

**INDENTURE OF TRUST  
(SENIOR)**

**DATED AS OF \_\_\_\_\_ 1, 2021**

between

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2  
(IN THE CITY OF COLORADO SPRINGS)  
EL PASO COUNTY, COLORADO**

and

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

relating to

**LIMITED TAX GENERAL OBLIGATION  
CONVERTIBLE CAPITAL APPRECIATION BONDS, SERIES 2021A<sup>(3)</sup>  
IN THE ORIGINAL PRINCIPAL AMOUNT OF \$[ORIGINAL PRINCIPAL]  
(\$[CONVERSION PRINCIPAL] AT CURRENT INTEREST CONVERSION DATE)**

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This **INDENTURE OF TRUST (SENIOR)** (the “**Indenture**”) dated as of \_\_\_\_\_ 1, 2021, by and between **BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2**, in the City of Colorado Springs, El Paso County, Colorado, a quasi-municipal corporation duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (the “**District**”), and **UMB BANK, N.A.**, a banking institution authorized to accept and execute trusts of the character herein set out, having an office and corporate trust offices in Denver, Colorado, as trustee (the “**Trustee**”).

## **R E C I T A L S**

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

**WHEREAS**, the District (formerly known as Banning Lewis Ranch Metropolitan District No. 7) was organized by an Order and Decree of the District Court for El Paso County, Colorado issued on December 1, 2005, and recorded in the real property records of El Paso County, Colorado (the “**County**”) on December 16, 2005, as amended by an Order and Decree issued on April 5, 2019, and recorded in the real property records of the County on April 8, 2019; and

**WHEREAS**, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to furnish certain public facilities and services, including, but not limited to, streets, water, sanitation, traffic and safety control and mosquito control in accordance with the Amended and Restated Service Plan for Banning Lewis Ranch Regional Metropolitan District No. 2, approved by the City Council for the City of Colorado Springs, Colorado (the “**City**”) on August 28, 2018 (as amended and restated from time to time, the “**Service Plan**”); and

**WHEREAS**, at an election of the qualified electors of the District, duly called and held on Tuesday, November 7, 2006 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities (as more particularly defined herein, the “**Facilities**”), and for the refunding of such indebtedness, as follows, the questions relating thereto being as set forth in Exhibit D hereto:

<b><u>Purpose</u></b>	<b><u>Principal Amount</u></b>
Street	\$84,500,000
Parks and Recreation	84,500,000
Water	84,500,000
Sanitation	84,500,000
Transportation	84,500,000
Mosquito Control	84,500,000
Safety Protection	84,500,000
Fire Protection	84,500,000
TV Relay and Translation	84,500,000
Refundings	84,500,000

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

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

**WHEREAS**, the District, along with Banning Lewis Ranch Metropolitan District No. 1 (“**District No. 1**”), Banning Lewis Ranch Metropolitan District No. 2 (“**District No. 2**”), Banning Lewis Ranch Metropolitan District No. 3 (“**District No. 3**”), Banning Lewis Ranch Metropolitan District No. 4 (“**District No. 4**”), Banning Lewis Ranch Metropolitan District No. 5 (“**District No. 5**”) and Banning Lewis Ranch Regional Metropolitan District No. 1 (formerly known as Banning Lewis Ranch Regional Metropolitan District and prior to that, as Banning Lewis Ranch Metropolitan District No. 6) (“**Regional District No. 1**” and, together with the District, District No. 1, District No. 2, District No. 3, District No. 4 and District No. 5, the “**Districts**”) were organized as part of a plan to serve a development known as “Banning Lewis Ranch”; and

**WHEREAS**, the Board of Directors of the District (the “**Board**”) has previously determined that it was necessary to finance, acquire, construct, or install the Facilities (the “**Project**”); and

[**WHEREAS**, for the purpose of funding certain costs of the Facilities, the District has previously entered into the Advance, Acquisition and Reimbursement Agreement dated as of November 13, 2020 (as it may be amended or supplemented from time to time, the “**Reimbursement Agreement**”) with Clayton Properties Group II, Inc., a Colorado corporation (the “**Developer**”), pursuant to which the District agreed to reimburse the Developer for advances made by the Developer to the District for the costs of Facilities constructed by or on behalf of the District in accordance with the provisions thereof, but solely from the sources of revenue identified therein, and subject to the limitations more particularly provided therein; and] [PLEASE PROVIDE FULLY EXECUTED COPY WHEN AVAILABLE]

**WHEREAS**, for the purpose of financing or reimbursing a portion of the Project (including paying amounts due or to become due to the Developer under the Reimbursement Agreement), the Board has previously determined and hereby determines to issue its Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), in the Original Principal Amount of \$[ORIGINAL PRINCIPAL] (\$[CONVERSION PRINCIPAL] at the Current Interest Conversion Date) (the “**Bonds**”); and

**WHEREAS**, for the purpose of financing or reimbursing an additional portion of the Project (including paying amounts due or to become due to the Developer under the Reimbursement Agreement), on the date of issuance of the Bonds, the Board intends to issue its Subordinate Limited Tax General Obligation Bonds, Series 2021B(3), in the aggregate principal amount of \$[PAR-B] (the “**2021B(3) Subordinate Bonds**”), pursuant to an Indenture of Trust (Subordinate) dated as of \_\_\_\_\_ 1, 2021 (the “**2021B(3) Subordinate Indenture**”), by and between the District and UMB Bank, n.a., as trustee; and

**WHEREAS**, the Service Plan currently limits the aggregate Debt (as such term is defined in the Service Plan) that may be issued by the District and Regional District No. 1 to \$150,000,000; and

**WHEREAS**, Regional District No. 1 has previously issued its (i) Limited Tax General Obligation Bonds, Series 2018A, in the aggregate principal amount of \$10,745,000, (ii) Subordinate Limited Tax General Obligation Bonds, Series 2018B, in the aggregate principal amount of \$1,255,000, and (iii) Junior Lien Limited Tax General Obligation Bonds, Series 2018C, in the aggregate principal amount of \$1,801,000 (collectively, the “**Regional District No. 1 Bonds**”); and

[**WHEREAS**, except for the Debt (as such term is defined in the Service Plan) incurred by the District pursuant to the District Facilities Agreement effective as of January 1, 2021 (as more particularly defined herein, the “**District Facilities Agreement**”) between the District and Regional District No. 1, the District has not previously issued Debt (as such term is defined in the Service Plan) and the original aggregate principal amount of the Regional District No. 1 Bonds, the Bonds and the 2021B(3) Subordinate Bonds, together with the District’s Debt incurred under the District Facilities Agreement, does not exceed \$150,000,000; and [UNDER DISCUSSION]]

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

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

**WHEREAS**, the Bonds shall be limited tax general obligations of the District and shall be payable solely from the Pledged Revenue (as defined herein); and

**WHEREAS**, the Bonds initially shall be issued in minimum denominations of \$500,000 each, and will be exempt from registration under the Colorado Municipal Bond Supervision Act; and

**WHEREAS**, pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S., the Bonds are being issued only to “financial institutions or institutional investors” as such terms are defined in Section 32-1-103(6.5), C.R.S.; and

**WHEREAS**, the Original Principal Amount of the Bonds shall be allocated to the District’s electoral authorization in accordance with the use of net proceeds of the Bonds deposited in the Senior Project Fund, as indicated in Project Requisitions submitted in accordance with this Indenture (which shall be subject to the limitations of the Election), with that portion of the Original Principal Amount of the Bonds that funded the Reserve Fund and the Costs of Issuance Fund to be allocated to infrastructure categories provided in the Election in accordance with the percentage of total net proceeds indicated in the Project Requisitions allocated to each such category; and

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

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

**NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:**

**GRANTING CLAUSES**

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

**GRANTING CLAUSE FIRST:**

The Pledged Revenue, the Senior Bond Fund, the Senior Project Fund, the Reserve Fund, the Surplus Fund, and all other moneys, securities, revenues, receipts, and funds from time to time held by the Trustee under the terms of this Indenture, subject to the provisions of Sections 3.11 and 9.02 hereof, and a security interest therein; and

**GRANTING CLAUSE SECOND:**

All right, title, and interest of the District in any and all other revenue of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the District or by anyone on its behalf



as and for additional security hereunder, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

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

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

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

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

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

## **ARTICLE I**

### **DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION**

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

“*Accreted Amount*” means, on any date (prior to the Current Interest Conversion Date) and with respect to any Bond, the difference between that portion of the Original Principal Amount allocable to such Bond and the then current Accreted Value of such Bond.

“*Accreted Value*” means the value of a Bond on any date (prior to the Current Interest Conversion Date) on which it is calculated as computed in accordance with the Accretion Table.

“*Accretion Table*” means the table set forth on Exhibit B attached hereto and incorporated by this reference herein.

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

“*Additional Obligations*” means (a) all obligations of the District for borrowed money and reimbursement obligations, (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or any part of the Pledged Revenue, (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds and Subordinate Obligations, (d) all obligations of the District to pay the deferred purchase price of property or services, (e) all obligations of the District as lessee under leases, but excluding such obligations outstanding from time to time with respect to which the aggregate maximum repayment costs for all terms thereof do not exceed \$500,000, and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term “Additional Obligations” does not include:

(i) obligations which do not obligate the District to impose any tax, fee, or other governmental charge and either: (A) are subject to termination by the District at least annually; or (B) the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of the District and either: (A) are subject to termination by the District at least annually; or (B) the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

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

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

(v) obligations with respect to which the District has irrevocably committed funds equal to the full amount due or to become due thereunder;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as

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

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

(viii) [obligations evidenced by the District Facilities Agreement].

“*Authorized Denominations*” means, prior to the Current Interest Conversion Date, a denomination of at least \$500,000 of the Accreted Value of a Bond at the applicable date of purchase or transfer of such Bond and, on and after the Current Interest Conversion Date, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that:

(a) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date;

(b) in the event a Bond is partially redeemed and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$500,000, in an integral multiple of \$1,000 (provided that prior to the Current Interest Conversion Date, the denomination need not be an integral multiple of \$1,000); and

(c) the Authorized Denominations shall be reduced to \$1,000 or any integral multiple thereof in the event that the Trustee receives an opinion of Counsel that the District has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Bonds under any of the exemptions from registration contemplated by Section 11-59-110, C.R.S., and any rule or order promulgated thereunder, or any successor statute (and any rule or order promulgated under such successor statute), or has taken other actions which permit the Bonds to be issued in denominations of \$1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act or any successor statute.

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

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

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

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

“*Bond Year*” means the period commencing on the date of issuance of the Bonds through and including December 1, 2021 and, thereafter, the period from December 2 of any calendar year through and including December 1 of the following calendar year.

“*Bonds*” means the Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), in the Original Principal Amount of \$[ORIGINAL PRINCIPAL] (\$[CONVERSION PRINCIPAL] at the Current Interest Conversion Date) dated as of the date of issuance, and issued by the District pursuant to this Indenture and the Bond Resolution.

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

“*Calculation Agent*” means Piper Sandler & Co., Denver, Colorado, or at the election of the District, a Certified Public Accountant selected by the District and acceptable to the Trustee.

“*Capital Fees*” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) now or hereafter imposed by the District or any District-owned “enterprise” under Article X, Section 20 of the State Constitution, for services, programs, or facilities furnished by the District; and including the revenue derived from any action to enforce the collection of Capital Fees, and the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of Capital Fees. Notwithstanding any of the foregoing, Capital Fees does not include [the Excluded Fees or] any fee imposed solely for the purpose of funding operation and maintenance expenses.

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

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

“*City*” means the City of Colorado Springs, Colorado.

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

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

“*Consent Party*” means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond, or if so designated in writing by a Participant, the Beneficial Owner of such Bond.

“*Costs of Issuance Fund*” means the “Banning Lewis Ranch Regional Metropolitan District No. 2 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), Costs of Issuance Fund,” established by Section 3.02 hereof.

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

“*County*” means El Paso County, Colorado.

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

“*Current Interest Conversion Date*” means [December 1, 2025].

“*Debt*” means, for any particular calculation date, the aggregate outstanding principal amount (or, if issued as capital appreciation bonds, the then accreted value), as of such calculation date, of the Bonds, any Parity Bonds, the 2021B(3) Subordinate Bonds, and any other bonds, notes or other obligations for the payment of which the District is obligated to impose ad valorem property taxes.

“*Debt to Assessed Ratio*” means, as of any date of calculation, the ratio derived by dividing the then-outstanding principal amount of Debt by the most recent Final Assessed Valuation of the District, which ratio calculation shall be set forth in a written certificate of the District Representative provided to the Trustee.

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

“*Developer*” means Clayton Properties Group II, Inc., a Colorado corporation.

“*District*” means Banning Lewis Ranch Regional Metropolitan District No. 2, in the City of Colorado Springs, El Paso County, Colorado.

[“*District Facilities Agreement*” means the District Facilities Agreement effective as of January 1, 2021 between the District and Regional District No. 1, as the same may be amended or supplemented from time to time.]

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

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

“*Election*” means the election held within the District on November 7, 2006.

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

[“*Excluded Fees*” means certain service fees that may be imposed by the District from time to time pursuant to the District Facilities Agreement.]

“*Facilities*” means public facilities the debt for which was approved at the Election, including without limitation necessary or appropriate equipment, and which the District is authorized to provide under the Service Plan.

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

“*Final Assessed Valuation*” means the final certified assessed valuation of all taxable property of the District, as calculated and recorded by the County Assessor on or about December 10 of each year, or on such other date as may be established by law for the annual final certification of assessed valuation.

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

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

“*Interest Payment Date*” means June 1 and December 1 of each year, commencing [June 1, 2026], and continuing for so long as the Bonds are Outstanding.

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

“*Maximum Surplus Amount*” means an amount equal to \$\_\_\_\_\_.

“*Original Principal Amount*” means \$[ORIGINAL PRINCIPAL] original issue amount of the Bonds on the date of their issuance and delivery, and, with respect to any single Bond, the original issue amount of such Bond on the date of its issuance and delivery.

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

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;
- (b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption

of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) hereof) shall have been placed in escrow and in trust; and

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

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

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

“*Parity Bonds Maximum Surplus Amount*” means, with respect to any particular series of Parity Bonds, an amount equal to 10% of the original par amount of such Parity Bonds.

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

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

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

“*Pledged Revenue*” means the following:

- (a) all Senior Property Tax Revenues;
- (b) all Senior Specific Ownership Tax Revenues;
- (c) all Capital Fees; and

(d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

“*Project*” means the financing, acquisition, construction, or installation of the Facilities.

“*Project Costs*” means the District’s costs properly attributable to the Project or any part thereof, including reimbursement or payment of such costs in accordance with the Reimbursement Agreement, including without limitation:

(a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;

(b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;

(c) administrative and general overhead costs;

(d) the costs of surveys, appraisals, plans, designs, specifications, and estimates;

(e) the costs, fees, and expenses of printers, engineers, architects, construction management, financial consultants, accountants, legal advisors, or other agents or employees;

(f) the costs of publishing, reproducing, posting, mailing, or recording documents;

(g) the costs of contingencies or reserves;

(h) the costs of issuing the Bonds;

(i) the costs of amending this Indenture, the 2021B(3) Subordinate Indenture, the Bond Resolution, or any other instrument relating to the Bonds, the 2021B(3) Subordinate Bonds, or the Project;

(j) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans;

(k) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;

(l) the costs of demolition, removal, and relocation;

(m) the costs of organizing the District; or

(n) all other lawful costs as determined by the Board.



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

“*Refunding Parity Bonds*” means Parity Bonds issued solely for the purpose of refunding all or any portion of the Bonds, any other Parity Bonds, or Subordinate Obligations; provided, however, that proceeds of such Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding.

“*Regional District No. 1*” means Banning Lewis Ranch Regional Metropolitan District No. 1, in the City of Colorado Springs, El Paso County, Colorado.

“*Reimbursement Agreement*” has the meaning assigned to it in the recitals hereof.

“*Reserve Fund*” means the “Banning Lewis Ranch Regional Metropolitan District No. 2 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), Reserve Fund,” established by Section 3.02 hereof.

“*Reserve Requirement*” means \$\_\_\_\_\_.

“*Senior Bond Fund*” means the “Banning Lewis Ranch Regional Metropolitan District No. 2 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), Senior Bond Fund,” established by Section 3.02 hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

“*Senior Project Fund*” means the “Banning Lewis Ranch Regional Metropolitan District No. 2 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3), Senior Project Fund,” established by the provisions hereof for the purpose of paying the Project Costs.

“*Senior Property Tax Revenues*” means all moneys derived from imposition by the District of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

“*Senior Required Mill Levy*” means:

(a) subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and, solely to the extent provided in Section 3.07(f) and 3.08(f) hereof, the Surplus Fund and the Reserve Fund, respectively) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 9 mills (subject to adjustment as provided in clause (ii) hereof); provided, however, that:

(i) for so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 9 mills (subject to adjustment as provided in clause (ii) hereof), or such lesser amount that will generate Senior Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, to replenish the Reserve Fund to the Reserve Requirement and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Bonds in full in the year such levy is collected; and

(ii) in the event that the method of calculating assessed valuation is changed after January 1, 2017, the minimum mill levy of 9 mills and the maximum mill levy of 9 mills provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation); and

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

*“Senior Specific Ownership Tax Revenues”* means the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Senior Required Mill Levy.

*“Service Plan”* means the Amended and Restated Service Plan for Banning Lewis Ranch Regional Metropolitan District No. 2, approved by the City Council for the City on August 28, 2018, as the same may be amended or restated from time to time.

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

*“State”* means the State of Colorado.

*“Subordinate Obligations”* means the 2021B(3) Subordinate Bonds and any other bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and

designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Subordinate Obligation hereunder, provided that such obligations are required to be issued in accordance with the provisions of Section 4.04(d) hereof. Any Subordinate Obligations hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District.

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

“*Surplus Fund*” means the “Banning Lewis Ranch Regional Metropolitan District No. 2 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2021A(3) Surplus Fund,” established by the provisions hereof for the purposes set forth herein.

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

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

“*Trustee Fees*” means the amount of the fees and expenses of the Trustee charged or incurred in connection with the performance of its ordinary services and duties hereunder (and under any other indenture entered into by the District in connection with Parity Bonds or Subordinate Obligations), as the same become due and payable as described in Section 9.02(a) hereof, but not in excess of \$4,000 annually per bond issue then outstanding; provided however, that: (i) the foregoing \$4,000 shall be reduced to \$3,000 for the 2021B(3) Subordinate Bonds (resulting in a total of \$7,000 for the Bonds and the 2021B(3) Subordinate Bonds, collectively); and (ii) this definition does not include expenses incurred by the Trustee in connection with the performance of extraordinary services and duties as described in Section 9.02(b) hereof, which expenses shall be payable by the District in accordance with the provisions thereof.

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

“*Underwriter*” means Piper Sandler & Co., Denver, Colorado, the original purchaser of the Bonds.

“*2021B(3) Subordinate Bonds*” means the District’s Subordinate Limited Tax General Obligation Bonds, Series 2021B(3), issued in the aggregate principal amount of \$[PAR-B].

“*2021B(3) Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated as of \_\_\_\_\_ 1, 2021, by and between the District and the Trustee, pursuant to which the 2021B(3) Subordinate Bonds are issued.

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

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

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

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

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

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

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

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

**Section 1.04. Exclusion of Bonds Held By The District.** In determining whether the Consent Parties with respect to the requisite Accreted Value (or if after the Current Interest Conversion Date, principal amount) of the Outstanding Bonds have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Bonds for which the District is the Consent Party shall be disregarded and deemed not to be Outstanding.

**Section 1.05. Certificates and Opinions.**

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

opinion of such person, the condition or covenant has been complied with; and (v) an identification of any certificate or opinion relied on in such certificate or opinion.

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

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

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

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

#### **Section 1.06. Acts of Consent Parties.**

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

(b) The fact and date of the execution by any person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate

of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

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

**Section 1.07. Indenture to Constitute Contract.** This Indenture shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding hereunder.

## ARTICLE II

### THE BONDS

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

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

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

(c) The Bonds shall be dated as of the date of issuance, and shall mature on [December 1, 2051].

(d) Prior to the Current Interest Conversion Date, the Bonds shall pay no current interest, and shall accrete in value in accordance with the Accretion Table,

compounding semi-annually on each June 1 and December 1, commencing June 1, 2021, from their date of delivery.

(e) The Accreted Value of any Bond on any date shall be computed in accordance with the Accretion Table set forth on Exhibit B attached hereto and incorporated herein. The Accreted Value for any Bond with respect to any date other than a date stated in the Accretion Table shall be determined conclusively by the Calculation Agent by interpolating such Accreted Value, using the straight line method, by reference to the Accreted Value for the date listed on Exhibit B hereto which is immediately prior to and immediately subsequent to such date, and the number of calendar days elapsed since the date listed which is immediately prior to such date. All references herein (i) to “interest” on any Bond shall, unless the context clearly indicates otherwise, refer to the excess of the Accreted Value over the Original Principal Amount of such Bond, as of any relevant date; (ii) to principal of the Bonds, shall be construed to mean the Original Principal Amount thereof; and (iii) to principal of and accrued interest on the Bonds, or words of similar import, shall be construed to mean the Accreted Value of the Bonds as of the relevant date; provided, however, that after the Current Interest Conversion Date, for purposes of determining the application of moneys to the payment of principal and interest on the Bonds, “principal” of a Bond shall mean the Accreted Value of such Bond as of the Current Interest Conversion Date and “interest” shall mean the interest accrued thereon after the Current Interest Conversion Date.

(f) On the Current Interest Conversion Date, the Bonds shall, without any action necessitated on the part of the District, or any owner, or any other person or entity, cease to be capital appreciation bonds and automatically convert to current interest bonds with respect to all interest borne by the Bonds. On and after such Current Interest Conversion Date and until maturity or prior redemption, the Accreted Value of the Bonds shall bear interest at the rate of \_\_\_% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor semi-annually, on each June 1 and December 1, commencing [June 1, 2026].

(g) The maximum net effective interest rate authorized for this issue of Bonds pursuant to the Election is 18% per annum, and the actual net effective interest rate of the Bonds does not exceed such maximum rate. The maximum repayment costs of the Bonds do not exceed the limitations of the Election. The maximum annual debt service on the Bonds does not exceed the maximum annual tax increases authorized in the Election.

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

on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such unpaid interest.

(i) Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the District shall not be required to incur any expenses in connection with such alternative means of payment.

(j) On and after the Current Interest Conversion Date, (a) to the extent principal (i.e. the Accreted Value at the Current Interest Conversion Date) of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to Section 7.03 hereof, and (b) to the extent interest accrued on the Accreted Value of any Bond after the Current Interest Conversion Date is not paid when due, such unpaid interest shall compound semi-annually on each June 1 and December 1, at the applicable rate specified in subparagraph (f) hereof, until paid; provided, however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

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

**Section 2.02. Purpose of Issuance of Bonds.** The Bonds are being issued for the purpose of: (a) paying the Project Costs, (b) funding the Reserve Fund to the Reserve Requirement, and (c) paying other costs in connection with the issuance of the Bonds and the 2021B(3) Subordinate Bonds.



### **Section 2.03. Trustee as Paying Agent and Bond Registrar.**

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Bonds may be exchanged at the principal office of the Trustee for a like aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the same maturity of other Authorized Denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Trustee,

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

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

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

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

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

**Section 2.11. Book-Entry System.**

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

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

(c) Notwithstanding any provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, all payments with respect to the principal of and interest on such Bond shall be made as provided in the Letter of Representations.

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

### **ARTICLE III**

#### **REVENUES AND FUNDS**

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

a lien on the Pledged Revenue on parity with the lien thereon of any Parity Bonds issued hereafter.

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

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

**Section 3.03. Initial Credits.** Immediately upon issuance of the Bonds and from the proceeds thereof (after payment of the Underwriter's discount), the Trustee shall make the following credits:

- (a) to the Reserve Fund, the amount of \$\_\_\_\_\_, representing the Reserve Requirement;
- (b) to the Costs of Issuance Fund, the amount of \$\_\_\_\_\_; and
- (c) to the Senior Project Fund, the amount of \$\_\_\_\_\_.

**Section 3.04. Senior Project Fund.**

(a) ***In General.*** The Senior Project Fund shall be maintained by the Trustee in accordance with the terms of this Section 3.04.

(b) ***Draws from Senior Project Fund.*** So long as no Event of Default shall have occurred and be continuing, amounts in the Senior Project Fund shall be released by the Trustee to the District in accordance with requisitions submitted to the Trustee in substantially the form set forth in Exhibit C hereto, signed by the District Representative and certifying that all amounts drawn will be applied to the payment of the Project Costs. The Trustee may rely conclusively on any such certificate and shall not be required to make any independent investigation in connection therewith. The execution of any requisition by the District Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

(c) ***Transfers from Senior Project Fund to Senior Bond Fund.*** In the event the amounts credited to the Senior Bond Fund (including amounts transferred therein from the Surplus Fund, but prior to the transfer of any amounts from the Reserve Fund) are insufficient to pay the principal of, premium if any, or interest on the Bonds when

due, the Trustee shall transfer from the Senior Project Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Senior Bond Fund (including amounts transferred therein from the Surplus Fund, but prior to the transfer of any amounts from the Reserve Fund) and the Senior Project Fund are insufficient to pay all principal, premium if any, and interest on any due date, the Trustee shall nonetheless transfer all of the moneys in the Senior Project Fund to the Senior Bond Fund for the purpose of making partial payments as provided in Section 3.06 hereof entitled "Senior Bond Fund." Amounts in the Senior Project Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof, but may be used to pay Bonds coming due as a result of any mandatory redemption.

(d) **Termination of Senior Project Fund.** Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid, any balance remaining in the Senior Project Fund shall be credited to the Senior Bond Fund. The Senior Project Fund shall terminate at such time as no further moneys remain therein.

**Section 3.05. Application of Pledged Revenue.** The District is to transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Pledged Revenue received by the District in a calendar month is less than \$50,000, the Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than October 15th for Pledged Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. The Trustee shall credit all Pledged Revenue as received in the following order of priority (excluding the Pledged Revenue described in clause (d) of the definition thereof, which is to be deposited directly to the Senior Bond Fund). For purposes of the following, (a) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank pari passu with each other and, in the event that Pledged Revenue is not sufficient to fully fund all amounts required at any single priority level, credits shall be made pro rata, in accordance with the relative amounts required to be deposited to such funds or accounts or, in the case of FOURTH below, the relative outstanding principal amounts of the obligations secured by the applicable funds; and (b) when credits are required to go to funds or accounts which are not held by the Trustee under this Indenture, the Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

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

SECOND: To the credit of the Senior Bond Fund, the amounts required by Section 3.06 hereof entitled "Senior Bond Fund," and to the credit of any other similar fund or account established for the current payment of the principal of, premium if any, and interest on any Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds for the then current Bond Year;

THIRD: To the credit of the Reserve Fund the amount, if any, necessary for the amounts therein to equal the Reserve Requirement, and to the credit of any other similar fund or account established to secure payment of the principal of, premium if any, and interest on any Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds;

FOURTH: To the credit of the Surplus Fund and to the credit of any other similar fund or account established to secure payment of the principal of, premium if any, and interest on any Parity Bond, the amount necessary for amounts on deposit in the Surplus Fund to equal the Maximum Surplus Amount and for amounts on deposit in any similar account securing Parity Bonds to equal the amount required by the resolution or other enactment authorizing issuance of such Parity Bonds; and

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

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

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first be designated as Senior Property Tax Revenues in any Bond Year to pay annual debt service on the Bonds and any Parity Bonds and to fund such funds and accounts as are required in accordance with the terms hereof and the resolution, indenture or other enactment authorizing such Parity Bonds (including to fill the Surplus Fund to the Maximum Surplus Amount and to fill the surplus fund for any Parity Bonds to the Parity Bonds Maximum Surplus Amount, and to replenish the Reserve Fund to the Reserve Requirement and any similar fund or account securing Parity Bonds to the requisite level, if needed), and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue be applied to pay Subordinate Obligations. The debt

service property tax levy imposed for the payment of Subordinate Obligations shall be deemed reduced to the number of mills (if any) available for payment of such Subordinate Obligations in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Bonds and any Parity Bonds in such Bond Year.

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

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

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

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

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

FIRST: the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond; and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof, plus any premium. Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Bonds the principal of which is due and owing on the due date.

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

**Section 3.07. Surplus Fund.**

(a) The Surplus Fund shall be held, disbursed, and administered by the Trustee and moneys therein shall be used solely in accordance with this Section. The



Surplus Fund shall secure the Bonds (and only the Bonds) in accordance with the provisions hereof.

(b) The Surplus Fund shall not be funded with Bond proceeds, but shall be funded solely from deposits of Pledged Revenue as provided in Section 3.05 hereof entitled “Application of Pledged Revenue,” and except to the extent Pledged Revenue is available under such Section 3.05, the District has no obligation to fund the Surplus Fund in any amount.

(c) In the event the amounts credited to the Senior Bond Fund (not including amounts to be transferred thereto from the Senior Project Fund or the Reserve Fund) are insufficient to pay the principal of, premium if any, or interest on the Bonds when due, the Trustee shall transfer from the Surplus Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund (prior to any transfers from the Senior Project Fund or the Reserve Fund) will be sufficient to make such payments when due; and in the event the amounts in the Senior Bond Fund (prior to any transfers from the Senior Project Fund or the Reserve Fund) and the Surplus Fund are insufficient to pay all principal, premium if any, and interest on the Bonds on any due date, the Trustee shall nonetheless transfer all of the moneys in the Surplus Fund to the Senior Bond Fund for the purpose of making partial payments as provided in Section 3.06 hereof entitled “Senior Bond Fund” with respect to the Bonds. Amounts in the Surplus Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof, but shall be used to pay Bonds coming due as a result of any mandatory redemption.

(d) Moneys credited to the Surplus Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the State. The investment of moneys credited to the Surplus Fund shall, however, be subject to the covenants and provisions of Section 6.02 hereof. Investments in the Surplus Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Surplus Fund shall remain in and become part of the Surplus Fund if the Surplus Fund balance is less than the Maximum Surplus Amount. At any time that the Trustee determines that the Surplus Fund balance exceeds the Maximum Surplus Amount, such excess amounts shall be transferred by the Trustee to the Senior Bond Fund on or before the next Interest Payment Date.

(e) It is intended that amounts in the Surplus Fund are to be transferred to the Senior Bond Fund prior to any transfer from the Senior Project Fund or the Reserve Fund.

(f) Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds shall be applied to the payment of the Bonds. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Bonds.

### **Section 3.08. Reserve Fund.**

(a) Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose. The Trustee shall transfer moneys from the Reserve Fund to the Senior Bond Fund to pay the principal of or interest on the Bonds to the extent moneys on deposit in the Senior Bond Fund are insufficient therefor on any Interest Payment Date. It is intended that amounts in the Surplus Fund (so long as in existence) and the Senior Project Fund are to be transferred to the Senior Bond Fund prior to any transfer of moneys from the Reserve Fund to the Senior Bond Fund.

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

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

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

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

(f) Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds shall be applied to the payment of the Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in the levy year prior to the year of final maturity of the Bonds.

**Section 3.09. Costs of Issuance Fund.** The Costs of Issuance Fund shall be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund shall be applied by the

Trustee at the direction of the District in accordance with the closing memorandum prepared by the Underwriter, which summarizes the approved costs to the payment of costs in connection with the issuance of the Bonds and the 2021B(3) Subordinate Bonds including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter's counsel and other counsel, the fees and expenses of the District's accountant, manager, special consultants, and other professionals, and the costs of the Trustee, and other costs and expenses of the District relating to the issuance of the Bonds and the 2021B(3) Subordinate Bonds. The Trustee may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the Bonds shall be transferred by the Trustee into the Senior Project Fund.

**Section 3.10. Trustee's Fees, Charges, and Expenses.** The District shall pay the Trustee's fees for services rendered hereunder in accordance with its then-current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by this Indenture and in or about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

**Section 3.11. Moneys to be Held in Trust.** All moneys deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and except for amounts due and owing to the Trustee for its fees and expenses in performance of its duties hereunder, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in Article VII, and Section 8.05 hereof, the District shall have no claim to or rights in any moneys deposited with or paid to the Trustee hereunder.

**Section 3.12. Pledge of Revenues.** The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue and funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Pledged Revenue pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be on parity with the lien thereon of the Parity Bonds (if any), excluding the Pledged Revenue described in clause (d) of the definition thereof. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

## ARTICLE IV

### COVENANTS OF DISTRICT

**Section 4.01. Performance of Covenants, Authority.** The District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolution, this Indenture, the Bonds, and all its

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

**Section 4.02. Covenant to Impose Senior Required Mill Levy.**

(a) For the purpose of paying the principal of, premium if any, and interest on the Bonds and, if necessary, replenishing the Reserve Fund to the Reserve Requirement and funding the Surplus Fund to the Maximum Surplus Amount, the Board shall annually determine and certify to the Board of County Commissioners for the County, in each of the years 2021 through [2050], inclusive (for tax collection in years 2021 through [2051], inclusive), and in any year thereafter in which the Bonds remain Outstanding, in addition to all other taxes, the Senior Required Mill Levy, subject to clause (b) below. Nothing herein shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds and, if necessary, replenishing the Reserve Fund to the Reserve Requirement and funding the Surplus Fund to the Maximum Surplus Amount, in excess of the Senior Required Mill Levy. When collected, the taxes levied for the foregoing purposes shall be deposited with the Trustee in accordance with Section 3.05 hereof.

(b) NOTWITHSTANDING ANY OTHER PROVISION HEREIN, THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061).

(c) The foregoing provisions of this Indenture are hereby declared to be the certificate of the Board to the Board of County Commissioners for the County, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

(d) The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due, to make up any deficiencies in the Reserve Fund and to fund the Surplus Fund (to the Maximum Surplus Amount) are hereby appropriated for said purposes, and such amounts as appropriated for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

(e) It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

(f) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the

State, and when collected said taxes shall be paid to the District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to this Indenture.

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

**Section 4.04. Additional Obligations.**

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

(b) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as either Parity Bonds or Subordinate Obligations. The issuance of the 2021B(3) Subordinate Bonds in accordance with the 2021B(3) Subordinate Indenture is permitted. The District shall not issue or incur any other Additional Obligations except as provided in subparagraph (c) of this Section with respect to Parity Bonds and in subparagraph (d) of this Section with respect to Subordinate Obligations, unless such issuance is consented to by the Consent Parties with respect to a majority in aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting Parity Bonds without the consent of the Consent Parties if each of the following conditions is met as of the date of issuance of such Additional Obligations:

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

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

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

(iv) the Parity Bonds shall be secured by a surplus fund to be funded by revenues pledged to the payment of such Parity Bonds in the manner provided in Section 3.05 hereof up to the applicable Parity Bonds Maximum Surplus Amount (and not more than such amount), and to be otherwise maintained in the same manner as the Surplus Fund;

(v) in the event that the Parity Bonds are secured by a lien on ad valorem property taxes of the District, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Parity Bonds, together with the Senior Required Mill Levy required to be imposed hereunder, shall be not higher than the maximum mill levy set forth in the definition of Senior Required Mill Levy herein, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such Parity Bonds shall be applied in the same manner and priority as provided in Section 3.05 hereof with respect to the Pledged Revenue; and

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

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

(B) the proposed Parity Bonds will constitute Refunding Parity Bonds and, upon issuance of such Refunding Parity Bonds, the total of the District's scheduled debt service on such Refunding Parity Bonds, the Bonds and any other Parity Bonds (to the extent to remain outstanding upon the issuance of such Refunding Parity Bonds) will not exceed in any year the total scheduled debt service on the Bonds and Parity Bonds outstanding immediately prior to the issuance of such Refunding Parity Bonds (excluding from such calculation of debt service any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the issuance of Refunding Parity Bonds that have a scheduled payment date in any year that is after the latest maturity date of the Bonds or Parity Bonds outstanding immediately prior to the issuance of the Refunding Parity Bonds shall be deemed to increase the District's Parity Bonds debt service and shall not be permitted by this clause (B).

(d) The District may issue Additional Obligations constituting Subordinate Obligations without the consent of the Consent Parties and the terms of such Subordinate Obligations shall be as provided in the documents pursuant to which they are issued, provided that each of the following conditions is met as of the date of issuance of the Subordinate Obligations:

(i) the aggregate number of mills which the District promises to impose for payment of all Subordinate Obligations (including the Subordinate

Obligations proposed to be issued) does not exceed 9 mills (adjusted as described in clause (a)(ii) of the definition of the Senior Required Mill Levy herein), less the Senior Required Mill Levy required to be imposed hereunder and the mill levy required to be imposed for the payment of any Parity Bonds;

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

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

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

(f) Except as provided in Section 4.04(a), nothing herein shall affect or restrict the right of the District to issue or incur additional debt or other financial obligations that are not Additional Obligations hereunder.

(g) Notwithstanding any other provision contained herein, under no circumstances shall the District issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, excluding the 2021B(3) Subordinate Bonds, the District shall not issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the Election until such time as the full amount of indebtedness represented by the Bonds has been allocated to such electoral authorization for indebtedness approved at the Election.

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

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

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

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

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

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

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

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

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

(i) Subject to the Owners of a majority in aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the Bonds assuming control of the enforcement of remedies upon default, the District will enforce the collection of all Capital Fees in such time and manner as the District reasonably determines will be most efficacious in collecting the same, including without limitation the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith. Nothing herein shall be construed as requiring the District to impose Capital Fees.

(j) The District shall not impose any rates, tolls, fees or other charges on vacant lots or other undeveloped property within its boundaries in excess of the rates, tolls, fees or other charges applicable to developed residential lots or engage in any other act or omission that may impair future development in a manner that could adversely



affect the amount of the District’s Pledged Revenue or delay the timing of the District’s receipt of Pledged Revenue or remittance thereof to the Trustee in accordance with the provisions hereof.

(k) If the District receives any payments from a third party as a reimbursement for Project Costs paid with proceeds of the Bonds pursuant to a cost sharing agreement or other similar agreement or document, the District shall apply such payments to finance or refinance costs of public improvements (including to pay amounts due or to become due to the Developer under the Reimbursement Agreement) or deliver such amounts as Pledged Revenue to the Trustee for deposit into the Senior Bond Fund.

**ARTICLE V**

**PRIOR REDEMPTION**

**Section 5.01. Prior Redemption.**

(a) **Optional Redemption.** The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000 (or, prior to the Current Interest Conversion Date, in integral multiples of \$0.01 in excess of \$1,000), in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on [June 1, 20\_\_], and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed (or, prior to the Current Interest Conversion Date, upon payment of the Accreted Value and a redemption premium equal to a percentage of the Accreted Value so redeemed), as follows: [CONFORM TO FINAL PRICING]

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 20__, to May 31, 20__	3.00%
June 1, 20__, to May 31, 20__	2.00
June 1, 20__, to May 31, 20__	1.00
June 1, 20__, and thereafter	0.00

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

Year of Redemption (December 1)	Redemption Amount	Year of Redemption (December 1)	Redemption Amount
	\$		\$

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\* final maturity, not a sinking fund redemption

On or before 45 days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District. In the event that there are not sufficient moneys in the Senior Bond Fund to pay the full amount due in accordance with the foregoing on any sinking fund installment date, the Trustee shall redeem as many Bonds as possible on such date in integral multiples of \$1,000, and any redemption amount for which funds are not available to redeem Bonds shall be added to the redemption amount for the immediately succeeding sinking fund installment date.

**Section 5.02. Redemption Procedure and Notice.**

(a) If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of \$1,000 (or, prior to the Current Interest Conversion Date, in integral multiples of \$0.01 in excess of \$1,000). In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof (or, prior to the Current Interest Conversion Date, in integral multiples of \$0.01 in excess of \$1,000). Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000 (or, prior to the Current Interest Conversion Date, \$1,000 plus the applicable integral multiple of \$0.01 selected for purposes of such redemption). In the event a portion of any Bond is redeemed, the Trustee shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

(b) In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail

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

## **ARTICLE VI**

### **INVESTMENTS**

#### **Section 6.01. Investments.**

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

(b) The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Trustee is not required to issue confirmations of Permitted Investments for any month in which a monthly statement is rendered by the Trustee. The Trustee will not issue a monthly statement for any fund or account if no activity occurred in such fund or account during such month. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District Representative shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District Representative, unless the District Representative notified the Trustee in writing to the contrary within 30 days of the date of such statement. The Trustee is

specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

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

### **Section 6.02. Tax Matters.**

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

(b) The District shall not use or permit the use of any proceeds of Bonds or any funds of the District, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this paragraph it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or held by the District under this Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

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

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

## ARTICLE VII

### DISCHARGE OF LIEN

#### **Section 7.01. Discharge of the Lien of this Indenture.**

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

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

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

Securities maturing at the times and in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

(d) Prior to the investment or reinvestment of such moneys or such Federal Securities as herein provided, the Trustee shall receive and may rely upon: (i) an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that such investment or reinvestment does not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds; and (ii) a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of and interest on the Bonds when due.

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

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

**Section 7.03. Discharge on December 1, 2061.** Notwithstanding any other provision in this Indenture, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2061, the Bonds and the lien of this Indenture securing payment thereof shall be deemed discharged, the estate and rights hereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the Bonds remaining unpaid.

## ARTICLE VIII

### DEFAULT AND REMEDIES

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

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

(b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in this Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to Section 8.12 hereof; or

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

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

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

IN ADDITION, IT IS ACKNOWLEDGED THAT THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061).

**Section 8.02. Remedies on Occurrence of Event of Default.**

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

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

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

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

(b) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

(c) If any Event of Default under Section 8.01(a) shall have occurred and if requested by the Owners of 25% in aggregate Accreted Value of the Bonds then Outstanding (or, if after the Current Interest Conversion Date, 25% of the principal amount of the Bonds then Outstanding), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 8.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners, subject to Section 8.03 hereof; provided that the Trustee at its option shall be indemnified as provided in Section 9.01(m) hereof.

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

**Section 8.03. Majority of Consent Parties May Control Proceedings.** The Consent Parties of a majority in aggregate Accreted Value of the Bonds then Outstanding (or, if after the Current Interest Conversion Date, the Owners of a majority of the principal amount of the Bonds then Outstanding) shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof; and provided further that at its option the Trustee shall be indemnified as provided in Section 9.01(m) hereof.

**Section 8.04. Rights and Remedies of Owners.** No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 9.01(h) hereof, or of which under that Section it is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Owners of not less than 25% in aggregate Accreted Value of the Bonds then Outstanding (or, if after the Current Interest Conversion Date, 25% of the principal amount of Bonds then Outstanding) shall have made



written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in Section 9.01(m) hereof; and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

**Section 8.05. Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and costs of any other professionals hired by the Trustee hereunder), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate accounts or accounts created hereunder in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds has been paid in full. NOTWITHSTANDING THE FOREGOING, IT IS ACKNOWLEDGED THAT THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061). Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 8.05 and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held hereunder shall be paid to the District.

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

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

**Section 8.08. Delay or Omission No Waiver.** No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence

therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

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

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

**Section 8.11. Waivers of Events of Default.** The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate Accreted Value of the Bonds then Outstanding (or, if after the Current Interest Conversion Date, a majority in aggregate principal amount of all the Bonds then Outstanding); provided however, that there shall not be waived without the consent of the Consent Parties with respect to 100% of the Accreted Value of the Bonds then Outstanding (or, if after the Current Interest Conversion Date, 100% of the principal amount of the Bonds then Outstanding) as to which the Event of Default exists any Event of Default under Section 8.01(a) hereof. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

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

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

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

## ARTICLE IX

### CONCERNING TRUSTEE

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

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

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

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the validity of the execution by the District of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, or for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith (excluding the continuation of originally filed Uniform Commercial Code financing statements) and the Trustee shall not be bound to

ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as herein set forth; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

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

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

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

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

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure to be made of any of the payments to the Trustee required to be made hereby, unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least 25% in aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of Bonds then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

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

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

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

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

(m) The Trustee shall not be required to advance its own funds, and before taking any action under this Indenture, other than the payment of monies on deposit in any of the funds as provided for herein, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorneys' fees, and to protect it against all liability, except liability which has been adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

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

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

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

### **Section 9.02. Fees and Expenses of the Trustee.**

(a) The Trustee shall be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered hereunder as and when the same become due (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances and expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services, including legal fees and expenses. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services. In no event shall the Trustee be obligated to advance its own funds in order to take any action hereunder.

(b) In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor.

(c) The Trustee shall have a lien upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred and unpaid, but subject to the right of prior payment of the principal and interest on the Bonds when due; provided, however, that the payment of principal and interest on the Bonds shall not have priority over the Trustee Fees payable in accordance with clause FIRST of Section 3.05 hereof. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or the Trustee's resignation or removal hereunder and payment in full of the Bonds.

### **Section 9.03. Resignation or Replacement of Trustee.**

(a) The Trustee may resign, subject to the appointment of a successor, by giving 30 days' notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing,

executed by a majority of the Owners in aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the Bonds then Outstanding. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

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

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

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

**Section 9.04. Conversion, Consolidation, or Merger of Trustee.** Anything herein to the contrary notwithstanding, any bank or trust company or other person into which the Trustee

or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under this Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

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

## ARTICLE X

### SUPPLEMENTAL INDENTURES

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

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

**Section 10.02. Supplemental Indentures Requiring Consent.**

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



percentage) in aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(i) the alteration of any optional or mandatory redemption provisions applicable to any Outstanding Bond or an alteration in the manner in which the Accreted Amount or Accreted Value is calculated which results in a reduction of such amounts, a change in the maturity date of the Bonds, or a change in the Original Principal Amount of the Bonds;

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

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

(iv) a reduction in the percentage of the aggregate Accreted Value (or, after the Current Interest Conversion Date, principal amount) of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

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

(c) If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond to the address shown on the registration books of the Trustee or by electronic means to DTC or its successors, at least thirty (30) days prior to the proposed date of execution and delivery of any such supplemental indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within sixty (60) days or such longer period as shall be prescribed by the District following the giving of such notice, the Consent Parties with respect to not less than the required percentage in

aggregate Accreted Value (or, if after the Current Interest Conversion Date, principal amount) of the Bonds then Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, the District may execute and deliver such supplemental indenture and no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.03. Execution of Supplemental Indenture.** The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under Section 10.01 or 10.02 hereof) the Trustee and the District shall receive and shall be fully protected in relying upon an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (a) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest paid or to be paid on the Bonds; (b) the District is permitted by the provisions hereof to enter into the supplement; and (c) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by Section 1.05 hereof.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the District, the Trustee, and the Owners of the Bonds, any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof; and all the covenants, stipulations, promises, and agreements in this Indenture by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, and the Owners of the Bonds.

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

**Section 11.03. Governing Law.** This Indenture shall be governed and construed in accordance with the laws of the State.

**Section 11.04. Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11.05. Notices; Waiver.**

(a) Except as otherwise provided herein, all notices, certificates, or other communications required to be given to any of the persons set forth below pursuant to

any provision of this Indenture shall be in writing, shall be given either in person, by electronic mail or by certified or registered mail, and if mailed, shall be deemed received three days after having been deposited in a receptacle for United States mail, postage prepaid, addressed as follows:

District: Banning Lewis Ranch Regional Metropolitan District No. 2  
[[c/o CliftonLarsonAllen  
111 S. Tejon Street, Suite 705  
Colorado Springs, CO 80903  
Attention: Josh Miller  
Phone: \_\_\_\_\_  
Email: josh.miller@CLAconnect.com]]

Trustee: UMB Bank, n.a.  
Corporate Trust and Escrow Services  
1670 Broadway  
Denver, Colorado 80202  
Telephone: 303-839-2220  
Email: leigh.lutz@umb.com  
Attention: Leigh Lutz

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

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

**Section 11.06. Holidays.** If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee is located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 11.07. Application of Supplemental Act.** The Board specifically elects to apply all of the provisions of the Supplemental Act to the Bonds.

**Section 11.08. Pledged Revenue Subject to Immediate Lien.** The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue and the funds and accounts held hereunder to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, this Indenture, and the Bond Resolution. The Trust Estate pledged to the

payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described herein. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

**Section 11.09. No Recourse against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

**Section 11.10. Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

**Section 11.11. Limitation of Actions.** Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of the Bonds.

**Section 11.12. Electronic Execution and Storage.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Indenture on behalf of the District, the Trustee or any Owner are not able to be physically present to manually sign this Indenture or any supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Indenture or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Signatures appear on following page]

**IN WITNESS WHEREOF**, Banning Lewis Ranch Regional Metropolitan District No. 2, in the City of Colorado Springs, El Paso County, Colorado, has caused this Indenture to be executed on its behalf by its President and attested by its Secretary or Assistant Secretary, and to evidence its acceptance of the trusts hereby created, UMB Bank, n.a., Denver, Colorado, as Trustee, has caused this Indenture to be executed on its behalf by one of its authorized officers, all as of the date first above written.

(S E A L)

BANNING LEWIS RANCH REGIONAL  
METROPOLITAN DISTRICT NO. 2, in the City  
of Colorado Springs, El Paso County, Colorado

---

President

ATTESTED:

---

Secretary or Assistant Secretary

UMB BANK, N.A., as Trustee

---

Authorized Officer

**EXHIBIT A**  
**TO**  
**INDENTURE OF TRUST**  
[Form of Bond]

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

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. RA-\_\_\_\_ Original Principal Amount \$ \_\_\_\_\_  
Principal Amount at Current Interest Conversion Date \$ \_\_\_\_\_

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2  
(IN THE CITY OF COLORADO SPRINGS)  
EL PASO COUNTY, COLORADO  
LIMITED TAX GENERAL OBLIGATION  
CONVERTIBLE CAPITAL APPRECIATION BOND  
SERIES 2021A(3)**

<b>Accretion Rate/Interest Rate</b>	<b>Maturity Date</b>	<b>Original Issue Date</b>	<b>CUSIP</b>
_____%	December 1, 20__	_____, 2021	_____

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL AMOUNT AT ISSUANCE: \_\_\_\_\_ Thousand and  
00/100 U.S. Dollars

Banning Lewis Ranch Regional Metropolitan District No. 2, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue (defined below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above, plus any Accreted Amount as more particularly provided in the Indenture (defined below).

Prior to the Current Interest Conversion Date, the Bonds shall pay no current interest and shall accrete in value in accordance with the Accretion Table appended to the Indenture,

compounding semi-annually on each June 1 and December 1, commencing [June 1, 2021]. After the Current Interest Conversion Date, the Bonds shall accrue (and the District promises to pay) interest at a rate of \_\_\_% on each June 1 and December 1, beginning [June 1, 2026], until the principal amount is paid at maturity or upon prior redemption, as set forth in the Indenture.

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

**IT IS ACKNOWLEDGED THAT THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THIS BOND AFTER DECEMBER 2060 (FOR COLLECTION IN CALENDAR YEAR 2061). FURTHERMORE, PURSUANT TO THE INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THIS BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL PLEDGED REVENUE AVAILABLE THEREFOR, ON DECEMBER 1, 2061, THE BONDS AND THE LIEN OF THE INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT THE OWNERS WILL HAVE NO RECOURSE TO THE DISTRICT OR ANY PROPERTY OF THE DISTRICT FOR THE PAYMENT OF ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON THE BOND REMAINING UNPAID.**

The Bonds are issued pursuant to that certain Indenture of Trust (Senior) (the “Indenture”) dated as of \_\_\_\_\_ 1, 2021, between the District and UMB Bank, n.a., as trustee (the “Trustee”). All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in the Indenture.

Prior to the Current Interest Conversion Date, all references herein (i) to “interest” on any Bond shall, unless the context clearly indicates otherwise, refer to the excess of the Accreted Value over the Original Principal Amount of such Bond, as of any relevant date; (ii) to principal of Bonds, shall be construed to mean the Original Principal Amount thereof; and (iii) to principal of and accrued interest on Bonds, or words of similar import, shall be construed to mean the Accreted Value of the Bonds as of the relevant date.

The principal of this Bond is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the principal office of the Trustee. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by the Trustee at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the “Record Date”), and shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to such registered owner at his address as it appears on such registration books. The Trustee may make payments



of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Trustee as provided in the Indenture. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") established for the payment of any unpaid interest. Notice of the Special Record Date and the date fixed for the payment of unpaid interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Trustee.

This Bond is one of a series authorized to be issued in an aggregate Original Principal Amount of \$[ORIGINAL PRINCIPAL] (having a value at the Original Interest Conversion Date of \$[CONVERSION PRINCIPAL]), all of like date, tenor, and effect, issued by the Board of Directors of Banning Lewis Ranch Regional Metropolitan District No. 2, in the City of Colorado Springs, El Paso County, Colorado, for the purpose of paying the costs of providing certain public improvements within and without the District, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, Part 11, C.R.S.; Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution and the Indenture. Pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; and that at the election lawfully held within the District on November 7, 2006, the issuance of this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election.

All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable from and to the extent of certain moneys held under the Indenture and the "Pledged Revenue," as defined by the Indenture. The Bonds constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive such lien. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Pledged Revenue having a lien thereon subordinate and junior to the lien of the Bonds of this issue or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds of this issue, in accordance with the provisions of the Indenture.

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

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained

herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for the District. This Bond does not constitute a debt, financial obligation or liability of the City, the County, the State or any political subdivision of the State (other than the District) and neither the City, the County, the State nor any political subdivision of the State (other than the District) is liable for payment of the principal of, premium if any, and interest on the Bond.

The Bonds are subject to redemption prior to maturity as provided in the Indenture. The Bonds shall be redeemed only in integral multiples of \$1,000 (or, prior to the Current Interest Conversion Date, in integral multiples of \$0.01 in excess of \$1,000). In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof (or, prior to the Current Interest Conversion Date, in integral multiples of \$0.01 in excess of \$1,000). Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000 (or, prior to the Current Interest Conversion Date, \$1,000 plus the applicable integral multiple of \$0.01 selected for purposes of such redemption). In the event a portion of this Bond is redeemed, the Trustee shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of prior redemption shall be given by mailing a copy of the redemption notice or by electronic means to DTC or its successors, not less than 20 days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the registration books maintained by or on behalf of the District by the Trustee, in the manner set forth in the Indenture. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

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

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

This Bond may be exchanged at the principal office of the Trustee for a like aggregate Accreted Value (or if after the Current Interest Conversion Date, principal amount) of Bonds of the same maturity of other Authorized Denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Trustee of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of

signature satisfactory to the Trustee, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of Authorized Denominations of the same maturity and interest rate for the aggregate Accreted Value (or if after the Current Interest Conversion Date, principal amount) which the registered owner is entitled to receive at the earliest practicable time. The Trustee shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

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

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

IN TESTIMONY WHEREOF, the Board of Directors of Banning Lewis Ranch Regional Metropolitan District No. 2 has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary thereof, all as of the Original Issue Date set forth above.

[SEAL]

BANNING LEWIS RANCH REGIONAL  
METROPOLITAN DISTRICT NO. 2

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

Attested:

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

**CERTIFICATE OF AUTHENTICATION**

Date of Registration and Authentication:

\_\_\_\_\_

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

UMB BANK, N.A., as Trustee

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

**ASSIGNMENT**

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

SIGNATURE OF REGISTERED OWNER:

Dated: \_\_\_\_\_

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

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company, or Firm)



**EXHIBIT C**  
**TO**  
**INDENTURE OF TRUST**  
[Form of Senior Project Fund Requisition]



Requisition No. \_\_\_\_\_

**Banning Lewis Ranch Regional Metropolitan District No. 2  
(In the City of Colorado Springs)  
El Paso County, Colorado  
Limited Tax General Obligation Convertible Capital Appreciation Bonds  
Series 2021A(3)  
In the Original Principal Amount of \$[ORIGINAL PRINCIPAL]  
(\$[CONVERSION PRINCIPAL] at Current Interest Conversion Date)**

The undersigned certifies that s/he is the District Representative under that certain Indenture of Trust (Senior) dated as of \_\_\_\_\_ 1, 2021 (the “**Indenture**”) between Banning Lewis Ranch Regional Metropolitan District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the “**District**”) and UMB Bank, n.a., as trustee (the “**Trustee**”).

All capitalized terms used in this requisition (“**Requisition**”) shall have the respective meanings assigned in the Indenture.

The undersigned District Representative hereby makes a requisition from the Senior Project Fund held by the Trustee under the Indenture, and in support thereof states:

1. The amount requisitioned is \$\_\_\_\_\_, which amount is hereby allocated to the electoral authorization of the District as follows:

Infrastructure Category	Requested Disbursement Amount	Total Amount Previously Disbursed (not including this Requisition) <sup>1</sup>	Total Amount of Electoral Authorization Applied (including this Requisition)	Total Amount of Electoral Authorization Remaining <sup>2</sup>
Streets				
Park/Recreation				
Water				
Sewer				
Transportation				
Mosquito Control				
Safety Protection				
Fire Protection / Emergency Med.				
TV Relay and Translation				
Total				

<sup>1</sup> To include amounts (if any) previously allocated to the electoral authorization as a result of disbursements from the project fund held under the 2021B(3) Subordinate Indenture.

<sup>2</sup> Does not include electoral authorization consumed by the Original Principal Amount of the Bonds applied to the Reserve Fund and Costs of Issuance Fund, which amount is to be allocated among the above infrastructure categories pro rata in accordance with the use of net proceeds of the Bonds requisitioned from the Senior Project Fund and is to be reflected separately in the final requisition resulting in the disbursement of all remaining amounts on deposit in the Senior Project Fund.

2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

\_\_\_\_\_  
\_\_\_\_\_

3. Payment is due to the above person for (describe nature of the obligation):

\_\_\_\_\_.

4. The above payment obligation has been properly incurred, is a proper charge against the Senior Project Fund, and has not been the basis of any previous withdrawal. The disbursement requested herein will be used solely for the payment of Project Costs.

5. The costs for which the disbursement is requested herein are authorized by the Service Plan and constitute Project Costs. To the extent that the amount to be paid pursuant to this Requisition will be used to acquire improvements from the Developer and reimburse the Developer for the costs of such public improvements, pursuant to the Reimbursement Agreement (or other agreement, to the extent required), an independent engineer (the “**Engineer**”) has provided to the District a written certificate regarding the reasonableness of the costs of such improvements and compliance with the criteria as required by the Reimbursement Agreement (or other applicable agreement) and the District’s accountant has reviewed and confirmed the summation of costs set forth in the certificate of the Engineer.

6. With respect to the Project financed or refinanced with the disbursement requested herein, based upon information available to the District, including any applicable report of the Engineer, the District has found and determined that such Project is in the nature of community improvements intended for the general direct or indirect benefit of the existing and planned residential community within the District, and constitutes improvements for which the District is authorized to issue indebtedness and impose ad valorem property taxes in accordance with the Election and the Service Plan, and the payment of such costs of the Project is in furtherance of the purposes for which the District was formed.

7. With respect to the disbursement of funds by the Trustee from the Senior Project Fund pursuant to this Requisition, on behalf of the District, the undersigned District Representative hereby: (a) certifies that the District has reviewed the wire instructions set forth in this Requisition, and confirms that, to the best of the District’s knowledge, such wire instructions are accurate; (b) agrees that, to the extent permitted by law, the District will indemnify and hold harmless the Trustee from and against any and all claims, demands, losses, liabilities, and expenses sustained, including, without limitation, attorney fees, arising directly or indirectly from the Trustee’s disbursement of funds from the Senior Project Fund in accordance with this Requisition and the wiring instructions provided herein; and (iii) agrees that the District will not seek recourse from the Trustee as a result of losses incurred by the District arising from the Trustee’s disbursement of funds in accordance with this Requisition.

8. Disbursement instructions are attached hereto.

**IN WITNESS WHEREOF**, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_.

\_\_\_\_\_  
District Representative

**EXHIBIT D**  
**TO**  
**INDENTURE OF TRUST**

**BALLOT QUESTIONS OF THE ELECTION**