Chairperson				
Tim DePeder, Vice President/Asst. Secretary				
Josh Kane, Secretary/Treasurer				
Susan Draut, Asst. Secretary				
Karl Sutton, Asst. Secretary				

4. The Resolution was duly approved by the Board, signed by the President of the District, sealed with the District's seal, attested by the Secretary of the District and recorded in the minutes of the Board.

5. The meeting at which the Resolution was adopted was noticed, and all proceedings relating to the adoption of the Resolution were conducted in accordance with all applicable bylaws, rules, regulations and resolutions of the District, in accordance with the normal procedures of the District relating to such matters, and in accordance with applicable constitutional provisions and statutes of the State of Colorado.

WITNESS my hand and the seal of the District this 29th day of March, 2024.

(SEAL)

By _____

Secretary

(Attach copy of notice of meeting, as posted)

RESOLUTION

WHEREAS, The Lakes at Centerra Metropolitan District No. 3, in Larimer County, Colorado (the “**District**”) is a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado, including particularly Title 32 of the Colorado Revised Statutes, as amended (“**C.R.S.**”); and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to provide certain public improvements and services to and for the benefit of the properties within and without the boundaries of the Districts (defined herein), in accordance with the Consolidated Service Plan for the District, The Lakes at Centerra Metropolitan District No. 1 (“**District No. 1**”) and The Lakes at Centerra Metropolitan District No. 2 (“**District No. 2**” and, together with the District and District No. 1, the “**Districts**”) approved by the City Council for the City of Loveland, Colorado (the “**City**”) on September 4, 2007 (as amended and restated from time to time, the “**Service Plan**”); and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 6, 2007 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain public improvements and facilities (as more particularly defined herein, the “**Facilities**”), and for the refunding of such indebtedness, the questions relating thereto being as set forth on Exhibit A to the Senior Pledge Agreement (as defined herein); and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S. within forty-five days after the Election, and with the division of securities created by Section 11-51-701, C.R.S.; and

WHEREAS, District No. 2 has previously issued its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018A (the “**Series 2018A Bonds**”) in the original aggregate principal amount of \$29,035,000 and secured by an Indenture of Trust (Senior) dated March 1, 2018, by and between District No. 2 and the Trustee (the “**2018 Senior Indenture**”) and its Subordinate Limited Tax General Obligation Bonds, Series 2018B (the “**Series 2018B Bonds**” and together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) in the original aggregate principal amount of \$4,090,000 and secured by an Indenture of Trust (Subordinate) dated March 1, 2018, by and between District No. 2 and the Trustee (the “**2018 Subordinate Indenture**” and together with the 2018 Senior Indenture, the “**2018 Indentures**”), each for the purpose of financing or reimbursing the costs of Facilities and refunding in full prior loans; and

WHEREAS, District No. 2 has previously issued its Junior Lien Limited Tax General Obligation Bonds, Series 2022C (the “**Series 2022C Bonds**”) in the aggregate principal amount of \$8,500,000 pursuant to an Indenture of Trust (Junior Lien) dated as of April 1, 2022 by and between District No. 2 and the Trustee, and its Taxable Junior Subordinate Limited Tax General Obligation Bonds, Series 2022D in the aggregate principal amount of \$7,816,276 pursuant to an Indenture of Trust (Junior Subordinate) dated as of April 1, 2022 by and between District No. 2 and the Trustee, each for the purpose of financing or reimbursing the costs of Facilities; and

WHEREAS, for the purpose of refunding in full the outstanding Series 2018 Bonds and Series 2022C Bonds (collectively, the “**Refunded Bonds**”), the Board of Directors of District No. 2 has determined to issue its Limited Tax General Obligation Refunding Bonds, Series 2024A, in the aggregate principal amount of up to \$50,000,000 (the “**Series 2024A Senior Bonds**”), and its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2024B, in the aggregate principal amount of up to \$50,000,000 (the “**Series 2024B Subordinate Bonds**” and, together with the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds, the “**Bonds**”); and

WHEREAS, in order to provide for the payment of the Series 2024A Senior Bonds and certain other obligations that may be issued by District No. 2 in the future, the District intends to enter into a Senior Capital Pledge Agreement (the “**Senior Pledge Agreement**”), among the District, District No. 2 and the UMB Bank, n.a. (the “**Trustee**”), pursuant to which Senior Pledge Agreement the District and District No. 2 will each be obligated to impose ad valorem property taxes in an amount equal to the “Senior Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024A Senior Bonds, or as otherwise directed by District No. 2; and

WHEREAS, in order to provide for the payment of the Series 2024B Subordinate Bonds and certain other obligations that may be issued by District No. 2 in the future the District intends to enter into an Subordinate Capital Pledge Agreement (the “**Subordinate Pledge Agreement**”), among the Districts and the Trustee, pursuant to which the District and District No. 2 will each be obligated to impose ad valorem property taxes in an amount equal to the “Subordinate Required Mill Levy” (as defined therein) and pay the proceeds thereof to the trustee for the Series 2024B Subordinate Bonds, or as otherwise directed by District No. 2; and

WHEREAS, the Series 2024A Senior Bonds will be rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Series 2024A Senior Bonds pursuant to §32-1-1101 (6)(a)(I), C.R.S., and thus are permitted pursuant to such statute, and will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, the Series 2024B Subordinate Bonds are being issued only to financial institutions or institutional investors within the meaning of §32-1-1101(6)(a)(IV), C.R.S; and

WHEREAS, the Series 2024B Subordinate Bonds shall be issued in denominations of \$500,000 each, and in integral multiples above \$500,000 of not less than \$1,000 each, and thus will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

WHEREAS, there has been presented to this meeting of the Board of Directors of the District (the “**Board**”) substantially final drafts of the Pledge Agreements; and

WHEREAS, the Board desires to authorize the execution and delivery of the Financing Documents (defined below), and authorize the execution, completion, and delivery of such certificates and other documents as may be necessary to effect the intent of this Resolution, as such delegation authority is more specifically delineated by, and subject to the limitations set forth in, this Resolution; and

WHEREAS, pursuant to Section 32-1-902(3), C.R.S., and Section 18-8-308, C.R.S., all known potential conflicting interests of the directors were disclosed to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure

of their personal and private interests relating to the execution and delivery of the Financing Documents (defined below) in writing to the Secretary of State and the Board; finally, the Board members have stated for the record immediately prior to the adoption of this Resolution the fact that they have such interests and the summary nature of such interests and the participation of those Board members is necessary to obtain a quorum or otherwise enable the Board to act.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKES. AT CENTERRA METROPOLITAN DISTRICT NO. 3, LARIMER COUNTY, COLORADO:

Section 1. Definitions. Unless the context indicates otherwise, as used herein, capitalized terms shall have the meanings ascribed by the preambles hereto and the Senior Indenture and the Subordinate Indenture, and the following capitalized terms shall have the respective meanings set forth below:

“*Financing Documents*” means, collectively, this Resolution and the Pledge Agreements.

“*Pledge Agreements*” means, collectively, the Senior Pledge Agreement and the Subordinate Pledge Agreement.

“*Resolution*” means this Resolution which authorizes and approves the execution of the Financing Documents.

“*Senior Pledge Agreement*” means the Senior Capital Pledge Agreement by and among the Districts and the Trustee, pertaining to payment of, among other obligations, the Series 2024A Senior Bonds.

“*Subordinate Pledge Agreement*” means the Subordinate Capital Pledge Agreement by and among the Districts and the Trustee, pertaining to payment of, among other obligations, the Series 2024B Subordinate Bonds.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S.

Section 2. Approvals, Authorizations, and Amendments. The Financing Documents are incorporated herein by reference and are hereby approved. The District shall enter into and perform its obligations under the Financing Documents in the form of such documents presented at this meeting, with such changes as are made pursuant to this Section 2 and are not inconsistent herewith. The President or Vice President of the District and the Secretary or Assistant Secretary of the District, or other authorized officers of the District in the absence of the President or Vice President or Secretary or Assistant Secretary, are hereby authorized and directed to execute the Financing Documents and to affix the seal of the District thereto, and the President or Vice President of the District, Secretary or Assistant Secretary to the Board, and other appropriate officers of the District are further authorized to execute and authenticate such other documents, instruments, or certificates as are deemed necessary or desirable in order to accomplish the purposes of the Pledge Agreements, as stated therein. The Financing Documents and such other documents are to be executed in substantially the form presented at this meeting of the Board, provided that such documents may be completed, corrected, or revised as deemed necessary and approved by the officer of the District executing the same in order to carry out the purposes of this Resolution. To the extent any Financing Document has been executed prior to the date hereof, said execution is hereby ratified and affirmed. Copies of all of the Financing Documents shall be delivered, filed, and recorded as provided therein.

Upon execution of the Financing Documents, the covenants, agreements, recitals, and representations of the District therein shall be effective with the same force and effect as if specifically set forth herein, and such covenants, agreements, recitals, and representations are hereby adopted and incorporated herein by reference.

The appropriate officers of the District are hereby authorized and directed to prepare and furnish to any interested person certified copies of all proceedings and records of the District relating to the Pledge Agreements and such other affidavits and certificates as may be required to show the facts relating to the authorization and issuance thereof.

The execution of any instrument by the President of the District, Secretary of the District or other appropriate officer of the District in connection with the issuance, sale, or delivery of the Series 2024A Senior Bonds, the Series 2024B Subordinate Bonds and execution and delivery of the Pledge Agreements not inconsistent herewith shall be conclusive evidence of the approval by the District of such instrument in accordance with the terms thereof and hereof.

Section 3. Permitted Amendments to Resolution. Except as otherwise provided herein, the District may amend this Resolution in the same manner, and subject to the same terms and conditions, as apply to an amendment or supplement to the Senior Indenture and the Subordinate Indenture.

Section 4. Authorization to Execute Documents. The President of the District, Secretary of the District, or other appropriate officer of the District shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the execution of such certificates and affidavits as may be reasonably required by bond counsel to the District. The execution by the President of the District, Secretary of the District, or other appropriate officer of the District of any document not inconsistent herewith shall be conclusive proof of the approval by the District of the terms thereof.

Section 5. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues as it relates to the Bonds and other obligations of District No. 2 as provided in the Pledge Agreements shall be governed by Section 11-57-208 of the Supplemental Act, this Resolution and the Pledge Agreements. Such revenues pledged for the payment of the Bonds and other obligations of District No. 2, or Developer Obligations, as received by or otherwise credited to District No. 2, or other designee of District No. 2, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the District's Senior Payment Obligation and Subordinate Payment Obligation (as defined in the Senior Pledge Agreement and Subordinate Pledge Agreement respectively) shall have priority over any or all other obligations and liabilities of the District. 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 6. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the execution of the Pledge Agreements are hereby ratified, approved, and confirmed.

Section 7. Resolution Irrepealable. After the execution and delivery of the Pledge Agreements, this Resolution shall be and remain irrepealable until all obligations of the District secured by amounts payable by the District under the Pledge Agreements shall have been fully paid,

satisfied, and discharged.

Section 8. Repealer. All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

Section 9. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this 29th day of March, 2024.

(SEAL)

THE LAKES AT CENTERRA METROPOLITAN
DISTRICT NO. 3, IN LARIMER COUNTY,
COLORADO

President

[Signature page to District No. 3 Resolution]

EXHIBIT A
BALLOT QUESTIONS