

BEEBE DRAW FARMS AUTHORITY ESTABLISHMENT AGREEMENT

BY AND BETWEEN

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1

AND

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

Effective Date: April 12, 2011

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EXHIBITS

Exhibit A	District No. 1 Legal Description
Exhibit B	District No. 2 Legal Description
Exhibit C	Proposed 2012 Budget
Exhibit D	District No. 1 Capital Pledge Agreement
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BEEBE DRAW FARMS AUTHORITY ESTABLISHMENT AGREEMENT

THIS **BEEBE DRAW FARMS AUTHORITY ESTABLISHMENT AGREEMENT** (“AEA”) is made and entered into effective this 12th day of April, 2011 by and between **BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1** (“District No. 1”) and **BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2** (“District No. 2”), both quasi-municipal corporations and political subdivisions of the State of Colorado (together, the “Districts”).

RECITALS

A. Pursuant to the Colorado Constitution, Article XIV, Sections 18(2)(a) and (b), and Section 29-1-203, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt.

B. An Amended and Restated Consolidated Service Plan, which is incorporated herein by reference, has been prepared for the Districts pursuant to Section 32-1-201, et seq. C.R.S., and has received all required governmental approvals (“Service Plan”).

C. The Districts exist for the purpose of designing, acquiring, constructing, installing, financing, and operating and maintaining certain water, street and safety protection, mosquito control, and park and recreation facilities and services, all in accordance with the Service Plan.

D. The Service Plan discloses and establishes the necessity for, and requires, an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of Public Improvements (hereinafter defined) contemplated in the Service Plan and concerning the provision of essential services in the community to be served by the Districts.

E. The Service Plan was approved by the Board of County Commissioners of Weld County, Colorado, contemplating that the Districts, with the approval of their electors, would enter into this AEA.

F. At elections of the qualified electors of District No. 1 and District No. 2, duly called and held on November 2, 2010, in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at such elections, voted in favor of the Districts entering into this AEA. To the extent that this AEA constitutes a Debt or a Multi-Fiscal Year Financial Obligation of one or both of the Districts, the same has received voter approval in such election.

G. The Service Plan describes certain Public Improvements to be financed in accordance with general plans of finance described or permitted therein, from either (1) revenues received from the imposition of a mill levy within District No. 1 and District No. 2; (2) revenue received from Development Fees collected by District No. 2; or (3) the proceeds of bonds issued by District No. 2 and other available revenues (including Developer Advances).

H. The Districts agree that the Public Improvements are needed by the Districts and that such Public Improvements will benefit the residents and property owners in both of the Districts in terms of cost, quality, and level of service.

I. The design, construction, scheduling, and total costs of the Public Improvements will be substantially different if they are constructed without considering overall needs and coordinated construction; the financing, completion and availability of the Public Improvements in a coordinated and timely fashion will better promote the health, safety, prosperity, security, and general welfare of the current and future inhabitants and current and future property owners within the Districts.

J. Pursuant to Section 29-1-203(4), C.R.S., the Districts may contract with one another for the joint exercise of any function, service or facility lawfully authorized to each, including the establishment of a separate legal entity to do so.

K. The Districts desire to establish the Authority, which shall furnish, operate and plan for the Public Improvements and to which each District shall transfer certain revenues received by it in order to fund the Actual Operation and Maintenance Costs and Actual Capital Costs of the Public Improvements.

L. Each District has agreed, and the Service Plan provides, that the Authority will own operate, maintain, finance and construct the Public Improvements benefiting both of the Districts, and that the Districts will contribute to the costs of construction, operation, and maintenance of such Public Improvements.

M. It is the purpose of this AEA to bind the Districts hereto concerning capital expenditures and operation and maintenance expenses so that the cost of providing facilities and services to the entire Development will be shared equitably by the users of said Public Improvements and services under the numerous circumstances which could occur in the future.

N. It is the intent of the Districts that District No. 2, from time to time, may issue its own debt and use bond proceeds in amounts necessary to finance the Public Improvements and that the Authority shall enter into contracts to construct the Public Improvements.

O. The amount of any bonds issued by District No. 2 will be based upon estimates of the capital costs of construction of portions of the Public Improvements as they are and will be needed to complete the Development, plus reserve funds, capitalized interest, legal fees, and any other necessary costs to the financing of the bonds.

P. The Districts agree that the provision of services and the operation and maintenance of the Public Improvements by the Authority will be financed, in part, by mill levies imposed by each of the Districts for such purposes.

Q. The Districts desire to set forth their agreement regarding the implementation of principles and objectives set forth in the Service Plan for the financing, construction, and operation and maintenance of the Public Improvements and services described therein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein, the Districts agree as follows:

ARTICLE 1. GENERAL PROVISIONS

1.1 Interpretation. This AEA shall be subject to the following rules of interpretation:

(a) The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar term, refer to this AEA as a whole and not to any particular article, section, or subdivision hereof; the term “heretofore” means before the Effective Date and the term “hereafter” means after the Effective Date of this AEA.

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 2.1 hereof.

(c) The captions or headings of this AEA are for convenience only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this AEA.

1.2 Effective Date and Term. This AEA shall be effective as of the date first set forth above and shall continue to be in full force and effect, and, so long as any Debt of District No. 1 or District No. 2 remains outstanding, until all of the terms and conditions hereof have been performed in their entirety.

1.3 Purpose and Scope of AEA. This AEA shall be governed, in general, by the following provisions in this Section 1.3. The Districts agree that the statements of intention set forth in this Section 1.3 are essential to the proper interpretation of this AEA and are intended to clarify the general intent of specific provisions contained herein. The following statements are illustrative of the Districts’ intentions and while they are to be used to construe and govern this AEA, they are not intended to constitute an all-inclusive statement of the intentions of the Districts. Reference shall also be made to the Service Plan and Pledge Agreements for purposes of construing this AEA.

(a) The Service Plan describes the nature of the relationship between the Districts and contemplates that this AEA would be executed by the Districts to effectuate that relationship.

(b) The Service Plan contemplates that the Districts will provide services and Public Improvements to serve the Development. The ability of the Districts to effectively coordinate the provision of these Public Improvements and services also will serve to effectuate the development of the Development in accordance with the County’s land use regulations and development standards.

(c) The Districts intend to cooperate with one another and with the Authority to effectuate the financing of the operation and maintenance of the Public Improvements and services in a manner that is economically favorable to the Districts and the residents and taxpayers of the Districts.

(d) The Districts shall be responsible for the Multi-Fiscal Year Financial Obligation as set forth herein to fund the Actual Operations and Maintenance Costs and Actual Capital Costs.

(e) The Districts acknowledge that performance of this AEA for the full term hereof is key to full implementation of the Service Plan by the Districts and that any unilateral material departure herefrom by either District or the Authority, or any attempt by either District or the Authority to terminate this AEA or materially alter its terms except in accordance herewith, by judicial action or otherwise, is acknowledged to be and shall constitute a material departure from, and shall be deemed a material modification of, the Service Plan. In addition to all other remedies set forth herein or allowed by the law, the aggrieved District is entitled, in substantially the same manner as an interested party, to seek to enjoin any such “material modifications,” in accordance with Section 32-1-207, C.R.S., as amended from time to time. Other than Administrative Amendments, any amendments to this AEA shall constitute a material modification of the Service Plan and the Districts shall process such amendment through the County pursuant to Section 32-1-207(2), C.R.S.

(f) Except as may be required by law or the requirements of any Debt documents, it is not the intention of the Districts to offer or provide services outside of the Districts; rather, it is the Districts’ intention to offer and provide certain services to residents and property owners within the Districts, including any additional property included within the boundaries of a District and other governments by contract.

(g) It is expressly agreed by the Districts that no person or entity other than the Districts shall obtain hereby any enforceable rights to service from the Authority. It is expressly declared by the Districts that no person or entity shall be construed as a third party beneficiary of this AEA except the Developer as expressly stated herein.

(h) The Districts agree not to undertake any effort to request supervision, control, or regulation of this AEA, of any of the Districts or the Authority, or of the property of any District or the Authority, by the Public Utilities Commission of the State of Colorado, or any other regulatory authority claiming jurisdiction of the subject matter hereof.

ARTICLE 2. DEFINITIONS

2.1 Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this AEA shall have the respective meanings set forth below.

(a) **“1998 Bonds”** shall mean the \$2,000,000 General Obligation Bonds, Series 1998 issued by District No. 1.

(b) **“1998 Debt Levy”** shall mean the debt service mill levy imposed by District No. 1 for the purpose of making payment on the 1998 Bonds pursuant to the amortization schedule set forth in the bond documents.

(c) **“2011 Boundaries”** shall mean the boundaries of District No. 1 and District No. 2 at the end of the Compliance Period as more particularly set forth on **Exhibit A** and **Exhibit B** respectively attached hereto and incorporated herein by this reference.

(d) **“2012 Budget”** shall mean the proposed 2012 preliminary budget of the Districts and the Authority attached hereto as **Exhibit C**.

(e) **“Accounts”** shall mean collectively the O&M Account, the Amenity Account and the Infrastructure Account and any Subaccounts established there under.

(f) **“Act”** shall mean Title 32, Article 1, Colorado Revised Statutes, as the same may be amended from time to time.

(g) **“Actual Capital Costs”** shall mean those costs which are to be incurred by the Authority for the purpose of planning, designing, constructing, financing and acquiring the Public Improvements including, but not limited to:

(1) All costs of labor and materials attributable to the actual construction or acquisition of the Public Improvements, including all costs incurred to acquire the Public Improvements from Third Persons and all related components and materials used therein, all costs incurred for the acquisition of water rights, water storage rights, and all other costs or fees due or paid under cost recovery or other agreements with Third Persons, together with all costs incurred to obtain financing for the Public Improvements;

(2) All costs attributable to the construction or acquisition of the Public Improvements or any part or component thereof incurred as a result of change orders approved in accordance with any construction contract;

(3) All costs incurred for design, engineering, construction, management, landscape architecture and engineering, soil testing and inspection, and line and systems testing and inspection attributable to the Public Improvements, including legal fees;

(4) Site, permit and right-of-way or easement acquisition costs, including legal fees;

(5) All bond costs including the principal and redemption price of, and interest and premium on, any Bonds, including any scheduled mandatory or cumulative sinking fund payments and any mandatory redemption or principal prepayment amounts as provided in the any bond documents and accumulation or replenishment of any reserves or surplus funds relating to the Debt, customary fees related to the issuance of the Debt (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 Debt;

(6) All legal, bond issuance, credit enhancement, accounting, interest costs, and reserve funds incurred in connection with the financing, construction or acquisition of the Public Improvements;

(7) All costs for bonds, insurance, construction administration, financial, inspections, appraisals, and other professional fees;

(8) Any other capital costs, expenses or expenditures associated with the financing, construction or acquisition of the Public Improvements; and

(9) Reimbursement to the Developer for Developer Advances to fund the items in Section 2.1(i)(1)-(8) above.

(h) **“Actual Operations and Maintenance Costs”** shall mean the costs incurred by the Authority for the purpose of Operation and Maintenance Services to the Public Improvements.

(i) **“Additional O&M Mill Levy”** shall mean the operations and maintenance mill levy imposed by District No. 1 beginning in tax collection year 2019 and any year thereafter, above the Required O&M Mill Levy (but not in excess of the District No. 1 Mill Levy Cap) as a result of District No. 1’s denial of an inclusion of property from District No. 2, as more particularly set forth in Article 10 below.

(j) **“Administrative Amendments”** shall mean certain amendments to this AEA, which shall not constitute material modifications of the Service Plan, for any one or more of the following purposes:

(1) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this AEA, or to effect, implement or comply with any provision contained in the Service Plan.

(2) To make any provision necessary or desirable due to a change in law.

(k) **“AEA”** shall mean this agreement and any amendments hereto made in accordance herewith.

(l) **“Amenities”** shall mean the park and recreation facilities, improvements and programs to be financed and constructed by the Authority as authorized under the Service Plan, including but not limited to community parks, bike paths and pedestrian ways, fencing, trails, regional trails, fields, tot lots, open space, cultural activities, common areas, community recreation centers, equestrian centers, tennis courts, outdoor lighting, event facilities, irrigation facilities, lakes, water bodies, swimming pools, public fountains and sculptures, art, gardens, and other active and passive recreational facilities, improvements and programs, together with all necessary, incidental, and appurtenant facilities, equipment, land, easements and extensions of and improvements to such facilities, including, but not limited to, landscaping associated with such improvements.

(m) **“Amenities Revenue Obligations”** shall mean notes, bonds or other indebtedness of District No. 2, which may include reimbursement agreements entered into with the Developer for repayment to the Developer of Developer Advances, payable from an assignment by the Authority of revenues deposited, or otherwise required by this AEA or the Pledge Agreements to be deposited, into the Amenity Account, and as approved by the District No. 1 Members and the District No. 1 Board pursuant to Section 4.6(b).

(n) **“Amenity Account”** shall mean the account established by the Authority for the deposit of a portion of the revenues generated from the Required Mill Levy and the Discretionary Capital Contribution Levy (if any) as more particularly set forth herein, and any Subaccounts created there under, including the Initial Amenity Fund.

(o) **“Assignment Agreement”** shall mean any agreement entered into between the Authority and District No. 2 that provides for the assignment by the Authority to District No. 2 of a specified portion of revenues derived from the Required Mill Levy and deposited in, or to be deposited in, the Infrastructure Account or Amenity Account in accordance with this AEA and the Pledge Agreements, which Assignment Agreement is intended to secure payment of Debt and/or other obligations of District No. 2.

(p) **“Authority”** shall mean the Beebe Draw Farms Authority established pursuant to Article 3 of this AEA.

(q) **“Authority Board”** shall mean the Board of Directors of the Authority.

(r) **“Authority Manager”** shall mean a professional manager hired by the Authority who is experienced and knowledgeable in the management of special districts.

(s) **“Board”** or **“Boards”** shall mean the lawfully organized Board or Boards of Directors of the District(s), as applicable.

(t) **“Budget Year”** shall mean the year (immediately following the applicable Planning Year) during which the Actual Operations and Maintenance Costs and Actual Capital Costs are to be incurred.

(u) **“Capital Repair and Replacement Costs”** shall mean those costs related to the non-routine repair and replacement of the Public Improvements, as part of the Actual Operations and Maintenance Costs, which shall be set forth in the Final Budget.

(v) **“Capital Repair and Replacement Reserve Fund”** shall mean the fund established as part of the O&M Account from revenues generated from the Required O&M Mill Levy for payment of Capital Repair and Replacement Costs pursuant to the Final Budget each year. Dollars shall be deposited into the Capital Repair and Replacement Reserve Fund pursuant to the schedule attached to the Default Budget. During the Compliance Period, District No. 2 shall transfer the \$125,000 previously designated “O&M Reserve” from its existing general fund into the Capital Repair and Replacement Reserve Fund.

(w) **“Compliance Period”** shall mean the period commencing after the November 2, 2010 election through completion of the following actions: processing and obtaining approval of the Service Plan from the County, processing the exclusion of the 82 lots from District No. 1 described in Section I.A. of the Service Plan and inclusion of the same lots into District No. 2, transferring revenues to the Authority (less the District Administrative Costs) as described herein, transferring all assets to the Authority as described herein, holding public meetings to establish and appoint the Members to the Authority Board, conducting a 2011 budget hearing for the Authority, conducting 2011 budget amendment hearings for the Districts, and establishing the Accounts and Subaccounts described herein. The Districts shall diligently pursue the completion of such action items and it is anticipated that all items shall be complete no later than June 1, 2011.

(x) **“Construction”** shall include, but not be limited to, construction, expansion, acquisition, capital maintenance, repair, and replacement of the Public Improvements.

(y) **“Construction Schedule”** shall mean the schedule showing the Public Improvements planned for Construction to commence during the Budget Year.

(z) **“County”** shall mean Weld County, Colorado or such successor municipality designated as the approving authority for the Districts pursuant to Section 32-1-204.7, C.R.S., as the same may be amended from time to time.

(aa) **“CPI Adjustment”** shall mean an adjustment each year to the items contained within the Final Budget according to the U.S. Department of Labor Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, Denver-Boulder-Greeley, CO, All Items, Base Period 1982; provided, however that nothing herein shall require any item to be adjusted twice in any Final Budget.

(bb) **“C.R.S.”** shall mean the Colorado Revised Statutes as such statutes are amended from time to time. In the event of a repeal of a statute cited herein, the procedure contained in the statute immediately prior to repeal shall apply; provided, however, if such repealed statute is replaced by another statute, then the new statute shall apply.

(cc) **“Debt”** shall mean any bonds, notes, agreements, instruments, or other obligations issued or incurred by District No. 1 or District No. 2, and payable from ad valorem property taxes of the Districts, and other District revenues, an assignment thereof, or any other multiple fiscal year financial obligation whatsoever for payment of which District No. 2 has promised to impose an ad valorem property tax mill levy, specifically including the Pledge Agreements and any Revenue Obligations.

(dd) **“Default Budget”** shall mean the 2012 Budget attached hereto as **Exhibit C** and incorporated herein by this reference, plus (1) any ongoing increases established by the Authority Board required to operate, maintain, repair and replace added Amenities

or Infrastructure; and (2) a CPI Adjustment from 2012 through the year of its implementation.

(ee) “**Developer**” shall mean REI Limited Liability Company, a Wyoming limited liability company, or its successors and permitted assigns, including any entity or person having a 20% or more ownership interest in REI Limited Liability Company or its successors and permitted assigns and any entity in which REI Limited Liability Company has a 20% or more ownership interest.

(ff) “**Developer Advances**” shall mean funds advanced by the Developer for payment of Actual Capital Costs, including the amounts previously advanced by the Developer under the Development Agreement.

(gg) “**Developer Revenue Obligation**” shall mean Revenue Obligations payable to the Developer.

(hh) “**Development**” shall mean the approximate 4,000 acre development known as the Beebe Draw Farms and Equestrian Center and also known as Pelican Lake Ranch, located in Weld County, Colorado, which is anticipated to be developed with 800 single family homes.

(ii) “**Development Fee Agreement**” shall mean the Developer Fee and Water Tap Fee Agreement between District No. 2 (as assignee of District No. 1) and the Developer dated December 8, 1998 and amended on December 5, 2000, as the same may be further amended from time to time.

(jj) “**Development Fees**” shall mean the “Developer Fees” and “Water Fees” imposed and collected by District No. 2 pursuant to the Development Fee Agreement, or any other fees imposed by unanimous vote of the District No. 2 Members and recorded in the real property records of the County, for financing Actual Capital Costs and required to be paid prior to the issuance of a building permit. Any other fees imposed by unanimous vote of the District No. 2 Members shall be set in accordance with Colorado law and shall be related to the costs of the Infrastructure. One Hundred Percent (100%) of all revenues received from the Development Fees shall be deposited into the Infrastructure Account and shall not be subject to the 80%/20% split further described herein.

(kk) “**Direct District No. 1 Administrative Costs**” shall mean the costs incurred by District No. 1 directly related to administrative functions of District No. 1, including, but not limited to, costs related to accounting, audit, insurance, management, and legal, and those costs which are incurred by District No. 1 related to administrative functions which amount shall not exceed \$10,000 per year (in 2010 dollars, which amount shall be adjusted in each Final Budget), plus costs for the audit and insurance.

(ll) “**Direct District No. 2 Administrative Costs**” shall mean the costs incurred by District No. 2 directly related to administrative functions of District No. 2, including, but not limited to, costs related to accounting, audit, insurance, management, and legal, and those costs which are incurred by District No. 2 related to administrative

functions which amount shall not exceed \$10,000 per year (in 2010 dollars, which amount shall be adjusted in each Final Budget), plus costs for the audit and insurance.

(mm) “**Discretionary Capital Contribution Levy**” shall mean a part of the Required O&M Mill Levy imposed by District No. 1, in its sole discretion, beginning in tax collection year 2019 or any year thereafter, the revenues of which are deposited into the Amenity Account and the Infrastructure Account as set forth herein.

(nn) “**Discretionary Fund**” shall mean the Subaccount of the O&M Account established for a set aside of \$20,000 per year (in 2011 dollars, which amount shall be subject to a CPI Adjustment each year) as more particularly set forth in Section 4.2(a)(4) below.

(oo) “**District Administrative Costs**” shall include the Direct District No. 1 Administrative Costs and the Direct District No. 2 Administrative Costs.

(pp) “**District No. 1 Member(s)**” shall mean the representative(s) appointed by District No. 1 to the Authority Board.

(qq) “**District No. 1 Mill Levy Cap**” shall mean a mill levy of not more than forty (40) mills which shall include the 1998 Debt Levy, the Required O&M Mill Levy, the Additional O&M Mill Levy (if any), the Discretionary Capital Contribution Levy (if any), and the District No. 1 Required Mill Levy.

(rr) “**District No. 1 Pledge Agreement**” shall mean the District No. 1 Capital Pledge Agreement between the Authority and District No. 1 in substantially the form attached hereto as **Exhibit D**.

(ss) “**District No. 1 Required Mill Levy**” shall have the same meaning as “Required Mill Levy” as set forth in the District No. 1 Pledge Agreement.

(tt) “**District No. 2 Initial Pledge Agreement**” shall mean the Initial District No. 2 Capital Pledge Agreement between the Authority and District No. 2 in substantially the form attached hereto as **Exhibit E**.

(uu) “**District No. 2 Member(s)**” shall mean the representative(s) appointed by District No. 2 to the Authority Board.

(vv) “**District No. 2 Mill Levy Cap**” shall mean a mill levy of not more than fifty (50) mills which shall include the 1998 Debt Levy, the Required O&M Mill Levy, and the District No. 2 Required Mill Levy, as the same may be adjusted from time to time to reflect legislative changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement that occur after June 1, 2010.

(ww) “**District No. 2 Required Mill Levy**” shall have the same meaning as “Required Mill Levy” as set forth in the District No. 2 Initial Pledge Agreement and any Subsequent Pledge Agreements.

(xx) “**Districts**” shall mean District Nos. 1 and 2, collectively.

(yy) “**Effective Date**” shall mean April 12, 2011.

(zz) “**Event of Default**” shall mean one of the events or the existence of one of the conditions set forth in Article 12 hereof.

(aaa) “**External Financial Advisor**” shall mean a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; (iii) is not an officer or employee of the Districts; and (iv) is independent of the Developer.

(bbb) “**Filing No. 1**” shall mean the property described in the Corrected First Filing Plat, Weld County, Colorado recorded in the real property records of Weld County on December 13, 1989 at Reception Number 02200074, as the same may be amended from time to time.

(ccc) “**Final Budget**” shall mean the final budget in any year, and as may be amended within the fiscal year, as established and approved by the Authority following a public hearing(s) for the payment of projected Actual Operations and Maintenance Costs and Actual Capital Costs. In the event a budget is not approved for the ensuing fiscal year, the Default Budget shall be the Final Budget.

(ddd) “**Finished and Unsold Lots**” shall mean lots that have sufficient Infrastructure necessary to obtain a building permit and which lots are owned by the Developer.

(eee) “**Inclusion and Exclusion Agreement**” shall mean the Agreement between and among the Districts and the Developer in substantially the form attached hereto as **Exhibit F**.

(fff) “**Infrastructure**” shall mean the Road and Water improvements and facilities to be financed and constructed by the Authority as authorized under the Service Plan.

(ggg) “**Infrastructure Account**” shall mean the account established by the Authority for the deposit of the Development Fees and a portion of the Required Mill Levy and the Discretionary Capital Contribution Levy, if any, as more particularly set forth herein.

(hhh) “**Infrastructure Revenue Obligations**” shall mean notes, bonds or other indebtedness of District No. 2, which may include reimbursement agreements entered into with the Developer for repayment to the Developer of Developer Advances, payable

from an assignment by the Authority of revenues deposited, or otherwise required by this AEA or the Pledge Agreements to be deposited, into the Infrastructure Account.

(iii) **“Initial Amenity Fund”** shall mean the fund established as part of the Amenity Account in the amount of \$400,000 for use by the District No. 1 Members and subject to the procedures set forth in Section 4.2(b)(3) below.

(jjj) **“Maximum Debt Interest Rate”** shall mean 400 basis points above Municipal Market Data average rate, which may be waived by the majority vote of the Authority Board.

(kkk) **“Member”** shall mean a director of the Authority Board.

(lll) **“Multi-Fiscal Year Financial Obligation”** shall mean the obligation of District Nos. 1 and 2 evidenced hereunder and in the Pledge Agreements, whereby District Nos. 1 and 2 covenant to pay their respective shares of the Actual Operations and Maintenance Costs and their respective share of the Actual Capital Costs.

(mmm) **“O&M Account”** shall mean the operations and maintenance account established by the Authority for the deposit of the Required O&M Mill Levy and the Additional O&M Mill Levy (if any) for the financing of the Actual Operations and Maintenance Costs as more particularly set forth herein, and any Subaccounts established there under, including the O&M Reserve Fund, the Capital Repair and Replacement Reserve Fund, and the Discretionary Fund.

(nnn) **“O&M Reserve Fund”** shall mean the fund established from revenues generated from the general fund mill levy imposed by District No. 1 and District No. 2 and held by the Authority as part of the O&M Account for payment of any O&M Shortfall or as may be otherwise unanimously agreed upon by the Authority Board. During the Compliance Period, District No. 2 shall transfer the existing \$200,000 previously designated “Bond Reserve” from its general fund into the O&M Reserve Fund.

(ooo) **“O&M Shortfall”** shall mean in any Final Budget the anticipated shortfall, if any, in revenues that will be available from the Required O&M Mill Levy and that will be available from amounts on deposit in the O&M Account for payment of Actual Operations and Maintenance Costs; provided, however, that a shortfall of amounts on deposit in the Discretionary Fund for the financing of Solid Waste Services shall not constitute an O&M Shortfall.

(ppp) **“Operations and Maintenance Services”** shall mean those costs incurred in the administration of the Authority, including, but not limited to, the cost of assuring compliance with this AEA and all applicable statutory and regulatory provisions, the costs of administering the Accounts, and shall also include those tasks, services and functions performed by or on behalf of the Authority or provided to the Authority which are necessary or appropriate in order to operate, maintain or repair and replace the Public Improvements, generally including, without limitation, costs of labor and materials, management, legal, accounting, construction and other professional services, insurance,

bonds, permits, licenses, and other governmental approvals, and specifically including those tasks, services and functions identified in Article 8 hereof.

(qqq) “**Planning Year**” shall mean the year immediately preceding the corresponding Budget Year.

(rrr) “**Plans**” shall mean the plans, documents, drawings, and other specifications prepared by or for the Authority for the Construction of any Public Improvement.

(sss) “**Pledge Agreements**” shall mean collectively the District No. 1 Pledge Agreement, the District No. 2 Initial Pledge Agreement and any Subsequent Pledge Agreements.

(ttt) “**Preliminary Budget Documents**” shall mean those documents prepared by the Authority for submission to District Nos. 1 and 2 pursuant to the provisions of Article 5 hereof.

(uuu) “**Public Improvements**” shall mean the Infrastructure, Amenities, and Solid Waste Services, collectively, necessary for the completion of the Development.

(vvv) “**Required Mill Levy**” shall mean the mill levy to be imposed by the Districts pursuant to their respective Pledge Agreements.

(www) “**Required O&M Mill Levy**” shall mean the operations and maintenance mill levy determined by the Authority in the Final Budget and imposed by the Districts for payment of the Actual Operations and Maintenance Costs, plus the Discretionary Capital Contribution Levy, as determined by District No. 1, if any.

(xxx) “**Revenue Obligations**” shall mean, collectively, Infrastructure Revenue Obligations, Amenities Revenue Obligations, and Developer Revenue Obligations.

(yyy) “**Roads**” shall mean those street and safety improvements authorized under the Service Plan including the costs of designing, acquiring, constructing, relocating, installing, completing and otherwise providing, street and safety improvements, including but not limited to curbs, gutters, culverts, and other drainage facilities, underground conduits, sidewalks, trails, public parking lots, structures and facilities, paving, lighting, grading, landscaping, bike paths and pedestrian ways, pedestrian overpasses, retaining walls, fencing, entry monumentation, streetscaping, bridges, overpasses, underpasses, interchanges, median islands, irrigation, and a safety protection system through traffic and safety controls and devices on streets and highways and at railroad crossings, signalization, underpasses or overpasses at railroad crossings, signing and striping, area identification, driver information and directional assistance signs, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements and extensions of and improvements to such facilities.

(zzz) “**Service Plan**” shall mean the Amended and Restated Consolidated Service Plan for the Districts approved by the Weld County Board of County Commissioners on March 16, 2011.

(aaaa) “**Solid Waste Services**” shall mean the collection and transportation of solid waste, as the Districts and the Authority may be authorized to provide under the Colorado Revised Statutes, as the same may be amended from time to time.

(bbbb) “**Specific Ownership Tax Revenues**” shall mean the specific ownership taxes remitted to the Districts pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of their respective mill levies, including the Required Mill Levy, the Required O&M Mill Levy, the Discretionary Capital Contribution Levy (if any) and the Additional O&M Mill Levy (if any).

(cccc) “**Subaccounts**” shall mean any accounts or funds established under the O&M Account, the Amenity Account or the Infrastructure Account, including but not limited to the Discretionary Fund, O&M Reserve Fund, Capital Repair and Replacement Reserve Fund, and the Initial Amenity Fund.

(dddd) “**Subsequent Pledge Agreement(s)**” shall mean pledge agreements entered into between District No. 2 and the Authority subsequent to the Effective Date providing for the imposition of ad valorem property taxes by District No. 2 and payment of the proceeds thereof to the Authority, in substantially the form set forth in **Exhibit G** and **Exhibit H**.

(eeee) “**Third Persons**” shall mean any individual, corporation, joint venture, estate, limited liability company, trust, partnership, association, or other legal entity including governmental entities, other than the Districts, the Developer or the Authority.

(ffff) “**Water**” includes, but is not limited to, the costs of designing, acquiring, constructing, relocating, installing, completing and otherwise providing a potable and non-potable water supply, storage, transmission and distribution system for domestic and other public and private purposes by any available means, and to provide all necessary or proper treatment works and facilities, equipment, and appurtenances incident thereto, including but not limited to wells, water pumps, water lines, water features, purification plants, pump stations, transmission lines, distribution mains and laterals, fire hydrants, meters, water taps, irrigation facilities, canals, ditches, water rights, flumes, parshall flumes, headgates, drop structures, storage reservoirs and facilities, together with all necessary, incidental and appurtenant facilities, equipment, land, easements, and extensions of and improvements to such facilities.

ARTICLE 3. ESTABLISHMENT OF AUTHORITY

3.1 Establishment of Authority. Pursuant to Section 29-1-203, C.R.S., there is hereby created and established a separate legal entity known as the Beebe Draw Farms Authority.

3.2 Service Area The service area of the Authority shall consist of the boundaries of District No. 1 and District No. 2, as the same may change from time to time.

3.3 Purpose. The purpose of the Authority is to effect the development and operations and maintenance of the Public Improvements for the benefit of the Districts, the residents and property owners, including the Developer.

3.4 Governing Body. The Authority shall be governed and directed by a Board of Directors, according to the following:

(a) Appointment of Members by Districts. District No. 1 shall appoint two District No. 1 Members and District No. 2 shall appoint two District No. 2 Members to the Authority Board, who shall serve at the pleasure and under the terms of the appointing District and who shall also be directors of the appointing District.

(1) Alternates. Each District shall appoint alternates who shall serve as a District No. 1 Member or District No. 2 Member, as applicable, for all purposes, in the event the appointed Member does not attend a meeting or is no longer qualified to serve. Any alternate shall also be a director of the appointing District.

(2) Vacancies. In the event of a vacancy on the Authority Board, whether by expiration of a term, resignation, by virtue of the fact that the Member is no longer qualified to serve on the applicable District's Board of Directors, or for any other reason, the applicable District shall appoint a successor Member within fourteen (14) days of such vacancy.

(3) Each District shall provide one another and the Authority with written notice of name and contact information for each Member and alternate.

(b) Term. Each Member term shall be for a period of two (2) years and shall be staggered. Notwithstanding the foregoing, the terms for the initial Members appointed to the Authority at its organizational meeting shall be one District No. 1 Member and one District No. 2 Member for a two (2) year term and one District No. 1 Member and one District No. 2 Member for a (3) year term. No Member shall serve a consecutive second term unless no other Director of the underlying Board desires to serve on the Authority.

(c) Compensation. Members may receive compensation for their services from the Authority in a manner similar to directors of special districts under the Act, as the same may be amended from time to time. The Authority Board shall adopt a resolution implementing this provision before any compensation is paid to any Member.

(d) Meetings.

(1) At the organization meeting of the Authority, which shall occur within the Compliance Period, the Authority shall approve the District No. 1 Pledge Agreement and the District No. 2 Initial Pledge Agreement.

(2) Regular meetings of the Authority Board shall be held at such place, on such day, and at such hour as the Authority Board shall, by resolution or

motion, establish from time to time, and in accordance with the requirements for special districts under the Act.

(3) At least two meetings shall be held annually.

(4) Notices of all meetings shall be the same as meetings for special districts under the Act.

(5) Except for the Pledge Agreements and unless otherwise provided herein, items requiring approval of the Authority shall be discussed at a minimum of two public meetings prior to approval (approval may be at the second meeting, except for any bona-fide emergency action); provided, however, that any action requiring a public hearing shall occur at a minimum of the public hearing and one other public meeting.

(e) Quorum. Unless otherwise provided herein, a majority of the number of Members (including alternates present and serving as Members) in office present at a meeting shall constitute a quorum for the transaction of business. A Member is deemed present for purposes of constituting a quorum and voting if in attendance via telephone conference.

(f) Voting Process.

(1) Each Member shall have one vote.

(2) Each Member shall vote according to the policy established by each individual District.

(3) Voting by proxy is prohibited.

(4) In the event a Member or alternate fails to attend a lawfully called and held meeting of the Authority as provided herein, that vote is waived, and the related quorum and voting requirement (as set forth herein) is reduced.

(A) By way of example, pursuant to Article 6, approval of the construction of an Amenity requires the majority vote of the Authority (or 3 out of 4 Members). However, in the event a District No. 2 Member fails to attend the public meeting where the Authority is approving the construction of an Amenity, the quorum and approval requirement is reduced to two (2) out of the three (3) Members attending.

(B) By way of additional example, in the event a unanimous vote of the Authority Board is required but a District No. 2 Member fails to attend the public meeting where the Authority is considering approval of an item requiring a unanimous vote, the approval requirement would be the unanimous vote of the three (3) Members attending.

(5) In the event a vacancy is not filled as described herein and the alternate does not attend the meeting, then that Member's vote which is caused by such vacancy shall be waived on any matter coming before the Authority and the related voting requirement and quorum requirement (as set forth above) is reduced until such time as the vacancy is filled (except for any meeting occurring within fourteen (14) days of the start of the vacancy).

(g) Conflict Disclosures. All Members shall disclose conflicts of interest as required of officers of special districts in accordance with Colorado law, as the same may be amended from time to time.

(h) General Powers and Duties. The powers and duties of the Authority Board, which shall be exercised by approval of a majority of the Members present, unless otherwise specified herein, provided a quorum is present, is as follows:

(1) Govern the business and affairs of the Authority and to establish the policies, rules and regulations of the Authority;

(2) Exercise all power of the Authority as set forth herein;

(3) Appointing officers of the Board;

(4) Adopting operating and capital budgets;

(5) Reporting to the Districts on the progress of plans for and development of the Public Improvements;

(6) Keeping minutes of its proceedings;

(7) Establishing By-Laws of the Authority Board and adopting, by motion or resolutions, regulations respecting the exercise of the Authority's powers and purposes;

(8) Complying with the provisions of Parts, 1, 5, and 6, Article 1, Title 29, C.R.S.;

(9) Authorizing the employment of such employees, agents, consultants, and contractors, as in the discretion of the Authority Board may be necessary, subject to the limitations of any adopted budgets.

(i) Each Member shall take an oath of office substantially as required of directors of special districts under the Act.

(j) Officers. The officers of the Authority shall be a President, Vice-President, Secretary, Treasurer and Assistant Secretary. In addition to duties designated by the Authority Board, the duties of the officers shall include:

(1) The President shall preside at all meetings of the Authority Board and, except as otherwise delegated by the Authority Board or provided herein, shall execute all legal instruments of the Authority. In the event a Member other than the President is designated to execute any legal instrument, such designation shall be reflected in the minutes of the meeting in which the action was approved.

(2) The Vice-President shall, in the absence of the President, or in the event of his or her inability or refusal to act, perform the duties of the President and who so acting shall have all the powers of and be subject to all restrictions upon the President.

(3) The Secretary shall maintain the official records of the Authority, including the minutes of the meetings of the Authority Board, and a register of the names and addresses of the Districts, Members and officers and shall issue notice of meetings, attest and affix the corporate seal, as applicable, to all documents of the Authority and perform such other duties as the Authority Board may prescribe from time to time. The Secretary may be the Authority Manager.

(4) The Treasurer shall serve as financial officer of the Authority.

3.5 Powers. In general, the Authority shall have the power to exercise all powers which are now conferred by law upon a separate legal entity organized pursuant to Section 29-1-203, C.R.S., or essential to the provisions of its functions, services and facilities, subject to such limitations as are or may be prescribed by law or herein. To the extent permitted by law and subject to the limitations set forth herein, the functions, services and general powers of the Authority are as follows:

(a) To establish such rules, regulations, procedures and policies as necessary for administration of the Authority and access to and use of the Public Improvements.

(b) To plan, design, acquire, construct, install, relocate and/or redevelop and finance the Public Improvements according to the procedures set forth herein.

(c) To own, operate and manage the Public Improvements as set forth herein, and to cooperate with other governmental entities with regard to the Public Improvements.

(d) To collect from the Districts and administer revenues from the Development Fees, Required Mill Levy, the Required O&M Mill Levy, the Discretionary Capital Contribution Levy, if any, and the Additional O&M Mill Levy, if any, for all such purposes herein, subject to the terms of this AEA.

(e) To determine the Actual Operations and Maintenance Costs and Final Budget for the Public Improvements and the Required O&M Mill Levy according to the procedures set forth in Article 5 below.

(f) To determine the Actual Capital Costs and Final Budget for the Public Improvements and the anticipated revenues generated under the Pledge Agreements according to the procedures set forth in Article 5 below.

(g) To acquire, hold, lease (as lessor or lessee), sell, or otherwise dispose of (subject to the limitations set forth herein) any legal or equitable interest in real or personal property utilized for the authorized purposes of the Authority.

(h) To conduct its business and affairs in the best interests of, and for the benefit of, the Districts and their inhabitants.

(i) To enter into, make and perform contracts of every kind with the Districts, including the agreements attached hereto, the United States, any state or political subdivision thereof, or any county, city, town, municipality, city and county, any special district formed pursuant to Title 32, Colorado Revised Statutes, or any predecessor thereof, authority, or any persons or individual, firm, association, partnership, corporation or any other organization of any kind with the capacity to contract for any of the purposes contemplated under this AEA.

(j) To set fees, rates, tolls, charges and penalties.

(k) To employ agents and employees, and engage accountants, attorneys, engineers and other consultants.

(l) To sue and be sued in the name of the Authority.

(m) To have and use a corporate seal.

ARTICLE 4. FINANCING OF PUBLIC IMPROVEMENTS

4.1 Electoral Approval. The authorization for issuance of debt, fiscal year spending, multi-fiscal year financial obligations, revenue collections and other constitutional matters requiring voter approval for purposes of this AEA, as well as the Construction of Public Improvements pursuant to the terms hereof, were all approved at elections held for District No. 1 and District No. 2 on November 2, 2010, in accordance with law and pursuant to due notice.

4.2 Establishment of Accounts. Upon execution of this AEA and within the Compliance Period, the Authority shall establish the segregated Accounts, including Subaccounts, described below. The Districts anticipate that the Authority will be receiving revenue from the imposition by each District of a mill levy against all property within the boundaries of such District, specific ownership taxes, Development Fees, other rates, fees, tolls and charges that may be imposed and collected from time to time by the Authority, and Developer Advances, if any. All revenue received by the Districts (exclusive of any revenue received by District No. 1 from the 1998 Debt Levy and exclusive of the District Administrative Costs), including revenue received from the proceeds of Debt issued by District No. 2, will be transferred on a monthly basis to the Authority for deposit in the appropriate Accounts set forth below. Any deposits by the Districts directly into the Accounts shall be deemed a deposit with the Authority. Notwithstanding the foregoing, if any of the Pledge Agreements and any bond

document with respect to any outstanding obligations of District No. 2 require revenue that would otherwise be deposited into the Infrastructure Account or the Amenity Account to be deposited directly with a bond trustee or other third-party, District No. 2 shall be entitled to make such payments, and the failure to deposit such funds into the Infrastructure Account or the Amenity Account shall not be considered a default under this AEA. In such event, District No. 2 shall provide the Authority and District No. 1 with appropriate supporting documentation evidencing that such deposits are being made in a timely manner.

(a) O&M Account.

(1) District No. 1 and District No. 2 shall deposit revenues from the Required O&M Mill Levy into the O&M Account (less the respective District Administrative Costs), as provided herein.

(2) The District No. 1 Members shall have the sole authorization to expend monies from the O&M Account for use in payment of the Actual Operations and Maintenance Costs. Funds on deposit in the O&M Account, including all Subaccounts of the O&M Account, shall be used solely for the Actual Operations and Maintenance Costs of the Authority. Other than the Discretionary Fund of the O&M Account set forth in Section 4.2(a)(4) below, funds in the O&M Account or any of its Subaccounts may not be used for Solid Waste Services.

(3) Capital Repair and Replacement Reserve Fund.

(A) Any expenditures from the Capital Repair and Replacement Reserve Fund of the O&M Account shall be set forth in the Final Budget and shall be used solely for Capital Repair and Replacement Reserve Costs. Any amounts budgeted to spend for Capital Repair and Replacement Reserve Costs in any Final Budget but not actually expended shall remain in the Capital Repair and Replacement Reserve Account and shall not be available for other purposes.

(B) In addition to the specific expenditures set forth in the Final Budget for Capital Repair and Replacement Costs, the Final Budget shall include a \$25,000 contingency to be available from the Capital Repair and Replacement Reserve Fund for unexpected Capital Repair and Replacement Costs. In the event the balance of the Capital Repair and Replacement Reserve Fund is less than \$25,000 in any Final Budget, the full amount in the Capital Repair and Replacement Reserve Fund shall be available as a contingency for unexpected Capital Repair and Replacement Costs. The District No. 1 Members shall have the authority to spend these contingency dollars solely for Capital Repair and Replacement Costs without the approval of the District No. 2 Members. The \$25,000 contingency shall be adjusted every five years beginning in Fiscal Year 2016 to include a CPI Adjustment. Any amounts not spent of the \$25,000

at the end of the Fiscal Year shall remain in the Capital Repair and Replacement Reserve Fund and shall not accumulate from year to year.

(4) Discretionary Fund. The Authority shall set aside \$20,000 each year (in 2011 dollars which amount shall be subject to a CPI Adjustment each year) from the O&M Account for deposit into the Discretionary Fund as part of the Actual Operations and Maintenance Costs. The District No. 1 Members have the authority to spend and administer amounts on deposit in the Discretionary Fund at their discretion, including for the financing of Solid Waste Services. Any amount of funds remaining in the Discretionary Fund in any given year may carry over and be added to the following year's Discretionary Fund.

(5) O&M Reserve Fund. During the Compliance Period, District No. 2 shall transfer the existing \$200,000 previously designated "Bond Reserve" from its general fund into the O&M Reserve Fund. The Authority shall hold the O&M Reserve Fund for payment of any O&M Shortfall as reflected in the Final Budget in any given year; provided, however, the Authority may agree by unanimous vote to utilize the funds on deposit in the O&M Reserve Fund.

(6) Upon request, the Authority shall provide District No. 1 and District No. 2 with copies of its annual audit, which shall reflect the funds deposited and payments made from the O&M Account.

(b) Amenity Account.

(1) District No. 1 and District No. 2 shall deposit a portion of the revenues from their respective Required Mill Levy into the Amenity Account as provided in their respective Pledge Agreements and as further provided herein.

(2) The District No. 1 Members shall have the sole authorization to expend monies from the Amenity Account for use in payment of Actual Capital Costs related to the Amenities approved by the Authority pursuant to Article 6. Funds on deposit in the Amenity Account shall be used solely for the Actual Capital Costs associated with the construction of Amenities.

(3) Initial Amenity Fund. During the Compliance Period, District No. 2 shall transfer \$400,000 from its existing general fund into the Initial Amenity Fund. The District No. 1 Members shall have the sole authorization to expend monies from the Initial Amenity Fund and subject to the procedures set forth in Section 6.6 below.

(4) Upon request, the Authority shall provide District No. 1 and District No. 2 with copies of its annual audit, which shall reflect the funds deposited and payments made from the Amenity Account.

(c) Infrastructure Account.

(1) District No. 1 shall deposit a portion of the revenues from the District No. 1 Required Mill Levy and the Specific Ownership Tax Revenues into the Infrastructure Account as provided in the District No. 1 Pledge Agreement and as further provided herein.

(2) District No. 2 shall deposit a portion of the revenues from the District No. 2 Required Mill Levy and the Specific Ownership Tax Revenues into the Infrastructure Account as provided in the District No. 2 Pledge Agreements and as further provided herein.

(3) District No. 2 shall deposit 100% of the Development Fees into the Infrastructure Account as provided in the District No. 2 Pledge Agreements and as further provided herein.

(4) The District No. 2 Members shall have the sole authority to expend or withdraw monies from the Infrastructure Account. Funds on deposit in the Infrastructure Account shall be used solely for the Actual Capital Costs associated with the construction of Infrastructure.

(5) Upon request, the Authority shall provide the Districts with copies of its annual audit, which shall reflect the funds deposited and payments made from the Infrastructure Account

4.3 1998 Bonds.

(a) The Districts acknowledge that District No. 1 issued its 1998 Bonds in order to finance a portion of the initial phase of improvements for Filing No. 1. As of December 31, 2009, \$1,365,000 remains outstanding on the 1998 Bonds.

(b) Nothing in this AEA shall alter any obligation of District No. 1 under the bond documents related to the 1998 Bonds and Section 32-1-503, C.R.S. to impose a debt service mill levy in an amount sufficient to pay the 1998 Bonds according to the schedule ("1998 Debt Levy"). The 1998 Bonds are anticipated to mature in 2018.

(c) The Districts acknowledge that District No. 2 previously set aside \$200,000 from revenues from the general fund designated as "Bond Reserve" for the purpose of ensuring that District No. 1 had sufficient revenues to make payment on the 1998 Bonds. Notwithstanding, the Districts agree that during the Compliance Period, District No. 2 shall transfer the existing \$200,000 into the O&M Reserve Fund for use by the District No. 1 Members for funding any O&M Shortfall, or as may be otherwise unanimously agreed upon by the Authority Board.

4.4 District No. 1 Pledge.

(a) District No. 1 and the Authority shall enter into the District No. 1 Pledge Agreement within the Compliance Period which shall obligate District No. 1 to impose the District No. 1 Required Mill Levy until tax collection year 2018 and to transfer such revenues to the Authority for deposit into the Infrastructure Account and the Amenity

Account as provided therein and this AEA. A form of the District No. 1 Pledge Agreement is attached hereto as **Exhibit D** and incorporated herein by this reference.

(b) Commencing in tax collection year 2011 and each year thereafter, District No. 1 shall transfer all revenues from the Required O&M Mill Levy to the Authority for deposit into the O&M Account, less the Direct District No. 1 Administrative Costs.

(c) For tax collection years 2011 through 2018, inclusive, District No. 1 shall transfer 80% of all revenues from the District No. 1 Required Mill Levy and the Specific Ownership Tax Revenues into the Infrastructure Account and 20% of such revenues into the Amenity Account.

(d) Upon consent of both District No. 1 and District No. 2, the 80%/20% split described above may be adjusted upward or downward in any given year.

(e) Commencing in tax collection year 2019, District No. 1 is only required to impose the Required O&M Mill Levy and to transfer such revenues into the O&M Account, less the Direct District No. 1 Administrative Costs.

(f) Commencing in tax collection year 2019 or any year thereafter, District No. 1 may, in its discretion, elect to impose an operations mill levy, up to the District No. 1 Mill Levy Cap, in any given year that is greater than the Required O&M Mill Levy for purposes of financing a portion of the Amenities (“Discretionary Capital Contribution Levy”).

(1) All revenues generated from the 2011 Boundaries of District No. 1 as a result of the Discretionary Capital Contribution Levy shall be deposited into the Amenity Account. Notwithstanding the foregoing, the Authority may approve, with the approval of both District No. 1 Members and one District No. 2 Member, all or a portion of the revenues from the Discretionary Capital Contribution Levy, to be deposited into the Infrastructure Account.

(2) Revenues generated from property outside of the 2011 Boundaries of District No. 1 but subsequently included into District No. 1 from the Discretionary Capital Contribution Levy, shall be split 80% into the Infrastructure Account and 20% into the Amenity Account.

(3) In the event District No. 1 determines to impose the Discretionary Capital Contribution Levy, District No. 1 shall notify the Authority during the budget process described herein.

4.5 District No. 2 Pledge.

(a) For 2011, upon establishment of the Accounts and within the Compliance Period, District No. 2 shall perform the following actions:

(1) Distribute to District No. 1 the Direct District No. 1 Administrative Costs;

- (2) Retain the Direct District No. 2 Administrative Costs;
- (3) Transfer into the O&M Account revenues sufficient to make payment on the Operations and Maintenances Services for Fiscal Year 2011;
- (4) Transfer the existing \$200,000 previously designated "Bond Reserve" into the O&M Reserve Fund;
- (5) Transfer the existing \$125,000 previously designated "O&M Reserve" into the Capital Repair and Replacement Reserve Fund;
- (6) Transfer \$400,000 into the Initial Amenity Fund; and
- (7) Transfer all other remaining funds, if any, into the Infrastructure Fund.

(b) District No. 2 and the Authority shall enter into the District No. 2 Initial Pledge Agreement within the Compliance Period which shall obligate District No. 2 to impose the District No. 2 Required Mill Levy and the Development Fees and to transfer such revenues to the Authority for deposit into the Infrastructure Account and Amenity Account as provided therein and this AEA. A form of the District No. 2 Initial Pledge Agreement is attached hereto as **Exhibit E** and incorporated herein by this reference.

(c) Commencing in tax collection year 2011 and each year thereafter, District No. 2 shall transfer revenues from the Required O&M Mill Levy into the O&M Account, less the Direct District No. 2 Administrative Costs.

(d) For tax collection year 2011 and each year thereafter, District No. 2 shall transfer 100% of all revenues from the Development Fees (if any) into the Infrastructure Account and 80% of all revenues from the District No. 2 Required Mill Levy and Specific Ownership Tax Revenues into the Infrastructure Account. Also for tax collection year 2011 and each year thereafter, District No. 2 shall transfer 20% of all revenues from the District No. 2 Required Mill Levy and Specific Ownership Tax Revenues into the Amenity Account.

(e) Upon consent of both District No. 1 and District No. 2, the 80%/20% split described above may be adjusted upward or downward in any given year.

4.6 Debt. Except as specifically set forth herein District No. 1 and District No. 2 shall not issue notes, bonds or other indebtedness (including obligations subject to annual appropriation and lease purchase agreements) payable from ad valorem property taxes of either of the Districts, an assignment thereof, or any other revenues of the Districts, including fees, rates, tolls or charges.

(a) Pledge Agreements. For the purpose of providing for the revenues to be deposited into the Infrastructure Account and the Amenity Account to fund Actual Capital Costs in accordance with this AEA, simultaneous with the execution of this AEA, District No. 1 and District No. 2 shall approve the District No. 1 Pledge Agreement and

the District No. 2 Initial Pledge Agreement with the Authority. It is anticipated that District No. 2 will subsequently enter into additional pledge agreements constituting a Multi-Fiscal Year Financial Obligation of District No. 2 and requiring the imposition of an ad valorem property tax levy for the purpose of generating revenues for deposit into the Infrastructure Account and Amenity Account, as more particularly described in this subparagraph(a).

None of the District No. 1 Pledge Agreement, the District No. 2 Initial Pledge Agreement or such Subsequent Pledge Agreements of District No. 2 shall be subject to the requirements of Section 4.6(c) herein; and District No. 1 and District No. 2 are hereby authorized to enter into such agreements without additional consent of the Authority or the Authority Board members (except the Authority's approval as a party to such agreements, which shall require the approval of the District No. 2 Members). The obligations of District No. 1 and District No. 2 under such agreements up to \$1,500,000 and \$36,000,000 in aggregate principal amount, respectively, have been approved by the eligible electors of the applicable District at an election held on November 2, 2010, will constitute Multiple Fiscal Year Financial Obligations of such Districts, and will constitute "indebtedness" within the meaning of Section 32-1-503, C.R.S.

(1) It is acknowledged that the intent of District No. 2's Subsequent Pledge Agreements, as described in this subparagraph (a), is to generate revenues sufficient to fund District No. 2's allocable portion of the Actual Capital Costs required to support the Development and to do so by establishing an obligation to generate revenues sufficient to pay an estimated amount of Actual Capital Costs, or such lesser amount of revenues as may be generated from the imposition of an ad valorem property tax imposed on each subdivided portion of property within District No. 2 for a period of no more than forty (40) years from the date of the issuance of the first certificate of occupancy for a single family residence on such property.

(2) In order to accomplish the foregoing, it is anticipated, and it is the stated intent of the Developer, that property within District No. 2 will be divided into phases according to the anticipated buildout schedule therefor and that, immediately prior to the issuance of a certificate of occupancy for a single family residence within a particular phase, the following will occur: (A) first, District No. 2 will enter into a Subsequent Pledge Agreement in the forms attached as **Exhibit G** and **Exhibit H** hereto (subject to subparagraph (a)(3) hereof); and (B) second, in accordance with the Inclusion and Exclusion Agreement, the Developer will submit petitions for the property within such phase to be excluded from District No. 2 and included in District No. 1. Thereafter, it is intended that, in accordance with Section 32-1-503, C.R.S. the excluded property will remain obligated to fund the Actual Capital Costs, in accordance with the Subsequent Pledge Agreement entered into immediately prior to the exclusion, by the imposition of an ad valorem property tax for the term of such Subsequent Pledge Agreement (40 years from the date of execution of the agreement and exclusion of the property). Such excluded property would not be subject to any additional

commitments set forth in Subsequent Pledge Agreements entered into by District No. 2 after the exclusion.

(3) Notwithstanding the foregoing, it is anticipated that the first Subsequent Pledge Agreement entered into by District No. 2 immediately prior to the first exclusion of property therefrom will be in the form attached as **Exhibit G** hereto. Such Subsequent Pledge Agreement is intended to accomplish the refunding in full of the District No. 2 Initial Pledge Agreement, and commence the forty (40) year obligation to impose ad valorem property taxes to generate revenues for deposit into the Infrastructure Account and the Amenity Account from the date immediately prior to the first exclusion.

(b) District No. 2 Revenue Obligations. Subject to the requirements of subparagraph (c) hereof, District No. 2 may issue Infrastructure Revenue Obligations at such time as District No. 2, in its sole discretion, determines that it is feasible to do so, for the purpose of financing or refinancing the Actual Capital Costs of Infrastructure. Subject to the requirements of subparagraph (c) hereof, District No. 2 may issue Amenities Revenue Obligations at such time as District No. 2, in its sole discretion, determines that it is feasible to do so, but subject to the prior written consent of the Authority and the District No. 1 Board, for the purpose of financing or refinancing the Actual Capital Costs of Amenities. Such consent of the Authority shall require the unanimous vote of the Authority Board.

(c) Limitations on District No. 2 Revenue Obligations. Any Revenue Obligations issued by District No. 2 shall be subject to the following:

(1) The final maturity date of any issue of Revenue Obligations shall be no later than forty (40) years from the date of issuance.

(2) District No. 2 shall not impose a levy for repayment of any and all Debt, or use the proceeds of any mill levy for repayment of Debt, including Revenue Obligations, on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy on a single family residence.

(3) The maximum voted net effective interest rate for Revenue Obligations shall be fifteen percent (15%) provided that the actual maximum net effective interest rate for any Debt shall not exceed the Maximum Debt Interest Rate.

(4) Prior to the issuance of any Revenue Obligations, District No. 2 shall obtain the certification of an External Financial Advisor substantially as follows:

(A) We are [I am] an External Financial Advisor within the meaning of the AEA.

(B) We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable [high yield] securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of District No. 2.

(5) Prior to its approval thereof, the Board of District No. 2 shall consider the issuance of such Revenue Obligations at not less than two public meetings; provided that the Board's final approval of such issuance may occur at the second such public meeting.

(6) Prior to the issuance of Revenue Obligations, excluding Developer Revenue Obligations, District No. 2 shall submit to the County, solely for purposes of confirming compliance with the Service Plan and this AEA, a proposed financing plan which sets forth the structure of the proposed bond transaction and District No. 2's plan to pay the proposed bonds, together with an opinion of nationally recognized bond counsel listed in the Bond Buyer's Municipal Marketplace or National Association of Bond Lawyers, that the proposed debt issuance will comply with the Service Plan and this AEA (the "Bond Issuance Plan"). Thereafter, District No. 2 may issue the Revenue Obligations that are the subject of the Bond Issuance Plan only if one of the following occurs:

(A) The County has not objected in writing to the Bond Issuance Plan (which objection must be based solely on the County's good faith belief that the Bond Issuance Plan does not comply with the Service Plan or this AEA), on or before the 50th day following the County's receipt of such Bond Issuance Plan; or

(B) Following a prior objection made on or before the 50th day following the County's receipt of the Bond Issuance Plan, the County provides written consent to the Bond Issuance Plan, executed by the Chairman of the Board of County Commissioners.

(d) On or before the date of issuance of any Revenue Obligations, District No. 2 and the Authority shall have entered into an Assignment Agreement providing for the assignment to District No. 2 of a portion of the revenues on deposit in, or otherwise required by this AEA to be deposited in, the Infrastructure Account or Amenity Account, as applicable, to provide for the payment of such Revenue Obligations. The portion of such revenues to be assigned for the payment of such Revenue Obligations shall be subject to the mutual agreement of District No. 2 and the District No. 2 Members; and shall require the approval of the District No. 1 Members for Amenities Revenue Obligations; provided, however that, with respect to Infrastructure Revenue Obligations, the Authority shall assign amounts on deposit in, or otherwise required by this AEA to be

deposited in, the Infrastructure Account to the extent reasonably determined by District No. 2 and the District No. 2 Members to be necessary to provide for payment of Infrastructure Revenue Obligations.

(e) Any Developer Revenue Obligation shall provide that repayment thereof is subordinate to the repayment of current interest and amortized annual principal payments on all other Revenue Obligations payable from the same source and that do not constitute Developer Revenue Obligations, and no reimbursement of principal on a Developer Revenue Obligation in any given year shall occur prior to the payment of principal and interest due in such year on all other Revenue Obligations not constituting Developer Revenue Obligations. In addition, no reimbursement of principal on any Developer Revenue Obligation in any given year shall occur prior to the funding of any O&M Shortfall.

(f) All bond proceeds (after payment of costs of issuance) received from District No. 2 by the Authority shall be applied to the payment of Actual Capital Costs pursuant to the terms of this AEA.

(g) Other than the existing 1998 Bonds and the District No. 1 Pledge Agreement, District No. 1 shall not issue any additional Debt.

ARTICLE 5. BUDGET PROCESS

5.1 Preliminary Budget. Upon receipt, District No. 1 and District No. 2 shall provide the Authority with copies of its preliminary assessed valuation received from the County in order for the Authority to prepare a preliminary budget. The Authority Board shall have the duty to prepare and recommend a preliminary annual operating budget for the Authority on or before September 30 of each planning year, commencing on September 30, 2011, (the “**Preliminary Budget**”), which shall include:

(a) A proposed schedule for deposits into the O&M Account, the Infrastructure Account, and the Amenity Account, and any Subaccounts, considering the expected timing for receipt of funds generated from: (i) ad valorem taxes from District No. 1 and District No. 2 generated by the Required Mill Levy, the Required O&M Mill Levy and Specific Ownership Tax Revenues; (ii) Development Fees; (iii) issuance of Debt by District No. 2 (if any); or (iv) other rates, fees, tolls and charges that may be imposed from time to time by the Authority; and

(b) The District Administrative Costs, the Discretionary Fund, the O&M Reserve Fund, and the Capital Repair and Replacement Reserve Fund; and

(c) The O&M Shortfall, if any; and

(d) An estimate of the Actual Operations and Maintenance Costs for the Budget Year in accordance with generally accepted accounting principles; and

(e) An estimate of operations and maintenance costs of the Infrastructure and Amenities for the Budget Year in accordance with generally accepted accounting principles; and

(f) An estimate of Actual Capital Costs for the Budget Year in accordance with generally accepted accounting principles; and

(g) A proposed Construction Schedule for Public Improvements for the Budget Year, considering the funding expected to be available and the pace and location of development in the Districts.

5.2 O&M Shortfall. The Districts acknowledge that in any Fiscal Year revenues received from the Required O&M Mill Levy may be insufficient to fund Actual Operations and Maintenance Costs for that Fiscal Year. In such event, the Final Budget shall reflect a transfer of revenues from the Amenity Account and the Infrastructure Account, if any, into the O&M Account as necessary to fund any anticipated O&M Shortfall. The Amenity Account shall fund 20% of the anticipated O&M Shortfall and the Infrastructure Account shall fund 80% of the anticipated O&M Shortfall; provided, however, that transfer of any dollars from the Infrastructure Account to the O&M Account for any O&M Shortfall shall be subordinate to any Debt issued by District No. 2, other than Developer Revenue Obligations payable from the Infrastructure Account (unless such Developer Revenue Obligation is for the repayment of Developer Advances provided through third party financing). Notwithstanding anything provided in this Section 5.2, the Authority shall transfer revenues from the Amenity Account and the Infrastructure Account to fund any O&M Shortfall only after the Authority has performed the following:

(a) Increased the Required O&M Mill Levy to the District No. 1 Mill Levy Cap (less the 1998 Debt Levy) and the District No. 2 Mill Levy Cap (less the 1998 Debt Levy); and

(b) Made appropriate and reasonable efforts to reduce the Actual Operations and Maintenance Costs for the Fiscal Year in which an O&M Shortfall is anticipated, including but not limited to reducing Capital Repair and Replacement Costs and reducing operating expenditures; and

(c) Committed to expending all dollars on deposit in the O&M Reserve Fund.

5.3 2012 Budget. The proposed 2012 Budget for District No. 1, District No. 2 and the Authority is attached hereto as **Exhibit C**.

5.4 Budget Review and Approval. On or before October 31 of each year, commencing on October 31, 2011, District No. 1 and District No. 2 shall either: (a) consent to the preliminary budget documents; or (b) propose in writing to the Authority additions to and/or deletions from the preliminary budget documents.

(a) District No. 1 and District No. 2 may propose additions to and/or deletions from only those portions of the preliminary budget documents related to the District Administrative Costs.

(b) The Final Budget of the Authority shall be discussed and reviewed at a public hearing as required by Title 29, C.R.S., and at one additional public meeting prior to adoption and shall require approval of a majority of the Authority Board, at least one District No. 1 Member and one District No. 2 Member for approval.

(c) The Authority shall notify District No. 1 and District No. 2 no later than December 1st of each year of the Final Budget and the Required O&M Mill Levy.

(d) District No. 1 and District No. 2 shall adopt final budgets and certify mill levies as necessary to effectuate the Authority's Final Budget on or before December 10.

5.5 Failure to Agree and Default Budget. In the event a majority of the Authority Board does not approve a Final Budget by December 1st of any year, as required herein, the Default Budget shall be the Final Budget, and District No. 1 and District No. 2 shall be required to adopt the Default Budget and set mill levies on or before December 10.

5.6 Capital Repair and Replacement Costs.

(a) The Preliminary Budget and Final Budget shall include amounts to be deposited into the Capital Repair and Replacement Reserve Fund. Dollars shall be deposited into the Capital Repair and Replacement Reserve Fund as set forth in the Default Budget. Capital Repair and Replacement Costs, including amounts to be deposited into the Capital Repair and Replacement Reserve Fund, for additional Amenities and Infrastructure constructed after the Effective Date shall be determined by the Authority prior to the approval of construction of such Amenity or Infrastructure, as more particularly set forth in Sections 6.1 and 7.1.

(b) The Preliminary Budget and Final Budget shall also include amounts to be expended from the Capital Repair and Replacement Reserve Fund. In the event a majority of the Authority Board do not agree on the amount to be expended from the Capital Repair and Replacement Reserve Fund in any Fiscal Year, the District No. 1 Members shall obtain and provide to the District No. 2 Members a recommendation from a third party expert that the repair and replacement proposed by the District No. 1 Members is required at the time the repair and replacement is proposed and that delaying the repair and replacement would cause material and significant damage to the Public Improvement(s) or that delaying the repair and replacement would prevent the Authority in the future from being able to maintain the applicable Public Improvement(s) to its original scope and specification at a reasonable cost or that delaying the repair and replacement would materially impact the public health and safety of the residents. The District No. 2 Members shall also have the right to obtain their own recommendation from a third party expert regarding whether the proposed repair and replacement is timely. In the event the two experts disagree, the two experts shall jointly select a third expert and the decision and recommendation from such third expert shall be final and binding.

(c) Funds shall continue to accumulate in the Capital Repair and Replacement Reserve Fund solely for Capital Repair and Replacement Costs. Funds shall be spent

each year by the District No. 1 Members pursuant to the specific expenditure set forth in the Final Budget.

5.7 Budget Amendment Process. The Districts acknowledge that during any given year amendments may be required to the Final Budget in order to provide for the payment of expenses not anticipated at the time of adoption of the Final Budget (including the construction of any of the Public Improvements which would then require operation and maintenance by the Authority and any unforeseen repair and replacement to the Public Improvements). In the event a budget amendment is required, the Authority shall provide written notice to both Districts. The Authority and the Districts, as applicable, shall approve a budget amendment in accordance with the procedures set forth above and the Colorado Local Government Budget Law.

ARTICLE 6. CONSTRUCTION OF AMENITIES

6.1 Approval of Construction of Amenity. Except as set forth in Section 6.6 below, a majority vote of the Authority Board is required to construct any Amenity and shall be discussed at a minimum of two public meetings prior to approval. All approved Amenities shall be publicly bid as required by the Act and finally approved at a public meeting. Once approved by the Authority Board and as set forth in the Final Budget (or any budget amendment), the two District No. 1 Members on the Authority will, on behalf of the Authority, be authorized to contract for and supervise the Construction of Amenities as set forth below. Prior to approval of an Amenity, the Authority shall also determine the operations and maintenance and repair and replacement costs associated with such Amenity for purposes of the impact on the operations and maintenance budget in the current and future years, which costs shall be added to the Default Budget. Any Amenity determined by the Authority to have a substantial long term impact on the operations and maintenance budget shall require at least two votes from the District No. 1 Members and one vote of a District No. 2 Member.

6.2 Authority to Construct and Acquire Amenities. Upon approval of the construction of an Amenity pursuant to Section 6.1, the District No. 1 Members on the Authority will, on behalf of the Authority, be authorized to contract for and supervise the Construction and acquisition of Amenities for each Budget Year in such manner as the District No. 1 Members shall reasonably determine to be in the best interests of the Authority and the Districts. The District No. 1 Members shall schedule and phase the Amenities approved for Construction. The District No. 1 Members shall obtain all necessary governmental approvals, and exercise reasonable efforts to comply and cause its designated contractors to comply with Colorado and other applicable rules, laws, regulations and orders. The District No. 1 Members shall cause Construction of the Amenities to be commenced on a timely basis, subject to receipt of all necessary governmental approvals and the terms of this AEA. The District No. 1 Members shall deliver to the Districts copies of any and all Construction contracts and related documents concerning the Amenities upon request. The District No. 1 Members shall diligently and continuously prosecute to completion the Construction of the Amenities. The Districts shall not direct any Construction activities. The District No. 1 Members shall comply with all applicable statutory requirements governing governmental contracts, including, but not limited to, the public bidding laws. The District No. 1 Members shall have the authority to approve change orders up to the greater of \$10,000 or ten percent (10%) per change order of the original contract amount outside of a public Authority Board meeting as necessary to diligently pursue the

Construction activities; provided, however, that any such change order shall be ratified at the next public Authority Board meeting. In case of emergencies, the District No. 1 Members may approve contracts which shall be ratified at the next Authority Board meeting, so long as it facilitates construction of Amenities approved by the Authority and reflected within the Final Budget.

6.3 County Requirements.

(a) The District No. 1 Members shall submit an application to the County prior to construction of any Amenities in accordance with County rules and regulations and planning process.

(b) The District No. 1 Members shall enter into improvement agreements and provide proof of sufficient funds to complete the subject improvements or collateral, if and when required by the County.

6.4 Completion of Construction of Amenities. The District No. 1 Members shall approve final payment and issue a final certificate of payment only when the District No. 1 Members believe in good faith, and pursuant to generally accepted standards of engineering and Construction review, that Construction has been accomplished in compliance with the conditions and terms of the applicable Construction contract.

6.5 Amenities Construction Claims. The District No. 1 Members shall, to the extent it is practical and cost effective, as reasonably determined by the District No. 1 Members after notice to the Districts, assert against any contractor constructing Amenities any claim that the Authority may have against the contractor under any Construction contract and/or guarantee and/or warranty. The District No. 1 Members shall have the discretion to resolve any claims that arise or are asserted. In any event, the District No. 1 Members will give written notice to the Districts of each and every material breach of Construction contracts, guarantees or warranties. Prior to commencing litigation on any construction claim, the Authority Board shall discuss the action at a minimum of one public meeting and such action shall require the majority vote of the entire Authority Board.

6.6 Initial Amenity Fund. During the Compliance Period, District No. 2 shall transfer \$400,000 from its general fund into the Initial Amenity Fund. The District No. 1 Members shall be authorized to utilize the funds in the Initial Amenity Fund in their discretion solely for the purpose of paying Actual Capital Costs related to the Amenities without the approval of the District No. 2 Members; provided, however, the District No. 1 Members shall solicit input from the residents of the Districts and District No. 2 of the Amenity to be provided, shall discuss the proposed Amenity at a minimum of two public meetings, and shall, with the input of the District No. 2 Members, consider and determine the overall impact of the proposed Amenity on the Actual Operations and Maintenance Costs and Capital Repair and Replacement Costs.

ARTICLE 7. CONSTRUCTION OF INFRASTRUCTURE

7.1 Authority to Construct and Acquire Infrastructure. On behalf of the Authority, the District No. 2 Members shall construct and acquire all Infrastructure subject to the limitations set forth in Section 7.2 below. Any construction contracts shall be discussed at a minimum of two public Authority Board meetings prior to approval. All approved Infrastructure shall be publicly bid as required by the Act and finally approved at a public meeting. Once approved by the District No. 2 Members and as set forth in the Final Budget (or any budget amendment) the District No. 2 Members will, on behalf of the Authority, contract for and supervise the Construction and acquisition of Infrastructure for each Budget Year in such manner as the District No. 2 Members shall reasonably determine to be in the best interests of the Authority and the Districts. Prior to the approval of construction of Infrastructure, the Authority shall also determine the operations and maintenance and repair and replacement costs associated with such Infrastructure for purposes of the impact on the operations and maintenance budget in the current and future years, which shall include \$200 per year (subject to a CPI Adjustment each year) per additional lot developed for repair and replacement costs related to the Roads (which \$200 may be adjusted by the majority vote of the Authority Board), and which costs shall be added to the Default Budget. The District No. 2 Members shall schedule, phase, and configure the Infrastructure to adequately and economically provide for the needs of the Districts' residents and property owners, and as development demands require. The District No. 2 Members shall obtain all necessary governmental approvals, and exercise reasonable efforts to comply and cause its designated contractors to comply with Colorado and other applicable rules, laws, regulations and orders. The District No. 2 Members shall cause Construction of the Infrastructure to be commenced on a timely basis, subject to receipt of all necessary governmental approvals and the terms of this AEA. The District No. 2 Members shall deliver to the Districts copies of any and all Construction contracts and related documents concerning the Infrastructure upon request. The District No. 2 Members shall diligently and continuously prosecute to completion the Construction of the Infrastructure. The Districts shall not direct any Construction activities. The District No. 2 Members shall comply with all applicable statutory requirements governing governmental contracts, including, but not limited to, the public bidding laws. The District No. 2 Members shall have the authority to approve change orders up to the greater of \$10,000 or ten percent (10%) per change order of the original contract amount outside of a public Authority Board meeting as necessary to diligently pursue the Construction activities; provided, however, that any such change order shall be ratified at the next public Authority Board meeting. In case of emergencies, the District No. 2 Members may approve contracts which shall be ratified at the next Authority Board meeting, so long as its facilitates construction of Infrastructure within the Final Budget.

7.2 Criteria for Construction of Infrastructure.

(a) All Infrastructure needed to complete Filing No. 1 and property within the Development outside of Filing No. 1 will be constructed on a phased basis as provided herein and as authorized in the Service Plan.

(b) The District No. 2 Members may authorize the completion of construction of all Infrastructure necessary to serve the following Lots within Filing No. 1: Lots 153

through 158, inclusive, and Lots 168 through 175, inclusive. The Districts acknowledge that as of the Effective Date hereof, the above described lots are partially completed.

(c) The District No. 2 Members may authorize the completion of construction of all Infrastructure necessary to serve the following Lots within Filing No. 1: Lots 1 through 36, inclusive, and Lots 68 and 69; so long as the Developer has entered into a contract to sell the above described Lots to a builder who is independent of the Developer.

(d) So long as the number of Finished and Unsold Lots is thirty (30) lots or less and so long as the average of lot sales for the previous three years is ten (10) lots or less, the District No. 2 Members may authorize the completion of construction of all Infrastructure necessary to serve an additional thirty (30) lots.

(e) So long as the number of Finished and Unsold Lots is forty (40) lots or less and so long as the average of lot sales for the previous three years is greater than ten (10) lots but twenty (20) lots or less, the District No. 2 Members may authorize the completion of construction of all Infrastructure necessary to serve an additional forty (40) lots.

(f) So long as the number of Finished and Unsold Lots is fifty (50) lots or less and so long as the average of lot sales for the previous three years is greater than twenty (20) lots, the District No. 2 Members may authorize the completion of construction of all Infrastructure necessary to serve an additional fifty (50) lots.

(g) The criteria for Construction of Infrastructure within this Section 7.2 may be revised upon the majority vote of the Authority.

7.3 County Requirements.

(a) The District No. 2 Members and/or the Developer shall submit an application to the County prior to construction of any Infrastructure in accordance with County rules and regulations and planning process.

(b) The District No. 2 Members shall enter into improvement agreements and provide proof of sufficient funds to complete the subject improvements or collateral, if and when required by the County.

(c) The District No. 2 Members and/or the Developer shall advise the Authority Board of all land use and improvement applications at two public meetings prior to filing any application with the County and shall provide information on the proposed fillings to the Authority for posting and distribution to the community.

(d) The Developer and the Districts shall enter into the Inclusion and Exclusion Agreement within the Compliance Period which shall, among other things, obligate the Developer to the provisions of this Section and whereby the Developer shall agree that no certificate of occupancy shall be applied for or issued for lots until all roads, water and utility services have been constructed as required to service such lots.

7.4 Completion of Construction of Infrastructure. The District No. 2 Members shall approve final payment and issue a final certificate of payment only when the District No. 2 Members believe in good faith, and pursuant to generally accepted standards of engineering and Construction review, that Construction has been accomplished in compliance with the conditions and terms of the applicable Construction contract.

7.5 Infrastructure Construction Claims. The District No. 2 Members shall, to the extent it is practical and cost effective, as reasonably determined by the District No. 2 Members after notice to the Districts, assert against any contractor constructing Infrastructure any claim that the Authority may have against the contractor under any Construction contract and/or guarantee and/or warranty. The District No. 2 Members shall have the discretion to resolve any claims that arise or are asserted. In any event, the District No. 2 Members will give written notice to the Districts of each and every material breach of Construction contracts, guarantees or warranties. Prior to commencing litigation on any construction claim, the Authority Board shall discuss the action at a minimum of one public meeting and such action shall require the majority vote of the entire Authority Board.

7.6 Amounts on Deposit in Infrastructure Account.

(a) The Districts acknowledge that zoning has been approved for 186 lots within Filing No. 1 and that Developer is assuming that it will obtain approval for an additional 614 lots on property outside of Filing No. 1 within the Development.

(b) Funds shall accumulate in the Infrastructure Account in an amount sufficient to cover the Actual Capital Costs to complete the Construction of Infrastructure necessary to serve all lots within the Development (as set forth on the final plats approved by the County).

(c) Funds shall continue to accumulate and remain in the Infrastructure Account so long as the Actual Capital Costs for completion of the construction of the Infrastructure necessary to serve all lots within the Development exceed the amounts on deposit in the Infrastructure Account.

(d) At such time as the Actual Capital Costs for completion of the construction of the Infrastructure necessary to serve all lots within the Development is less than the amounts on deposit in the Infrastructure Account, the following shall occur:

(1) Any excess funds shall be used to retire any outstanding debt or other obligations of District No. 2.

(2) If District No. 2 does not have any outstanding debt or other obligations, then any excess funds shall be deposited into the Amenity Account.

(3) In the event the Authority Board unanimously determines that no additional funds are needed in the Amenity Account pursuant to Section 7.6(d)(2) above, the excess funds shall remain in the Infrastructure Account and District No. 2 shall reduce its mill levy accordingly in the following year.

(4) Notwithstanding the above, upon approval of the District No. 1 and District No. 2 Boards in any year, funds may be transferred from the Infrastructure Account and deposited into the Amenity Account.

(e) Notwithstanding any other provisions of this Section 7.6, the Districts agree that funds may be transferred to the O&M Account to fund O&M Shortfalls pursuant to Section 5.2 above.

ARTICLE 8. OWNERSHIP AND DEDICATION OF PUBLIC IMPROVEMENTS; OPERATIONS AND MAINTENANCE SERVICES

8.1 Ownership of Public Improvements. The Authority shall own, operate and maintain all Public Improvements unless and until any of such Public Improvements are dedicated to the County or another appropriate governmental entity for perpetual ownership and maintenance. District No. 1 and District No. 2 hereby transfer and assign to the Authority all interests in real estate contracts, and District No. 1 and District No. 2 agree to execute all deeds and other documents necessary to evidence this transfer and conveyance.

8.2 Transfer of Public Improvements. Except as may be required by law, the County, or the Central Weld County Water District, or under the Service Plan, the Authority shall not transfer any Amenities to another entity without the express written consent of the District No. 1 and District No. 2 Boards.

8.3 Operations and Maintenance Services. Within the constraints of the Final Budget and appropriations for such purpose, the District No. 1 Members shall, on behalf of the Authority, supervise and cause to be performed all Operation and Maintenance Services for all Public Improvements owned by the Authority regardless of location, including, but not limited to, the following:

- (a) Draft proposals, bidding (if required by law of a special district), contract and administration and supervision of service providers;
- (b) Supervise and ensure contract compliance by all service contractors, including the establishment and maintenance of preventive maintenance programs;
- (c) Procure all inventory, parts, tools, equipment and other supplies necessary to perform the services required;
- (d) Provide operators, which operators shall perform duties including but not limited to the following:
 - (1) Operations and maintenance of Public Improvements, including weed and animal control;
 - (2) Cooperation with state, county and federal authorities in providing such tests as are necessary to maintain compliance with appropriate governmental standards;

- (3) Permitting and supervision of the connection of lines to private developments;
- (4) Coordinate construction with various utility companies to ensure minimum interference with Public Improvements;
- (5) Perform routine maintenance and repairs necessary to continue the efficient operation of Public Improvements;
- (6) Provide for the services of subcontractors necessary to maintain and continue the efficient operation of Public Improvements; and
- (7) Provide for emergency preparedness, consisting of a centralized telephone number maintained to provide adequate response to emergencies.

8.4 Authority Manager. The Authority shall hire an Authority Manager to assist in the implementation of the Operations and Maintenance Services.

(a) The costs associated with the Operations and Maintenance Services shall be determined during the budget process set herein.

(b) The Authority shall make available copies of all service contracts to District No. 1 and District No. 2.

ARTICLE 9. SPECIAL PROVISIONS

9.1 Rights of the Authority. Subject to the limitations of this AEA, the Districts grant the Authority the right to construct, own, use, connect, disconnect, modify, renew, extend, enlarge, replace, convey, abandon or otherwise dispose of any and all of the real property, Public Improvements or appurtenances thereto, and any and all other interests in real or personal property or otherwise, within the control of the Districts to enable the Authority to provide the Public Improvements and Operations and Maintenance Services. The Districts grant the Authority the right to occupy any place, public or private, which the Districts might occupy for the purpose of fulfilling the obligations of the Authority herein. To implement the foregoing, the Districts agree to exercise such authority, to do such acts, and to grant such easements as may reasonably be requested by the Authority; provided that, any legal, engineering, technical or other services required, or costs incurred, for the performance of this obligation shall be performed by a Person in the employment of or under contract with, and paid by, the Authority.

9.2 Right to Provide Public Improvements and Services. The Districts agree that they shall not: (i) provide Public Improvements of any kind to their residents and property owners, except for financing or construction and dedication of the Public Improvements; or (ii) provide Operations and Maintenance Services to its residents and property owners. Except as may be required by law or retain the tax exempt status of any Debt, the Authority shall not permit any connection to or use of Public Improvements by any extra-territorial service users without the Districts' written consent unless this AEA has been terminated in accordance with the provisions hereof. The Authority shall be authorized to permit the use of Amenities to persons outside of

the boundaries of the Districts; provided, however, where practical, the Authority shall establish differential fees for use of the Amenities for persons outside of the Districts.

9.3 Administrative Independence. Each District shall perform its own administrative functions. The Final Budget approved by the Authority and each Districts' budget shall establish the District Administrative Costs for the Budget Year. Any unexpended funds from the District Administrative Costs may carry over each year for use by that District.

9.4 Consolidation and Dissolution of Districts. The Districts will initiate consolidation proceedings contemporaneously with the repayment of District No. 2's Debt. The Authority will also terminate at the time of consolidation, and all assets of the Authority will be transferred to the consolidated district. In the event the Districts do not consolidate, District No. 2 will initiate dissolution proceedings upon the written request of the County. Except as described herein, the Districts shall not file a request with any court to consolidate with any other Title 32 districts without the prior written consent of the County.

ARTICLE 10. INCLUSION AND EXCLUSION AGREEMENT

10.1 Phased Development. The Districts acknowledge that the Development will be developed in phases in order to ensure that the Public Improvements are financed and completed in coordination with the various phases of the Development and not sooner. This phased development and financing approach will ensure that property owners within the Districts are not taxed unnecessarily for improvements before they are needed and will reduce the costs of financing generally.

10.2 Inclusion and Exclusion Agreement. The Districts agree to enter into the Inclusion and Exclusion Agreement with the Developer and the Authority substantially in the form of **Exhibit F** within the Compliance Period which shall, among other things, obligate the Developer to petition for exclusion of property from District No. 2 and inclusion into District No. 1 upon each development phase prior to the issuance of a certificate of occupancy for a single family residence within such phase. The obligations of the Districts, the Authority and the Developer will be more fully set forth in the Inclusion and Exclusion Agreement.

10.3 Failure of District No. 2 to Exclude Property. In the event District No. 2 determines at or after the public hearing on the exclusion not to exclude the parcel that was the subject of such public hearing and petition, District No. 2 shall not be permitted to incur any additional Debt, including any Subsequent Pledge Agreements or issuing bonds to third parties unless and until District No. 2 approves such exclusion.

10.4 Failure of District No. 1 to Include Property. In the event District No. 1 fails or refuses to include any portion of the Property upon petition by the Developer, and until such time as District No. 1 includes such property, District No. 1 shall be required to impose the Additional O&M Mill Levy (but not in excess of the District No. 1 Mill Levy Cap) on the property within its boundaries to allow the Authority to recoup revenues that would otherwise have been generated from the un-included property; provided, however, District No. 2 shall not increase its Required O&M Mill Levy.

10.5 Indebtedness . Upon exclusion of any portion of the property, the property shall continue to be subject to any property taxes or mill levies assessed for outstanding obligations of District No. 2 incurred prior to District No. 2 granting the exclusion of any portion of the Property, as provided in Section 32-1-503, C.R.S. However, such excluded property shall not be subject to any taxes or levies associated with any obligations incurred by District No. 2 after exclusion of the Property.

10.6 Limitations on Inclusions and Exclusions. After the exclusion of the 82 lots set forth in Section I.A. of the Service Plan, the Districts acknowledge that the Districts shall not approve more than ten (10) exclusions and inclusions without the Districts processing a Service Plan amendment pursuant to the requirements of the Service Plan.

ARTICLE 11. REPRESENTATIONS AND WARRANTIES

11.1 General Representations. In addition to the other representations, warranties and covenants made by the Districts herein, the Districts make the following representations, warranties and covenants to each other:

(a) Each District has the full right, power and authority to enter into, perform and observe this AEA.

(b) Neither the execution of this AEA, the consummation of the transactions contemplated hereunder, nor the compliance with the terms and conditions of this AEA by either District will conflict with or result in a breach of any terms, conditions, or provisions of, or constitute a default under any agreement, instrument, indenture, judgment, order, or decree to which either District is a party or by which either District is bound.

(c) This AEA is the valid and binding obligation of each of the Districts and is enforceable in accordance with its terms.

(d) The Districts shall keep and perform all of the covenants and agreements contained herein and shall take no action which could have the effect of rendering this AEA unenforceable in any manner.

ARTICLE 12. DEFAULTS, REMEDIES, AND ENFORCEMENT; TERMINATION

12.1 Events of Default. The occurrence of any one or more of the following events, and/or the existence of any one or more of the following conditions shall constitute an Event of Default under this AEA:

(a) The failure of any District to make any payment when the same shall become due and payable as provided herein and cure such failure within ten (10) business days of receipt of notice from the other District or the Authority of such failure;

(b) The failure to perform or observe any other covenants, agreements, or conditions in this AEA on the part of any District and to cure such failure within thirty (30) days of receipt of notice from the other District or the Authority of such failure unless such default cannot be cured within such thirty (30) day period, in which event the defaulting party shall have an extended period of time to complete the cure, provided that action to cure such default is commenced within said thirty (30) day period and the defaulting party is diligently pursuing the cure to completion.

12.2 Remedies on Occurrence of Events of Default. Upon the occurrence of an Event of Default, the Districts and the Authority shall have the following rights and remedies:

(a) The non-defaulting District(s) or the Authority may ask a court of competent jurisdiction to enter a writ of mandamus to compel the Board of the defaulting District to perform its duties under this AEA, and/or to issue temporary and/or permanent restraining orders, or orders of specific performance, to compel the defaulting District to perform in accordance with this AEA.

(b) The non-defaulting District(s) or the Authority, or both, may protect and enforce its rights under this AEA by such suits, actions, or special proceedings as they shall deem appropriate, including, without limitation, any proceedings for the specific performance of any covenant or agreement contained herein, for the enforcement of any other appropriate legal or equitable remedy, or for the recovery of damages, including attorneys' fees and all other costs and expenses incurred in enforcing this AEA.

(c) To foreclose any and all liens in the manner specified by law.

12.3 General.

(a) Delay or Omission No Waiver. No delay or omission of any district to exercise any right or power accruing upon any Event of Default shall exhaust or impair any such right or power or be construed as a waiver of any such Event of Default.

(b) No Waiver of One Default to Affect Another: All Remedies Cumulative. No waiver of any Event of Default by any District or the Authority shall extend to or affect any subsequent or other Event of Default. All rights and remedies of the Districts and Authority provided herein may be exercised with or without notice, shall be cumulative, may be exercised

separately, concurrently, or repeatedly, and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

ARTICLE 13. INSURANCE

13.1 Authority Insurance. The Authority shall, to the extent the same are reasonably and commercially available and funds are available therefore, maintain the following insurance coverages with companies and in amounts acceptable to the Board:

(a) General liability coverage protecting the Authority and its officers, directors, and employees against any loss, liability, or expense whatsoever from personal injury, death, property damage, or otherwise, arising from or in any way connected with management, administration, or operations.

(b) Directors and officers liability coverage (errors and omissions) protecting the Authority and its directors and officers against any loss, liability, or expense whatsoever arising from the actions and/or inactions of the Authority and its directors and officers in the performance of their duties.

(c) Operations coverage designed to insure against injury to third parties or the property of third parties.

(d) The Authority shall maintain property coverage on all Public Improvements in an amount not less than the insurance value of the Public Improvements and shall provide for recovery on a replacement cost basis.

(e) The Authority shall require its contractors to maintain adequate liability insurance, including, but not limited to, general commercial liability insurance, workers' compensation insurance, employer's liability insurance, automobile liability insurance, and builder's risk insurance.

13.2 District Insurance. The Districts shall, to the extent the same are reasonably and commercially available and funds are available therefore, maintain the following insurance coverages with companies and in amounts acceptable to each District's respective Board:

(a) General liability coverage protecting the Districts and their officers, directors, and employees against loss, liability, or expense whatsoever from personal injury, death, property damage, or otherwise, arising from or in any way connected with management, administration, or operations.

(b) Directors and officers liability coverage (errors and omissions) protecting the Districts and their directors and officers against any loss, liability, or expense whatsoever arising from the actions and/or inactions of the Districts and their directors and officers in the performance of their duties.

13.3 Workers' Compensation. The Districts and the Authority shall make provisions for workers' compensation insurance, social security employment insurance, and unemployment

compensation for its employees, if any, as required by any law of the State of Colorado or the federal government.

13.4 Certificates. Upon written request, each District and the Authority shall furnish to the other certificates of insurance showing compliance with the foregoing requirements. Said certificates shall state that the policy or policies evidenced thereby will not be canceled or altered without at least thirty (30) days prior written notice to each District and the Authority.

ARTICLE 14. EMPLOYMENT OF ILLEGAL ALIENS

14.1 Certification and Ratification of Addendum with Regard to Employment of Illegal Aliens. By its execution hereof, the Districts and the Authority confirm and ratify all of the certificates, statements, representations and warranties set forth in the Addendum attached hereto and made a part hereof by this reference.

ARTICLE 15. MISCELLANEOUS

15.1 Relationship of Parties. This Agreement does not and shall not be construed as creating a relationship of joint venturers, partners, or employer-employee between the Districts.

15.2 Third Party Beneficiaries. The Districts agree that the Developer is a third party beneficiary to this AEA and the Developer agrees to and acknowledges such as evidenced by signature below. Other than the Developer, it is intended that there be no third party beneficiaries of this AEA, including, without limitation, the owners of any bonds, notes, contracts, or other obligations incurred or executed by either District or the Authority. Nothing contained herein, expressed or implied, is intended to give any person other than the Districts and the Authority 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 parties.

15.3 Assignment; Delegation. Except as set forth herein or as contemplated in the Service Plan, neither this AEA, nor any of either Districts' rights, obligations, duties or authority hereunder may be assigned or delegated in whole or in part by either District without the prior written consent of the other District, which consent shall not be unreasonably withheld. Any attempted assignment or delegation in violation of the foregoing shall be deemed void. Consent to one assignment or delegation shall not be deemed to be consent to any subsequent assignment or delegation, nor the waiver of any right to consent to such subsequent assignment or delegation.

15.4 Modification. This Agreement may be modified or amended only by the written agreement of the Districts and the Developer and shall require an amendment to the Service Plan unless the modification is an Administrative Amendment permitted pursuant to Section 1.3(e).

15.5 Governing Law. This AEA shall be construed and interpreted in accordance with the laws of the State of Colorado. Venue for all actions shall be exclusive in Weld County, Colorado.

15.6 Headings for Convenience Only. The headings, captions, and titles contained herein are intended for convenience of reference only.

15.7 Enforceability. If any provision hereof is declared void or unenforceable by a court of competent jurisdiction, the District involved in such violation or the Authority, if appropriate, shall, to the extent possible, perform such tasks as may be necessary to cure such violation, including, but not limited to, obtaining any necessary voter approvals.

15.8 Time is of the Essence. Time is of the essence hereof.

15.9 Notices. Unless otherwise provided below, all notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by electronically-confirmed facsimile transmission, or by depositing same in the United State Mail, postage prepaid, addressed as follows:

District: Beebe Draw Farms Metropolitan District No. 1
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Fax: 303-987-2032
Attn: Lisa Johnson

With a copy to: Then current legal counsel

To District No. 2 Beebe Draw Farms Metropolitan District No. 2
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Fax: 303-987-2032
Attn: Lisa Johnson

With a copy to: Then current legal counsel

To the Authority: Beebe Draw Farms Authority
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Fax: 303-987-2032
Attn: Lisa Johnson

With a copy to: Then current legal counsel

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service, upon electronic confirmation of facsimile transmission, or three (3) business days after deposit in the United States mail. By giving the other party

hereto at least ten (10) days' written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

15.10 District Records. The Districts shall have the right to access and review each other's records and accounts and the records and accounts of the Authority, during the Districts' and the Authority's regular office hours, for purposes of determining compliance with the Districts and the Authority with the terms of this AEA.

15.11 Further Assurances. The District each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and documents as may reasonably be required for the performance of their obligations hereunder.

15.12 Severability of Provision. Any provision of this AEA which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

15.13 Cooperation Between the Districts. Subject to the terms of the Service Plan, the Districts will cooperate with one another and any other District organized within the Development to finance the Actual Operations and Maintenance Costs and Actual Capital Costs. The Districts may, from time to time, enter into intergovernmental agreements similar to this AEA with other districts organized within the Development. The Districts acknowledge that the boundaries of the Districts may change in the future and that each District shall support the exclusion inclusion of the subject property from and into the respective District.

15.14 Authority Not a Public Utility. The Districts agree that the Authority is not and shall not be considered or deemed in the future a service company, or a public utility as defined in Section 40-1-103(1)(a), C.R.S., or as such terms are defined in any constitutional provision, statute, or law of the State of Colorado. The Districts further agree that in the event that the Authority is ever determined by a third party to be a public utility in Section 40-1-103(1)(a), C.R.S., the Authority shall be exempt from any regulation by the Public Utilities Commission or any other special commission, pursuant to the Colorado Constitution, Article XXV, and Article V Section 35, and Sections 32-1-1001(1)(j) and (k), C.R.S. The Districts agree not to undertake any effort to request supervision, control, or regulation of this AEA, of any of the Districts, or of the property of any District, by the Public Utilities Commission of the State of Colorado, or any other regulatory authority claiming jurisdiction of the subject.

15.15 Entire Agreement. This AEA and all exhibits attached hereto set forth the entire understanding and agreement of the Districts and supersede and replace all prior agreements, memoranda, arrangements and understandings relating to the subject matter hereof, including but not limited the Intergovernmental Agreement dated August 8, 2001 and the Amended and Restated Intergovernmental Agreement dated November 3, 2008.

15.16 Nonliability of Directors, Members, and Employees. No Member or director of the District Boards, official, employee, agent or attorney or consultant of the Districts or the

Authority shall be personally liable in the event of default, or breach of this AEA or for any amount that may become due under the terms of this AEA.

IN WITNESS WHEREOF, the Districts have executed this AEA as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1

By: Mike Walsh

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

By: [Signature]

ACKNOWLEDGMENT AND ACCEPTANCE

By execution below, REI Limited Liability Company hereby acknowledges and accepts that it is a third-party beneficiary of this Beebe Draw Farms Authority Establishment Agreement as provided in Section 15.2.

REI LIMITED LIABILITY COMPANY

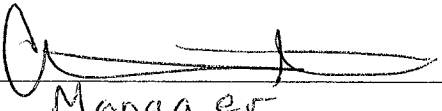
By: 
Its: Manager

EXHIBIT A

DISTRICT NO. 1 LEGAL DESCRIPTION

Beebe Draw Farms Metropolitan District No. 1

Legal Description:

Lots 37 through 127 and Lots 139 through 151, Corrected First Filing Plat of Beebe Draw Farms and Equestrian Center, Weld County, Colorado;

AND ALSO;

Section 16, Township 3 North, Range 65 West of the 6th P.M., said County;

AND ALSO;

Parcel 1 – School Site

Legal Description of a parcel of land being a portion of the Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 3 North, Range 65 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows:

Beginning at the Northwest corner of said Section 4 and considering the North line of the Northwest Quarter of said Section 4 as bearing North 89°45'43" East and with all bearings contained herein relative thereto; thence along said North line North 89°45'43" East 844.05 feet; thence departing said North line South 00°19'37" West 30.00 feet to the TRUE POINT OF BEGINNING; thence South 00°19'37" West 674.51 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 10°04'02" and a radius of 435.00 feet; thence Southwesterly along the arc of said curve 76.43 feet to the end of said curve, a radial line passing through said end of curve bears South 79°36'20" East; thence departing said curve South 89°45'34" West 2157.24 feet to a point on the East line of the Northwest Quarter of the Northeast Quarter of said Section 5; thence along said East line North 00°38'58" West 748.22 feet; thence departing said East line North 89°39'41" East 1332.98 feet; thence North 89°45'43" East 843.75 feet to the TRUE POINT OF BEGINNING.

AND ALSO;

Parcel 2 – Fire Station Site

Legal Description of a parcel of land being a portion of the Northwest Quarter of Section 4, Township 3 North, Range 65 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows:

Beginning at the Northwest corner of said Section 4 and considering the North line of the Northwest Quarter of said Section 4 as bearing North 89°45'43" East and with all bearings contained herein relative thereto; thence along said North line North 89°45'43" East 924.06 feet; thence departing said North line South 00°19'37" West 30.00 feet to the TRUE POINT OF BEGINNING; thence North 89°45'43" East 400.02 feet;

thence South $00^{\circ}19'37''$ West 404.39 feet; thence North $89^{\circ}40'23''$ West 400.00 feet;
thence North $00^{\circ}19'37''$ East 400.44 feet to the TRUE POINT OF BEGINNING.

EXHIBIT B

DISTRICT NO. 2 LEGAL DESCRIPTION

Beebe Draw Farms Metropolitan District No. 2

Legal Description

Lots 1 through 36, Lots 128 through 138, Lots 152 through 158 and Lots 161 through 188, Corrected First Filing Plat of Beebe Draw Farms and Equestrian Center, Weld County, Colorado,

AND ALSO;

Beebe Draw Filing 2

Legal Description of a parcel of land being a portion of that certain parcel of land described on the boundary survey recorded April 12, 1995 in Book 1487, Page 123 under Reception No. 2433894 on file in the office of the Clerk and Recorder, Weld County, Colorado situate in Sections 4, 5, 8, 9, 10 and 17, Township 3 North, Range 65 West of the 6th Principal Meridian being more particularly described as follows:

Beginning at the Southwest Corner of said Section 8 and considering the West line of said Section 8 as bearing North 00°09'35" West and with all bearings contained herein relative thereto; thence along said West line North 00°09'35" West 1994.84 feet to a point on the Southerly line of the corrected first filing plat of Beebe Draw Farms and Equestrian Center recorded December 13, 1989 in Book 1251 under Reception No. 02200074 according to the plat on file in the office of the Clerk and Recorder, said County; thence along the boundary of said plat the following 53 courses and distances; South 73°10'00" East 888.37 feet; thence South 16°50'00" West 153.46 feet; thence South 46°50'08" East 749.22 feet; thence North 55°46'07" East 97.84 feet; thence South 46°59'23" East 1326.17 feet; thence North 83°33'14" East 694.12 feet; thence North 32°48'49" East 257.46 feet to a point on a curve concave to the Northeast having a central angle of 21°56'45" and a radius of 993.66 feet; a radial line passing through said point bears South 31°07'32" West; thence Southeasterly along the arc of said curve 380.60 feet to the end of said curve; thence tangent from said curve South 80°49'12" East 169.63 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 26°11'26" and a radius of 1221.67 feet; thence Southeasterly along the arc of said curve 558.44 feet to the end of said curve; thence tangent from said curve South 54°37'46" East 70.54 feet; thence North 35°22'14" East 150.48 feet; thence North 85°40'29" East 507.75 feet; thence South 87°32'47" East 399.71 feet; thence South 78°20'53" East 391.38 feet; thence North 13°54'57" West 1387.81 feet; thence South 88°16'34" East 170.52 feet; thence South 37°13'43" East 1250.00 feet; thence South 62°09'58" East 450.00 feet; thence South 79°40'14" East 400.00 feet; thence South 75°25'39" East 450.00 feet; thence North 89°41'05" East 398.67 feet; thence North 00°22'03" East 470.01 feet; thence South 89°41'05" West 50.00 feet; thence North 00°22'04" East 495.00 feet; thence North 89°37'55" West 91.83 feet; thence North 42°24'27" West 646.46 feet; thence North 72°26'31" West 54.60 feet; thence North 17°17'09" West 207.35 feet; thence North

00°16'43" East 348.60 feet; thence North 12°04'51" West 380.71 feet; thence North 06°35'57" West 425.17 feet; thence North 41°32'24" West 327.37 feet; thence North 31°19'19" West 302.66 feet; thence North 23°33'38" West 293.98 feet; thence North 20°56'25" West 650.00 feet; thence North 34°55'56" West 423.91 feet; thence North 52°36'54" West 357.78 feet to a point on the South right-of-way line of Beebe Draw Farms Parkway; thence along said South right-of-way line the following three courses and distances; South 37°23'06" West 155.00 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 28°09'58" and a radius of 1141.35 feet; thence Southwesterly along the arc of said curve 561.08 feet to the end of said curve; thence tangent from said curve South 65°33'04" West 266.94 feet; thence North 24°26'46" West 100.00 feet; thence North 46°08'35" West 1117.27 feet; thence South 74°02'57" West 850.00 feet to a point on a curve concave to the Southwest having a central angle of 21°01'08" and a radius of 986.23 feet; a radial line passing through said point bears North 62°51'38" East; thence Northwesterly along the arc of said curve 361.80 feet to the end of said curve; thence tangent from said curve North 48°09'30" West 225.00 feet; thence South 41°50'30" West 235.00 feet to the beginning of a tangent curve concave to the Southeast having a central angle of 20°43'40" and a radius of 225.00 feet; thence Southwesterly along the arc of said curve 81.40 feet to the end of said curve; a radial line passing through said end of curve bears North 68°53'10" West; thence departing said curve North 68°53'10" West 450.00 feet; thence South 38°50'00" West 331.13 feet; thence North 72°28'11" West 508.22 feet; thence South 86°32'30" West 1532.88 feet; thence South 89°50'25" West 200.00 feet to a point on the West line of said Section 8; thence departing said corrected first filing plat of Beebe Draw Frames and Equestrian Center and along said West line of said Section 8 North 00°09'35" West 206.16 feet to the Northwest Corner of said Section 8; thence along the West line of the Southwest Quarter of said Section 5 North 00°25'20" West 2654.03 feet to the West Quarter Corner of said Section 5; thence along the West line of the Northwest Quarter of said Section 5 North 00°24'27" West 1327.22 feet to the Southwest Corner of the North Half of the Northwest Quarter of said Section 5; thence along the South line of the North Half of the Northwest Quarter of said Section 5 North 89°44'21" East 2631.31 feet to the Southeast Corner of the North Half of the Northwest Quarter of said Section 5; thence along the South line of the Northwest Quarter of the Northeast Quarter from said Section 5 North 89°44'21" East 1331.58 feet to the Southeast Quarter of the Northwest Quarter of the Northeast Quarter of said Section 5; thence along the East line of the Northwest Quarter of the Northeast Quarter of said Section 5 North 00°38'58" West 1325.38 feet to the Northeast Corner of the Northwest Quarter of the Northeast Quarter of said Section 5; thence along the North line of the Northeast Quarter of said Section 5 North 89°39'41" East 1333.17 feet to the Northeast Corner of said Section 5; thence along the North line of the Northwest Quarter of said Section 4 North 89°45'43" East 2638.09 feet to the North Quarter Corner of said Section 4; thence along the North line of the Northeast Quarter of said Section 4 North 89°24'30" East 805.01 feet; thence departing said North line South 40°03'54" East 9.61 feet; thence South 10°09'16" West 45.49 feet; thence South 27°01'56" West 281.98 feet; thence South 35°02'52" West 129.95 feet; thence South 46°24'35" West 113.95 feet; thence South 67°56'11" West 114.41 feet to the beginning of a tangent curve concave to the Southeast having a central angle

of 43°14'52" and a radius of 210.00 feet; thence Southwesterly along the arc of said curve 158.51 feet to the end of said curve; thence tangent from said curve South 24°41'19" West 39.72 feet to the beginning of a tangent curve concave to the Southeast having a central angle of 68°10'08" and a radius of 217.23 feet; thence Southeasterly along the arc of said curve 258.45 feet to the end of said curve; thence tangent from said curve South 43°28'49" East 159.97 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 48°38'11" and a radius of 81.88 feet; thence Southwesterly along the arc of said curve 69.51 feet to the end of said curve; thence tangent from said curve South 05°09'21" West 19.20 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 25°54'10" and a radius of 260.90 feet; thence Southwesterly along the arc of said curve 117.95 feet to the end of said curve; thence tangent from said curve South 31°03'31" West 130.58 feet; thence South 09°40'49" West 95.26 feet; thence South 03°11'34" East 116.07 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 36°30'36" East and a radius of 180.24 feet; thence Southeasterly along the arc of said curve 114.85 feet to the end of said curve; thence tangent from said curve South 39°42'10" East 116.57 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 45°22'31" East and a radius of 114.82 feet; thence Southeasterly along the arc of said curve 90.93 feet to the end of said curve; thence tangent from said curve South 85°04'41" East 170.71 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 68°29'30" and a radius of 126.33 feet; thence Southeasterly along the arc of said curve 151.02 feet to the end of said curve; thence tangent from said curve South 16°35'11" East 120.95 feet to the beginning of a tangent curve concave to the West having a central angle of 25°35'07" and a radius of 440.41 feet; thence Southwesterly along the arc of said curve 196.66 feet to the end of said curve; thence tangent from said curve South 08°59'57" West 101.24 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 59°32'10" and a radius of 242.34 feet; thence Southeasterly along the arc of said curve 251.82 feet to the end of said curve; thence tangent from said curve South 50°32'12" East 97.62 feet; thence North 89°31'48" East 283.17 feet; thence South 31°18'26" East 113.96 feet; thence South 58°32'01" West 57.39 feet; thence South 31°27'59" East 522.19 feet; thence South 10°25'00" East 99.33 feet; thence South 33°44'57" East 157.31 feet; thence South 51°33'07" West 95.52 feet; thence South 00°23'23" East 177.92 feet; thence South 10°18'08" East 78.26 feet; thence South 30°46'04" East 152.46 feet; thence South 47°55'59" East 265.05 feet; thence South 37°58'27" West 164.42 feet; thence South 06°08'57" West 239.20 feet; thence South 33°32'01" East 129.62 feet; thence South 74°20'38" East 218.49 feet; thence South 21°05'43" East 136.12 feet; thence South 05°34'34" East 216.02 feet; thence South 40°38'47" East 130.48 feet; thence South 06°37'24" West 112.76 feet; thence South 13°34'05" East 59.67 feet; thence South 35°26'15" East 136.24 feet; thence South 49°59'28" East 73.11 feet; thence South 72°02'53" East 149.26 feet; thence South 28°24'37" East 133.73 feet; thence South 40°21'43" East 122.55 feet; thence South 31°08'11" East 168.24 feet; thence South 35°26'36" East 144.84 feet; thence South 52°48'46" East 145.60 feet; thence South 53°35'11" East 274.60 feet; thence South 01°31'42" West 75.03 feet; thence South 30°03'25" West 263.26 feet; thence South 06°03'06" East 282.44 feet;

thence South 25°15'38" East 337.55 feet; thence South 23°51'00" East 264.59 feet; thence South 29°30'32" East 174.35 feet; thence South 37°11'17" East 96.99 feet; thence South 52°03'02" East 69.68 feet; thence South 55°31'03" East 148.65 feet; thence South 16°11'28" East 138.93 feet; thence South 42°52'22" East 177.69 feet; thence South 25°09'33" East 155.19 feet; thence South 24°47'22" East 180.62 feet; thence South 36°43'50" East 146.03 feet; thence South 25°08'32" West 111.15 feet; thence South 02°01'46" East 227.19 feet; thence South 20°03'30" East 193.90 feet; thence South 12°32'52" East 346.85 feet; thence South 10°22'25" West 264.13 feet; thence South 05°07'51" West 157.19 feet; thence South 32°32'42" West 220.12 feet; thence South 19°19'50" West 268.66 feet; thence South 38°04'09" West 284.92 feet; thence South 79°43'19" West 714.61 feet; thence South 24°52'21" West 224.67 feet; thence South 07°13'48" East 37.52 feet to a point on the South line of said Section 10; thence along said South line South 89°28'30" West 283.01 feet to the Southeast Corner of said Section 9; thence along the South line of said Section 9 South 89°41'18" West 5121.15 feet to the Northeast Corner of said Section 17; thence along the East line of said Section 17 South 00°30'21" East 5282.59 feet to the Southeast Corner of said Section 17; thence along the South line of said Section 17 South 89°33'05" West 5327.95 feet to the Southwest Corner of said Section 17; thence along the West line of said Section 17 North 00°29'44" West 5259.39 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM the following two (2) parcels:

Parcel 1 - School Site

Legal Description of a parcel of land being a portion of the Northwest Quarter of Section 4 and the Northeast Quarter of Section 5, Township 3 North, Range 65 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows:

Beginning at the Northwest corner of said Section 4 and considering the North line of the Northwest Quarter of said Section 4 as bearing North 89°45'43" East and with all bearings contained herein relative thereto; thence along said North line North 89°45'43" East 844.05 feet; thence departing said North line South 00°19'37" West 30.00 feet to the TRUE POINT OF BEGINNING; thence South 00°19'37" West 674.51 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 10°04'02" and a radius of 435.00 feet; thence Southwesterly along the arc of said curve 76.43 feet to the end of said curve, a radial line passing through said end of curve bears South 79°36'20" East; thence departing said curve South 89°45'34" West 2157.24 feet to a point on the East line of the Northwest Quarter of the Northeast Quarter of said Section 5; thence along said East line North 00°38'58" West 748.22 feet; thence departing said East line North 89°39'41" East 1332.98 feet; thence North 89°45'43" East 843.75 feet to the TRUE POINT OF BEGINNING.

Parcel 2 - Fire Station Site

Legal Description of a parcel of land being a portion of the Northwest Quarter of

Section 4, Township 3 North, Range 65 West of the 6th P.M., Weld County, Colorado, being more particularly described as follows:

Beginning at the Northwest corner of said Section 4 and considering the North line of the Northwest Quarter of said Section 4 as bearing North 89°45'43" East and with all bearings contained herein relative thereto; thence along said North line North 89°45'43" East 924.06 feet; thence departing said North line South 00°19'37" West 30.00 feet to the TRUE POINT OF BEGINNING; thence North 89°45'43" East 400.02 feet; thence South 00°19'37" West 404.39 feet; thence North 89°40'23" West 400.00 feet; thence North 00°19'37" East 400.44 feet to the TRUE POINT OF BEGINNING.

AND ALSO;

Outlots A, 1, 2 and 3, Corrected First Filing Plat of Beebe Draw Farms and Equestrian Center, according to the Plat on file in the office of the Clerk and Recorder of said County.

Open Space and Recreational Facilities and roads and trails not dedicated to Weld County, located in Section 8, Township 3 North, Range 65 West of the 6th P.M., lying in the Corrected First filing Plat of Beebe Draw Farms and Equestrian Center, according to the Plat on file in the office of the Clerk and Recorder of said County.

Open Space and Recreational Facilities and roads and trails not dedicated to Weld County, located in Section 9, Township 3 North, Range 65 West of the 6th P.M., lying in the Corrected First filing Plat of Beebe Draw Farms and Equestrian Center, according to the Plat on file in the office of the Clerk and Recorder of said County.

AND ALSO;

Buffer Zone No. 1

Legal Description of a Buffer Zone on, over and across Sections 4, 9 and 10, Township 3 North, Range 65 West of the 6th Principal Meridian, Weld County, Colorado being more particularly described as follows:

Beginning at the Southeast Corner of said Section 9 and considering the East line of said Section 9 as bearing North 01E08'41" East and with all bearings contained herein relative thereto; thence North 89E28'21" East 283.01 feet; thence North 07E13'57" West 37.52 feet; thence North 24E52'12" East 224.67 feet to the TRUE POINT OF BEGINNING; thence North 37E42'19" West 112.66 feet; thence North 79E43'10" East 728.46 feet; thence North 38E04'00" East 230.38 feet; thence North 19E19'41" East 263.74 feet; thence North 32E32'33" East 207.31 feet; thence North 05E07'42" East 137.38 feet; thence North 10E22'16" East 248.43 feet; thence North 12E33'01" West 320.01 feet; thence North 20E03'39" West 203.20 feet; thence North 02E01'55" West 267.22 feet; thence North 78E26'46" West 102.88 feet; thence North 25E08'23" East 39.61 feet; thence North 36E43'59" West 47.08 feet; thence North 24E47'31" West 200.89 feet; thence North 25E09'42" West 123.38 feet; thence North 42E52'31" West 193.95 feet; thence North 16E11'37" West 114.89 feet; thence North 55E31'12" West 83.24 feet; thence North 52E03'11" West 101.82 feet; thence North 37E11'26" West 136.50 feet; thence North 29E30'41" West 197.66 feet; thence North 23E51'09" West 272.01 feet; thence North 25E15'47" West 368.93 feet; thence North 06E03'15" West 381.47 feet; thence North 30E03'16" East 211.42 feet; thence North 53E35'20" West 133.05 feet; thence North 52E48'55" West 177.50 feet; thence North 35E26'45" West 182.91 feet; thence North 31E08'20" West 159.63 feet; thence North 40E21'52" West 127.34 feet; thence North 28E24'46" West 74.60 feet; thence North 72E03'02" West 108.17 feet; thence North 49E59'37" West 137.63 feet; thence North 35E26'24" West 200.42 feet; thence North 65E29'41" East 203.70 feet; thence South 35E26'24" East 136.24 feet; thence South 49E59'37" East 73.11 feet; thence South 72E03'02" East 149.26 feet; thence South 28E24'46" East 133.73 feet; thence South 40E21'52" East 122.55 feet; thence South 31E08'20" East 168.24 feet; thence South 35E26'45" East 144.84 feet; thence South 52E48'55" East 145.60 feet; thence South 53E35'20" East 274.60 feet; thence South 01E31'33" West 75.03 feet; thence South 30E03'16" West 263.26 feet; thence South 06E03'15" East 282.44 feet; thence South 25E15'47" East 337.55 feet; thence South 23E51'09" East 264.59 feet; thence South 29E30'41" East 174.35 feet; thence South 37E11'26" East 96.99 feet; thence South 52E03'11" East 69.68 feet; thence South 55E31'12" East 148.65 feet; thence South 16E11'37" East 138.93 feet; thence South 42E52'31" East 177.69 feet; thence South 25E09'42" East 155.19 feet; thence South 24E47'31" East 180.62 feet; thence South 36E43'59" East 146.03 feet; thence South 25E08'23" West 111.15 feet; thence South 02E01'55" East 227.19 feet; thence South 20E03'39" East 193.90 feet; thence South 12E33'01" East 346.85 feet; thence South 10E22'16" West 264.13 feet; thence South 05E07'42" West 157.19 feet; thence South 32E32'33" West 220.12 feet; thence South 19E19'41" West 268.66 feet; thence South 38E04'00" West 284.92 feet; thence South 79E43'10" West 714.61 feet to the TRUE POINT OF BEGINNING.

The above described Buffer Zone contains 23.871 acres, more or less, and is subject to all easements, agreements and rights-of-way of record.

Buffer Zone No. 2

Legal Description of a Buffer Zone on, over and across a portion of Section 4, Township 3 North, Range 65 West of the 6th Principal Meridian, Weld County, Colorado being more particularly described as follows:

Beginning at the Southeast Corner of said Section 4 and considering the East line of said Section 4 as bearing North 00E37'38" West and with all bearings contained herein relative thereto; thence North 75E43'55" West 488.44 feet to the TRUE POINT OF BEGINNING; thence South 65E29'41" West 101.85 feet; thence North 13E34'14" West 96.79 feet; thence North 06E37'15" East 86.80 feet; thence North 40E38'56" West 118.32 feet; thence North 05E34'43" West 233.99 feet; thence North 21E05'52" West 72.37 feet; thence North 74E20'47" West 205.56 feet; thence North 33E32'10" West 202.90 feet; thence North 06E08'48" East 303.79 feet; thence North 37E58'18" East 99.83 feet; thence North 47E56'08" West 187.04 feet; thence North 30E46'13" West 185.60 feet; thence North 10E18'17" West 104.98 feet; thence North 00E23'32" West 171.80 feet; thence North 51E32'58" East 73.54 feet; thence North 33E45'06" West 51.46 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 23E19'58" and a radius of 278.50 feet; thence Northwesterly along the arc of said curve 113.41 feet to the end of said curve; thence tangent from said end of curve North 10E25'08" West 43.71 feet; thence North 30E42'09" West 10.72 feet; thence North 31E28'08" West 491.40 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 36E09'27" and a radius of 245.25 feet; thence Northwesterly along the arc of said curve 154.77 feet to the end of said curve; thence tangent from said end of curve North 67E37'35" West 90.26 feet; thence North 50E32'22" West 157.09 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 59E32'10" and a radius of 292.34 feet; thence Northwesterly along the arc of said curve 303.77 feet to the end of said curve; thence tangent from said end of curve North 08E59'48" East 101.24 feet to the beginning of a tangent curve concave to the West having a central angle of 25E35'09" and a radius of 390.41 feet; thence Northwesterly along the arc of said curve 174.34 feet to the end of said curve; thence tangent from said end of curve North 16E35'20" West 120.95 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 68E29'30" and a radius of 76.33 feet; thence Northwesterly along the arc of said curve 91.25 feet to the end of said curve; thence tangent from said end of curve North 85E04'50" West 170.71 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 45E22'31" and a radius of 164.82 feet; thence Northwesterly along the arc of said curve 130.53 feet to the end of said curve; thence tangent from said end of curve North 39E42'19" West 116.57 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 36E30'36" and a radius of 230.24 feet; thence Northwesterly along the arc of said curve 146.71 feet to the end of said curve; thence tangent from said end of curve North 03E11'43" West 121.71 feet; thence North 09E40'40" East 110.34 feet; thence North 31E03'22" East 140.02 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 25E54'10" and a radius of 210.90 feet; thence Northeasterly along the arc of said curve 95.35 feet to the end of said

curve; thence tangent from said end of curve North 05E09'12" East 19.20 feet to the beginning tangent curve concave to the Southwest having a central angle of 48E38'10" and a radius of 31.88 feet; thence Northwesterly along the arc of said curve 27.06 feet to the end of said curve; thence tangent from said end of curve North 43E28'58" West 159.97 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 68E10'08" and a radius of 267.23 feet; thence Northeasterly along the arc of said curve 317.94 feet to the end of said curve; thence tangent from said end of curve North 24E41'10" East 39.72 feet to the beginning of a tangent curve concave to the Southeast having a central angle of 43E14'52" and a radius of 260.00 feet; thence Northeasterly along the arc of said curve 196.25 feet to the end of said curve; thence tangent from said end of curve North 67E56'02" East 104.90 feet; thence North 46E24'26" East 99.47 feet; thence North 35E02'43" East 121.47 feet; thence North 27E01'47" East 271.06 feet; thence North 10E09'07" East 14.64 feet; thence North 40E04'03" West 27.36 feet; thence North 89E24'21" East 64.77 feet; thence South 40E04'03" East 9.61 feet; thence South 10E09'07" West 45.49 feet; thence South 27E01'47" West 281.98 feet; thence South 35E02'43" West 129.95 feet; thence South 46E24'26" West 113.95 feet; thence South 67E56'02" West 114.41 feet to the beginning of a tangent curve concave to the Southeast having a central angle of 43E14'52" and a radius of 210.00 feet; thence Southwesterly along the arc of said curve 158.51 feet to the end of said curve; thence tangent from said end of curve South 24E41'10" West 39.72 feet to the beginning of a tangent curve concave to the East having a central angle of 68E10'08" and a radius of 217.23 feet; thence Southeasterly along the arc of said curve 258.45 feet to the end of said curve; thence tangent from said end of curve South 43E28'58" East 159.97 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 48E38'11" and a radius of 81.88 feet; thence Southeasterly along the arc of said curve 69.51 feet to the end of said curve; thence tangent from said end of curve South 05E09'12" West 19.20 feet to the beginning of a tangent curve concave to the Northwest having a central angle of 25E54'10" and a radius of 260.90 feet; thence Southwesterly along the arc of said curve 117.95 feet to the end of said curve; thence tangent from said end of curve South 31E03'22" West 130.58 feet; thence South 09E40'40" West 95.26 feet thence South 03E11'43" East 116.07 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 36E30'36" and a radius of 180.24 feet; thence Southeasterly along the arc of said curve 114.85 feet to the end of said curve; thence tangent from said end of curve South 39E42'19" East 116.57 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 45E22'31" and a radius of 114.82 feet; thence Southeasterly along the arc of said curve 90.93 feet to the end of said curve; thence tangent from said end of curve South 85E04'50" East 170.71 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 68E29'30" and a radius of 126.33 feet; thence Southeasterly along the arc of said curve 151.02 feet to the end of said curve; thence tangent from said end of curve South 16E35'20" East 120.95 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 25E35'07" and a radius of 440.41 feet; thence Southeasterly along the arc of said curve 196.66 feet to the end of said curve; thence tangent from said end of curve South 08E59'48" West 101.24 feet to the beginning of a tangent curve concave to the Northeast having a

central angle of 59E32'10" and a radius of 242.34 feet; thence Southeasterly along the arc of said curve 251.82 feet to the end of said curve; thence tangent from said end of curve South 50E32'21" East 97.62 feet; thence North 89E31'39" East 283.17 feet; thence South 31E18'35" East 113.96 feet; thence South 58E31'52" West 57.39 feet; thence South 31E28'08" East 522.19 feet; thence South 10E25'09" East 99.33 feet; thence South 33E45'06" East 157.31 feet; thence South 51E32'58" West 95.52 feet; thence South 00E23'32" East 177.92 feet; thence South 10E18'17" East 78.26 feet; thence South 30E46'13" East 152.46 feet; thence South 47E56'08" East 265.05 feet; thence South 37E58'18" West 164.42 feet; thence South 06E08'48" West 239.20 feet; thence South 33E32'10" East 129.62 feet; thence South 74E20'47" East 218.49 feet; thence South 21E05'52" East 136.12 feet; thence South 05E34'43" East 216.02 feet; thence South 40E38'56" East 130.48 feet; thence South 06E37'15" West 112.76 feet; thence South 13E34'14" East 59.67 feet to the TRUE POINT OF BEGINNING.

The above described Buffer Zone contains 11.540 acres, more or less, and is subject to all easements, agreements and rights-of-way of record.

Buffer Zone No. 3

Legal Description of a Buffer Zone on, over and across Section 4, Township 3 North Range 65 West of the 6th Principal Meridian, Weld County, Colorado being more particularly described as follows:

Beginning at the Southeast Corner of said Section 4 and considering the East line of said Section 4 as bearing North 00E37'38" West and with all bearings contained herein relative thereto; thence North 28E19'03" West 308.03 feet to the TRUE POINT OF BEGINNING; thence North 09E54'20" West 362.45 feet; thence North 17E02'45" West 167.22 feet; thence North 28E46'38" West 241.99 feet; thence North 42E33'43" West 106.54 feet; thence North 61E52'04" West 76.22 feet; thence North 89E17'02" East 139.17 feet; thence North 03E45'51" West 390.32 feet; thence North 70E52'01" West 116.11 feet; thence North 72E17'16" West 122.30 feet; thence North 55E39'25" West 181.68 feet; thence North 31E18'35" West 1177.83 feet; thence North 89E31'39" East 58.23 feet; thence South 31E18'35" East 1137.19 feet; thence North 46E31'00" East 51.15 feet; thence South 55E39'25" East 145.49 feet; thence South 72E17'16" East 108.92 feet; thence South 70E52'01" East 183.67 feet; thence South 03E45'51" East 566.45 feet; thence South 28E46'38" East 212.33 feet; thence South 17E02'45" East 183.73 feet; thence South 09E54'20" East 342.33 feet; thence South 65E19'38" West 103.42 feet to the TRUE POINT OF BEGINNING.

The above described Buffer Zone contains 5.442 acres, more or less, and is subject to all easements, agreements and rights-of-way of record.

Buffer Zone No. 4

Legal Description of a Buffer Zone on, over and across Sections 3, 4, and 10, Township 3 North, Range 65 West of the 6th Principal Meridian, Weld County, Colorado being more particularly described as follows:

Beginning at the Southeast Corner of said Section 4 and considering the East line of said Section 4 as bearing North 00E37'38" East and with all bearings contained herein relative thereto; thence North 28E19'03" West 308.03 feet to the TRUE POINT OF BEGINNING; thence North 65E19'38" East 206.83 feet; thence South 39E26'25" East 191.45 feet; thence South 27E27'03" East 128.64 feet; thence South 88E50'24" East 37.98 feet; thence South 75E57'04" East 637.84 feet; thence South 57E06'34" East 413.90 feet; thence South 36E47'35" West 277.55 feet; thence South 07E02'17" East 35.00 feet; thence South 33E54'04" East 141.84 feet; thence South 11E50'01" East 154.54 feet; thence South 07E06'02" East 276.76 feet; thence South 20E04'17" East 156.06 feet; thence South 17E31'32" West 153.08 feet; thence South 31E54'29" West 162.26 feet; thence South 72E48'51" West 27.72 feet; thence South 35E35'04" East 234.20 feet; thence South 29E11'51" East 54.50 feet; thence South 60E48'09" West 200.00 feet; thence North 29E11'51" West 43.34 feet; thence North 35E35'04" West 285.27 feet; thence North 69E49'46" West 52.20 feet; thence North 34E41'43" West 94.87 feet; thence North 40E48'08" East 154.56 feet; thence North 72E48'51" East

101.53 feet; thence North 31E54'29" East 62.43 feet; thence North 17E31'32" East 59.77 feet; thence North 20E04'17" West 110.72 feet; thence North 07E06'02" West 291.23 feet; thence North 11E50'01" West 107.28 feet; thence North 33E54'04" West 150.60 feet; thence North 07E02'17" West 163.23 feet; thence North 36E47'35" East 143.90 feet thence North 57E06'34" West 166.61 feet; thence North 75E57'04" West 582.06 feet; thence North 88E50'24" West 134.11 feet; thence North 27E27'03" West 226.36 feet; thence North 39E26'25" West 223.17 feet to the TRUE POINT OF BEGINNING.

The above described Buffer Zone contains 14.395 acres, more or less, and is subject to all easements, agreements and rights-of-way of record.

AND ALSO;

Section 15

Legal description of a portion of Section 15, Township 3 North, Range 65 West of the 6th Principal Meridian, Weld County, Colorado, being more particularly described as follows:

Beginning at the Northwest corner of said Section 15 and considering the North line of said Section 15 as bearing North 89°28'30" East and with all bearings contained herein relative thereto; thence along said North line North 89°28'30" East 358.14 feet; thence departing said North line South 00°41'42" East 5,263.69 feet to a point on the South line of said Section 15; thence along said South line South 89°49'05" West 358.01 feet to the Southwest corner of said Section 15; thence along the West line of said Section 15 North 00°41'47" West 5,261.55 feet to the Point of Beginning.

The above described parcel contains 43.259 acres, more or less, and is subject to all easements, agreements and rights-of-way of record.

EXHIBIT C

PROPOSED 2012 BUDGET

BEEBE DRAW FARMS METROPOLITAN
The Authority
Default Budget 2012
Summary

	Default Budget 2012
Total AV from D#1 & D#2	30,581,680
Total Revenue D#1	237,034
Total Revenue D#2	1,044,419
Total Revenues Available to Authority	<u>1,281,453</u>

Accounts

Operations and Maintenance	363,009
Infrastructure	734,755
Amenities	183,689
	<u>\$1,281,453</u>

Property tax revenue

O&M From District No.1	85,956
O&M From District No. 2	277,054
Infrastructure from D#1 (80/20 split aft. O&M)	120,863
Infrastructure from D#2 (80/20 split aft. O&M)	613,892
Amenities from D#1	30,216
Amenities from D#2	153,473
Total Revenue	<u>1,281,453</u>

BEEBE DRAW FARMS METROPOLITAN
THE AUTHORITY
Default Budget 2012
OPERATIONS AND MAINTENANCE ACCOUNT

	Default Budget 2012	O & M Reserve Fund	Capital Reserve Fund	Discretionary Fund
BEGINNING FUNDS AVAILABLE	\$0	\$200,000	\$125,000	\$20,000
<i>Note: The Beginning Fund Balances were transferred from D#2 Reserve Fund during Compliance Period</i>				
REVENUE				
Reservoir Hunting Club- Net below	0			
Developer Fee Revenue	0			
Interest income	1,000			
Lease revenue - Community Center	1,000			
RV Parking Fees	500			
Pool fees	3,000			
Miscellaneous	0			
Transfer From District #1	85,956			
Transfer From District #2	277,054			
Total Revenue	368,509	0	0	0
Total funds available	368,509	200,000	125,000	20,000
EXPENDITURES				
<i>O & M-General and Administrative</i>				
Accounting	10,000			
Audit	5,000			
District Management Company	50,000			
Director's Fees	5,600			
Property Management	48,400			
Insurance	8,000			
Legal	30,000			
Subtotal G & A	157,000	0	0	0
<i>O & M - Physical facilities</i>				
Equestrian facility	1,500			
Ground Lease for arenas	2,500			
Nature preserve	2,000			
Sport court	1,000			
Community Info & Sales Center/Gatehouse	7,800			
RV Storage	1,000			
Subtotal Physical Facilities	15,800	0	0	0
<i>O & M -Aquatic features</i>				
Milton Res. Lease with FRICO	4,100			
Floating docks	500			
Lake Christina (fish stocking/maint)	8,676			
Marina	2,000			
Community pool	17,000			
Subtotal Aquatic features	32,276	0	0	0
<i>O & M - Parks and Open space</i>				
Multi purpose field	5,000			
General Landscape maintenance	18,000			
Play equipment	1,000			
Open space maintenance	1,500			
Mosquito control	10,000			
Weed Control	5,000			
Rodent control	2,500			
Cross country riding course	500			
Subtotal Parks & Open Space	43,500	0	0	0

	Default Budget 2012	O&M Reserve Fund	Capital Reserve Fund	Discretionary Fund
<i>O & M - Roads, trails and ditches</i>				
Riding and walking trails	2,000			
Road maintenance - Paved	8,000		96,609 #1	
Road Maintenance- Paved R&R	0			
Road maintenance - Dirt	500			
Footbridges	250			
Subtotal Roads, Trails, & Ditches	10,750	0	96,609	0
<i>O & M - Other current expenses</i>				
Other repairs/maintenance Contingency	5,000		25,000 #3	
Vehicle/tractors/mowers	1,000			
Public Relations	0			
Subtotal Other O & M	6,000	0	25,000	0
Total Operations & Maintenance (O & M)	265,326	0	121,609	0
Fund Discretionary \$20K	20,000		#2	(20,000)
Fund Capital Reserve & Replacement:				
Road Reserve	22,520		(22,520)	
OtherCapital Reserves	33,802		(33,802)	
Emergency Reserves	\$26,861			
ENDING FUNDS AVAILABLE	0	200,000	59,713	40,000

Note #1: The \$96K expenditure in Capital R&R is non-routine, specific to 2012 and is NOT part of the Default Budget.

Note #2: \$20K annually transfers into the Discretionary fund and are spent at the discretion of D#1 members

Note #3: \$25K annually will be budgeted for discretionary expenditures for unplanned expenses that could not be predicted at the time of Budget setting. This amount does not accumulate and if unspent will remain in the Cap. R&R fund.

BEEBE DRAW FARMS METROPOLITAN
THE AUTHORITY
Default Budget 2012
INFRASTRUCTURE

	Default Budget 2012	
BEGINNING FUNDS AVAILABLE	<u>\$1,700,000</u>	<i>Transfer from D#2 of ending balance in General Fund</i>
REVENUE		
Interest income	17,000	
Miscellaneous	0	
Transfer From District #1	123,429	
Transfer From District #2	<u>622,164</u>	
Total Revenue	<u>762,593</u>	
 Total funds available	 <u><u>\$2,462,593</u></u>	
EXPENDITURES		
Infrastructure (water, roads, ...)	0	
Engineering/planning	0	
Water shares purchase	0	
Signage	0	
Emergency reserves (3%)	<u>0</u>	
Subtotal Infrastructure	<u>0</u>	
 Total expenditures	 <u>0</u>	
 ENDING FUNDS AVAILABLE	 <u><u>\$2,462,593</u></u>	

Note: expenditures in the Infrastructure Account are not part of the Default Budget and are determined by the D#2 members in accordance with the AEA.

BEEBE DRAW FARMS METROPOLITAN
 THE AUTHORITY
 Default Budget 2012
AMENITIES FUND

BEGINNING FUNDS AVAILABLE	<u>\$400,000</u>	D#2 Will transfer \$400K during Compliance Period
REVENUE		
Property taxes from D#1	30,857	
Property taxes from District #2	<u>155,541</u>	
Total Revenue	<u>186,398</u>	
Total funds available	<u>586,398</u>	
EXPENDITURES		
Amenities		
Engineering/planning	0	
Entry Landscape improvements	0	
Equestrian facility	0	
Lake Christina Nature preserve	0	
Reservoir/marina	0	
Parkway Landscape	0	
Park and Recreation facilities	0	
RV Parking lot	0	
Signage	0	
Other	0	
Walking/riding paths	<u>0</u>	
Subtotal Amenities	<u>0</u>	
Emergency reserves (3%)	<u>0</u>	
Total expenditures	<u>0</u>	
ENDING FUNDS AVAILABLE	<u>\$586,398</u>	
<i>Note: expenditures in the Amenities Account are not part of the Default Budget and are determined in accordance with the AEA</i>		

BEEBE DRAW FARMS METROPOLITAN
DISTRICT #1
DEFAULT BUDGET 2012
Property Tax Summary

	<u>Default Budget 2012</u>
Assessed Valuation - Weld County	<u>7,241,330</u>
Mill Levy	
General Fund	33.0000
Debt Service Fund	<u>7.0000</u>
Total Mill Levy	<u>40.0000</u>
Property tax revenue	
General Fund	238,964
Debt Service Fund-District 1	50,689
Debt Service Fund-District 2	<u>163,382</u>
Total Property Tax Revenue	<u>453,036</u>

BEEBE DRAW FARMS METROPLITAN
 DISTRICT #1
 Default Budget
 General Fund
 2012

	Default Budget 2012
BEGINNING FUNDS AVAILABLE	<u>\$0</u>
REVENUE	
Property taxes	238,964
Specific ownership taxes	16,727
Interest income	500
Lottery Fund	500
Other Income	<u>0</u>
Total Revenue	<u>256,691</u>
Total funds available	<u>256,691</u>
EXPENDITURES	
Accounting	2,500
Audit	4,000
Director's fees	1,000
Legal	5,000
Insurance	1,500
Miscellaneous	1,500
Treasurer fee	3,584
Emergency reserves (3%)	573
Transfer to Authority	<u>237,034</u>
Total expenditures	<u>256,691</u>
ENDING FUNDS AVAILABLE	<u>\$0</u>

BEEBE DRAW FARMS METROPLITAN
 DISTRICT #1
 Default Budget
 Debt Service Fund
 2012

	Default Budget 2012
BEGINNING FUNDS AVAILABLE	<u>\$25,988</u>
REVENUE	
Property taxes from D#1	50,689
Property taxes from District #2	<u>163,382</u>
Total Revenue	<u>214,072</u>
Total funds available	<u>240,059</u>
EXPENDITURES	
Bond Interest	76,200
Bond Principal	135,000
Treasurer fee	3,211
Paying agent fees	<u>300</u>
Total expenditures	<u>214,711</u>
ENDING FUNDS AVAILABLE	<u>\$25,348</u>

Note: This debt fund is related to the 1998 G.O. Bonds which are anticipated to be paid off in 2018

EXHIBIT D

DISTRICT NO. 1 CAPITAL PLEDGE AGREEMENT

DISTRICT NO. 1 CAPITAL PLEDGE AGREEMENT

This **DISTRICT NO. 1 CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of _____, 2011 by and between BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1 (the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado and BEEBE DRAW FARMS AUTHORITY (the “**Authority**”), a separate legal entity. All capitalized terms used herein and not otherwise defined shall have the meanings assigned them in Article I hereof.

RECITALS

WHEREAS, the District and Beebe Draw Farms Metropolitan District No. 2 (“**District No. 2**” and, together with the District, the “**Districts**”) are special districts organized pursuant to Sections 32-1-101, C.R.S. et seq. and operate in accordance with a Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011 (the “**Service Plan**”); and

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

WHEREAS, the Service Plan discloses and establishes the necessity for, and desirability of an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of Public Improvements (hereinafter defined) contemplated in the Service Plan and concerning the provision of essential services in the community to be served by the Districts; and

WHEREAS, in furtherance of the foregoing, and as permitted by Section 29-1-203(4), C.R.S., the Authority was established pursuant to a Beebe Draw Farms Authority Establishment Agreement dated as of _____, 2011, between the Districts (the “**Establishment Agreement**”); and

WHEREAS, the Establishment Agreement created the Authority and sets forth an overall plan for financing, construction, ownership, operation and maintenance of the Public Improvements agreed upon by the Districts and intended to facilitate the provision of such Public Improvements in a timely and efficient manner, and to allocate the costs thereof equitably among the users of such Public Improvements, through cooperation among the Authority and the Districts; and

WHEREAS, in accordance with the Service Plan and Establishment Agreement, the Districts and the Authority anticipate that District No. 2 may issue, from time to time, revenue bonds (as more particularly defined herein, the “**Revenue Bonds**”) for the purpose of funding the Actual Capital Costs (defined herein); and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority now desire to enter into this District No. 1 Capital Pledge Agreement for the purpose

of continuing to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided herein; and

WHEREAS, at an election of the qualified electors of the District duly called for and held on November 2, 2010 (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, including the Public Improvements, as follows:

Authorization	
Purpose	Total
Streets	\$1,500,000
Water	\$1,500,000
Parks and Recreation	\$1,500,000

WHEREAS, the District hereby acknowledges that, with respect to the indebtedness represented by this Capital Pledge Agreement, based upon the Principal Portion of the Payment Obligations hereunder (as defined herein, \$1,500,000), there is sufficient authorization in each of the afore-described categories of debt to authorize the full amount of such indebtedness, the District does not intend to issue any other indebtedness that would require such authorization, and therefore determines to allocate the authority for debt contained in the Election for specific infrastructure categories to the indebtedness represented by the Pledge Agreement as the revenues generated hereunder are applied to specific infrastructure uses; and

WHEREAS, for the purpose of funding the costs of financing, construction, completion, operation and maintenance of public improvements needed for development within the Districts, in accordance with a Consolidated Service Plan of the Districts dated May 1999 (which service plan was subsequently amended and restated by the Service Plan), the Districts previously entered into an Intergovernmental Agreement dated August 8, 2001, as subsequently amended and restated by an Amended and Restated Intergovernmental Agreement dated November 3, 2008 (the “Master IGA”), pursuant to which the District was required to impose ad valorem property taxes equal to 40 mills, inclusive of the property tax levy required with respect to the District’s General Obligation Bonds, Series 1998; and

WHEREAS, in furtherance of the financing plan for the Public Improvements more particularly described in the Establishment Agreement, the Districts and the Authority have terminated the Master IGA in the Establishment Agreement; and

WHEREAS, the District has determined and hereby determines that the execution of this Pledge Agreement, to facilitate the purposes of this Pledge Agreement and the Establishment Agreement, and the provision of the Public Improvements are in the best interests of the District and the residents, property owners, and taxpayers thereof and that the financing plan set forth in the Establishment Agreement and implemented, in part, through the execution and delivery of this Pledge Agreement is necessary for the timely and efficient provisions of the Public Improvements and equitable allocation of the costs thereof among the users of the Public Improvements; and

WHEREAS, all amendments to this Agreement made pursuant hereto and not in conflict with the ballot questions, the Service Plan or the Establishment Agreement, which authorized the debt represented by this Agreement, shall be deemed part of this 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 Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

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

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

Section 1.02. Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below. Capitalized terms used and not otherwise defined (including but not limited to Amenities, Amenity Account, Infrastructure, Infrastructure Account and Required O&M Mill Levy) shall have the meanings assigned them in the Establishment Agreement.

(a) “Actual Capital Costs” shall mean, collectively, “Actual Capital Costs” as defined in the Establishment Agreement and, in addition, any O&M Shortfall funded from the Amenity Account or Infrastructure Account in accordance with Section 5.2 of the Establishment Agreement.

(b) “Agreement” or “Pledge Agreement” or “Capital Pledge Agreement” shall mean this Agreement and any amendment hereto made in accordance herewith.

(c) “Assignment Agreement” shall mean any agreement entered into between the Authority and District No. 2 that provides for the assignment by the Authority to District No. 2 of a specified portion of Pledged Revenues deposited in, or to be deposited in, the Infrastructure Account or Amenity Account in accordance with this Pledge Agreement and the Establishment Agreement, which assignment agreement is intended to secure payment of Revenue Bonds and/or Developer Revenue Obligations of District No. 2.

(d) “Authority” means Beebe Draw Farms Authority, formed pursuant to the Establishment Agreement.

(e) “Board” or “Boards” shall mean the lawfully organized Boards of Directors of the Districts.

(f) “Board of County Commissioners” shall mean the Board of County Commissioners for Weld County, Colorado.

(g) “Bond Documents” shall mean any resolution, indenture, reimbursement agreement or other agreement entered into or adopted by District No. 2 in connection with the issuance of Revenue Bonds.

(h) “Bondholder” means the beneficial owner of any Revenue Bond.

(i) “Developer” shall have the meaning assigned it in the Establishment Agreement.

(j) “Developer Revenue Obligations” shall mean notes, bonds or other indebtedness issued by the District and payable to the Developer for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement.

(k) “District” shall mean Beebe Draw Farms Metropolitan District No. 1.

(l) “District No. 2” shall mean Beebe Draw Farms Metropolitan District No. 2.

(m) “Effective Date” shall mean _____, 2011.

(n) “Establishment Agreement” means the Beebe Draw Farms Authority Establishment Agreement dated _____, 2011, between the District and District No. 2.

(o) “Mill Levy Certification Date” means December 10 of each year, on or prior to which date an ad valorem property tax levy is required to be certified to the County Board in accordance with Section 2.04 hereof and state law.

(p) "1998 Bond Mill Levy" means, for any particular Mill Levy Certification Date, the ad valorem property tax levy required to be imposed upon property within the boundaries of the District for the payment of the debt service costs (including principal, interest, mandatory redemption price, trustee and paying agent fees) for the 1998 Bonds.

(q) "1998 Bonds" means the District's General Obligation Bonds, Series 1998.

(r) "Payment Obligation" shall mean the District's obligation to pay the Actual Capital Costs in accordance with the provisions hereof, but solely from Pledged Revenues, to the extent available.

(s) "Pledged Revenues" means, collectively, Property Tax Revenues and Specific Ownership Tax Revenues.

(t) "Principal Portion" means an amount equal to \$1,500,000, representing the principal component of the Payment Obligation hereunder.

(u) "Property Tax Revenues" means all moneys derived from imposition of the Required Mill Levy by the District, but excluding Specific Ownership Tax Revenues.

(v) "Public Improvements" means, collectively, Infrastructure and Amenities, as more particularly defined in the Establishment Agreement.

(w) "Required Mill Levy" means, with respect to any particular Mill Levy Certification Date, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year, commencing in tax levy year 2011 (tax collection year 2012), in an amount equal to 40 mills less the 1998 Bond Mill Levy for such Mill Levy Certification Date, and less the O&M Mill Levy for such Mill Levy Certification Date; provided that, notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy rate which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

(x) "Revenue Bonds" shall mean any notes, bonds or other indebtedness issued by District No. 2 for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to District No. 2 in accordance with an Assignment Agreement, excluding Developer Revenue Obligations.

(y) "Service Plan" shall mean the Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011, as the same may be amended from time to time.

(z) "Specific Ownership Tax Revenues" shall mean the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy.

(aa) "Supplemental Act" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(bb) "Termination Date" shall mean December 31, 2018; provided, however, that the District shall not be obligated to certify the Required Mill Levy after tax levy year 2017 (tax collection year 2018).

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 Agreement, was approved at an election held for the District on November 2, 2010, in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval.

Section 2.02. Funding of Actual Capital Costs Generally.

(a) In exchange for the Authority's agreement to provide for the acquisition, construction, improvement and equipping of the Amenities and the Infrastructure, in accordance with the Establishment Agreement and as more particularly provided in Section 2.05(c) below, the District hereby agrees to pay to the Authority for the payment of Actual Capital Costs, but solely from the sources specified herein, the amount of \$1,500,000, plus interest thereon at the rate of 15.0% per annum (calculated in accordance with subparagraph (b) hereof), or such lesser amount as may be funded from the Pledged Revenues (the "**Payment Obligation**").

(b) Interest shall accrue on the outstanding balance of the Principal Portion of the Payment Obligation (initially \$1,500,000) at the rate of 15.0% per annum, and shall be calculated monthly based upon the outstanding Principal Portion as of the end of each month. Accrued but unpaid interest shall compound semi-annually on each June 1 and December 1, commencing on the first June 1 or December 1 (whichever is the earliest) to occur after the date of execution of this Agreement.

(c) Pledged Revenues received by the Authority (including any amounts payable to the Authority but assigned to District No. 2 in accordance with any Assignment Agreement) shall be applied, first, to the payment of accrued interest and, second, to the outstanding principal balance of the Payment Obligation.

(d) The Payment Obligation constitutes a limited tax obligation of the District payable solely from and to the extent of the Pledged Revenues. The Pledged Revenues are hereby pledged by the District to the Authority, for the payment of Actual Capital Costs in accordance with the provisions hereof. The Payment Obligation shall constitute

an irrevocable lien upon the Pledged Revenues. The District hereby elects to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Payment Obligation.

Section 2.03. Limitations on Payment Obligation. In no event shall the total or annual obligations of the District hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Payment Obligation will be deemed defeased and no longer outstanding upon the earlier of: (i) the payment by the District of such amount; or (ii) the Termination Date.

Section 2.04. Imposition of Required Mill Levy.

(a) In order to fund the Payment Obligation, the District agrees to levy on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in tax levy year 2011 (tax collection year 2012), and in each year thereafter through and including tax levy year 2017 (tax collection year 2018), but in no event after tax levy year 2017 (tax collection year 2018), in the amount of the Required Mill Levy. Nothing herein shall be construed to require the District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy or after the Termination Date.

(b) The parties hereto acknowledge that Article 5 of the Establishment Agreement sets forth a process by which the Authority will develop and submit to the Districts an annual operating budget. In order to facilitate the determination of the Required Mill Levy by the District, the Authority shall provide to the District, the preliminary and final O&M Mill Levy for the immediately succeeding Mill Levy Certification Date, in the time and manner set forth in the Establishment Agreement.

(c) No later than December 5th of each year, the District shall provide written notice to the Authority of the Required Mill Levy that the District intends to certify on the immediately succeeding Mill Levy Certification Date, and the District shall certify the same no later than December 10 unless notified by the Authority that the Required Mill Levy as determined by the District is not in compliance with the requirements of this Agreement.

(d) The District acknowledges that it has actively participated in the development of the plan to finance Actual Capital Costs as set forth in the Establishment Agreement and herein, including the method for calculation of the Required Mill Levy as set forth herein, that such calculation is designed to correlate to the benefit to the District of the Public Improvements financed by the Pledged Revenues (and, Revenue Bonds, if any) and that the calculation of the Required Mill Levy in accordance with the foregoing and obligation of the District to impose the same in each year during the term of this Agreement shall be final and binding upon the District.

(e) This Section 2.04 is hereby declared to be the certificate of the District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due hereunder.

(f) It shall be the duty of the District annually at the time and in the manner provided by law for the levying of the District's taxes, if such action shall be necessary to effectuate the provisions of this 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 the District to cause the appropriate officials of Weld 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 of Colorado.

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

Section 2.05. Payment and Application of Revenues.

(a) Subject to Section 2.09 hereof, the District hereby agrees to remit to the Authority [as soon as practicable upon receipt], all revenues comprising Property Tax Revenues and Specific Ownership Tax Revenues (subject to the requirements of any covenants or undertakings of the District with respect to the 1998 Bonds).

(b) All amounts payable by the District hereunder shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the Authority.

(c) The Authority hereby agrees that, subject to Section 2.09, the Authority shall promptly deposit all Pledged Revenues received by it in accordance with this Agreement into the Infrastructure Account or the Amenity Account established under the Establishment Agreement and shall cause the same to be applied to Actual Capital Costs relating to Infrastructure or Amenities, respectively, as more particularly provided in the Establishment Agreement; provided, however, that, notwithstanding the foregoing, the Pledged Revenues may be directly deposited by the District into the Infrastructure Account or Amenity Account, as directed by the Authority and in accordance with the Establishment Agreement. Without limiting the foregoing, the Authority hereby agrees to undertake and diligently pursue the provision of Public Improvements in accordance with the Establishment Agreement, to the extent funding is available therefor from the Pledged Revenues payable hereunder. The Authority and the District acknowledge that the Establishment Agreement, including the provisions thereof relating to the deposit and use of moneys in the Infrastructure Account and Amenity Account, may not be amended or modified in any way without the prior written consent of the District.

(d) The Authority shall provide to the District, not less than 180 days after the end of each fiscal year, a report indicating, separately, the amounts of Property Tax Revenues and Specific Ownership Tax Revenues received by the Authority and deposited

into the Infrastructure Account and Amenity Account. Such report shall also provide the amount of Pledged Revenues disbursed from the Infrastructure Account to fund Roads and, separately, Water (both as defined in the Establishment Agreement), and the amount of Pledged Revenues disbursed from the Amenity Account to fund Amenities.

Section 2.06. 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 the District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the District to levy ad valorem property taxes, or as limiting or impairing the obligation of the District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

Furthermore, the District acknowledges that purchasers and credit enhancers of the Developer Revenue Obligations and the Revenue Bonds may incur costs and expenses, and will have otherwise purchased or provided credit enhancement for the Developer Revenue Obligations and Revenue Bonds, in reliance upon the promise of the District to impose the Required Mill Levy and pay the Pledged Revenues generated therefrom to the Authority in accordance with this Agreement and, as a result, such parties shall be entitled to rely on the payment obligations of the District to the Authority contained hereunder. Accordingly, it is acknowledged by the parties hereto that the purpose of this Section 2.06 is to ensure that the Authority receives all payments due herein in a timely manner in order to provide for the payment of amounts due to such parties.

Section 2.07. Limited Defenses; Specific Performance. It is understood and agreed by the District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the District hereunder remains unfulfilled, the District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to the Authority or the Authority's ability to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the District, in the event that the District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Agreement, 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 2.08. Future Exclusion of Property. The parties agree that this Agreement constitutes "indebtedness" as contemplated by Section 32-1-503, C.R.S. Any property excluded from the District after the date hereof is to remain liable for the imposition of the 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 the District, as provided in Section 32-1-503, C.R.S.. In the event that any order providing for the exclusion of property from the District does not so provide and specifically indicate the liability of such excluded

property for the obligations set forth herein, the Authority and the District hereby agree to take all actions reasonably necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Authority.

Section 2.09. Future Debt of the District.

(a) The parties acknowledge that, in accordance with the Establishment Agreement, District No. 2 may issue Revenue Bonds or enter into Developer Revenue Obligations for the purpose of funding Actual Capital Costs relating to Infrastructure and, with the consent of the Authority, Amenities, which Revenue Bonds and Developer Revenue Obligations are intended to be payable from Pledged Revenues assigned by the Authority to District No. 2, which are otherwise required, in accordance with this Agreement, to be paid to the Authority and deposited into the Infrastructure Account and Amenity Account, as applicable.

(b) The District agrees that in compliance with the Establishment Agreement it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District or payable from any other revenues of the District or otherwise constituting indebtedness.

(c) In the event that, in accordance with the Establishment Agreement and subject to the limitations thereof, District No. 2 issues Revenue Bonds or Developer Revenue Obligations to fund the costs of Public Improvements, the District acknowledges that District No. 2 and the Authority may enter into an Assignment Agreement to provide for the payment of such Revenue Bonds or Developer Revenue Obligations. Any such Assignment Agreement shall provide that the portions of such Pledged Revenues that would otherwise be applied, in accordance with the Establishment Agreement, to costs of Amenities or Infrastructure, shall be applied to the payment of Revenue Bonds or Developer Revenue Obligations funding Amenities or Infrastructure, respectively. In no event shall an Assignment Agreement abrogate the intended allocation of Pledged Revenues between costs of Amenities and Infrastructure, as provided in the Establishment Agreement.

(d) At least once a year as required by applicable state law, the District will cause an audit to be performed of the records relating to revenues and expenditures of the District. In addition, at least once a year as required by applicable state 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 as required by applicable state law.

Section 2.10. Representations and Warranties of the District. The District hereby makes the following representations and warranties:

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

(b) The District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Pledge Agreement. The District's

execution, delivery, and performance of this Pledge Agreement have 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).

(g) It is acknowledged that the payment obligations of the District hereunder are expressly subordinate to the payment obligations of the District with respect to its General Obligation Bonds, Series 1998.

Section 2.11. Representations and Warranties of the Authority. The Authority hereby makes the following representations and warranties:

(a) The Authority is a separate legal entity duly organized and validly existing under the laws of the State of Colorado.

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

(c) The Authority 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 Authority to perform its obligations hereunder. The execution, delivery and performance by the Authority 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 Authority 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 Authority pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Authority is a party or which purports to be binding upon the Authority or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The Authority 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 Authority of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Authority 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 Authority threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the Authority 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 Authority to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority 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 III

EVENTS OF DEFAULT AND REMEDIES

Section 3.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an “Event of Default” hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Required Mill Levy or to remit the Property Tax Revenues and Specific Ownership Tax Revenues, 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 sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(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 ninety (90) days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 3.02. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, but solely for the purpose of seeking specific performance.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Pledge of Pledged Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The Property Tax Revenues and Specific Ownership Tax Revenues 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 the District irrespective of whether such persons have notice of such liens.

Section 4.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Boards of Directors of the District or the Authority, or any officer or agent of the District or Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for, with respect to the District, payment of the Payment Obligation or, with respect to the Authority, provision of the Public Improvements. Such recourse shall not be available either directly or indirectly through the Authority or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Pledge Agreement and as a part of the consideration hereof, the Authority and the District each specifically waives any such recourse.

Section 4.03. 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 4.04. 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, execution, or delivery of this Pledge Agreement shall be commenced more than thirty days after the authorization of this Pledge Agreement.

Section 4.05. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

If to District:

With copies to:

If to the Authority:

With copies to:

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Either party by written notice so provided may change the address to which future notices shall be sent.

Section 4.06. Miscellaneous.

(a) This Pledge Agreement and the Establishment 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. In the event of any conflict between provisions of this Pledge Agreement and any other agreement between the District and the Authority, provisions of this Pledge Agreement shall control. No party has been induced to enter into this Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Pledge Agreement.

(b) If any term or provision of this Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Pledge Agreement. If any provision or part thereof of this Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third party beneficiaries of this Pledge Agreement, other than District No. 2 and the Developer.

(d) This Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties.

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

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the County of Weld, State of Colorado.

(g) 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.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the

next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this 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.

(j) 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.

Section 4.07. Effective Date and Termination Date. This Agreement shall become effective on the Effective Date, and shall remain in effect until the Termination Date.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the District and the Authority have executed this Agreement as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1

By: _____
President

ATTEST:

Secretary

BEEBE DRAW FARMS AUTHORITY

By: _____
President

ATTEST:

Secretary

Agreed with respect to Section 4.03 of this District No. 1 Capital Pledge Agreement, as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

By: _____
President

ATTEST:

Secretary

EXHIBIT E

INITIAL DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT

INITIAL DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT

This **INITIAL DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of _____, 2011 by and between BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2 (the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado and BEEBE DRAW FARMS AUTHORITY (the “**Authority**”), a separate legal entity. All capitalized terms used herein and not otherwise defined shall have the meanings assigned them in Article I hereof.

RECITALS

WHEREAS, the District and Beebe Draw Farms Metropolitan District No. 1 (“**District No. 1**” and, together with the District, the “**Districts**”) are special districts organized pursuant to Section 32-1-101, C.R.S. et seq. and operate in accordance with a Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011 (the “**Service Plan**”); and

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

WHEREAS, the Service Plan discloses and establishes the necessity for, and desirability of an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of Public Improvements (hereinafter defined) contemplated in the Service Plan and concerning the provision of essential services in the community to be served by the Districts; and

WHEREAS, in furtherance of the foregoing, and as permitted by Section 29-1-203(4), C.R.S., the Authority was established pursuant to a Beebe Draw Farms Authority Establishment Agreement dated as of _____, 2011, between the Districts (the “**Establishment Agreement**”); and

WHEREAS, the Establishment Agreement created the Authority and sets forth an overall plan for financing, construction, ownership, operation and maintenance of the Public Improvements agreed upon by the Districts and intended to facilitate the provision of such Public Improvements in a timely and efficient manner, and to allocate the costs thereof equitably among the users of such Public Improvements, through cooperation among the Authority and the Districts; and

WHEREAS, in accordance with the Service Plan and Establishment Agreement, the District and the Authority anticipate that the District may issue, from time to time, revenue bonds (as more particularly defined herein, the “**Revenue Bonds**”) for the purpose of funding the Actual Capital Costs (defined herein); and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority now desire to enter into this Initial District No. 2 Capital Pledge Agreement to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided herein; and

WHEREAS, at an election of the qualified electors of the District duly called for and held on November 2, 2010 (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, including the Public Improvements, as follows:

Authorization	
Purpose	Total
Streets	\$44,000,000
Water	44,000,000
Parks and Recreation	44,000,000

WHEREAS, the District hereby acknowledges that, with respect to the indebtedness represented by this Capital Pledge Agreement, based upon the Principal Portion of the Payment Obligations hereunder (as defined herein, \$26,125,508), there is sufficient authorization in each of the afore-described categories of debt to authorize the full amount of such indebtedness, the District does not intend to issue any other indebtedness that would require such authorization (taking into account the authorization that would remain if such amount were applied to each of the afore-described categories of debt), and therefore determines to allocate the authority for debt contained in the Election for specific infrastructure categories to the indebtedness represented by the Pledge Agreement as the revenues generated hereunder are applied to specific infrastructure uses; and

WHEREAS, the District has determined and hereby determines that the execution of this Pledge Agreement, to facilitate the purposes of this Pledge Agreement and the Establishment Agreement, and the provision of the Public Improvements are in the best interests of the District and the residents, property owners, and taxpayers thereof and that the financing plan set forth in the Establishment Agreement and implemented, in part, through the execution and delivery of this Pledge Agreement is necessary for the timely and efficient provisions of the Public Improvements and equitable allocation of the costs thereof among the users of the Public Improvements; and

WHEREAS, all amendments to this Agreement made pursuant hereto and not in conflict with the ballot questions, the Service Plan or the Establishment Agreement, which authorized the debt represented by this Agreement, shall be deemed part of this 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 Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

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

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 2.1 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

Section 1.02. Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below. Capitalized terms used and not otherwise defined (including but not limited to Amenities, Amenity Account, Infrastructure, Infrastructure Account and Required O&M Mill Levy) shall have the meanings assigned them in the Establishment Agreement.

(a) “Actual Capital Costs” shall mean, collectively, “Actual Capital Costs” as defined in the Establishment Agreement and, in addition, any O&M Shortfall funded from the Amenity Account or Infrastructure Account in accordance with Section 5.2 of the Establishment Agreement.

(b) “Agreement” or “Pledge Agreement” or “Capital Pledge Agreement” shall mean this Agreement and any amendment hereto made in accordance herewith.

(c) “Assignment Agreement” shall mean any agreement entered into between the Authority and the District that provides for the assignment by the Authority to the District of a specified portion of Pledged Revenues deposited in, or to be deposited in, the Infrastructure Account or Amenity Account in accordance with this Pledge Agreement and the Establishment Agreement, which Assignment Agreement is intended to secure payment of Revenue Bonds and/or Developer Revenue Obligations of the District.

(d) “Authority” means Beebe Draw Farms Authority, formed pursuant to the Establishment Agreement.

(e) “Board” or “Boards” shall mean the lawfully organized Boards of Directors of the Districts.

(f) “Board of County Commissioners” shall mean the Board of County Commissioners for Weld County, Colorado.

(g) “Bond Documents” shall mean any resolution, indenture, reimbursement agreement or other agreement entered into or adopted by the District in connection with the issuance of Revenue Bonds.

(h) “Bondholder” means the beneficial owner of any Revenue Bond.

(i) “Developer” shall have the meaning assigned it in the Establishment Agreement.

(j) “Developer Revenue Obligations” shall mean notes, bonds or other indebtedness issued by the District and payable to the Developer for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement.

(k) “Development Fees” shall have the meaning assigned it in the Establishment Agreement.

(l) “District” shall mean Beebe Draw Farms Metropolitan District No. 2.

(m) “District No. 1” shall mean Beebe Draw Farms Metropolitan District No. 1.

(n) “Effective Date” shall mean _____, 2011.

(o) “Establishment Agreement” means the Beebe Draw Farms Authority Establishment Agreement dated _____, 2011, between the District and District No. 1.

(p) “Maximum Annual Limited Receipts” shall mean, for any particular calendar year, the dollar amount that would result from the imposition of an ad valorem property tax levy of 50 mills (without adjustment) on the final certified assessed valuation of the District, as certified to the District by the County Assessor on the immediately preceding December 10.

(q) “Mill Levy Certification Date” means December 10 of each year, on or prior to which date an ad valorem property tax levy is required to be certified to the County Board in accordance with Section 2.04 hereof and state law.

(r) “1998 Bond Mill Levy” means, for any particular Mill Levy Certification Date, the ad valorem property tax levy required to be imposed upon property within the

boundaries of District No. 1 for the payment of the debt service costs (including principal, interest, mandatory redemption price, trustee and paying agent fees) for the General Obligation Bonds, Series 1998 issued by District No. 1.

(s) "Payment Obligation" shall mean the District's obligation to pay the Actual Capital Costs in accordance with the provisions hereof, but solely from Pledged Revenues, to the extent available.

(t) "Pledged Revenues" means, collectively, Property Tax Revenues, Specific Ownership Tax Revenues, and Development Fees.

(u) "Principal Portion" means an amount equal to \$26,125,508, representing the principal component of the Payment Obligation hereunder.

(v) "Property Tax Revenues" means all moneys derived from imposition of the Required Mill Levy by the District, but excluding Specific Ownership Tax Revenues.

(w) "Public Improvements" means, collectively, Infrastructure and Amenities, as more particularly defined in the Establishment Agreement.

(x) "Required Mill Levy" means, with respect to any particular Mill Levy Certification Date, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year, commencing in tax levy year 2011 (tax collection year 2012), in an amount equal to 50 mills less the 1998 Bond Mill Levy for such Mill Levy Certification Date, and less the Required O&M Mill Levy for such Mill Levy Certification Date; provided that:

(i) in the event the method of calculating assessed valuation is changed after June 1, 2011, the 50 mills described above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) notwithstanding anything herein to the contrary, in no event shall the Required Mill Levy exceed 50 mills, except under the circumstances set forth in Section 2.03(b) hereof, and subject to the limitations set forth therein, and, in the event that the Required Mill Levy as calculated pursuant to the foregoing would exceed 50 mills and Section 2.03(b) is not applicable, then the Required Mill Levy shall be reduced to equal 50 mills; and

(iii) notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy rate which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected

in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

(y) "Revenue Bonds" shall mean notes, bonds or other indebtedness issued by the District for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement, excluding Developer Revenue Obligations.

(z) "Service Plan" shall mean the Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011.

(aa) "Specific Ownership Tax Revenues" shall mean the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy.

(bb) "Subsequent Pledge Agreements" means pledge agreements entered into between the District and the Authority subsequent to the date hereof providing for the imposition of ad valorem property taxes by the District and payment of the proceeds thereof to the Authority, as contemplated by the Establishment Agreement.

(cc) "Supplemental Act" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(dd) "Termination Date" shall mean _____, 2051 (i.e., the imposition of taxes hereunder shall not be made after tax levy year 2050 and such taxes shall not be collected after tax collection year 2051), or such earlier date as the Payment Obligation hereunder is refunded by a Subsequent Pledge Agreement.

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 Agreement, was approved at an election held for the District on November 2, 2010, in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval.

Section 2.02. Funding of Actual Capital Costs Generally.

(a) In exchange for the Authority's agreement to provide for the acquisition, construction, improvement and equipping of the Amenities and the Infrastructure, in accordance with the Establishment Agreement and as more particularly provided in Section 2.05(c) below, and in exchange for the purchase by any Bondholder of Revenue Bonds (if any) issued to fund Actual Capital Costs and payable from Pledged Revenues

generated hereunder, the District hereby agrees to pay to the Authority for the payment of Actual Capital Costs, but solely from the sources specified herein, the amount of \$26,125,508, plus interest thereon at the rate of 15.0% per annum (calculated in accordance with subparagraph (b) hereof), or such lesser amount as may be funded from the Pledged Revenues (the “**Payment Obligation**”).

(b) Interest shall accrue on the outstanding balance of the Principal Portion of the Payment Obligation (initially \$26,125,508) at the rate of 15.0% per annum, and shall be calculated monthly based upon the outstanding Principal Portion as of the end of each month. Accrued but unpaid interest shall compound semi-annually on each June 1 and December 1, commencing on the first June 1 or December 1 (whichever is the earliest) to occur after the date of execution of this Agreement.

(c) Pledged Revenues received by the Authority (including any amounts payable to the Authority but assigned to the District in accordance with any Assignment Agreement) shall be applied, first, to the payment of accrued interest and, second, to the outstanding principal balance of the Payment Obligation.

(d) The Payment Obligation constitutes a limited tax obligation of the District payable solely from and to the extent of the Pledged Revenues. The Pledged Revenues are hereby pledged by the District to the Authority (and, to the extent of any Bondholders, for the benefit of such Bondholders), for the payment of Actual Capital Costs in accordance with the provisions hereof. The Payment Obligation shall constitute an irrevocable lien upon the Pledged Revenues. The District hereby elects to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Payment Obligation.

Section 2.03. Limitations on Payment Obligation.

(a) In no event shall the total or annual obligations of the District hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Payment Obligation will be deemed defeased and no longer outstanding upon the earlier of: (i) the payment by the District of such amount; or (ii) the Termination Date.

(b) In accordance with the definition of Required Mill Levy set forth in Section 1.02 hereof, the Required Mill Levy may not exceed 50 mills, except as specifically provided in this Section 2.03(b). In the event that, for the purpose of funding Actual Capital Costs, the District determines to issue Revenue Bonds and, in connection therewith, enters into an Assignment Agreement with the Authority relating to revenues payable hereunder for the purpose of providing for the payment of such Revenue Bonds, if and only if such Revenue Bonds satisfy the conditions of Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S., (the satisfaction of which shall be determined by the District and stated in the applicable Assignment Agreement) then so long as such Revenue Bonds are outstanding, the following provisions shall apply:

(i) subparagraph (ii) of the definition of Required Mill Levy shall not apply; and

(ii) in no event shall the District receive in any year under any Assignment Agreement for the payment of Revenue Bonds which do not satisfy Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S., or under any Assignment Agreement for the payment of a Developer Revenue Obligation, Property Tax Revenues and Specific Ownership Tax Revenues resulting from the imposition of the Required Mill Levy by the District in excess of the Maximum Annual Limited Receipts for such year; and

(iii) In no event shall the Authority retain in any year, after the payment (or retention by the District) of any amounts due to the District in accordance with an Assignment Agreement, revenues resulting from the imposition by the District of the Required Mill Levy (whether Property Tax Revenues or Specific Ownership Tax Revenues) in excess of the Maximum Annual Limited Receipts for such year. Any amounts in excess thereof shall [be deducted by the District from the amount of Property Tax Revenues otherwise payable to the Authority] in the succeeding year, and shall be applied by the District to any lawful purpose. Notwithstanding any of the foregoing, this paragraph shall not operate to modify or limit any amounts payable by the District to the Authority in accordance with any other agreements between the District and the Authority or the Establishment Agreement, including the obligation of the District to pay proceeds of the Required O&M Mill Levy to the Authority in accordance with the Establishment Agreement.

Section 2.04. Imposition of Required Mill Levy.

(a) In order to fund the Payment Obligation, the District agrees to levy on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in tax levy year 2011 (tax collection year 2012) and in each year thereafter (but in no event after the Termination Date), in the amount of the Required Mill Levy. Nothing herein shall be construed to require the District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy or after the Termination Date.

(b) The parties hereto acknowledge that Article 5 of the Establishment Agreement sets forth a process by which the Authority will develop and submit to the Districts an annual operating budget. In order to facilitate the determination of the Required Mill Levy by the District, the Authority shall provide to the District, the preliminary and final O&M Mill Levy and the 1998 Bonds Mill Levy for the immediately succeeding Mill Levy Certification Date, in the time and manner set forth in the Establishment Agreement.

(c) No later than December 5 of each year, the District shall provide written notice to the Authority of the Required Mill Levy that the District intends to certify on the immediately succeeding Mill Levy Certification Date, and the District shall certify

the same on or before December 10 unless notified by the Authority that the Required Mill Levy as determined by the District is not in compliance with the requirements of this Agreement.

(d) The District acknowledges that it has actively participated in the development of the plan to finance Actual Capital Costs as set forth in the Establishment Agreement and herein, including the method for calculation of the Required Mill Levy as set forth herein, that such calculation is designed to correlate to the benefit to the District of the Public Improvements financed by the Pledged Revenues (and, Revenue Bonds, if any) and that the calculation of the Required Mill Levy in accordance with the foregoing and obligation of the District to impose the same in each year during the term of this Agreement shall be final and binding upon the District.

(e) This Section 2.04 is hereby declared to be the certificate of the District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due hereunder.

(f) It shall be the duty of the District annually at the time and in the manner provided by law for the levying of the District's taxes, if such action shall be necessary to effectuate the provisions of this 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 the District to cause the appropriate officials of Weld 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 of Colorado.

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

Section 2.05. Payment and Application of Revenues.

(a) Subject to Section 2.09 hereof, the District hereby agrees to remit to the Authority [as soon as practicable upon receipt], all revenues comprising Pledged Revenues.

(b) All amounts payable by the District hereunder shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the Authority (or at the direction of Authority, any other entity in accordance with applicable Bond Documents).

(c) The Authority hereby agrees that, subject to Section 2.09, the Authority shall promptly deposit all Pledged Revenues received by it in accordance with this Agreement into the Infrastructure Account or the Amenity Account established under the

Establishment Agreement and shall cause the same to be applied to Actual Capital Costs relating to Infrastructure or Amenities, respectively, as more particularly provided in the Establishment Agreement; provided, however, that, notwithstanding the foregoing, the Pledged Revenues may be directly deposited by the District into the Infrastructure Account or Amenity Account, as directed by the Authority and in accordance with the Establishment Agreement. Without limiting the foregoing, the Authority hereby agrees to undertake and diligently pursue the provision of Public Improvements in accordance with the Establishment Agreement, to the extent funding is available therefor from the Pledged Revenues payable hereunder. The Authority and the District acknowledge that the Establishment Agreement, including the provisions thereof relating to the deposit and use of moneys in the Infrastructure Account and Amenity Account, may not be amended or modified in any way without the prior written consent of the District.

(d) The Authority shall provide to the District, not less than 180 days after the end of each fiscal year, a report indicating, separately, the amounts of Property Tax Revenues, Specific Ownership Tax Revenues and Development Fees received by the Authority and deposited into the Infrastructure Account and Amenity Account. Such report shall also provide the amount of Pledged Revenues disbursed from the Infrastructure Account to fund Roads and, separately, Water (both as defined in the Establishment Agreement), and the amount of Pledged Revenues disbursed from the Amenity Account to fund Amenities.

Section 2.06. 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 the District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the District to levy ad valorem property taxes, or as limiting or impairing the obligation of the District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

Furthermore, the District acknowledges that purchasers and credit enhancers of the Developer Revenue Obligations and the Revenue Bonds may incur costs and expenses, and will have otherwise purchased or provided credit enhancement for the Developer Revenue Obligations and Revenue Bonds, in reliance upon the promise of the District to impose the Required Mill Levy and pay the Pledged Revenues generated therefrom to the Authority in accordance with this Agreement and, as a result, such parties shall be entitled to rely on the payment obligations of the District to the Authority contained hereunder. Accordingly, it is acknowledged by the parties hereto that the purpose of this Section 2.06 is to ensure that the Authority receives all payments due herein in a timely manner in order to provide for the payment of amounts due to such parties.

Section 2.07. Limited Defenses; Specific Performance. It is understood and agreed by the District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the District hereunder remains

unfulfilled, the District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to the Authority or the Authority's ability to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the District, in the event that the District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Agreement, 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 2.08. Future Exclusion of Property. The parties agree that this Agreement constitutes "indebtedness" as contemplated by Section 32-1-503, C.R.S. Any property excluded from the District after the date hereof is to remain liable for the imposition of the 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 the District, as provided in Section 32-1-503, C.R.S.. In the event that any order providing for the exclusion of property from the District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, the Authority and the District hereby agree to take all actions reasonably necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Authority.

Section 2.09. Future Debt of the District.

(a) The parties acknowledge that, in accordance with the Establishment Agreement, the District may issue Revenue Bonds or enter into Developer Revenue Obligations for the purpose of funding Actual Capital Costs relating to Infrastructure and, with the consent of the Authority, Amenities, which Revenue Bonds and Developer Revenue Obligations are intended to be payable from Pledged Revenues assigned to the District pursuant to an Assignment Agreement, which are otherwise required, in accordance with this Agreement, to be paid to the Authority and deposited into the Infrastructure Account and Amenity Account, as applicable. The parties also acknowledge that, as contemplated by the Establishment Agreement, the Authority and the District expect to enter into Subsequent Pledge Agreements, the first of which is intended to refund in full the Payment Obligation of the District hereunder.

(b) The District agrees that it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District or payable from any other revenues of the District or otherwise constituting indebtedness (whether or not subject to annual appropriation), other than Subsequent Pledge Agreements, Revenue Bonds and Developer Revenue Obligations issued in compliance with the Establishment Agreement and this Agreement.

(c) Notwithstanding the provisions of Section 2.05(c) hereof, the District and the Authority may enter into an Assignment Agreement providing that all or any portion of the Pledged Revenues payable hereunder and required to be deposited into the Infrastructure Account and Amenity Account shall, instead, be disbursed by the District

to a trustee or paying agent or to the Developer, for payment of Revenue Bonds and/or Developer Revenue Obligations, in which case the provisions of such Assignment Agreement shall control. Notwithstanding the foregoing, any Assignment Agreement shall provide that the portions of such Pledged Revenues that would otherwise be applied, in accordance with the Establishment Agreement, to costs of Amenities or Infrastructure, shall be applied to the payment of Revenue Bonds or Developer Revenue Obligations funding Amenities or Infrastructure, respectively. In no event shall an Assignment Agreement abrogate the intended allocation of Pledged Revenues between costs of Amenities and Infrastructure, as provided in the Establishment Agreement.

(d) [The Authority hereby agrees to cooperate in the amendment of this Pledge Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the District, to facilitate the issuance of Revenue Bonds by the District.]

(e) Notwithstanding any other provision of this Agreement, the District shall not impose, in accordance with a Subsequent Pledge Agreement or any other agreement, in any given year, an aggregate debt service and capital mill levy in excess of 50 mills (adjusted for changes in the method of calculating assessed valuation in the same manner, and to the extent permitted, as provided in the definition of "Required Mill Levy" herein) less the O&M Mill Levy required to be imposed in such year.

(f) At least once a year as required by applicable state law, the District will cause an audit to be performed of the records relating to revenues and expenditures of the District. In addition, at least once a year as required by applicable state 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 as required by applicable state law.

Section 2.10. Representations and Warranties of the District. The District hereby makes the following representations and warranties:

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

(b) The District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Pledge Agreement. The District's execution, delivery, and performance of this Pledge Agreement have 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).

Section 2.11. Representations and Warranties of the Authority. The Authority hereby makes the following representations and warranties:

(a) The Authority is a separate legal entity duly organized and validly existing under the laws of the State of Colorado.

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

(c) The Authority 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 Authority to perform its obligations hereunder. The execution, delivery and performance by the Authority 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 Authority 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 Authority pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Authority is a party or which purports to be binding upon the Authority or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The Authority 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 Authority of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Authority 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 Authority threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the Authority 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 Authority to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority 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 III

EVENTS OF DEFAULT AND REMEDIES

Section 3.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an "Event of Default" hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Required Mill Levy or to remit the Pledged Revenues, as required by the terms of this Pledge Agreement and subject to Section 2.09 hereof;

(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 sixty (60) days after written notice

specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(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 ninety (90) days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 3.02. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, but solely for the purpose of seeking specific performance.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Pledge of Pledged Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The Pledged Revenues 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 the District irrespective of whether such persons have notice of such liens.

Section 4.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Boards of Directors of the District or the Authority, or any officer or agent of the District or Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for, with respect to the District, payment of the Payment Obligation or, with respect to the Authority, provision of the Public Improvements. Such recourse shall not be available either directly or indirectly through the Authority or the District, or otherwise, whether by virtue of any constitution, statute, rule of law,

enforcement of penalty, or otherwise. By the acceptance of this Pledge Agreement and as a part of the consideration hereof, the Authority and the District each specifically waives any such recourse.

Section 4.03. 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 4.04. 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, execution, or delivery of this Pledge Agreement shall be commenced more than thirty days after the authorization of this Pledge Agreement.

Section 4.05. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

If to District:

With copies to:

If to the Authority:

With copies to:

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Either party by written notice so provided may change the address to which future notices shall be sent.

Section 4.06. Miscellaneous.

(a) This Pledge Agreement and the Establishment 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. In the event of any conflict between provisions of this Pledge Agreement and any other agreement between the District and the Authority, provisions of this Pledge Agreement shall control. No party has been induced to enter into this Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Pledge Agreement.

(b) If any term or provision of this Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal,

unenforceable, or invalid provisions or part thereof shall be stricken from this Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Pledge Agreement. If any provision or part thereof of this Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third party beneficiaries of this Pledge Agreement, other than the Bondholders (if any), District No. 1 and the Developer.

(d) This Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties.

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

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the County of Weld, State of Colorado.

(g) 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.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this 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.

(j) 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.

Section 4.07. Effective Date and Termination Date. This Agreement shall become effective on the Effective Date, and shall remain in effect until the Termination Date.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the District and the Authority have executed this Agreement as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

By: _____
President

ATTEST:

Secretary

BEEBE DRAW FARMS AUTHORITY

By: _____
President

ATTEST:

Secretary

EXHIBIT F

INCLUSION AND EXCLUSION AGREEMENT

INCLUSION AND EXCLUSION AGREEMENT

THIS INCLUSION AND EXCLUSION AGREEMENT (“Agreement”) is executed this ____ day of _____, 2011 between and among **BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1** (“District No. 1”), **BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2** (“District No. 2”) both quasi-municipal corporations and political subdivisions of the State of Colorado (together, the “Districts”), **BEEBE DRAW FARMS AUTHORITY** (“Authority”), a political subdivision and public corporation of the State, and **REI LIMITED LIABILITY COMPANY** a Wyoming limited liability company, for itself, its successors and assigns (“Developer”). District No. 1, District No. 2, the Authority, and the Developer shall be referred to herein as the “Parties”.

RECITALS

WHEREAS, District No. 1 and District No. 2 were organized pursuant to the laws of the State of Colorado to provide certain water, street, and park and recreation facilities and services (the “Public Improvements”) within the approximately 3,000 acre development known as Beebe Draw Farms and Equestrian Center located in Weld County, Colorado (the “Development”); and

WHEREAS, Developer is the owner of certain property described on **Exhibit A** attached hereto and incorporated herein by this reference (the “Property”); and

WHEREAS, the Property is currently within the boundaries of District No. 2; and

WHEREAS, the Districts’ Amended and Restated Consolidated Service Plan (the “Service Plan”) was approved by Weld County on _____, 2011; and

WHEREAS, the Service Plan provides that District No. 1 and District No. 2 will enter into the Beebe Draw Farms Authority Establishment Agreement (the “AEA”) to establish the Authority and to coordinate the financing and provision of the Public Improvements servicing the entire Development; and

WHEREAS, the Service Plan and the AEA contemplate that the Property within District No. 2 will develop in phases and that the Developer will petition for exclusion of portions of the Property from District No. 2 and petition for inclusion of such property into District No. 1 prior to the issuance of the first certificate of occupancy for a single family residence within such phase; and

WHEREAS, the Service Plan and the AEA ensure that revenues are available for the construction of the Public Improvements necessary to reach full-build out of the Development; and

WHEREAS, the Parties acknowledge that the Developer is relying on the agreements established in the AEA and this Agreement in order to ensure revenues are available for the construction of the Public Improvements; and

WHEREAS, the AEA provides that the Developer is a third-party beneficiary to the AEA and provides that the Districts and the Authority will enter into this Agreement with the Developer to obligate the Developer to include and exclude the Property as provided herein; and

WHEREAS, in consideration of the agreements of the Districts established in the AEA, the Developer desires to enter into this Agreement to obligate it to, among other things, include and exclude the Property; and

WHEREAS, in order to maintain the general intent of the organization of the Districts to provide the Public Improvements based upon and according to planned development, and in the best interests of the Districts and Developer, Developer's Property should be excluded from District No. 2 and included into District No. 1 pursuant to the terms of this Agreement; and

WHEREAS, the Board of Directors of District No. 2 (the "District No. 2 Board") is permitted by law to fix terms and conditions pursuant to which real property may be excluded from District No. 2 and further, may require the owner of any such property to execute an agreement to that effect; and

WHEREAS, the Board of Directors of District No. 1 (the "District No. 1 Board") is permitted by law to fix terms and conditions pursuant to which real property may be included into District No. 1 and further, may require the owner of any such property to execute an agreement to that effect; and

WHEREAS, the exclusion and inclusion of the Property will not impair the ability of the Districts to finance the construction of the Public Improvements and/or the administration, operations and maintenance expenses of such Public Improvements.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, District No. 1, District No. 2, the Authority and the Developer hereby agree as follows:

COVENANTS AND AGREEMENTS

1. Defined Terms. All terms which are not defined herein shall have the same meaning as set forth in the AEA.

2. Exclusion Process.

(a) The Parties shall follow the requirements for exclusion of property as set forth in Section 32-1-501, et. seq., C.R.S.

(b) District No. 2 agrees to exclude the Property from District No. 2's boundaries in phases (as hereinafter set forth) based upon the obligations set forth in this Agreement, and subject to approval by the District No. 2 Board at a publicly held District No. 2 hearing. District No. 2's approval shall be evidenced by a signed resolution of the District No. 2 Board and an order to be filed with the Weld County District Court.

(c) On or before the 30th day after the approval of a building permit for construction of the first home within a phase of the Property, the Developer shall file a petition with District No. 2 for exclusion of such phase.

(d) Within thirty (30) days of receipt of the petition, District No. 2 shall conduct a public hearing on such exclusion, as required by Section 32-1-501, et. seq. C.R.S.

(e) At any time prior to the public hearing or an exclusion, the Developer may amend the petition to remove portions of the property.

3. Inclusion Process.

(a) The Parties shall follow the requirements for inclusion of property as set forth in Section 32-1-401, et. seq., C.R.S.

(b) District No. 1 agrees to include the Property into District No. 1's boundaries in phases (as hereinafter set forth) based upon the obligations set forth in this Agreement, and subject to approval by the District No. 1 Board at a publicly held District No. 1 hearing. District No. 1's approval shall be evidenced by a signed resolution of the District No. 1 Board and an order to be filed with the Weld County District Court.

(c) Simultaneous with the filing of a petition for exclusion from District No. 2, Developer shall submit to District No. 1 a petition for inclusion of the same property into District No. 1.

(d) Within thirty (30) days of receipt of the petition, District No. 1 shall conduct a public hearing on such inclusion, as required by Section 32-1-401, et. seq. C.R.S.

(e) At any time prior to the public hearing or an inclusion, the Developer may amend the petition to remove portions of the property.

4. Timing of Recording of Orders. The Parties agree that the upon approval by District No. 1 and District No. 2 of an exclusion and inclusion for a phase of the Property and the granting of court orders evidencing the same, the inclusion order shall be recorded with the real property records of Weld County, immediately followed by the recording of the exclusion order. The Districts hereby consent to any overlap to the extent required by Section 32-1-107(3), C.R.S.

5. Failure of District No. 2 to Exclude Property. The Parties acknowledge that the decision to exclude the Property from District No. 2 is ultimately a determination made following a public hearing by the District No. 2 Board and that this Agreement in no way binds District No. 2 to approve the petition and exclude the Property from District No. 2. Notwithstanding the foregoing, in the event District No. 2 determines at or after the public hearing on the exclusion not to exclude the parcel that was the subject of such public hearing, District No. 2 shall not be permitted to incur any additional debt, including any Subsequent Pledge Agreements or issuing bonds to third parties.

6. Failure of District No. 1 to Include Property. The Parties acknowledge that the decision to include the Property from District No. 1 is ultimately a determination made following a public hearing by the District No. 1 Board and that this Agreement in no way binds District No. 1 to approve the petition and include the Property into District No. 1. Notwithstanding the foregoing, in the event District No. 1 determines at or after the public hearing on an inclusion not to include the parcel that was the subject of such public hearing, District No. 1 shall be required to impose the Additional O&M Levy required by the AEA (but not in excess of the District No. 1 Mill Levy Cap) to recoup revenues that would otherwise have been generated from the un-included property; provided however, District No. 2 shall not increase its operations and maintenance mill levy.

7. Indebtedness. The Parties acknowledge that District No. 2 may issue debt, including entering into the Pledge Agreements and Revenue Obligations (as defined in the AEA) or issuing bonds to third parties, immediately prior to the exclusion of any portion of the Property. The Developer acknowledges that the Property shall continue to be subject to any property taxes or mill levies assessed for outstanding obligations of District No. 2 incurred prior to District No. 2 granting the exclusion of any portion of the Property, as provided in Section 32-1-503, C.R.S. However, such excluded property shall not be subject to any taxes or levies associated with any obligations incurred by District No. 2 after exclusion of the Property.

8. Limitations on Exclusion and Inclusions. The Parties acknowledge that the Developer shall not petition for and the Districts shall not approve more than ten (10) exclusions and inclusions without the Districts processing a Service Plan amendment pursuant to the requirements of the Service Plan.

9. Notification of Construction Plans.

(a) Commencing on September 1, 2010 and each September 1 thereafter, Developer agrees to provide information to the Districts and the Authority of development and construction phasing plans for the following fiscal year.

(b) Developer shall advise the Authority Board of all land use and improvement applications at two public meetings prior to filing any application with the County and shall provide information on the proposed filings to the Authority for posting, distribution, or other disclosure to the community in addition to any posting requirements imposed by the County.

10. Consolidation of Districts. The Service Plan and AEA provides that upon the payment of all outstanding debt of District No. 2, the Districts would seek to consolidate. The Developer agrees to cooperate and support as necessary with such consolidation process, provided however that the Developer is not obligated to provide any financial support for such consolidation process.

11. Modification of AEA. The Districts and the Authority agree that no amendments or modifications, except Administrative Amendments, shall be made to the AEA without the express written consent of the Developer.

12. Modifications of this Agreement. No amendments or modifications shall be made to this Agreement, except in writing signed by all Parties.

13. Covenants Run with the Land. The covenants, terms, conditions, and provisions set forth in this Agreement shall be construed as, and during the term of this Agreement, shall remain as covenants running with the Property. This Agreement or a Memorandum of Agreement shall be executed by the Parties and recorded against the Property.

14. Notices. All notices required under this Agreement shall be in writing and shall be hand-delivered or sent by registered or certified mail, return receipt requested, postage prepaid, to the addresses of the parties herein set forth. All notices so given shall be considered effective seventy-two (72) hours after deposit in the United States mail with the proper address as set forth below. Notice may also be given by telefax transmission, followed by a hard copy mailed as required herein, and shall be deemed received on the date of such transmission. Either party by notice so given may change the address to which future notices shall be sent.

To District No. 1: Beebe Draw Farms Metropolitan District No. 1
 141 Union Boulevard, Suite 150
 Lakewood, CO 80228
 Attention: Lisa Johnson
 Phone: (303) 987-0835
 Fax: (303) 987-2032

With a copy to: Grimshaw & Haring, P.C.
 1700 Lincoln Street, Suite 3800
 Denver, CO 80203-4358
 Attention: Rick Kron
 Phone: (303) 839-3800
 Fax: (303) 839-3838

To District No. 2: Beebe Draw Farms Metropolitan District No. 2
 141 Union Boulevard, Suite 150
 Lakewood, CO 80228
 Attention: Lisa Johnson
 Phone: (303) 987-0835
 Fax: (303) 987-2032

With a copy to: McGeady Sisneros, P.C.
 450 E. 17th Avenue, Suite 400
 Denver CO 80203
 Attention: MaryAnn McGeady
 Phone: (303) 592-4380
 Fax: (303) 592-4385

To Developer: REI Limited Liability Company
6025 S. Lima St.
Englewood, CO 80111
Attention: Christine Hethcock
Phone: (720) 244-3666
Fax: (720) 293-6014

With a copy to: _____

To the Authority: Beebe Draw Farms Authority

With a copy to: _____

15. Entire Agreement. This Agreement and the AEA constitute the entire Agreement between the Parties hereto with respect to the exclusion and inclusion of the Property and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement shall have no force and effect.

16. Binding Effect. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and permitted assigns of the Parties hereto.

17. Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions herein, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

18. Remedies. The Parties hereto agree and acknowledge that this Agreement may be enforced in law or in equity, by decree of specific performance or damages, or such other legal or equitable relief as may be available subject to the provisions of the statutes of the State of Colorado.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

20. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

21. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado. Venue shall be exclusive in Weld County.

22. Nonliability of Directors, Members, and Employees. No Member or director of the District No. 1 Board or District No. 2 Board, official, employee, agent or attorney or consultant of the Districts or the Authority shall be personally liable in the event of default, or breach of this Agreement or for any amount that may become due under the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first set forth above.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
 President

STATE OF COLORADO)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2011, by _____, as President of Beebe Draw Farms Metropolitan District No. 1.

Witness my hand and official seal.

My commission expires: _____

 Notary Public

**BEEBE DRAW FARMS METROPOLITAN
DISTRICT NO. 2**, a quasi-municipal corporation
and political subdivision of the State of Colorado

By: _____
President

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2011, by _____, as President of Beebe Draw Farms Metropolitan District No.
2.

Witness my hand and official seal.

My commission expires: _____

Notary Public

REI LIMITED LIABILITY COMPANY

By: _____
Name: _____
Its: _____

STATE OF COLORADO)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by _____, as _____ of REI LIMITED LIABILITY COMPANY.

Witness my hand and official seal.

My commission expires: _____

 Notary Public

BEEBE DRAW FARMS AUTHORITY

By: _____
Name: _____
Its: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by _____, as _____ of the Beebe Draw Farms Authority.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A
The Property

EXHIBIT G

DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT (FIRST EXCLUSION)

**DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT
(FIRST EXCLUSION)**

This **DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT (FIRST EXCLUSION)** (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of _____, 20__ by and between BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2 (the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado and BEEBE DRAW FARMS AUTHORITY (the “**Authority**”), a separate legal entity. All capitalized terms used herein and not otherwise defined shall have the meanings assigned them in Article I hereof.

RECITALS

WHEREAS, the District and Beebe Draw Farms Metropolitan District No. 1 (“**District No. 1**” and, together with the District, the “**Districts**”) are special metropolitan districts organized pursuant to Section 32-1-101, C.R.S. et seq. and operate in accordance with a Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011 (the “**Service Plan**”); and

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

WHEREAS, the Service Plan discloses and establishes the necessity for, and desirability of an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of Public Improvements (hereinafter defined) contemplated in the Service Plan and concerning the provision of essential services in the community to be served by the Districts; and

WHEREAS, in furtherance of the foregoing, and as permitted by Section 29-1-203(4), C.R.S., the Authority was established pursuant to a Beebe Draw Farms Authority Establishment Agreement dated as of _____, 2011, between the Districts (the “**Establishment Agreement**”); and

WHEREAS, the Establishment Agreement created the Authority and sets forth an overall plan for financing, construction, ownership, operation and maintenance of the Public Improvements agreed upon by the Districts and intended to facilitate the provision of such Public Improvements in a timely and efficient manner, and to allocate the costs thereof equitably among the users of such Public Improvements, through cooperation among the Authority and the Districts; and

WHEREAS, in accordance with the Service Plan and Establishment Agreement, the District and the Authority anticipate that the District may issue, from time to time, revenue bonds (as more particularly defined herein, the “**Revenue Bonds**”) for the purpose of funding the Actual Capital Costs (defined herein); and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority have previously entered into an Initial District No. 2 Capital Pledge Agreement dated _____, 20__ (the “**Initial Pledge Agreement**”) to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided therein; and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority now desire to enter into this District No. 2 Capital Pledge Agreement (First Exclusion) for the purpose of refunding in full the Payment Obligation represented by the Initial Pledge Agreement, and continuing to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided herein; and

WHEREAS, at an election of the qualified electors of the District duly called for and held on November 2, 2010 (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, including the Public Improvements, as follows:

Authorization	
Purpose	Total
Streets	\$44,000,000
Water	44,000,000
Parks and Recreation	44,000,000

WHEREAS, pursuant to the Initial Pledge Agreement, the District acknowledged that, with respect to the indebtedness represented by this Capital Pledge Agreement, based upon the Principal Portion of the Payment Obligations hereunder (as defined herein, \$26,125,508), there is sufficient authorization in each of the afore-described categories of debt to authorize the full amount of such indebtedness, the District does not intend to issue any other indebtedness that would require such authorization (taking into account the authorization that would remain if such amount were applied to each of the afore-described categories of debt), and therefore determined to allocate the authority for debt contained in the Election for specific infrastructure categories to the indebtedness represented by the Initial Pledge Agreement as the revenues generated hereunder are applied to specific infrastructure uses; and

WHEREAS, District is entering into this Agreement for the purpose of refunding in full its Payment Obligation under the Initial Pledge Agreement and the Principal Portion of the Payment Obligation represented by this Agreement bears interest at a rate that is lower than the rate of interest borne by the Principal Portion of the Payment Obligation represented by the Initial Pledge Agreement and, as a result, no additional electoral authorization is required with respect to this Agreement; and [NEED TO ENSURE RATES ARE SET TO ALLOW THIS, ADD ALLOCATION OF PRINCIPAL, IF ANY, IN EXCESS OF ORIGINAL AGREEMENT]

WHEREAS, the District has determined and hereby determines that the execution of this Pledge Agreement, to facilitate the purposes of this Pledge Agreement and the Establishment

Agreement, and the provision of the Public Improvements are in the best interests of the District and the residents, property owners, and taxpayers thereof and that the financing plan set forth in the Establishment Agreement and implemented, in part, through the execution and delivery of this Pledge Agreement is necessary for the timely and efficient provisions of the Public Improvements and equitable allocation of the costs thereof among the users of the Public Improvements; and

WHEREAS, all amendments to this Agreement made pursuant hereto and not in conflict with the ballot questions, the Service Plan or the Establishment Agreement, which authorized the debt represented by this Agreement, shall be deemed part of this 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 Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

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

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

Section 1.02. Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below. Capitalized terms used and not otherwise defined (including but not limited to Amenities, Amenity Account, Infrastructure, Infrastructure Account

and Required O&M Mill Levy) shall have the meanings assigned them in the Establishment Agreement.

(a) “Actual Capital Costs” shall mean, collectively, “Actual Capital Costs” as defined in the Establishment Agreement and, in addition, any O&M Shortfall funded from the Amenity Account or Infrastructure Account in accordance with Section 5.2 of the Establishment Agreement.

(b) “Agreement” or “Pledge Agreement” shall mean this Agreement and any amendment hereto made in accordance herewith.

(c) “Authority” means Beebe Draw Farms Authority, formed pursuant to the Establishment Agreement.

(d) “Assignment Agreement” shall mean any agreement entered into between the Authority and the District that provides for the assignment by the Authority to the District of a specified portion of Pledged Revenues deposited in, or to be deposited in, the Infrastructure Account or Amenity Account in accordance with this Pledge Agreement and the Establishment Agreement, which Assignment Agreement is intended to secure payment of Revenue Bonds and/or Developer Revenue Obligations of the District.

(e) “Board” or “Boards” shall mean the lawfully organized Boards of Directors of the Districts.

(f) “Board of County Commissioners” shall mean the Board of County Commissioners for Weld County, Colorado.

(g) “Bond Documents” shall mean any resolution, indenture, reimbursement agreement or other agreement entered into or adopted by the District in connection with the issuance of Revenue Bonds.

(h) “Bondholder” means the beneficial owner of any Revenue Bond.

(i) “Developer” shall have the meaning assigned it in the Establishment Agreement.

(j) “Developer Revenue Obligations” shall mean notes, bonds or other indebtedness issued by the District and payable to the Developer for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement.

(k) “Development Fees” shall have the meaning assigned it in the Establishment Agreement.

(l) “District” shall mean Beebe Draw Farms Metropolitan District No. 2.

(m) “District No. 1” shall mean Beebe Draw Farms Metropolitan District No. 1.

(n) “Effective Date” shall mean _____, 20__.

(o) “Establishment Agreement” means the Beebe Draw Farms Authority Establishment Agreement dated _____, 2011, between the District and District No. 1.

(p) “Maximum Annual Limited Receipts” shall mean, for any particular calendar year, the dollar amount that would result from the imposition of an ad valorem property tax levy of 50 mills (without adjustment) on the final certified assessed valuation of the District, as certified to the District by the County Assessor on the immediately preceding December 10.

(q) “Mill Levy Certification Date” means December 10 of each year, on or prior to which date an ad valorem property tax levy is required to be certified to the County Board in accordance with Section 2.04 hereof and state law.

(r) “1998 Bond Mill Levy” means, for any particular Mill Levy Certification Date, the ad valorem property tax levy required to be imposed upon property within the boundaries of District No. 1 for the payment of the debt service costs (including principal, interest, mandatory redemption price, trustee and paying agent fees) for the General Obligation Bonds, Series 1998 issued by District No. 1.

(s) “Payment Obligation” shall mean the District’s obligation to pay the Actual Capital Costs in accordance with the provisions hereof, but solely from Pledged Revenues, to the extent available.

(t) “Pledged Revenues” means, collectively, Property Tax Revenues, Specific Ownership Tax Revenues, and Development Fees.

(u) “Principal Portion” means an amount equal to \$26,125,508, representing the principal component of the Payment Obligation hereunder.

(v) “Property Tax Revenues” means all moneys derived from imposition of the Required Mill Levy by the District, but excluding Specific Ownership Tax Revenues.

(w) “Public Improvements” means, collectively, Infrastructure and Amenities, as more particularly defined in the Establishment Agreement.

(x) “Required Mill Levy” means, with respect to any particular Mill Levy Certification Date, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year, commencing in tax levy year 20__ (tax collection year 20__), in an amount equal to 50 mills less the 1998 Bond Mill Levy for such Mill Levy Certification Date, and less the Required O&M Mill Levy for such Mill Levy Certification Date; provided that:

(i) in the event the method of calculating assessed valuation is changed after the date hereof, the 50 mills described above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District in good faith (such determination to be binding and final) so that to

the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) notwithstanding anything herein to the contrary, in no event shall the Required Mill Levy exceed 50 mills, except under the circumstances set forth in Section 2.03(b) hereof, and subject to the limitations set forth therein, and, in the event that the Required Mill Levy as calculated pursuant to the foregoing would exceed 50 mills and Section 2.03(b) is not applicable, then the Required Mill Levy shall be reduced to equal 50 mills; and

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

(y) "Revenue Bonds" shall mean notes, bonds or other indebtedness issued by the District for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement, excluding Developer Revenue Obligations.

(z) "Service Plan" shall mean the Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011.

(aa) "Specific Ownership Tax Revenues" shall mean the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy.

(bb) "Subsequent Pledge Agreements" means pledge agreements entered into between the District and the Authority subsequent to the date hereof providing for the imposition of ad valorem property taxes by the District and payment of the proceeds thereof to the Authority, as contemplated by the Establishment Agreement.

(cc) "Supplemental Act" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(dd) "Termination Date" shall mean _____, 20__ (i.e., the imposition of taxes hereunder shall not be made after tax levy year 20__ and such taxes shall not be collected after tax collection year 20__) [REFLECT 40 YEAR TERM].

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 Agreement, was approved at an election held for the District on November 2, 2010, in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval.

Section 2.02. Funding of Actual Capital Costs Generally.

(a) In exchange for the Authority's agreement to provide for the acquisition, construction, improvement and equipping of the Amenities and the Infrastructure, in accordance with the Establishment Agreement and as more particularly provided in Section 2.05(c) below, and in exchange for the purchase by any Bondholder of Revenue Bonds (if any) issued to fund Actual Capital Costs and payable from Pledged Revenues generated hereunder, the District hereby agrees to pay to the Authority for the payment of Actual Capital Costs, but solely from the sources specified herein, the amount of \$26,125,508, plus interest thereon at the rate of [14.9]% per annum (calculated in accordance with subparagraph (b) hereof), or such lesser amount as may be funded from the Pledged Revenues (the "**Payment Obligation**").

(b) Interest shall accrue on the outstanding balance of the Principal Portion of the Payment Obligation (initially \$26,125,508) at the rate of [14.9]% per annum, and shall be calculated monthly based upon the outstanding Principal Portion as of the end of each month. Accrued but unpaid interest shall compound semi-annually on each June 1 and December 1, commencing on the first June 1 or December 1 (whichever is the earliest) to occur after the date of execution of this Agreement.

(c) Pledged Revenues received by the Authority (including any amounts payable to the Authority but assigned to the District in accordance with any Assignment Agreement) shall be applied, first, to the payment of accrued interest and, second, to the outstanding principal balance of the Payment Obligation.

(d) The Payment Obligation constitutes a limited tax obligation of the District payable solely from and to the extent of the Pledged Revenues. The Pledged Revenues are hereby pledged by the District to the Authority (and, to the extent of any Bondholders, for the benefit of such Bondholders), for the payment of Actual Capital Costs in accordance with the provisions hereof. The Payment Obligation shall constitute an irrevocable lien upon the Pledged Revenues. The District hereby elects to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Payment Obligation.

Section 2.03. Limitations on Payment Obligation.

(a) In no event shall the total or annual obligations of the District hereunder exceed the maximum amounts permitted under its electoral authority and any other

applicable law. The entire Payment Obligation will be deemed defeased and no longer outstanding upon the earlier of: (i) the payment by the District of such amount; or (ii) the Termination Date.

(b) In accordance with the definition of Required Mill Levy set forth in Section 1.02 hereof, the Required Mill Levy may not exceed 50 mills, except as specifically provided in this Section 2.03(b). In the event that, for the purpose of funding Actual Capital Costs, the District determines to issue Revenue Bonds and, in connection therewith, enters into an Assignment Agreement with the Authority relating to revenues payable hereunder for the purpose of providing for the payment of such Revenue Bonds, if and only if such Revenue Bonds satisfy the conditions of Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S. (the satisfaction of which shall be determined by the District and stated in the applicable Assignment Agreement) then so long as such Revenue Bonds are outstanding, the following provisions shall apply:

(i) subparagraph (ii) of the definition of Required Mill Levy shall not apply; and

(ii) in no event shall the District receive in any year under any Assignment Agreement for the payment of Revenue Bonds which do not satisfy Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S., or under any Assignment Agreement for the payment of a Developer Revenue Obligation, Property Tax Revenues and Specific Ownership Tax Revenues resulting from the imposition of the Required Mill Levy by the District in excess of the Maximum Annual Limited Receipts for such year; and

(iii) In no event shall the Authority retain in any year, after the payment (or retention by the District) of any amounts due to the District in accordance with an Assignment Agreement, revenues resulting from the imposition by the District of the Required Mill Levy (whether Property Tax Revenues or Specific Ownership Tax Revenues) in excess of the Maximum Annual Limited Receipts for such year. Any amounts in excess thereof shall [be deducted by the District from the amount of Property Tax Revenues otherwise payable to the Authority] in the succeeding year, and shall be applied by the District to any lawful purpose. Notwithstanding any of the foregoing, this paragraph shall not operate to modify or limit any amounts payable by the District to the Authority in accordance with any other agreements between the District and the Authority or the Establishment Agreement, including the obligation of the District to pay proceeds of the Required O&M Mill Levy to the Authority in accordance with the Establishment Agreement.

Section 2.04. Imposition of Required Mill Levy.

(a) In order to fund the Payment Obligation, the District agrees to levy on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in tax levy year 20__ (tax collection year 20__), and in each year thereafter (but in no event after the Termination Date), in the amount of the Required Mill Levy. Nothing herein

shall be construed to require the District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy or after the Termination Date.

(b) The parties hereto acknowledge that Article 5 of the Establishment Agreement sets forth a process by which the Authority will develop and submit to the Districts an annual operating budget. In order to facilitate the determination of the Required Mill Levy by the District, the Authority shall provide to the District, the preliminary and final Required O&M Mill Levy and the 1998 Bonds Mill Levy for the immediately succeeding Mill Levy Certification Date, in the time and manner set forth in the Establishment Agreement.

(c) No later than December 5 of each year, the District shall provide written notice to the Authority of the Required Mill Levy that the District intends to certify on the immediately succeeding Mill Levy Certification Date, and the District shall certify the same on or before December 10 unless notified by the Authority that the Required Mill Levy as determined by the District is not in compliance with the requirements of this Agreement.

(d) The District acknowledges that it has actively participated in the development of the plan to finance Actual Capital Costs as set forth in the Establishment Agreement and herein, including the calculation of the Required Mill Levy as set forth herein, that such calculation is designed to correlate to the benefit to the District of the Public Improvements financed by the Pledged Revenues (and, Revenue Bonds, if any) and that the calculation of the Required Mill Levy in accordance with the foregoing and obligation of the District to impose the same in each year during the term of this Agreement shall be final and binding upon the District.

(e) This Section 2.04 is hereby declared to be the certificate of the District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due hereunder.

(f) It shall be the duty of the District annually at the time and in the manner provided by law for the levying of the District's taxes, if such action shall be necessary to effectuate the provisions of this 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 the District to cause the appropriate officials of Weld 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 of Colorado.

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

Section 2.05. Payment and Application of Revenues.

(a) Subject to Section 2.09 hereof, the District hereby agrees to remit to the Authority [as soon as practicable upon receipt], all revenues comprising Pledged Revenues.

(b) All amounts payable by the District hereunder shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the Authority (or at the direction of Authority, any other entity in accordance with applicable Bond Documents).

(c) The Authority hereby agrees that, subject to Section 2.09, the Authority shall promptly deposit all Pledged Revenues received by it in accordance with this Agreement into the Infrastructure Account or the Amenity Account established under the Establishment Agreement and shall cause the same to be applied to Actual Capital Costs relating to Infrastructure or Amenities, respectively, as more particularly provided in the Establishment Agreement; provided, however, that, notwithstanding the foregoing, the Pledged Revenues may be directly deposited by the District into the Infrastructure Account or Amenity Account, as directed by the Authority and in accordance with the Establishment Agreement. Without limiting the foregoing, the Authority hereby agrees to undertake and diligently pursue the provision of Public Improvements in accordance with the Establishment Agreement, to the extent funding is available therefor from the Pledged Revenues payable hereunder. The Authority and the District acknowledge that the Establishment Agreement, including the provisions thereof relating to the deposit and use of moneys in the Infrastructure Account and Amenity Account, may not be amended or modified in any way without the prior written consent of the District.

(d) The Authority shall provide to the District, not less than 180 days after the end of each fiscal year, a report indicating, separately, the amounts of Property Tax Revenues, Specific Ownership Tax Revenues and Development Fees received by the Authority and deposited into the Infrastructure Account and Amenity Account. Such report shall also provide the amount of Pledged Revenues disbursed from the Infrastructure Account to fund Roads and, separately, Water (both as defined in the Establishment Agreement), and the amount of Pledged Revenues disbursed from the Amenity Account to fund Amenities.

Section 2.06. 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 the District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the District to levy ad valorem property taxes, or as limiting or impairing the obligation of the

District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

Furthermore, the District acknowledges that purchasers and credit enhancers of the Developer Revenue Obligations and the Revenue Bonds may incur costs and expenses, and will have otherwise purchased or provided credit enhancement for the Developer Revenue Obligations and Revenue Bonds, in reliance upon the promise of the District to impose the Required Mill Levy and pay the Pledged Revenues generated therefrom to the Authority in accordance with this Agreement and, as a result, such parties shall be entitled to rely on the payment obligations of the District to the Authority contained hereunder. Accordingly, it is acknowledged by the parties hereto that the purpose of this Section 2.06 is to ensure that the Authority receives all payments due herein in a timely manner in order to provide for the payment of amounts due to such parties.

Section 2.07. Limited Defenses; Specific Performance. It is understood and agreed by the District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the District hereunder remains unfulfilled, the District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to the Authority or the Authority's ability to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the District, in the event that the District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Agreement, 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 2.08. Future Exclusion of Property. The parties agree that this Agreement constitutes "indebtedness" as contemplated by Section 32-1-503, C.R.S. Any property excluded from the District after the date hereof is to remain liable for the imposition of the 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 the District, as provided in Section 32-1-503, C.R.S.. In the event that any order providing for the exclusion of property from the District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, the Authority and the District hereby agree to take all actions reasonably necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Authority.

Section 2.09. Future Debt of the District.

(a) The parties acknowledge that, in accordance with the Establishment Agreement, the District may issue Revenue Bonds or enter into Developer Revenue Obligations for the purpose of funding Actual Capital Costs relating to Infrastructure and, with the consent of the Authority, Amenities, which Revenue Bonds and Developer Revenue Obligations are intended to be payable from Pledged Revenues assigned to the District pursuant to an Assignment Agreement, which are otherwise required, in

accordance with this Agreement, to be paid to the Authority and deposited into the Infrastructure Account and Amenity Account, as applicable. The parties also acknowledge that, as contemplated by the Establishment Agreement, the Authority and the District expect to enter into Subsequent Pledge Agreements.

(b) The District agrees that it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District or payable from any other revenues of the District or otherwise constituting indebtedness (whether or not subject to annual appropriation), other than Subsequent Pledge Agreements, Revenue Bonds and Developer Revenue Obligations issued in compliance with the Establishment Agreement and this Agreement.

(c) Notwithstanding the provisions of Section 2.05(c) hereof, the District and the Authority may enter into an Assignment Agreement providing that all or any portion of the Pledged Revenues payable hereunder and required to be deposited into the Infrastructure Account and Amenity Account shall, instead, be disbursed by the District to a trustee or paying agent or to the Developer, for payment of Revenue Bonds and/or Developer Revenue Obligations, in which case the provisions of such Assignment Agreement shall control. Notwithstanding the foregoing, any Assignment Agreement shall provide that the portions of such Pledged Revenues that would otherwise be applied, in accordance with the Establishment Agreement, to costs of Amenities or Infrastructure, shall be applied to the payment of Revenue Bonds or Developer Revenue Obligations funding Amenities or Infrastructure, respectively. In no event shall an Assignment Agreement abrogate the intended allocation of Pledged Revenues between costs of Amenities and Infrastructure, as provided in the Establishment Agreement.

(d) [The Authority hereby agrees to cooperate in the amendment of this Pledge Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the District, to facilitate the issuance of Revenue Bonds by the District.]

(e) Notwithstanding any other provision of this Agreement, the District shall not impose, in accordance with a Subsequent Pledge Agreement or any other agreement, in any given year, an aggregate debt service and capital mill levy in excess of 50 mills (adjusted for changes in the method of calculating assessed valuation in the same manner, and to the extent permitted, as provided in the definition of "Required Mill Levy" herein) less the Required O&M Mill Levy required to be imposed in such year.

(f) At least once a year as required by applicable state law, the District will cause an audit to be performed of the records relating to revenues and expenditures of the District. In addition, at least once a year as required by applicable state 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 as required by applicable state law.

Section 2.10. Representations and Warranties of the District. The District hereby makes the following representations and warranties:

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

(b) The District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Pledge Agreement. The District's execution, delivery, and performance of this Pledge Agreement have 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).

Section 2.11. Representations and Warranties of the Authority. The Authority hereby makes the following representations and warranties:

(a) The Authority is a separate legal entity duly organized and validly existing under the laws of the State of Colorado.

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

(c) The Authority 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 Authority to perform its obligations hereunder. The execution, delivery and performance by the Authority 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 Authority 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 Authority pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Authority is a party or which purports to be binding upon the Authority or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The Authority 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 Authority of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Authority 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 Authority threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the Authority 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 Authority to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority 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 III

EVENTS OF DEFAULT AND REMEDIES

Section 3.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an “Event of Default” hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Required Mill Levy or to remit the Pledged Revenues, as required by the terms of this Pledge Agreement and subject to Section 2.09 hereof;

(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 sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(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 ninety (90) days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 3.02. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, but solely for the purpose of seeking specific performance.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Pledge of Pledged Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The Pledged Revenues 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 the District irrespective of whether such persons have notice of such liens.

Section 4.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Boards of Directors of the District or the Authority, or any officer or agent of the District or Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for, with respect to the District, payment of the Payment Obligation or, with respect to the Authority, provision of the Public Improvements. Such recourse shall not be available either directly or indirectly through the Authority or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Pledge Agreement and as a part of the consideration hereof, the Authority and the District each specifically waives any such recourse.

Section 4.03. Refunding of Initial Pledge Agreement. As contemplated by the Establishment Agreement, the parties agree that this Agreement is entered into for the purpose of refunding in full all obligations of the District, including the Payment Obligation, under the Initial Pledge Agreement. The Authority agrees to accept delivery of this Agreement as payment in full of the Payment Obligation under the Initial Pledge Agreement, and agrees that the Initial Pledge Agreement is hereby cancelled and shall be of no further force and effect.

Section 4.04. 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 4.05. 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, execution, or delivery of this Pledge Agreement shall be commenced more than thirty days after the authorization of this Pledge Agreement.

Section 4.06. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

If to District:

With copies to:

If to the Authority:

With copies to:

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Either party by written notice so provided may change the address to which future notices shall be sent.

Section 4.07. Miscellaneous.

(a) This Pledge Agreement and the Establishment Agreement constitute 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. In the event of any conflict between provisions of this Pledge Agreement and any other agreement between the District and the Authority, provisions of this Pledge Agreement shall control. No party has been induced to enter into this Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Pledge Agreement.

(b) If any term or provision of this Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Pledge Agreement. If any provision or part thereof of this Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third party beneficiaries of this Pledge Agreement, other than the Bondholders (if any), District No. 1 and the Developer.

(d) This Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties.

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

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the County of Weld, State of Colorado.

(g) 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.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this 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.

(j) 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.

Section 4.08. Effective Date and Termination Date. This Agreement shall become effective on the Effective Date, and shall remain in effect until the Termination Date.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the District and the Authority have executed this Agreement as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

By: _____
President

ATTEST:

Secretary

BEEBE DRAW FARMS AUTHORITY

By: _____
President

ATTEST:

Secretary

EXHIBIT H

DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT (SUBSEQUENT EXCLUSIONS)

DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT
(_____ **EXCLUSION**)

This **DISTRICT NO. 2 CAPITAL PLEDGE AGREEMENT** (_____ **EXCLUSION**) (the “**Agreement**” or “**Pledge Agreement**”), is made and entered into and dated as of _____, 20__ by and between BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2 (the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado and BEEBE DRAW FARMS AUTHORITY (the “**Authority**”), a separate legal entity. All capitalized terms used herein and not otherwise defined shall have the meanings assigned them in Article I hereof.

RECITALS

WHEREAS, the District and Beebe Draw Farms Metropolitan District No. 1 (“**District No. 1**” and, together with the District, the “**Districts**”) are special districts organized pursuant to Section 32-1-101, C.R.S. et seq. and operate in accordance with a Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011 (the “**Service Plan**”); and

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

WHEREAS, the Service Plan discloses and establishes the necessity for, and desirability of an intergovernmental agreement between the Districts concerning the financing, construction, operation and maintenance of Public Improvements (hereinafter defined) contemplated in the Service Plan and concerning the provision of essential services in the community to be served by the Districts; and

WHEREAS, in furtherance of the foregoing, and as permitted by Section 29-1-203(4), C.R.S., the Authority was established pursuant to a Beebe Draw Farms Authority Establishment Agreement dated as of _____, 2011, between the Districts (the “**Establishment Agreement**”); and

WHEREAS, the Establishment Agreement created the Authority and sets forth an overall plan for financing, construction, ownership, operation and maintenance of the Public Improvements agreed upon by the Districts and intended to facilitate the provision of such Public Improvements in a timely and efficient manner, and to allocate the costs thereof equitably among the users of such Public Improvements, through cooperation among the Authority and the Districts; and

WHEREAS, in accordance with the Service Plan and Establishment Agreement, the District and the Authority anticipate that the District may issue, from time to time, revenue bonds (as more particularly defined herein, the “**Revenue Bonds**”) for the purpose of funding the Actual Capital Costs (defined herein); and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority have previously entered into an Initial Pledge Agreement dated _____, 20__ (the “**Initial Pledge Agreement**”) to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided therein; and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority have previously entered into a District No. 2 Capital Pledge Agreement (First Exclusion) dated _____, 20__ [INSERT ADDITIONAL PLEDGE AGREEMENTS EXECUTED PRIOR TO THIS PLEDGE AGREEMENT] (collectively, the “**Prior Pledge Agreements**”) to provide for the funding of Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided therein; and

WHEREAS, as contemplated by the Establishment Agreement, the District and the Authority now desire to enter into this District No. 2 Capital Pledge Agreement (_____ Exclusion) to provide for the funding of additional Actual Capital Costs through the imposition by the District of an ad valorem property tax mill levy, as more particularly provided herein; and

WHEREAS, at an election of the qualified electors of the District duly called for and held on November 2, 2010 (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, including the Public Improvements, as follows:

Authorization	
Purpose	Total
Streets	\$44,000,000
Water	44,000,000
Parks and Recreation	44,000,000

WHEREAS, the District has determined and hereby determines that the execution of this Pledge Agreement, to facilitate the purposes of this Pledge Agreement and the Establishment Agreement, and the provision of the Public Improvements are in the best interests of the District and the residents, property owners, and taxpayers thereof and that the financing plan set forth in the Establishment Agreement and implemented, in part, through the execution and delivery of this Pledge Agreement is necessary for the timely and efficient provisions of the Public Improvements and equitable allocation of the costs thereof among the users of the Public Improvements; and

WHEREAS, the District hereby acknowledges that, with respect to the indebtedness represented by this Capital Pledge Agreement, based upon the Principal Portion of the Payment Obligations hereunder (as defined herein, \$ _____), and assuming that the full amount of the Principal Portion of each of the Initial Pledge Agreement and the Prior Pledge Agreements were applied to each of the afore-described categories of debt, there is sufficient authorization in each of the afore-described categories of debt to authorize the full amount of such indebtedness, the District does not intend to issue any other indebtedness that would require such authorization

(taking into account the authorization that would remain if such Principal Portion relating to this Pledge Agreement were applied to each of the afore-described categories of debt), and therefore determines to allocate the authority for debt contained in the Election for specific infrastructure categories to the indebtedness represented by the Pledge Agreement as the revenues generated hereunder are applied to specific infrastructure uses; and

WHEREAS, in the event that the District has allocated the authority for debt obtained in the Election for a specific category of indebtedness to any of the Initial Pledge Agreement and the Prior Pledge Agreements (based on the revenues generated thereby thus far), the District has attached record of the same to this Pledge Agreement;

WHEREAS, the District has determined and hereby determines that the execution of this Pledge Agreement, to facilitate the purposes of this Pledge Agreement and the Establishment Agreement, and the provision of the Public Improvements are in the best interests of the District and the residents, property owners, and taxpayers thereof and that the financing plan set forth in the Establishment Agreement and implemented, in part, through the execution and delivery of this Pledge Agreement is necessary for the timely and efficient provisions of the Public Improvements and equitable allocation of the costs thereof among the users of the Public Improvements; and

WHEREAS, all amendments to this Agreement made pursuant hereto and not in conflict with the ballot questions, the Service Plan or the Establishment Agreement, which authorized the debt represented by this Agreement, shall be deemed part of this 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 Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

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

(b) All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 1.02 hereof.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

Section 1.02. Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below. Capitalized terms used and not otherwise defined (including but not limited to Amenities, Amenity Account, Infrastructure, Infrastructure Account and Required O&M Mill Levy) shall have the meanings assigned them in the Establishment Agreement.

(a) “Actual Capital Costs” shall mean, collectively, “Actual Capital Costs” as defined in the Establishment Agreement and, in addition, any O&M Shortfall funded from the Amenity Account or Infrastructure Account in accordance with Section 5.2 of the Establishment Agreement.

(b) “Agreement” or “Pledge Agreement” shall mean this Agreement and any amendment hereto made in accordance herewith.

(c) “Assignment Agreement” shall mean any agreement entered into between the Authority and the District that provides for the assignment by the Authority to the District of a specified portion of Pledged Revenues deposited in, or to be deposited in, the Infrastructure Account or Amenity Account in accordance with this Pledge Agreement and the Establishment Agreement, which Assignment Agreement is intended to secure payment of Revenue Bonds and/or Developer Revenue Obligations of the District.

(d) “Authority” means Beebe Draw Farms Authority, formed pursuant to the Establishment Agreement.

(e) “Board” or “Boards” shall mean the lawfully organized Boards of Directors of the Districts.

(f) “Board of County Commissioners” shall mean the Board of County Commissioners for Weld County, Colorado.

(g) “Bond Documents” shall mean any resolution, indenture, reimbursement agreement or other agreement entered into or adopted by the District in connection with the issuance of Revenue Bonds.

(h) “Bondholder” means the beneficial owner of any Revenue Bond.

(i) “Developer” shall have the meaning assigned it in the Establishment Agreement.

(j) “Developer Revenue Obligations” shall mean notes, bonds or other indebtedness issued by the District and payable to the Developer for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement.

(k) “Development Fees” shall have the meaning assigned it in the Establishment Agreement.

(l) “District” shall mean Beebe Draw Farms Metropolitan District No. 2.

(m) “District No. 1” shall mean Beebe Draw Farms Metropolitan District No. 1.

(n) “Effective Date” shall mean _____, 20__.

(o) “Establishment Agreement” means the Beebe Draw Farms Authority Establishment Agreement dated _____, 2011, between the District and District No. 1.

(p) “Maximum Annual Limited Receipts” shall mean, for any particular calendar year, the dollar amount that would result from the imposition of an ad valorem property tax levy of 50 mills (without adjustment) on the final certified assessed valuation of the District, as certified to the District by the County Assessor on the immediately preceding December 10.

(q) “Mill Levy Certification Date” means December 10 of each year, on or prior to which date an ad valorem property tax levy is required to be certified to the County Board in accordance with Section 2.04 hereof and state law.

(r) “1998 Bond Mill Levy” means, for any particular Mill Levy Certification Date, the ad valorem property tax levy required to be imposed upon property within the boundaries of District No. 1 for the payment of the debt service costs (including principal, interest, mandatory redemption price, trustee and paying agent fees) for the General Obligation Bonds, Series 1998 issued by District No. 1.

(s) “Payment Obligation” shall mean the District’s obligation to pay the Actual Capital Costs in accordance with the provisions hereof, but solely from Pledged Revenues, to the extent available.

(t) “Pledged Revenues” means, collectively, Property Tax Revenues, Specific Ownership Tax Revenues, and Development Fees (but excluding any Development Fees pledged and payable under any Prior Pledge Agreement).

(u) “Principal Portion” means an amount equal to \$_____, representing the principal component of the Payment Obligation hereunder.

(v) "Prior Pledge Agreements" means, collectively, District No. 2 Capital Pledge Agreement (First Exclusion) dated _____, 20__, between the District and the Authority, [ADD ALL PRIOR PLEDGE AGREEMENTS]

(w) "Prior Pledged Capital Mill Levy" means, for any particular Mill Levy Certification Date, the total mill levy required to be imposed by the District for payment of the Payment Obligations under the Prior Pledge Agreements.

(x) "Property Tax Revenues" means all moneys derived from imposition of the Required Mill Levy by the District, but excluding Specific Ownership Tax Revenues.

(y) "Public Improvements" means, collectively, Infrastructure and Amenities, as more particularly defined in the Establishment Agreement.

(z) "Required Mill Levy" means, with respect to any particular Mill Levy Certification Date, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year, commencing in tax levy year 20__ (tax collection year 20__), in an amount equal to 50 mills less the 1998 Bond Mill Levy for such Mill Levy Certification Date, less the Required O&M Mill Levy for such Mill Levy Certification Date, and less the Prior Pledged Capital Mill Levy for such Mill Levy Certification Date; provided that:

(i) in the event the method of calculating assessed valuation is changed after the date hereof, the 50 mills described above will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) notwithstanding anything herein to the contrary, in no event shall the Required Mill Levy exceed 50 mills, except under the circumstances set forth in Section 2.03(b) hereof, and subject to the limitations set forth therein, and, in the event that the Required Mill Levy as calculated pursuant to the foregoing would exceed 50 mills and Section 2.03(b) is not applicable, then the Required Mill Levy shall be reduced to equal 50 mills; and

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

(aa) "Revenue Bonds" shall mean notes, bonds or other indebtedness issued by the District for the purpose of funding Actual Capital Costs and payable from all or a portion of the Pledged Revenues assigned by the Authority to the District in accordance with an Assignment Agreement, excluding Developer Revenue Obligations.

(bb) "Service Plan" shall mean the Amended and Restated Consolidated Service Plan for the Beebe Draw Farms Metropolitan District Nos. 1 & 2, dated _____, 2011, as approved by the Board of County Commissioners of Weld County, Colorado on _____, 2011.

(cc) "Specific Ownership Tax Revenues" shall mean the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy.

(dd) "Subsequent Pledge Agreements" means pledge agreements entered into between the District and the Authority subsequent to the date hereof providing for the imposition of ad valorem property taxes by the District and payment of the proceeds thereof to the Authority, as contemplated by the Establishment Agreement.

(ee) "Supplemental Act" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(ff) "Termination Date" shall mean _____, 20__ (i.e., the imposition of taxes hereunder shall not be made after tax levy year 20__ and such taxes shall not be collected after tax collection year 20__) [REFLECT 40 YEAR TERM].

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 Agreement, was approved at an election held for the District on November 2, 2010, in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval.

Section 2.02. Funding of Actual Capital Costs Generally.

(a) In exchange for the Authority's agreement to provide for the acquisition, construction, improvement and equipping of the Amenities and the Infrastructure, in accordance with the Establishment Agreement and as more particularly provided in Section 2.05(c) below, and in exchange for the purchase by any Bondholder of Revenue Bonds (if any) issued to fund Actual Capital Costs and payable from Pledged Revenues generated hereunder, the District hereby agrees to pay to the Authority for the payment of Actual Capital Costs, but solely from the sources specified herein, the amount of \$ _____, plus interest thereon at the rate of ____% per annum (calculated in accordance with subparagraph (b) hereof), or such lesser amount as may be funded from the Pledged Revenues (the "**Payment Obligation**").

(b) Interest shall accrue on the outstanding balance of the Principal Portion of the Payment Obligation (initially \$ _____) at the rate of _____% per annum, and shall be calculated monthly based upon the outstanding Principal Portion as of the end of each month. Accrued but unpaid interest shall compound semi-annually on each June 1 and December 1, commencing on the first June 1 or December 1 (whichever is the earliest) to occur after the date of execution of this Agreement.

(c) Pledged Revenues received by the Authority (including any amounts payable to the Authority but assigned to the District in accordance with any Assignment Agreement) shall be applied, first, to the payment of accrued interest and, second, to the outstanding principal balance of the Payment Obligation.

(d) The Payment Obligation constitutes a limited tax obligation of the District payable solely from and to the extent of the Pledged Revenues. The Pledged Revenues are hereby pledged by the District to the Authority (and, to the extent of any Bondholders, for the benefit of such Bondholders), for the payment of Actual Capital Costs in accordance with the provisions hereof. The Payment Obligation shall constitute an irrevocable lien upon the Pledged Revenues. The District hereby elects to apply all of the provisions of the Supplemental Act to this Pledge Agreement and the Payment Obligation.

Section 2.03. Limitations on Payment Obligation.

(a) In no event shall the total or annual obligations of the District hereunder exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Payment Obligation will be deemed defeased and no longer outstanding upon the earlier of: (i) the payment by the District of such amount; or (ii) the Termination Date.

(b) In accordance with the definition of Required Mill Levy set forth in Section 1.02 hereof, the Required Mill Levy may not exceed 50 mills, except as specifically provided in this Section 2.03(b). In the event that, for the purpose of funding Actual Capital Costs, the District determines to issue Revenue Bonds and, in connection therewith, enters into an Assignment Agreement with the Authority relating to revenues payable hereunder for the purpose of providing for the payment of such Revenue Bonds, if and only if such Revenue Bonds satisfy the conditions of Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S., (the satisfaction of which shall be determined by the District and stated in the applicable Assignment Agreement) then so long as such Revenue Bonds are outstanding, the following provisions shall apply:

(i) subparagraph (ii) of the definition of Required Mill Levy shall not apply; and

(ii) in no event shall the District receive in any year under any Assignment Agreement for the payment of Revenue Bonds which do not satisfy Section 32-1-1101(6)(a)(I), (II), (III) or (IV), C.R.S., or under any Assignment Agreement for the payment of a Developer Revenue Obligation, Property Tax

Revenues and Specific Ownership Tax Revenues resulting from the imposition of the Required Mill Levy by the District in excess of the Maximum Annual Limited Receipts for such year; and

(iii) In no event shall the Authority retain in any year, after the payment (or retention by the District) of any amounts due to the District in accordance with an Assignment Agreement, revenues resulting from the imposition by the District of the Required Mill Levy (whether Property Tax Revenues or Specific Ownership Tax Revenues) in excess of the Maximum Annual Limited Receipts for such year. Any amounts in excess thereof shall [be deducted by the District from the amount of Property Tax Revenues otherwise payable to the Authority] in the succeeding year, and shall be applied by the District to any lawful purpose. Notwithstanding any of the foregoing, this paragraph shall not operate to modify or limit any amounts payable by the District to the Authority in accordance with any other agreements between the District and the Authority or the Establishment Agreement, including the obligation of the District to pay proceeds of the Required O&M Mill Levy to the Authority in accordance with the Establishment Agreement.

Section 2.04. Imposition of Required Mill Levy.

(a) In order to fund the Payment Obligation, the District agrees to levy on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in tax levy year 20__ (tax collection year 20__), and in each year thereafter (but in no event after the Termination Date), in the amount of the Required Mill Levy. Nothing herein shall be construed to require the District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy or after the Termination Date.

(b) The parties hereto acknowledge that Article 5 of the Establishment Agreement sets forth a process by which the Authority will develop and submit to the Districts an annual operating budget. In order to facilitate the determination of the Required Mill Levy by the District, the Authority shall provide to the District, the preliminary and final Required O&M Mill Levy and the 1998 Bonds Mill Levy for the immediately succeeding Mill Levy Certification Date, in the time and manner set forth in the Establishment Agreement.

(c) No later than December 5 of each year, the District shall provide written notice to the Authority of the Required Mill Levy that the District intends to certify on the immediately succeeding Mill Levy Certification Date, and the District shall certify the same on or before December 10 unless notified by the Authority that the Required Mill Levy as determined by the District is not in compliance with the requirements of this Agreement.

(d) The District acknowledges that it has actively participated in the development of the plan to finance Actual Capital Costs as set forth in the Establishment Agreement and herein, including the method for calculation of the Required Mill Levy as

set forth herein, that such calculation is designed to correlate to the benefit to the District of the Public Improvements financed by the Pledged Revenues (and, Revenue Bonds, if any) and that the calculation of the Required Mill Levy in accordance with the foregoing and obligation of the District to impose the same in each year during the term of this Agreement shall be final and binding upon the District.

(e) This Section 2.04 is hereby declared to be the certificate of the District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due hereunder.

(f) It shall be the duty of the District annually at the time and in the manner provided by law for the levying of the District's taxes, if such action shall be necessary to effectuate the provisions of this 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 the District to cause the appropriate officials of Weld 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 of Colorado.

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

Section 2.05. Payment and Application of Revenues.

(a) Subject to Section 2.09 hereof, the District hereby agrees to remit to the Authority [as soon as practicable upon receipt], all revenues comprising Pledged Revenues.

(b) All amounts payable by the District hereunder shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the Authority (or at the direction of Authority, any other entity in accordance with applicable Bond Documents).

(c) The Authority hereby agrees that, subject to Section 2.09, the Authority shall promptly deposit all Pledged Revenues received by it in accordance with this Agreement into the Infrastructure Account or the Amenity Account established under the Establishment Agreement and shall cause the same to be applied to Actual Capital Costs relating to Infrastructure or Amenities, respectively, as more particularly provided in the Establishment Agreement; provided, however, that, notwithstanding the foregoing, the Pledged Revenues may be directly deposited by the District into the Infrastructure Account or Amenity Account, as directed by the Authority and in accordance with the Establishment Agreement. Without limiting the foregoing, the Authority hereby agrees to undertake and diligently pursue the provision of Public Improvements in accordance

with the Establishment Agreement, to the extent funding is available therefor from the Pledged Revenues payable hereunder. The Authority and the District acknowledge that the Establishment Agreement, including the provisions thereof relating to the deposit and use of moneys in the Infrastructure Account and Amenity Account, may not be amended or modified in any way without the prior written consent of the District.

(d) The Authority shall provide to the District, not less than 180 days after the end of each fiscal year, a report indicating, separately, the amounts of Property Tax Revenues, Specific Ownership Tax Revenues and Development Fees received by the Authority and deposited into the Infrastructure Account and Amenity Account. Such report shall also provide the amount of Pledged Revenues disbursed from the Infrastructure Account to fund Roads and, separately, Water (both as defined in the Establishment Agreement), and the amount of Pledged Revenues disbursed from the Amenity Account to fund Amenities.

Section 2.06. Effectuation of Pléde 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 the District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the District to levy ad valorem property taxes, or as limiting or impairing the obligation of the District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

Furthermore, the District acknowledges that purchasers and credit enhancers of the Developer Revenue Obligations and the Revenue Bonds may incur costs and expenses, and will have otherwise purchased or provided credit enhancement for the Developer Revenue Obligations and Revenue Bonds, in reliance upon the promise of the District to impose the Required Mill Levy and pay the Pledged Revenues generated therefrom to the Authority in accordance with this Agreement and, as a result, such parties shall be entitled to rely on the payment obligations of the District to the Authority contained hereunder. Accordingly, it is acknowledged by the parties hereto that the purpose of this Section 2.06 is to ensure that the Authority receives all payments due herein in a timely manner in order to provide for the payment of amounts due to such parties.

Section 2.07. Limited Defenses; Specific Performance. It is understood and agreed by the District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the District hereunder remains unfulfilled, the District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to the Authority or the Authority's ability to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the District, in the event that the District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Agreement, 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 2.08. Future Exclusion of Property. The parties agree that this Agreement constitutes “indebtedness” as contemplated by Section 32-1-503, C.R.S. Any property excluded from the District after the date hereof is to remain liable for the imposition of the 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 the District, as provided in Section 32-1-503, C.R.S.. In the event that any order providing for the exclusion of property from the District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, the Authority and the District hereby agree to take all actions reasonably necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Authority.

Section 2.09. Future Debt of the District.

(a) The parties acknowledge that, in accordance with the Establishment Agreement, the District may issue Revenue Bonds or enter into Developer Revenue Obligations for the purpose of funding Actual Capital Costs relating to Infrastructure and, with the consent of the Authority, Amenities, which Revenue Bonds and Developer Revenue Obligations are intended to be payable from Pledged Revenues assigned to the District pursuant to an Assignment Agreement, which are otherwise required, in accordance with this Agreement, to be paid to the Authority and deposited into the Infrastructure Account and Amenity Account, as applicable. The parties also acknowledge that, as contemplated by the Establishment Agreement, the Authority and the District expect to enter into Subsequent Pledge Agreements.

(b) The District agrees that it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of District or payable from any other revenues of the District or otherwise constituting indebtedness (whether or not subject to annual appropriation), other than Subsequent Pledge Agreements, Revenue Bonds and Developer Revenue Obligations issued in compliance with the Establishment Agreement and this Agreement.

(c) Notwithstanding the provisions of Section 2.05(c) hereof, the District and the Authority may enter into an Assignment Agreement providing that all or any portion of the Pledged Revenues payable hereunder and required to be deposited into the Infrastructure Account and Amenity Account shall, instead, be disbursed by the District to a trustee or paying agent or to the Developer, for payment of Revenue Bonds and/or Developer Revenue Obligations, in which case the provisions of such Assignment Agreement shall control. Notwithstanding the foregoing, any Assignment Agreement shall provide that the portions of such Pledged Revenues that would otherwise be applied, in accordance with the Establishment Agreement, to costs of Amenities or Infrastructure, shall be applied to the payment of Revenue Bonds or Developer Revenue Obligations funding Amenities or Infrastructure, respectively. In no event shall an Assignment

Agreement abrogate the intended allocation of Pledged Revenues between costs of Amenities and Infrastructure, as provided in the Establishment Agreement.

(d) [The Authority hereby agrees to cooperate in the amendment of this Pledge Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the District, to facilitate the issuance of Revenue Bonds by the District.]

(e) Notwithstanding any other provision of this Agreement, the District shall not impose, in accordance with a Subsequent Pledge Agreement or any other agreement, in any given year, an aggregate debt service and capital mill levy in excess of 50 mills (adjusted for changes in the method of calculating assessed valuation in the same manner, and to the extent permitted, as provided in the definition of "Required Mill Levy" herein) less the Required O&M Mill Levy required to be imposed in such year.

(f) At least once a year as required by applicable state law, the District will cause an audit to be performed of the records relating to revenues and expenditures of the District. In addition, at least once a year as required by applicable state 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 as required by applicable state law.

Section 2.10. Representations and Warranties of the District. The District hereby makes the following representations and warranties:

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

(b) The District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Pledge Agreement. The District's execution, delivery, and performance of this Pledge Agreement have 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).

Section 2.11. Representations and Warranties of the Authority. The Authority hereby makes the following representations and warranties:

(a) The Authority is a separate legal entity duly organized and validly existing under the laws of the State of Colorado.

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

(c) The Authority 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 Authority to perform its obligations hereunder. The execution, delivery and performance by the Authority 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 Authority 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 Authority pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Authority is a party or which purports to be binding upon the Authority or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect.

(d) The Authority 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 Authority of this Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Authority 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 Authority threatened, in connection with any of the transactions contemplated by this Pledge Agreement nor, to the best knowledge of the Authority 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 Authority to perform its obligations under, this Pledge Agreement.

(f) This Pledge Agreement constitutes the legal, valid, and binding obligation of the Authority, enforceable against the Authority 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 III

EVENTS OF DEFAULT AND REMEDIES

Section 3.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an "Event of Default" hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) The District fails or refuses to impose the Required Mill Levy or to remit the Pledged Revenues, as required by the terms of this Pledge Agreement and subject to Section 2.09 hereof;

(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 sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to any of the parties hereto; or

(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 ninety (90) days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within ninety (90) days from the entry thereof, or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 3.02. Remedies for Events of Default. Upon the occurrence and continuance of an Event of Default, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Default by mandamus or such other suit, action, but solely for the purpose of seeking specific performance.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Pledge of Pledged Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Pledge Agreement. The Pledged Revenues 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 the District irrespective of whether such persons have notice of such liens.

Section 4.02. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Boards of Directors of the District or the Authority, or any officer or agent of the District or Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for, with respect to the District, payment of the Payment Obligation or, with respect to the Authority, provision of the Public Improvements. Such recourse shall not be available either directly or indirectly through the Authority or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Pledge Agreement and as a part of the consideration hereof, the Authority and the District each specifically waives any such recourse.

Section 4.03. 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 4.04. 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, execution, or delivery of this Pledge Agreement shall be commenced more than thirty days after the authorization of this Pledge Agreement.

Section 4.05. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

If to District:

With copies to:

If to the Authority:

With copies to:

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Either party by written notice so provided may change the address to which future notices shall be sent.

Section 4.06. Miscellaneous.

(a) This Pledge Agreement and the Establishment Agreement constitute 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. In the event of any conflict between provisions of this Pledge Agreement and any other agreement between the District and the Authority, provisions of this Pledge Agreement shall control. No party has been induced to enter into this Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in this Pledge Agreement.

(b) If any term or provision of this Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Pledge Agreement. If any provision or part thereof of this Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third party beneficiaries of this Pledge Agreement, other than the Bondholders (if any), District No. 1 and the Developer.

(d) This Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties.

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

(f) Venue for any and all claims brought by either Party to enforce any provision of this Agreement shall be the District Court in and for the County of Weld, State of Colorado.

(g) 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.

(h) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(i) Each party has participated fully in the review and revision of this 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.

(j) 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.

Section 4.07. Effective Date and Termination Date. This Agreement shall become effective on the Effective Date, and shall remain in effect until the Termination Date.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the District and the Authority have executed this Agreement as of the day and year first above written.

BEEBE DRAW FARMS METROPOLITAN DISTRICT NO. 2

By: _____
President

ATTEST:

Secretary

BEEBE DRAW FARMS AUTHORITY

By: _____
President

ATTEST:

Secretary