

## RESOLUTION NO. 61-16

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO APPROVING THE ISSUANCE OF DEBT BY THE COPPER RIDGE METROPOLITAN DISTRICT IN THE FORM OF A LIMITED TAX GENERAL OBLIGATION LOAN

WHEREAS, by Resolution No. 9-06, the City Council approved the Special District Policy on January 24, 2006, a City Financial Policy Regarding the Use of Districts (the "Policy"), providing for certain financial and other limitations in the use of special districts as an available method in financing public infrastructure; and

WHEREAS, pursuant to the provisions of Title 32, Colorado Revised Statutes, and pursuant to proper notice having been provided as required by law, the City Council held a public hearing and approved the formation and a service plan ("Service Plan") of the Copper Ridge Metropolitan District (the "District") by Resolution No. 51-08; and

WHEREAS, both the Policy and the Service Plan require that prior to the District issuing bonds or similar indebtedness, it must first obtain City Council approval of the proposed issue and that City Council review of such indebtedness for compliance with the Service Plan and all applicable laws; and

WHEREAS, the District has submitted for review, and City Council has reviewed, various related debt instrument documents, including a term sheet for a limited tax general obligation loan in a principal amount up to \$11,250,000, a preliminary opinion of the District's general counsel, and a preliminary opinion of an external financial advisor (the "Loan Documents"); and

WHEREAS, City Council considered the Loan Documents as well as all other testimony and evidence presented at the June 14, 2016 City Council meeting; and

WHEREAS, the District, having presented evidence that it has satisfied the conditions of approval and other Service Plan prerequisites, requests approval of the issuance of indebtedness in a structure substantially similar to and consistent with the Loan Documents.

### **NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:**

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. In reliance on the information presented by the District, Council hereby finds that the issuance of indebtedness by the District in a structure substantially similar to and consistent with the Loan Documents complies with the service plan and all applicable laws.

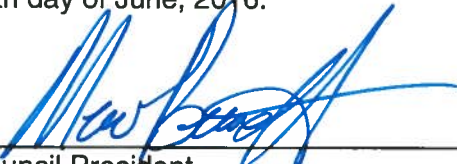
Section 3. Issuance of indebtedness by the District in the form of a Limited Tax General Obligation Loan in the principal amount of up to \$11,250,000, as further described in the Loan Documents is hereby approved provided, however, that such indebtedness shall be solely an obligation of the District, and the City shall have no liability or other responsibility therefore.

Section 4. The issuance of debt in a structure substantially similar to and consistent with the Loan Documents, subject to minor changes and revisions as may be approved by City staff, is hereby approved.

Section 5. The approvals contained herein shall be effective for a maximum of one (1) year from the date of this Resolution. If the District desires to issue this debt any time after May 24, 2017 a new City Council approval will be required.

Section 6. This Resolution shall be effective upon its approval by City Council.

DATED at Colorado Springs, Colorado, this 14th day of June, 2016.

  
\_\_\_\_\_  
Council President

ATTEST:

  
\_\_\_\_\_  
Sarah B. Johnson, City Clerk



**LOAN AGREEMENT**

by and between

**COPPER RIDGE METROPOLITAN DISTRICT  
(IN THE CITY OF COLORADO SPRINGS)  
EL PASO COUNTY, COLORADO**

as District

and

**NBH BANK**

as Lender

Dated July 15, 2016

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## LOAN AGREEMENT

**THIS LOAN AGREEMENT** (this “**Agreement**”) is made and entered into on July 15, 2016 by and between **COPPER RIDGE METROPOLITAN DISTRICT** (the “**District**”), a quasi-municipal corporation and political subdivision of the State of Colorado, and **NBH BANK**, in its capacity as lender (the “**Lender**”).

### RECITALS

**WHEREAS**, the District is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (all capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in Article I hereof); and

**WHEREAS**, the District was created for the purpose of providing certain public improvements and services to and for the benefit of the properties within the District in accordance with Title 32, Article 1, C.R.S.; and

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

**WHEREAS**, the District is governed by a Service Plan for Copper Ridge Metropolitan District approved by the City Council for the City of Colorado Springs, Colorado (the “**City**”) on March 11, 2008 (as it may be amended from time to time referred to herein as the “**Service Plan**”); and

**WHEREAS**, at elections of the eligible electors of the District, duly called and held on May 6, 2008 (the “**2008 Election**”) and November 4, 2014 (the “**2014 Election**” and collectively with the 2008 Election, the “**Elections**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at each of the 2008 Election and the 2014 Election voted in favor of certain ballot questions authorizing the issuance of 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 “**Public Improvements**”); and

**WHEREAS**, prior to the District’s availability of funding therefor, Copper Ridge Development Inc. (the “**Developer**”) has funded on behalf of, or advanced to, the District moneys for the purpose of paying the costs of Public Improvements, and the District and the Developer have entered into a Reimbursement Agreement dated effective October 29, 2013 (the “**Reimbursement Agreement**”), for the purpose of evidencing the District’s repayment obligations with respect thereto; and

**WHEREAS**, for the purpose of reimbursing amounts outstanding under the Reimbursement Agreement to the extent relating to capital costs of the Public Improvements (including the costs of formation of the District), the District and Integrity Bank & Trust (the “**Prior Lender**”) have previously entered into (i) a Loan Agreement dated December 4, 2013 (as amended by a First Amendment to Loan Agreement dated as of July 14, 2014, the “**2013 Loan Agreement**”) pursuant to which the Prior Lender advanced to the District a loan in the principal

amount of \$1,850,000 (the “**2013 Loan**”), currently outstanding in the principal amount of \$1,770,000 and (ii) a Loan Agreement dated as of July 14, 2014 (the “**2014 Loan Agreement**”) pursuant to which the Prior Lender advanced to the District a loan in the principal amount of up to \$3,000,000 (the “**2014 Loan**” and collectively with the 2013 Loan, the “**Prior Loans**”), currently outstanding in the principal amount of \$2,644,000; and

**WHEREAS**, the District, Northgate Properties (as defined herein) and the City are parties to the First Amendment to Fire Station Turnkey Development Agreement and Assignment of Annexation Fees dated June 14, 2016 pursuant to which Northgate Properties assigned to the District all of its rights and interest in certain fees in the amount of up to \$979,683.53, which fees are imposed by the City on certain land owners who benefit from a fire station built by Northgate Properties and financed by the District with portion of the proceeds of the 2014 Loan and pursuant to such assignment, the City agreed to transfer to the District on each May 1 and November 1 an amount of up to \$979,683.53 (the “**City Reimbursement**”) as reimbursement for a portion of costs of the fire station; and

**WHEREAS**, the Board of Directors of the District (the “**Board**”) has determined that it is in the best interests of the District, its inhabitants and taxpayers, to refund the Prior Loans in full, provided that the Unrefunded Portion of the 2014 Loan, together with accrued interest thereon, may be repaid with either a portion of the proceeds of the Loan or proceeds of the City Reimbursement as more particularly provided herein (collectively, the “**Refunding Project**”), and to provide for the reimbursement of additional amounts outstanding under the Reimbursement Agreement or anticipated to become outstanding thereunder, or otherwise to directly fund capital costs of Public Improvements (the “**Project**”) and, for such purpose, the District has requested that the Lender make a loan to the District; and

**WHEREAS**, in addition, the Board has determined and hereby determines that by undertaking the Refunding Project, the District can reduce interest costs and effect other economies; and

**WHEREAS**, the Lender has agreed, subject to the terms and conditions of this Agreement and the other Financing Documents, to make a term loan in the principal amount of \$11,250,000 (the “**Loan**”) for the purposes of funding (i) the Refunding Project; (ii) the Project, (iii) the Reserve Fund; and (iv) the costs of issuance relating to the Refunding Project and the incurrence of the Loan; and

**WHEREAS**, the Prior Lender has consented to the incurrence of the Loan pursuant to this Agreement as required by Section 5.10 of the 2014 Loan Agreement, such consent attached hereto as Exhibit A;

**WHEREAS**, for purposes of federal taxation laws and the exemption from taxation of interest on the Loan, the Loan will be evidenced by the issuance of two separate promissory notes as follows:

(i) the Taxable/Tax-Exempt Promissory Note (the “**Taxable/Tax-Exempt Note**”) issued in the principal amount of \$1,250,000, the interest on which is initially included in gross income for federal income tax purposes, and which interest will be excluded from gross

income for federal income tax purposes only upon the occurrence of the “Tax-Exempt Reissuance Date” (as defined herein); and

(ii) the Tax-Exempt Promissory Note (the “**Tax-Exempt Note**”) issued in the principal amount of \$10,000,000, the interest on which will be exempt from federal and state income taxation from the date of issuance; and

**WHEREAS**, the Board has determined to allocate the principal amount of the Loan to the Elections as follows:

(i) the amount of \$4,700,920, being the principal amount of the portion of the Loan used to pay the costs of the Refunding Project, shall be allocated to the authorized but unissued electoral authorization for refunding purposes authorized by the 2008 Election, but such allocation shall be reduced by the amount of the City Reimbursement applied to repay the Unrefunded Portion of the 2014 Loan pursuant to the terms hereof;

(ii) the amount of \$6,549,080, being the principal amount of the portion of the Loan used to pay the costs of the Project, shall be allocated to the Elections in accordance with the following table; provided that such allocation is based upon the Board’s estimates of the use of proceeds at the time of incurrence of the Loan, that actual uses of proceeds may vary from this estimate within the limitations of the Elections, and that such variance shall not require an amendment to this Agreement or notice to or consent of any person; and provided further that such allocation shall be increased by the amount of the City Reimbursement applied to repay the Unrefunded Portion of the 2014 Loan and the Board shall allocate such additional amount to the Elections by a Board action which shall not require an amendment to this Agreement or notice to or consent of any person:

<b>Authorization Used and Remaining From the Elections</b>					
<b>Purpose</b>	<b>Principal Amount of Authorization Available</b>	<b>Principal Amount of Authorization Used by the 2013 Loan</b>	<b>Principal Amount of Authorization Used by the 2014 Loan</b>	<b>Principal Amount of Authorization Used by the Loan</b>	<b>Principal Amount of Authorization Remaining</b>
Streets	\$70,000,000	\$469,417	\$1,466,181.61	\$4,539,804	\$63,524,597.84
Water	40,000,000	364,902	59,198.32	422,996	39,152,903.68
Sanitary Sewer and storm drainage	40,000,000	812,594	23,610.06	1,586,280	37,577,515.94
Traffic and Safety Controls	40,000,000	203,087	151,010.01	--	40,000,000
Parks and Recreation	40,000,000	--	--	--	40,000,000
Mosquito Control	40,000,000	--	--	--	40,000,000
Fire Protection	5,000,000	--	1,029,000.00	--	3,971,000
Refunding	85,000,000	--	--	4,700,920	80,299,080
<b>TOTAL</b>	<b>\$355,000,000</b>	<b>\$1,850,000</b>	<b>\$2,729,000.00</b>	<b>11,250,000</b>	<b>339,171,000</b>

**WHEREAS**, all of the property located within the boundaries of the District is located within the boundaries of an area (the “**Urban Renewal Area**”) that is described by, and subject to, the Copper Ridge at Northgate Urban Renewal Plan approved by the City on May 11, 2010,



and recorded on May 19, 2010 at reception number 21004077 of the El Paso County Colorado records (the “**Urban Renewal Plan**”) and, as a result, a portion of the Pledged Revenue comprised of the Debt Service Tax Increment Revenue (resulting from the imposition of ad valorem property taxes by the District) are payable to The Colorado Springs Urban Renewal Authority (the “**Authority**”) in accordance with the Urban Renewal Law; and

**WHEREAS**, notwithstanding the foregoing, the District, the Authority, and the Developer have entered into an Urban Renewal Agreement for Redevelopment of Copper Ridge at Northgate Property dated September 25, 2013 (as amended or supplemented from time to time referred to herein as the “**Redevelopment Agreement**”), pursuant to which the Authority has agreed to cause such Debt Service Tax Increment Revenue to be paid to the District, in accordance with the provisions thereof; and

**WHEREAS**, in connection with the execution and delivery of this Loan Agreement, and in satisfaction of a condition to the funding by the Lender of the Loan, the District has determined to pledge to the payment of the Loan, the proceeds of a public improvement fee imposed in accordance with, and payable to the District pursuant to, the PIF Covenant; and

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

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

**WHEREAS**, the incurrence of the Loan and the issuance of the Note evidencing the same shall not involve a public offering, and shall be made exclusively with the Lender or other “accredited investors,” as that term is defined under sections 3(b) and 4(2) of the Securities Act of 1933, as amended, by regulation adopted thereunder by the U.S. Securities and Exchange Commission, and as a result the Loan will be exempt from registration under the Colorado Municipal Bond Supervision Act, being Title 11, Article 59, C.R.S.; and

**WHEREAS**, the Loan is 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, therefore, the debt represented by the Loan is permitted pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S.; and

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

## **ARTICLE I**

### **DEFINITIONS**

In this Agreement, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below. These definitions shall be equally applicable to both the singular and the plural forms of the terms so defined.

“2008 Election” means the authorizing debt election held within the District on May 8, 2008.

“2014 Election” means the authorizing debt election held within the District on November 4, 2014.

“Annual Historical Pledged PIF Revenue” means the total amount of all Pledged PIF Revenue received by or on behalf of the District in the immediately preceding 12 full calendar months.

“Annual Projected Pledged PIF Revenue” means, with respect to any Mill Levy Certification Date, the amount of Pledged PIF Revenue projected to be received in the immediately succeeding calendar year for purposes of determining the Limited Mill Levy to be imposed on such Mill Levy Certification Date, as set forth in a certificate of the District executed by the Authorized Person on such date, provided that such amount shall not exceed an amount equal to 85% of the Annual Historical Pledged PIF Revenue for such Mill Levy Certification Date. It is acknowledged that the Annual Projected Pledged PIF Revenue may be less than the amount of Pledged PIF Revenue actually anticipated to be received in such calendar year by the District, and the full amount of Pledged PIF Revenue actually received is pledged hereunder to the payment of the Loan (on parity with any Parity Debt) until released from such lien in accordance with the provisions hereof.

“Assessed Valuation” means the preliminary or final certified assessed valuation of all taxable property of the District, as calculated and recorded by the appropriate county assessor on or about August 25 of each calendar year (with respect to the preliminary certified assessed valuation) or December 10 of each calendar year (with respect to the final certified assessed valuation), or on such other date as may be established by law for the annual preliminary or final certification of assessed valuation, as the case may be.

“Authorized Person” means the President of the Board or any designee thereof, and also means any other individual authorized by the Board to act as an Authorized Person hereunder, provided that the District has provided specimen signatures for such Authorized Person(s) to the Lender.

“Authorizing Resolution” means the resolution adopted by the Board on July 14, 2016, authorizing the District to, among other things, incur the indebtedness of the Loan and execute and deliver the Note and this Agreement.

“Base Rate” means:

(a) with respect to the portion of the Loan represented by the Taxable/Tax-Exempt Note (i) from the date of issuance to the day prior to the Tax-Exempt Reissuance Date, an interest rate of 3.21% per annum; and (ii) on and after the Tax-Exempt Reissuance Date, an interest rate of 2.30% per annum; and

(b) with respect to the portion of the Loan represented by the Tax-Exempt Note, an interest rate of 2.91% per annum.

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

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

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

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

“*Closing*” means the concurrent execution and delivery of the Note, the Loan Agreement, and the other Financing Documents by the respective parties thereto and the issuance and disbursement of the Loan and application of the proceeds thereof in accordance with Section 2.02(a) hereof.

“*Closing Date*” means the date on which the Closing occurs, July 15, 2016.

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

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

“*County Assessor*” means the assessor of El Paso County, Colorado.

“*Coverage Pledged Revenue*” means, with respect to any date for which it is computed, the sum of (i) the Pledged PIF Revenue received by the District during any consecutive twelve-month period occurring within the fifteen-month period immediately preceding the calculation date, as certified by the District Accountant, plus (ii) the amount derived by multiplying the most recently certified Assessed Valuation times 50 mills (as such number of mills may be adjusted from time to time pursuant to clause (i) of the definition of “Limited Mill Levy”).

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

“*Debt*” means multiple fiscal year obligations of the District secured by a pledge of ad valorem property taxes of the District (including tax increment revenues payable to the District under the Redevelopment Agreement in accordance with the provisions thereof) or any part of the Pledged Revenue.

“*Debt Service Base Property Tax Revenue*” the ad valorem property taxes produced by the Limited Mill Levy required to be imposed by the District in accordance with the provisions hereof upon all taxable property within the District, net of costs of collection, but excluding Debt Service Tax Increment Revenue.

“*Debt Service Coverage Ratio*” means, with respect to any date for which it is computed, a ratio which is calculated by dividing (a) all Coverage Pledged Revenue by (b) the maximum annual debt service on the Loan, any outstanding Debt and the additional Debt proposed to be

issued by the District. The annual debt service on the Loan due in the year of final maturity of the Loan shall be reduced by the amount on deposit in the Reserve Fund at the time of such computation and (ii) the annual debt service on the outstanding Debt due in the year of final maturity of the outstanding Debt shall be reduced by the amount on deposit in any reserve fund or similar account securing the outstanding Debt at the time of such computation.

*“Debt Service Tax Increment Revenue”* the ad valorem property taxes produced by the Limited Mill Levy required to be imposed by the District in accordance with the provisions hereof upon that portion of the valuation for assessment of all taxable property within the District which is in excess of the Property Tax Base Amount, net of costs of collection and any administrative fee due to the Authority in accordance with the Redevelopment Agreement.

*“Default”* means an event, act or occurrence which, with the giving of notice or the lapse of time (or both), would become an Event of Default.

*“Default Rate”* means at a rate per annum equal to the sum of the applicable Base Rate plus 4.00%.

*“Developer”* means Copper Ridge Development, Inc.

*“District”* means Copper Ridge Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado duly organized and existing as metropolitan district under the laws of the State of Colorado, and any successor or assign thereof.

*“District Accountant”* means CliftonLarsonAllen or such other firm with recognized expertise in providing accounting services to special metropolitan districts as may be selected by the District, provided that the District has provided written notice to the Lender of selection of a new District Accountant.

*“Elections”* means, collectively, the 2008 Election and the 2014 Election.

*“Engineer”* means an engineering firm selected by the District which is qualified and licensed in the State of Colorado and which has experience in the design, construction and certification of public improvements of similar type and function as those authorized to be financed by the District.

*“Event of Default”* has the meaning set forth in Section 7.01 hereof.

*“Excess PIF Revenue”* means that portion of the Pledged PIF Revenue that is not needed to pay principal of and interest on the Loan in any Loan Year and is released from the lien of this Agreement in accordance with the provisions hereof.

*“Financing Documents”* means this Agreement, the Notes, the Authorizing Resolution, the Urban Renewal Plan, the Redevelopment Agreement, and the PIF Covenant.

*“Fiscal Year”* means the 12 months commencing on the first day of January of any calendar year and ending on the last day of December of the same calendar year.

“*Lender*” means NBH Bank, in its capacity as lender of the Loan.

“*Limited Mill Levy*” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount necessary to generate Debt Service Tax Increment Revenue and Debt Service Base Property Tax Revenue sufficient, together with amounts then on deposit in the Loan Payment Fund (at the time of certification of the Limited Mill Levy), the Annual Projected Pledged PIF Revenue (with respect to the Mill Levy Certification Date for which the Limited Mill Levy is then being determined) and, to the extent permitted by subsection (d) of the Section entitled “Reserve Fund”, the amounts on deposit in the Reserve Fund, to pay the principal and interest coming due on the Loan Balance and any Parity Debt in the immediately succeeding calendar year, but not in excess of 50 mills; provided however, that:

(i) in the event the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is or was changed after January 1, 2008, the mill levy maximum provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) notwithstanding anything herein to the contrary, in no event may the Limited Mill Levy be established at a mill levy rate which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District’s electoral authorization, and if the Limited 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 Limited Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“*Loan*” means the loan made by the Lender to the District hereunder in the principal amount of \$11,250,000.

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

“*Loan Payment Fund*” means the fund by that name established by the provisions of Section 3.02 hereof to be administered and maintained by the District in the manner and for the purposes set forth in Section 3.02 hereof.

“*Loan Year*” means the period commencing on December 2 of the applicable year through and including December 1 of the immediately succeeding year.

“*Maturity Date*” means July 15, 2036.

“*Maximum Rate*” means 16.00%, the maximum Net Effective Interest Rate permitted by the Elections.

“*Mill Levy Certification Date*” means the date each year on which the Limited Mill Levy is required to be certified in accordance with the provisions hereof.

“*Net Effective Interest Rate*” means, as of any Interest Payment Date, the total amount of interest accrued hereunder on the Loan from the Closing Date through such Interest Payment Date, divided by the sum of the products derived by multiplying the principal amount of the Loan outstanding by the number of years from the date of this Agreement to the Interest Payment Date (or the date on which such principal amount was actually paid, if earlier); provided that in the event of a conflict between the above calculations and the calculations of net effective interest rate required by law or by the terms of the District’s electoral authorization, the net effective interest rate required by law or by the terms of the District’s electoral authorization shall control.

“*Northgate Properties*” means Northgate Properties, LLC, a Colorado limited liability company.

“*Notes*” means, collectively, the Taxable/Tax-Exempt Note and the Tax-Exempt Note.

“*Participant*” means one or more commercial banks or other Persons not affiliates of the District.

“*Payment Date*” means June 1 and December 1 of each calendar year, commencing December 1, 2016, and the Maturity Date.

“*Parity Debt*” means obligations of the District secured by all or a portion of the Pledged Revenue on a parity lien basis with the Loan. For purposes of this definition, the Unrefunded Portion of the 2014 Loan shall constitute the Parity Debt hereunder.

“*PIF*” means the public improvement fee in the amount of 1.00% as set forth in the PIF Covenant.

“*PIF Covenant*” means the Declaration of Covenants Imposing and Implementing Public Improvement Fee recorded September 19, 2012, in the real property records of El Paso County, Colorado at Reception Number 212109234.

“*PIF Eligible Costs*” means any cost or expense permitted to be funded from the PIF, in accordance with the PIF Covenant.

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

“*Pledged PIF Revenue*” means all revenues resulting from the PIF, including all late fees and penalties payable in accordance with the PIF Covenant.

“*Pledged Revenue*” means the following:

- (a) all Debt Service Tax Increment Revenue;

- (b) all Debt Service Base Property Tax Revenue;
- (c) the portion of the Specific Ownership Taxes allocable to the amount of the Limited Mill Levy;
- (d) all Pledged PIF Revenue; and
- (e) all amounts held in the Loan Payment Fund (including legally available moneys which the District determines, in its sole discretion, to deposit therein) together with investment earnings thereon.

*“Project Costs”* means the District’s costs properly attributable to the construction, acquisition, or other provision of the Project or any part thereof, 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 reimbursing funds advanced by the District in anticipation of reimbursement from Loan proceeds, including any intrafund or interfund loan, and amounts due under any reimbursement agreement or other arrangement with third parties pertaining to the Project;
- (e) the costs of surveys, appraisals, plans, designs, specifications, and estimates;
- (f) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;
- (g) the costs of publishing, reproducing, posting, mailing, or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of incurring the Loan;
- (j) the costs of amending any resolution or other instrument relating to the Loan or the Project;
- (k) 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;

- (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;
- (m) the costs of demolition, removal, and relocation; and
- (n) all other lawful costs as determined by the Board.

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

“*Property Tax Base Amount*” means the amount certified by the Assessor as the valuation for assessment of all taxable property within the Urban Renewal Area last certified by the Assessor prior to the adoption of the Urban Renewal Plan or any modification thereof (\$1,569,080); and provided, however, that in the event of a general reassessment of taxable property in the Urban Renewal Area, the valuation for assessment of taxable property within the Urban Renewal Area shall be proportionately adjusted in accordance with such general reassessment in the manner required by the Act.

“*Public Deposit Protection Act*” means Article 10.5 of Title 11, Colorado Revised Statutes, as amended from time to time.

“*Public Improvements*” means the public improvements and facilities the debt for which was approved at the Election and are authorized by the Service Plan, including without limitation necessary or appropriate equipment.

“*Redevelopment Agreement*” means the Urban Renewal Agreement for Redevelopment of Copper Ridge at Northgate Property dated September 25, 2013, among the District, the Authority, and the Developer, as amended by the First Amendment to the Urban Renewal Agreement for Redevelopment of Copper Ridge at Northgate Property dated February 25, 2015, as the same may be amended or supplemented from time to time.

“*Reserve Fund*” means the fund by that name established pursuant to the provisions of Section 3.01 hereof to be administered and maintained by the Lender in the manner and for the purposes described therein.

“*Reserve Requirement*” means the amount of \$400,000.

“*Restricted Account*” means an account of that name created within the Project Fund.

“*Special Counsel*” means Ballard Spahr LLP, Denver, Colorado, or such other attorneys selected by the District with nationally recognized expertise in the issuance of tax-exempt debt.

“*Specific Ownership Tax*” means the specific ownership tax which is collected by the County and remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute.

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



“*Taxable/Tax-Exempt Note*” means the Copper Ridge Metropolitan District Taxable/Tax-Exempt Promissory Note evidencing \$1,250,000 of the Loan, issued by the District, as maker, to the Lender, as payee, dated as of the date of issuance, and in substantially the form set forth in Exhibit B attached hereto.

“*Taxable Interest*” means the interest borne by either of the Notes which is not excluded from the gross income of the recipients for federal income tax purposes.

“*Tax-Exempt Interest*” means the interest to be borne by the Tax-Exempt Note and, on and after the Tax-Exempt Reissuance Date, the Taxable/Tax-Exempt Note, which interest is excluded from gross income for federal income tax purposes.

“*Tax-Exempt Note*” means the Copper Ridge Metropolitan District Tax-Exempt Promissory Note, evidencing \$10,000,000 of the Loan, issued by the District, as maker, to the Lender, as payee, dated as of the date of issuance, and in substantially the form set forth in Exhibit B attached hereto.

“*Tax-Exempt Reissuance Date*” means the date on which the Taxable/Tax-Exempt Note is reissued for federal income tax purposes for an obligation bearing Tax-Exempt Interest.

“*Tax-Exempt Reissuance Opinion*” means an opinion of Special Counsel to the effect that, on and after the Tax-Exempt Reissuance Date the interest on the Taxable/Tax-Exempt Note reissued after such date will be excluded from the gross income of the recipients for federal income tax purposes.

“*Unrefunded Portion*” means \$500,000, which is a portion of the principal amount of the 2014 Loan that will not be refunded with the proceeds of the Loan on the Closing Date and will be paid in accordance with Section 3.03(c) hereof.

“*Urban Renewal Law*” means Section 31-25-101 et seq, C.R.S., as amended.

“*Unrestricted Account*” means an account of that name created within the Project Fund.

**Section 1.01. Interpretation.** In this Agreement, unless the context otherwise requires:

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

(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 Agreement, 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 Agreement;

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

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

## ARTICLE II

### LOAN TERMS, FEES, APPLICATION OF PROCEEDS

**Section 2.01. Agreement to Make Loan.** The Lender hereby agrees to extend the Loan to the District in the aggregate original principal amount of \$11,250,000 subject to the terms and conditions of this Agreement. The Loan shall be evidenced by the Notes, which shall be issued to the Lender on the Closing Date.

**Section 2.02. Application of Loan Proceeds.** On the Closing Date, the Lender will make available the proceeds of the Loan and such moneys shall be applied as follows:

(a) A portion of the Loan evidenced by the Tax-Exempt Note shall be applied as follows:

(i) the amount of \$1,779,194.17 shall be transferred to the Prior Lender, consisting of \$1,770,000 to pay the outstanding principal amount of the 2013 Loan, plus \$9,194.17 in accrued interest thereon;

(ii) the amount of \$2,155,136.89 shall be transferred to the Prior Lender to pay \$2,144,000 of the outstanding principal amount of the 2014 Loan plus \$11,136.89 in accrued interest thereon;

(iii) the amount of \$400,000 shall be credited to the Reserve Fund;

(iv) the amount of \$5,476,780.05 shall be credited to the Unrestricted Account of the Project Fund; and

(v) the amount of \$188,888.89 shall be credited to the Costs of Issuance Fund.

(b) A portion of the Loan evidenced by the Taxable/Tax-Exempt Note shall be applied as follows:

(i) the amount of \$510,625 shall be credited to the Restricted Account of the Project Fund, representing the Unrefunded Portion of the 2014 Loan and interest thereon at the rate of 4.25% from June 1, 2016 to, but not including, December 1, 2016;

(ii) the amount of \$715,763.89 shall be credited to the Unrestricted Account of the Project Fund; and

(iii) the amount of \$23,611.11 shall be credited to the Costs of Issuance Fund.

**Section 2.03. Interest Rate; Interest Payments; Principal Payments.**

(a) ***Interest Rates.*** The Loan Balance will bear interest at the applicable Base Rate unless the Default Rate applies pursuant to the terms of this Section. All interest due and payable under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months. Upon the occurrence of an Event of Default and for so long as such Event of Default continues and remains uncured to the satisfaction of the Lender, the Loan Balance shall bear interest at the Default Rate. Any such Default Rate will apply as of the date of the Default, or as of any later date determined by the Lender in the notice provided by the Lender to the District pursuant to Section 7.01 hereof entitled "Events of Default".

(b) ***Interest Payments.*** On each Payment Date there shall be due and payable interest accrued on the Loan Balance for the period commencing with the immediately preceding Payment Date (or, if none, the Closing Date) to but not including the next Payment Date, but solely to the extent of the Pledged Revenue available for such purpose in accordance with Article III hereof. Any interest not paid when due (including, without limitation, on the Maturity Date) shall continue to accrue until paid in full, and shall compound semi-annually to the extent not paid on each Payment Date.

(c) ***Principal Payments.*** Repayment of principal amounts owing on the Notes shall commence on December 1, 2016. Principal payments thereafter shall be made annually on December 1 of each year until the Maturity Date, and on the Maturity Date in accordance with the following schedule. The Loan Balance shall be paid in full on the Maturity Date. Any principal on the Loan remaining unpaid on the Maturity Date shall continue to remain owing, shall accrue interest at the Default Rate, and shall continue to be payable to the extent of Pledged Revenue until paid in full.

<b>Tax-Exempt Note</b>	
<b>Principal Payment Date</b>	<b>Principal Amount Due</b>
December 1, 2019	\$ 90,000
December 1, 2020	420,000
December 1, 2021	430,000
December 1, 2022	445,000
December 1, 2023	465,000
December 1, 2024	480,000
December 1, 2025	500,000
December 1, 2026	520,000
December 1, 2027	535,000
December 1, 2028	555,000
December 1, 2029	570,000
December 1, 2030	590,000
December 1, 2031	615,000
December 1, 2032	635,000
December 1, 2033	655,000
December 1, 2034	680,000
December 1, 2035	705,000
Maturity Date	1,110,000

<b>Taxable/Tax-Exempt Note</b>	
<b>Principal Payment Date</b>	<b>Principal Amount Due</b>
December 1, 2016	\$145,000
December 1, 2017	385,000
December 1, 2018	400,000
December 1, 2019	320,000

(d) **Maximum Interest Rate.** Notwithstanding the foregoing provisions, the maximum Net Effective Interest Rate that the District is authorized to pay with respect to the Loan is the Maximum Rate, and the Loan shall not bear interest at a rate that would cause the Net Effective Interest Rate on the Loan to exceed the Maximum Rate. To the extent amounts due to the Lender have not been fully repaid because of the application of this Maximum Rate provision, the provisions of Section 2.04 hereof shall apply.

(e) **Limitations of Electoral Authorization.** It is acknowledged by the Lender that the obligations of the District under this Agreement are limited by the District's voted debt authorization and the Service Plan with respect to principal amount, Maximum Rate, maximum repayment cost, and maximum annual tax increases, and that, notwithstanding anything herein to the contrary, the District is not authorized and is not obligating itself with respect to the foregoing obligations in excess of that which is permitted under the terms of the District's voted debt authorization and the Service Plan. Notwithstanding anything else herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the District's obligations hereunder, including all payments of principal, interest and

all of the District's obligations hereunder and under the Notes will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

**Section 2.04. Application of Maximum Rate to Interest Differential.** If the interest due and payable hereunder is in excess of the amount actually paid by the District as a result of the Maximum Rate provisions of Section 2.03(d) hereof, the difference between what would have been the interest payable had interest accrued at the applicable interest rate, and the actual interest paid by the District on such obligation (the "**Interest Differential**") shall remain an obligation of the District. If at any time there is an Interest Differential owed to the Lender, any reduction in interest rate that would result from the application of the Maximum Rate to the applicable interest rate shall not reduce the rate of interest below the Maximum Rate until the total amount due has been paid to the Lender as if the applicable interest rate had at all times been utilized.

**Section 2.05. Optional Prepayment.**

(a) ***Optional Redemption Prior to the Tenth Anniversary of the Closing Date.*** The portion of the Loan evidenced by the Taxable/Tax-Exempt Note is subject to redemption on any date prior to the tenth anniversary of the Closing Date, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof being redeemed plus accrued interest to the redemption date, with no redemption premium or Prepayment Fee, upon three (3) Business Days prior written notice to the Lender. The portion of the Loan evidenced by the Tax-Exempt Note is subject to redemption on any date prior to the tenth anniversary of the Closing Date, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof being redeemed, plus a Prepayment Fee (calculated by the Lender pursuant to the definition below), plus accrued interest to the redemption date. A "**Prepayment Fee**" shall be due as a condition of any redemption of the portion of the Loan evidenced by the Tax-Exempt Note prior to the tenth anniversary of the Closing Date, which Prepayment Fee shall be equal to the present value of the difference between (A) the amount that would have been realized by the Lender on the prepaid amount for the remaining term of the portion of the Loan evidenced by the Tax-Exempt Note at the then-applicable Base Rate and (B) the amount that would be realized by the Lender by reinvesting such prepaid funds for the remaining term of the portion of the Loan evidenced by the Tax-Exempt Note at the (1) then-current market swap rate in effect at the time of prepayment as determined by the Lender plus (2) a spread of 1.10%, both (A) and (B) discounted at the then-current market swap rate excluding the spread. Should the present value have no value or a negative value, the Prepayment Fee shall be zero. Partial redemptions in the minimum amount of \$500,000 may be made subject to payment of a Prepayment Fee based upon the same calculation methodology described above. Any partial redemption of the portion of the Loan evidenced by either the Tax-Exempt Note or the Taxable/Tax-Exempt Note shall be applied in inverse order of maturity of the Note being prepaid. Any partial prepayment shall not postpone the due dates of, or relieve the amounts of, any scheduled sinking fund installments described in Section 2.03(c). Any amounts paid hereunder may not be re-borrowed from the Lender. Notwithstanding the foregoing or anything else herein to the contrary, in the event any such Prepayment Fee exceeds the

amount permitted by law, the portion of the Loan being redeemed shall be deemed to not be subject to redemption to that extent.

(b) ***Optional Redemption After the Tenth Anniversary of the Closing Date.***

(A) *In Whole.* The Loan is subject to redemption, in whole, on any Payment Date after the tenth anniversary of the Closing Date, at the option of the District, at a redemption price equal to the outstanding principal amount of the Loan plus accrued interest to the redemption date without premium (or payment of the Prepayment Fee); provided that the Prepayment Fee shall not apply to the prepayment of the portion of the Loan evidenced by the Taxable/Tax-Exempt Note. The District must provide at least three Business Days written notice to the Lender prior to the prepayment of the Loan pursuant to this Section 2.05(b)(A).

(B) *Redemption in Part or not on Payment Date.* The Loan is subject to redemption, in whole or in part in the minimum amount of \$500,000 on any date after the tenth anniversary of the Closing Date (with the exception of any redemption of the Loan in whole on any Payment Date, which is subject to paragraph (A) above), at the option of the District, at a redemption price equal to the principal amount thereof being prepaid, plus a Prepayment Fee (calculated by the Lender pursuant paragraph (a) above), plus accrued interest to the redemption date; provided that the Prepayment Fee shall not apply to the prepayment of the portion of the Loan evidenced by the Taxable/Tax-Exempt Note. Any partial redemption of the portion of the Loan evidenced by either the Tax-Exempt Note or the Taxable/Tax-Exempt Note shall be applied in inverse order of maturity of the Note being prepaid. Any partial prepayment shall not postpone the due dates of, or relieve the amounts of, any scheduled sinking fund installments described in Section 2.03(c). Any amounts paid hereunder may not be re-borrowed from the Lender. Notwithstanding the foregoing or anything else herein to the contrary, in the event any such Prepayment Fee exceeds the amount permitted by law, the portion of the Loan being redeemed shall be deemed to not be subject to redemption to that extent.

**Section 2.06. Expenses and Attorneys' Fees.** In the event that a claim by the Lender is brought against the District relating to this Agreement or any of the other Financing Documents and the Lender prevails in such claim, the District will reimburse the Lender for all reasonable attorneys' and all other consultants' fees and all other costs, fees and out-of-pocket disbursements incurred by the Lender in connection with the preparation, execution, delivery, administration, defense and enforcement of this Agreement or any of the other Financing Documents, including reasonable attorneys' and all other consultants' fees and all other costs and fees (a) incurred before or after commencement of litigation or at trial, on appeal or in any other proceeding; (b) incurred in any bankruptcy proceeding and (c) related to any waivers or amendments with respect thereto (examples of costs and fees include but are not limited to fees and costs for confirming the priority of the Lender's claim on the Pledged Revenue or the funds and accounts established hereunder). The District will also reimburse the Lender for all costs of collection of the Pledged Revenue, including all reasonable attorneys' and all other consultants' fees, before and after judgment. The Lender hereby acknowledges and agrees that due to the

limitations of the District's electoral authorization, amounts payable under this Section shall be paid solely from the Pledged PIF Revenue and any such amounts shall be payable as soon as is feasible given the limitations of the timing of receipt of the Pledged PIF Revenue.

**Section 2.07. Manner of Payments.** All payments to be made hereunder by or on behalf of the District to the Lender shall be made, and shall not be considered made until received, in lawful money of the United States of America in immediately available funds. The District shall make each payment hereunder in the manner and at the time necessary so that each such payment is received not later than 12:00 p.m., Denver time, on the day when due. Any payment received after 12:00 p.m., Denver time, shall be deemed made on the next succeeding Business Day. Subject to Section 2, all payments made hereunder by or on behalf of the District to the Lender may be applied to amounts due hereunder in such order of priority as the Lender shall elect.**Pledge.** The District hereby assigns, transfers, pledges, hypothecates, delivers and grants to the Lender a first priority security interest in and to the Pledged Revenue and moneys on deposit in the Unrestricted Account of the Project Fund, the Loan Payment Fund, and the Reserve Fund to secure the payment of the principal of and interest on the Loan; provided that such pledge and security interest with respect to the Pledged Revenue and amounts on deposit in the Loan Payment Fund is on a parity with the lien thereon securing payment of the Unrefunded Portion of the 2014 Loan and any other Parity Debt. The Loan shall constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive such lien and such pledge and lien is provided on a parity with the lien thereon securing payment of any other Parity Debt. The lien of the Lender on the Pledged Revenue shall be subject to no other liens without the prior written consent of the Lender. The Restricted Account of the Project Fund shall not be pledged to secure the payment of the principal of and interest on the Loan and shall secure only the payment of the Unrefunded Portion of the 2014 Loan and accrued interest thereon in accordance with Section 3.03(c) hereof.

### ARTICLE III

#### PLEGGED REVENUE AND LOAN PAYMENT FUND

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

- (a) the Project Fund and therein the Restricted Account and the Unrestricted Account;
- (b) the Loan Payment Fund;
- (c) the Reserve Fund; and
- (d) the Costs of Issuance Fund.

**Section 3.02. Flow of Funds.** The District shall deposit or, with respect to the Reserve Fund, cause the Lender to deposit from amounts transferred to the Lender by the District, all amounts comprising the Pledged Revenue as soon as practicable upon receipt thereof to the

following funds and in the following order of priority. For purposes of the following, when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other.

- FIRST: To the credit of the Loan Payment Fund, the amounts required by the Section hereof entitled "Loan Payment Fund," and to the credit of any similar fund or account created with respect any other Parity Debt, the amount required pursuant to the documents governing such Parity Debt;
- SECOND: To the credit of the Reserve Fund, the amounts required by the Section hereof entitled "Reserve Fund" and to the credit of any similar fund or account created with respect to any Parity Debt, the amount required pursuant to the documents governing such Parity Debt; and
- THIRD: So long as no Event of Default shall have occurred and be continuing, to the credit of any other fund or account as may be designated by the District, any Pledged Revenue remaining after the payments and accumulations set forth above and upon credit to such fund or account of the District, any Pledged Revenue so credited shall be released from the lien of this Loan Agreement. Such released Pledged Revenue may be used by the District for any lawful purpose, provided that any Excess PIF Revenue shall be used only in accordance with Section 5.15 hereof.

For purposes of accounting the Pledged Revenue and identifying the priority of the application of Pledged Revenue, as well as for purposes of compliance with Section 5.15 hereof, the District shall determine, prior to the transfers described in the "FIRST" clause above, the amount of each type of Pledged Revenue (meaning, the Debt Service Base Property Tax Revenue, the Debt Service Tax Increment Revenue, the Specific Ownership Taxes and the Pledged PIF Revenue) deposited into the Loan Payment Fund and the Reserve Fund in the applicable Loan Year and shall assume that deposits made during such Loan Year to the Loan Payment Fund and the Reserve Fund pursuant to clauses "FIRST" and "SECOND" above were made from the following Pledged Revenue in the following order of priority: the Debt Service Base Property Tax Revenue, the Debt Service Tax Increment Revenue, the Specific Ownership Taxes and the Pledged PIF Revenue.

**Section 3.03. Project Fund.**

(a) **General.** The Project Fund shall be maintained by the Lender in accordance with the terms of this Section. Upon the receipt by the Lender of a resolution of the District determining that all Project Costs have been paid and provided that the Unrefunded Portion of the 2014 Loan has been paid pursuant to subsection (c) below, any balance remaining in the Project Fund shall be credited to the Loan Payment Fund. In addition, upon the District's determination that the funds in the Unrestricted Account of the Project Fund exceed the amount necessary to pay all Project Costs, such excess



amount shall be credited to the Loan Payment Fund in the amounts determined by the District and communicated to the Lender in writing. The Project Fund shall terminate when no further moneys remain therein.

(b) ***Draws From the Unrestricted Account of the Project Fund.*** Except as otherwise provided in this Section, amounts in the Unrestricted Account of the Project Fund shall be released by the Lender to the District in accordance with requisitions in substantially the form set forth herein set forth herein as Exhibit D, signed by the Authorized Person and the District Accountant. A copy of each requisition shall be submitted to the Lender at its request.

(c) ***Draws From the Restricted Account of the Project Fund.*** Amounts in the Restricted Account of the Project Fund may not be requisitioned by the District. If, prior to December 1, 2016, the District receives the City Reimbursement, the District shall provide notice thereof to the Lender and if the amount of the City Reimbursement is not sufficient to pay the Unrefunded Portion of the 2014 Loan plus all accrued interest thereon to, but not including, the date of payment of the Unrefunded Portion of the 2014 Loan designated by the District (which shall be no later than December 1, 2016), the District shall also request the Lender to fund the amount of such insufficiency from the Restricted Account of the Project Fund. Upon receipt of such request from the District, the Lender shall promptly transfer the requested amount from the Restricted Account to the District. If, at least five (5) Business Days prior to December 1, 2016, the Lender does not receive a notice from the District regarding its receipt of the City Reimbursement referenced above in this Section, the Lender shall transfer all amounts on deposit in the Restricted Account to the District and the District shall apply such amounts to pay, on or prior to December 1, 2016, the Unrefunded Portion of the 2014 Loan plus all accrued interest thereon.

Following payment of the Unrefunded Portion of the 2014 Loan plus all accrued interest thereon, whether from amounts on deposit in the Restricted Account or from the City Reimbursement, or a combination of both, the Lender shall transfer any remaining amounts on deposit in the Restricted Account to the Unrestricted Account of the Project Fund and upon such transfer, the Restricted Account shall be closed.

(d) ***Insufficiency of Pledged Revenue.*** In the event the moneys in the Loan Payment Fund are ever insufficient to pay the principal of or interest on the Loan on any Payment Date and there are moneys in the Unrestricted Account of the Project Fund, the Lender shall transfer from the Unrestricted Account of the Project Fund such amounts as may be necessary to remedy such insufficiency, or such lesser amount as may be in the Unrestricted Account of Project Fund. Notwithstanding anything herein to the contrary, any such transfer shall be made before any use of moneys in the Reserve Fund. The moneys in the Restricted Account may not be used to cover any insufficiency in any other fund or account created under this Agreement.

(e) ***Use of Unspent Moneys in Project Fund.*** Amounts on deposit in the Project Fund on the Maturity Date, if any, shall be applied to the payment of the Loan.

**Section 3.04. Loan Payment Fund.**

(a) **General.** There is hereby created and established the Loan Payment Fund, which shall be administered by the District, on behalf of the Lender, in accordance with the terms of this Agreement. Subject to the receipt of sufficient Pledged Revenue, there shall be credited to the Loan Payment Fund each Loan Year an amount of Pledged Revenue which, when combined with other legally available moneys in the Loan Payment Fund (not including moneys deposited thereto from the Unrestricted Account of the Project Fund or the Reserve Fund pursuant to the terms hereof), will be sufficient to pay the principal of and interest on the Loan and any Parity Debt which has or will become due in the Loan Year in which the credit is made. The District shall also credit to the Loan Payment Fund any amount of proceeds of the Loan deposited in the Costs of Issuance Fund in accordance with Section 2.02(a) hereof not applied to costs of issuance as of November 1, 2016.

(b) **Application of Moneys in Loan Payment Fund.** Moneys in the Loan Payment Fund (including any interest earnings thereon) shall be used by the District solely to pay principal and interest on the Loan and any Parity Debt, as set forth herein. On or prior to each Payment Date, the District shall transfer amounts on deposit in the Loan Payment Fund as follows:

(i) FIRST, to the Lender, in the amount of all interest due on the Loan as of such Payment Date and all previously due and unpaid interest (including, without limitation current interest, accrued and unpaid interest, if any, and compounded interest, if any), or such lesser amount as is then on deposit in the Loan Payment Fund; and

(ii) SECOND, after the payment of all amounts then due in accordance with clause (i), to the Lender, in the amount of all principal due on the Loan as of such Payment Date and all previously due and unpaid principal, or such lesser amount as is then on deposit in the Loan Payment Fund.

(c) **Moneys Held In Loan Payment Fund.** Moneys to be held in the Loan Payment Fund shall be held in a depository account under the control of the District and satisfying the requirements of the Public Deposit Protection Act and shall not be invested, but shall earn interest at the rate provided by the applicable depository institution.

**Section 3.05. Reserve Fund.**

(a) **General.** The Lender shall hold, disburse, and administer the Reserve Fund so long as the Loan is outstanding in whole or in part in accordance with the provisions of this Section.

(b) **Application of Moneys in Reserve Fund.** Moneys in the Reserve Fund shall be used by the Lender, if necessary, only to prevent a default in the payment of the principal of, and interest on, with respect to the Loan, and the Reserve Fund is hereby pledged to the payment of the foregoing in the manner and priority set forth in this Section. Notwithstanding anything herein to the contrary, moneys in the Unrestricted

Account of the Project Fund shall be used prior to any use of moneys in the Reserve Fund. In the event that by the fifth (5<sup>th</sup>) Business Day prior to any Payment Date the Lender has not received sufficient amounts from the District to pay the principal of and interest on the Loan due on such Payment Date, the Lender shall send a written notice thereof to the Authorized Person and the District Accountant and if the Lender does not receive sufficient funds to make such payments by 12:00 pm (noon) Denver time on the third (3d) Business Day prior to any Payment Date, the Lender shall transfer from the Reserve Fund an amount which, when combined with moneys received by the Lender on the fifth (5<sup>th</sup>) day prior to such Payment Date from the District and the amounts on deposit in the Unrestricted Account of the Project Fund, will be sufficient to make such payments in full. In the event that moneys received from the District on any Payment Date and the moneys in the Unrestricted Account of the Project Fund and the Reserve Fund are together insufficient to make such payments on such Payment Date, the Lender will nonetheless transfer all moneys in the Reserve Fund for the purpose of making partial payments.

(c) *Maintenance of the Reserve Requirement.* Subject to the receipt of sufficient Pledged Revenue, the Reserve Fund shall be maintained in the amount of the Reserve Requirement for so long as the Loan is outstanding, provided that the foregoing shall not prevent the amounts in the Reserve Fund from being used in whole or in part to fund the payment or defeasance of the entire Loan. If at any time the Reserve Fund is drawn upon so that the amount of the Reserve Fund is less than the Reserve Requirement, then the District shall transfer to the Lender for deposit to the Reserve Fund amounts sufficient to bring the amount credited to the Reserve Fund to the Reserve Requirement. Such deposits and payments shall be made at the earliest practicable time, but in accordance with and subject to the limitations of Section hereof entitled "Flow of Funds", and nothing herein shall be construed as requiring the District to impose an ad valorem mill levy in excess of the Limited Mill Levy. The amount credited to the Reserve Fund shall never exceed the amount of the Reserve Requirement, and at the request of the Authorized Person made not more frequently than semi-annually the Lender shall transfer any such excess moneys to the District for deposit in the Loan Payment Fund.

(d) *Application of the Reserve Fund on the Maturity Date.* Amounts on deposit in the Reserve Fund on the Maturity Date, if any, shall be immediately applied to the payment of the Loan. The availability of such amount shall be taken into account in calculating the Limited Mill Levy certified in December 2035.

**Section 3.06. Costs of Issuance Fund.** The Costs of Issuance Fund shall be held and disbursed by the District in accordance with this Section. The District shall disburse or direct the Lender to disburse amounts designated to be deposited in the Costs of Issuance Fund to pay the fees, costs, and expenses incurred in connection with the Loan in accordance with the Closing Statement prepared by Stifel Nicolaus & Company, Incorporated. On November 1, 2016, the District shall transfer all amounts then remaining, if any, in the Costs of Issuance Fund to the Loan Payment Fund, and the Costs of Issuance Fund shall thereupon be terminated.

**Section 3.07. Investments of Funds.**

(a) At the direction of the District the Lender shall invest amounts held by it pursuant to this Agreement only in Permitted Investments. All such investments shall be on deposit with or in the possession of the Lender, provided that the Lender may in its discretion choose to have any moneys to be held by the Lender hereunder held, invested, disbursed, and otherwise administered on behalf of the Lender by Community Banks of Colorado, a division of NBH Bank. The Lender shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Section. The Lender shall be entitled to assume, absent receipt by the Lender of written notice to the contrary, that any investment that at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter.

(b) Except as provided hereafter for investments of the Reserve Fund, the interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Lender hereunder shall be credited to the fund or account from which the moneys invested were derived. With respect to the Reserve Fund, so long as the amount of the Reserve Fund is equal to the Reserve Requirement, all interest income from the investment or reinvestment of moneys credited to the Reserve Fund shall be remitted to the District and shall be credited to the Loan Payment Fund; provided that if the amount of the Reserve Fund is less than the Reserve Requirement, then such interest income shall be credited to the Reserve Fund.

(c) In computing the amount of any fund or account, Permitted Investments purchased as an investment of moneys therein shall be valued at the then market value of such obligations, excluding any accrued interest, as determined by the District. If the market value of such obligations is not readily available, the District shall determine the value of such obligations in any reasonable manner.

(d) The Lender may make any and all investments permitted by the provisions of this Section through its own investment department or that of its affiliates, including Community Banks of Colorado, a division of NBH Bank. As and when any amount invested pursuant to this Section may be needed for disbursement, the Lender may cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such funds.

(e) Any amounts held in the Restricted Account of Project Fund shall not be invested at a yield in excess of the yield on the Loan. Unless there shall be delivered to the Lender and the District an opinion of Special Counsel that such deposit shall not cause interest on the Tax-Exempt Note and following the Tax-Exempt Reissuance Date, the Taxable/Tax-Exempt Note, to be includable in gross income under the Internal Revenue Code of 1986, as amended, amounts held in the Unrestricted Account of the Project Fund following the third anniversary of the Closing Date shall not be invested at a yield in excess of the yield on the Loan.

## ARTICLE IV

### CONDITIONS TO CLOSING

**Section 4.01. Conditions to Loan Closing.** The execution and delivery of this Agreement by the Lender, funding of the Loan is conditioned upon the satisfaction of each of the following on or prior to the Closing Date:

(a) ***The Financing Documents.*** The Financing Documents shall have been duly executed and delivered by each of the respective parties thereto and shall not have been modified, amended or rescinded, shall be in full force and effect on and as of the Closing Date and executed original or certified copies of each thereof have been delivered to the Lender; provided, however, that with respect to the Notes, the Lender shall be in receipt of the executed original of each Note.

(b) ***District Proceedings and Certificate.*** The Lender shall have received a certified copy of all resolutions and proceedings taken by the District authorizing the execution, delivery and performance of this Agreement, the Notes, and the other Financing Documents to which the District is a party, and the transactions contemplated hereunder and thereunder, together with such other certifications as to the specimen signatures of the officers of the District authorized to sign this Agreement, the Notes, and the other Financing Documents to be delivered by the District hereunder and as to other matters of fact as shall reasonably be requested by the Lender.

(c) ***Representations and Warranties True; No Default.*** The Lender shall be satisfied that on the Closing Date each representation and warranty on the part of the District contained in this Agreement and any other Financing Document to which the District is a party are true and correct in all material respects and no Default or Event of Default has occurred and is continuing, and the Lender shall be entitled to receive certificates, signed by authorized officers of the District, to such effect.

(d) ***Special Counsel's Legal Opinions.*** The Lender shall have received an opinion of Special Counsel, dated the Closing Date and addressed to the Lender and the District, with respect to such matters as the Lender may require, including opinions to the effect that the obligations of the District under this Agreement constitute a special limited tax revenue obligation of the District, that such obligation is binding and enforceable against the District in accordance with the terms of this Agreement; and otherwise in form and substance satisfactory to the Lender and its counsel.

(e) ***Opinion of General Counsel.*** The Lender shall have received an opinion of counsel to the District dated as of the Closing Date and addressed to the Lender, with respect to such matters as the Lender may require, including opinions as to the validity of the District's organization and existence; to the effect that all governmental approvals, if any, necessary for the District to execute, deliver and perform its obligations under this Agreement and the other Financing Documents to which the District is a party have been duly obtained; that the Authorizing Resolution was duly and properly adopted, is in full force and effect, and has not been rescinded as of the Closing Date; that neither the

execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflicts with or results in a breach, or would result in a breach, of any of the terms, conditions or provisions of any agreement or instrument to which the District is a party or by which it or any of its property are bound; that this Agreement and the other Financing Documents to which the District is a party have been duly authorized, executed, and delivered by the District; and otherwise in form and substance acceptable to the Lender and its counsel.

(f) ***Opinion(s) Concerning PIF Covenant.*** The Lender shall have received an opinion (or opinions) of counsel to Northgate Properties (as the declarant of the PIF Covenant) dated as of the Closing Date and addressed to the Lender, with respect to such matters as the Lender may require relating to the authorization, execution, delivery and enforceability of the PIF Covenant.

(g) ***Certificate of Northgate Properties.*** The Lender shall have received a certificate executed by authorized representatives of Northgate Properties to the effect that the PIF Covenant was duly authorized, executed and recorded against the property contemplated therein, and has not been rescinded, revoked or amended since such recordation and remains in full force and effect, and otherwise in form and substance satisfactory to the Lender and its counsel.

(h) ***Certificate of the Authority.*** The Lender shall have received a certificate executed by authorized representatives of the Authority to the effect that the Redevelopment Agreement was duly authorized and executed and constitutes an enforceable agreement of the Authority and otherwise in form and substance satisfactory to the Lender and its counsel.

(i) ***Opinion of Authority Counsel.*** The Lender shall have received an opinion of counsel to the Authority dated as of the Closing Date and addressed to the Lender, with respect to such matters as the Lender may require, including opinions as to the validity of the Authority's organization and existence; to the effect that all governmental approvals, if any, necessary for the District to execute, deliver and perform its obligations under the Redevelopment Agreement have been duly obtained; that the Redevelopment Agreement was duly and properly adopted, is in full force and effect, and has not been rescinded as of the Closing Date, and is a valid and enforceable obligation of the Authority; that neither the execution and delivery of the Redevelopment Agreement, nor the fulfillment of or compliance with the terms and conditions of the Redevelopment Agreement conflicts with or results in a breach, or would result in a breach, of any of the terms, conditions or provisions of any agreement or instrument to which the Authority is a party or by which it or any of its property are bound; that the Redevelopment Agreement has been duly authorized, executed, and delivered by the Authority; and otherwise in form and substance acceptable to the Lender and its counsel.

(j) ***Certificates of the Developer.*** The Lender shall have received a certificate of authorized representatives of the Developer in form and substance satisfactory to the Lender and its counsel.

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

(l) **District Due Diligence.** The Lender and its counsel shall have been provided with the opportunity to review all agreements, documents, and other material information relating to the District, the Pledged Revenue, the 2013 Loan, the 2014 Loan, and the District's ability to perform its obligations under this Agreement and the other Financing Documents to which the District is a party.

(m) **Approval of Financing Documents.** The Lender and its counsel shall have had sufficient time to review the Financing Documents and the substantially final versions of such documents shall be in form and content satisfactory to the Lender and its counsel.

(n) **Consent of the Prior Lender.** The Lender shall have received written consent of the Prior Lender to the incurrence of the Loan pursuant to this Agreement.

(o) **Other Requirements.** The Lender shall be in receipt of such other certificates, approvals, filings, opinions and documents as shall be reasonably requested by the Lender.

(p) **Other Matters.** All other legal matters pertaining to the execution and delivery of this Agreement, the Notes, and the other Financing Documents, and the issuance of the Loan shall be reasonably satisfactory to the Lender and its counsel.

## ARTICLE V

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT

While any Loan Balance is outstanding or any obligations hereunder are unpaid or outstanding, the District continuously warrants, covenants and agrees as follows:

**Section 5.01. Accuracy of Information.** All information, certificates or statements given to the Lender by the District pursuant to this Agreement and the other Financing Documents will be true and complete when given.

**Section 5.02. Organization; Litigation.** The District is validly existing and in good standing under the laws of its state of organization, has all requisite power and authority and possesses all licenses, permits and approvals necessary to conduct its business. There is no litigation or administrative proceeding threatened or pending against the District which could, if adversely determined, have a material adverse effect on the District's financial condition.

**Section 5.03. Performance of Covenants, Authority.** The District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Authorizing Resolution, this Agreement, the Notes, and all proceedings pertaining thereto. The District covenants that it is duly authorized under the

constitution and laws of the State of Colorado, including, particularly and without limitation, the Act, to execute and deliver the Notes, this Agreement, and the other Financing Documents to which it is a party, and that all action on its part for the execution and delivery of the Notes, this Agreement, and the other Financing Documents to which it is a party have been duly and effectively taken and will be duly taken as provided therein and herein, and that the Loan, the Notes, this Agreement, and the other Financing Documents to which the District is a party are and will be valid and enforceable obligations of the District according to the terms thereof and hereof.

**Section 5.04. Laws, Permits and Obligations.** The District will comply in all material respects with all applicable laws, rules, regulations, orders and directions of any governmental authority and all agreements and obligations binding on the District, noncompliance with which would have a material adverse effect on the District, its financial condition, assets or ability to perform its obligations under this Agreement and/or the other Financing Documents to which it is a party; provided that the District may in good faith contest such laws, rules, regulations, orders and directions and the applicability thereof to the District to the extent that such action would not be likely to have a material adverse effect on the District's ability to perform its obligations hereunder.

**Section 5.05. Proper Books and Records.** The District shall keep or cause to be kept adequate and proper records and books of account in which complete and correct entries shall be made with respect to the District, the Pledged Revenue, and all of the funds and accounts established or maintained pursuant to any of the Financing Documents. The District shall (a) maintain accounting records in accordance with generally recognized and accepted principles of accounting consistently applied throughout the accounting periods involved; (b) provide the Lender with such information concerning the business affairs and financial condition (including insurance coverage) of District as the Lender may reasonably request; and (c) without request, provide the Lender with the information set forth in Section 5.06 hereof.

**Section 5.06. Reporting Requirements.** The District will provide the following to the Lender at the times and in the manner provided below:

(i) as soon as available, but not later than the February 28<sup>th</sup> of each year, (A) a copy of the certification of values issued by the County Assessor for the prior Fiscal Year containing the final certified "actual value" and final assessed valuation of the District for that year and (B) a copy of the District's certification of the Limited Mill Levy for the prior Fiscal Year;

(ii) as soon as available, but not later than the February 28<sup>th</sup> of each year, a copy of the annual budget of the District for such Fiscal Year;

(iii) on the earlier of (A) two weeks following its completion or (B) 270 days after the end of the prior Fiscal Year, a copy of unqualified audited financial statements prepared in accordance with generally accepted accounting principles consistently applied, in reasonable detail and audited by a firm of independent certified public accountants selected by the District, which financial statements shall include, without limitation, a balance sheet of the District as of the end of



the immediately preceding Fiscal Year and the related statements of revenues, expenditures and changes in fund balance for the immediately preceding Fiscal Year (which covenant shall apply notwithstanding any State law audit exemptions that may exist or any different time requirements for the completion of such audit under State law);

(iv) as soon as available, but no later than forty-five (45) days from the end of each calendar quarter, beginning with the calendar quarter ending on December 31, 2016, quarterly unaudited financial statements which shall include statements of revenues, expenditures and changes in fund balances for the relevant quarter;

(v) promptly upon request of the Lender, the District shall furnish to the Lender such other reports or information regarding the Pledged Revenue or the assets, financial condition, business or operations of the District as the Lender may reasonably request, to the extent legally permissible for the District to provide.

**Section 5.07. Inspection of Books and Records.** The Lender shall have the right to examine any of the books and records of the District, but solely to the extent such books and records relate to the Pledged Revenue and/or repayment of the Loan, at any reasonable time and as often as the Lender may reasonably desire. Without limiting the generality of the foregoing, the Lender agrees that it shall use commercially reasonable efforts to maintain as confidential any non-public or proprietary information obtained by the Lender in exercising its rights under this Section 5.08.

**Section 5.08. 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 agreements supplemental hereto and such further acts, instruments, and transfers as the Lender may reasonably require for the better assuring, transferring, and pledging unto the Lender the Pledged Revenue; provided, however, that the District shall not be obligated to incur in excess of nominal expenses in complying with this covenant.

**Section 5.09. Covenant To Impose Limited Mill Levy.** The District hereby covenants as follows:

(a) For the purposes of funding the principal and interest due on the Loan (collectively, the “**Annual Debt Requirements**”), the District covenants to cause to be levied on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2015 to 2035 inclusive (and, to the extent necessary to make up any overdue payments on the Loan, in each year subsequent to 2035) in the amount of the Limited Mill Levy; **provided, however, that in no event may the District impose an ad valorem property tax for the payment of this Loan after December 2053 (for collection in calendar year 2054).** Nothing herein shall be construed to require the District to levy an ad valorem property tax for the aforementioned purposes in excess of the Limited Mill Levy.

(b) The foregoing provisions of this Agreement are hereby declared to be the certificate of the Board to the Board of County Commissioners of each county in which taxable real or personal property of the District is located, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purposes of paying the Annual Debt Requirements.

(c) The amounts necessary to pay all costs and expenses incidental to effecting the transactions contemplated under the Financing Documents and paying the Annual Debt Requirements 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 Loan has been fully paid, satisfied, and discharged and the Note and this Agreement are no longer in effect.

(d) 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.

(e) Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado, 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 Agreement.

(f) 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.

**Section 5.10. Additional Debt.** The District shall not be permitted to issue any Debt without the consent of the Lender, provided that without the Lender's consent the District shall be permitted to issue Parity Debt if upon the issuance of such Debt, the Debt Service Coverage Ratio will be at least 1.50 for each Loan Year in which the Loan is outstanding. The District shall deliver to the Lender a certificate signed by the Authorized Person setting forth the calculation of the Debt Service Coverage Ratio prior to the issuance of Parity Debt.

**Section 5.11. Continued Existence.** 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 Loan.

**Section 5.12. Operation and Management.** The District will continue to operate in accordance with all applicable laws, rules, regulations, and intergovernmental agreements, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Pledged Revenue may at all times be readily and accurately determined.

**Section 5.13. No Exclusion of Property.** The District shall take no action nor consent to any action that could have the effect of excluding property from its boundaries if the District

determines in good faith that such action or actual exclusion would have a materially adverse effect on the amount of Pledged Revenue that would otherwise be collected by the District.

**Section 5.14. Amendments to Financing Documents Require Prior Lender Consent.**

The District shall not terminate, amend or consent (to the extent the District's consent is required) to any termination or amendment to any Financing Document or any provision of the Urban Renewal Plan with respect to Pledged Revenue or waive any provision of any of the foregoing, including but not limited to providing any consent with respect to a change in the amount of the PIF, without the prior written consent of the Lender.

**Section 5.15. Application of Excess PIF Revenue.** Any Excess PIF Revenue released to the District pursuant to clause "THIRD" of Section 3.02 hereof may be applied by the District only to pay due and payable PIF Eligible Cost and any other costs permitted by the PIF Covenant. The District shall retain records of the PIF Eligible Costs and other costs permitted by the PIF Covenant to which any such Excess PIF Revenue are applied.

**Section 5.16. Tax-Exempt Reissuance of Taxable/Tax-Exempt Note.** It is understood and agreed that the Taxable/Tax-Exempt Note shall be initially issued bearing Taxable Interest, which interest is included in the gross income of the recipient for federal income tax purposes. On and after the Tax-Exempt Reissuance Date, if any, the Taxable/Tax-Exempt Note shall be deemed reissued bearing Tax-Exempt Interest. The issuance of a Tax-Exempt Reissuance Opinion is a condition precedent to the occurrence of any Tax-Exempt Reissuance Date. If such condition precedent is not satisfied, there will be no Tax-Exempt Reissuance Date, the Taxable/Tax-Exempt Note will continue to bear Taxable Interest, and the interest thereon will be included in the gross income of the recipients thereof for federal income tax purposes. Notwithstanding the foregoing, the District covenants to request, not more than forty-five (45) days nor less than twenty (20) days prior to June 1, 2017, that Special Counsel deliver Tax-Exempt Reissuance Opinion on June 1, 2017. Such request shall be made in writing to Special Counsel with a copy delivered to the Lender. Any failure by the District to make such request shall constitute an Event of Default under Section 8.01(c) hereof. The making of such request by the District shall not obligate Special Counsel to deliver a Tax-Exempt Reissuance Opinion.

**Section 5.17. Tax Covenants.**

(a) The provisions of this Section will be applicable to the Tax-Exempt Note from the Closing Date and shall be applicable to the Taxable/Tax-Exempt Note only if and as of the date a Tax-Exempt Reissuance Opinion is issued.

(b) The District covenants that it will not take any action or omit to take any action with respect to the Loan, any funds of the District, or any facilities financed or refinanced with the proceeds of the Loan, if such action or omission (1) would cause the interest on the Notes to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (2) would cause interest on the Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (3) would cause interest on

the Notes to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

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

(d) The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applied to the Notes from time to time. The payment of such rebate amounts as required by this paragraph supersedes all other provisions of this Agreement concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject to any lien created hereunder for the benefit of the Lender. This covenant shall survive the payment in full or the defeasance of the Notes.

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

(f) The covenants contained in this Section shall remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Notes.

**Section 5.18. Indemnification.** The District agrees, to the extent permitted by law, to indemnify and hold harmless the Lender and its agents, employees, officers, directors, and controlling Persons, together with any Participant and its agents, employees, officers, directors, and controlling Persons (hereinafter collectively referred to in this Section as the "**Indemnitees**") from and against any and all claims, damages, liabilities, settlements, judgments, losses, legal fees, and costs or expenses incurred (including all reasonable fees and disbursements of the Indemnitees' legal counsel and allocated cost of in house counsel and staff and all of the Indemnitees' reasonable travel and other out of pocket expenses incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation and other proceedings arising therefrom) arising out of or based upon (a) the Loan; or (b) the holding or owning by the Lender, the Participant, or their respective nominees of any Pledged Revenue; or (c) any matters for which neither the Lender nor any Participant has any liability as set forth under the Section hereof entitled "No Liability"; provided however, that the District shall not be required to indemnify the Indemnitees for any claims, damages, losses, liabilities, settlements, judgments, legal fees, or costs or expenses to the extent proven to be caused by the Lender's willful or negligent failure to make lawful payment under the Loan. Nothing in this Section is intended to limit the District's obligations contained in Article II hereof.

If any action, lawsuit, or claim shall be brought or asserted against the Indemnitees in respect of which indemnity may be sought by the Indemnitees from the District under this Section, the Indemnitees shall promptly notify the District in writing, and the District shall promptly assume the defense thereof, including, but not limited to, the employment of counsel (the selection of which has been approved by the Indemnitees and such approval shall not be

unreasonably withheld), the payment of all legal fees and expenses and the right to negotiate and consent to settlement; provided however, that the District shall not settle any such action which may adversely affect the Lender without the Lender's written consent, which consent shall not be unreasonably withheld.

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

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

Nothing in this Section 8.03 shall be considered a waiver, express or implied, to any protections afforded to the District pursuant to Title 24, Article 10, C.R.S., the Colorado Constitution, or under other current law, and the District expresses no opinion or certification as to the validity of this Section 8.03.

Without prejudice to the survival of any other agreement of the District hereunder, the agreements and obligations contained in this Section shall survive the payment in full of all amounts owing to the Lender hereunder or the termination of this Agreement.

## ARTICLE VI

### LENDER'S REPRESENTATIONS

**Section 6.01. Accredited Investor.** The Lender is an organization that qualifies as an "accredited investor," as defined in Section 11-59-110(1)(g), C.R.S., and the Lender will not assign or transfer the Loan, this Agreement or the Notes to any person or entity except in compliance with Section 8.02 hereof.

**Section 6.02. Financial Institution or Institutional Investor.** The Lender is an organization that qualifies as a "financial institution or institutional investor" as defined in § 32-1-103(6.5), C.R.S.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 7.01. Events of Default.** The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Agreement (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body); provided that except for Events of Default occurring under (a) or (b) of this Section 7.01, which will be deemed to have occurred as of the date of the Default, no Event of Default will be deemed to have occurred hereunder unless and until the Lender provides written notice of the same to the District:

(a) The District fails or refuses to impose the Limited Mill Levy as required herein; or

(b) The District fails to deposit the Pledged Revenue as required herein or fails to transfer the Pledged Revenue to the Lender as required herein; or

(c) The District defaults in the performance or observance of any other of the material covenants, agreements, or conditions on the part of the District in this Agreement, or the Notes, and fails to remedy the same to the satisfaction of the Lender within 45 days after the Lender has provided the District with notice thereof; provided however, that there shall be no Event of Default for failure to observe or perform any of the covenants, agreements, or conditions on the part of the District in the Financing Documents which are qualified by the phrase "to the extent permitted by law" or by phrases of similar import, if a court or other tribunal of competent jurisdiction has determined in a final, non-appealable judgment that such covenants, agreements, or conditions are not permitted by law.

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

**It is further acknowledged that the District shall not be required to impose the Limited Mill Levy for payment of the Loan after December 2053 (for collection in calendar year 2054).**

#### **Section 7.02. Remedies on Occurrence of Event of Default.**

(a) ***Lender's Rights and Remedies.*** Upon the occurrence and continuance of an Event of Default, the Lender 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 Lender hereunder, the Lender shall be entitled as a matter of right to the appointment of a

receiver or receivers of the Pledged Revenue, 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 Lender shall be entitled to the possession and control of any cash, securities, or other instruments constituting Pledged Revenue at the time held by, or payable or deliverable under the provisions of this Loan Agreement to, the Lender.

(ii) *Suit for Judgment.* The Lender may proceed to protect and enforce its rights under this Loan Agreement and any provision of law by such suit, action, or special proceedings as the Lender shall deem appropriate.

(iii) *Mandamus or Other Suit.* The Lender may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights hereunder.

(b) *Judgment.* No recovery of any judgment by the Lender shall in any manner or to any extent affect the lien of this Loan Agreement on the Pledged Revenue or any rights, powers, or remedies of the Lender hereunder, but such lien, rights, powers, and remedies of the Lender shall continue unimpaired as before.

(c) *Application of Default Rate.* Upon occurrence and during the continuation of an Event of Default, the Lender may impose the Default Rate in accordance with Section 2.03 hereof.

Upon the District's failure to pay principal of, or interest on, the Loan when due, the Lender may impose the Default Rate on the Loan until the District becomes current on such payments of debt service, provided however, that application of such Default Rate to the Loan shall not make such non-payment, in and of itself, an Event of Default hereunder and the Lender will not exercise any other remedy, that may lie at law or in equity, for such non-payment.

(d) *No Acceleration.* Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

**Section 7.03. Notice to Lender of Default.** Notwithstanding any cure period described above, the District will immediately notify the Lender in writing when it obtains knowledge of the occurrence of any Default or Event of Default.

**Section 7.04. Delay or Omission No Waiver.** No delay or omission of the Lender to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time and as often as may be deemed expedient.

**Section 7.05. No Waiver of One Default to Affect Another; All Remedies Cumulative.** No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies

consequent thereon. All rights and remedies of the Lender provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01. Loan Agreement and Relationship to Other Documents.** The warranties, covenants and other obligations of the District (and the rights and remedies of the Lender) that are outlined in this Agreement and the other Financing Documents are intended to supplement each other. In the event of any inconsistencies in any of the terms in the Financing Documents, all terms will be cumulative so as to give the Lender the most favorable rights set forth in the conflicting documents, except that if there is a direct conflict between any preprinted terms and specifically negotiated terms (whether included in an addendum or otherwise), the specifically negotiated terms will control.

**Section 8.02. Assignment; Participation.**

(a) This Loan Agreement shall not be assignable by either party without the prior written consent of the other party hereto. Notwithstanding the foregoing, the Lender's right to receive payments hereunder and the Notes may be sold, transferred or conveyed only in whole and not in part and only to "accredited investors" within the meaning of Rule 501(A) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, who have executed an investor letter in the form attached as Exhibit C hereto. For the avoidance of doubt, the Lender may not transfer or assign one Note without also transferring the other Note. The Lender agrees that any assignment or transfer in violation of the foregoing shall be null and void and of no force or effect, at the election of the District.

(b) The rights, options, powers, and remedies granted in the Financing Documents will extend to the Lender and to its successors and assigns, will be binding upon the District and its successors and assigns, and will be applicable hereto and to all renewals and extensions hereof.

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

(d) The Lender may at any time, without the consent of the District, sell to Participants participating interests in its rights and obligations under this Agreement;



provided however, that (i) the Lender's obligations hereunder shall remain unchanged, (ii) the Lender shall remain solely responsible for the performance of such obligations, and (iii) the participation of one or more participants shall not reduce or alter the Lender's obligations hereunder or affect in any way the rights or obligations of the District hereunder, and the District has the right to continue to deal solely with the Lender. The Lender will give notice of the sale of such participation and the name of the participant to the District within 30 days of the date of such sale. In the case of any such participation, the participant shall be entitled to the benefit of the Section hereof entitled "Indemnification" as though it were also the Lender hereunder, and if amounts outstanding under this Agreement are due and unpaid, or have been declared or have become due and payable, each participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as the Lender under this Agreement. Furthermore, any participation of the Loan shall be subject to the limitations set forth in subsection (a) of this Section, including execution of an investor letter by the participant in substantially the form attached as Exhibit C hereto.

**Section 8.03. Notice of Claims against Lender; Limitation of Certain Damages.** In order to allow the Lender to mitigate any damages to the District from the Lender's alleged breach of its duties under the Financing Documents or any other duty, if any, to the District, the District agree to give the Lender written notice no later than twenty (20) days after the District knows of any claim or defense it has against the Lender, whether in tort or contract, relating to any action or inaction by the Lender under the Financing Documents, or the transactions related thereto, or of any defense to payment of the Obligations for any reason. The requirement of providing timely notice to the Lender represents the parties' agreed-to standard of performance regarding the duty of the Lender to mitigate damages related to claims against the Lender. Notwithstanding any claim that the District may have against the Lender, and regardless of any notice the District may have given the Lender, the Lender will not be liable to the District for consequential and/or special damages arising therefrom, except those damages arising from the Lender's willful misconduct, gross negligence or bad faith. Failure by the District to give notice to the Lender shall not waive any claims of the District but such failure shall relieve the Lender of any duty to mitigate damages prior to receiving notice.

**Section 8.04. Notices.** Notice of any record shall be deemed delivered when the record has been (a) deposited in the United States Mail, postage pre-paid; (b) received by overnight delivery service; (c) received by telecopy; (d) received through the internet; or (e) when personally delivered at the following addresses:

If to the District:

Gary Erickson, Secretary  
Copper Ridge Metropolitan District  
13540 Meadowgrass Court, Suite 200  
Colorado Springs, CO 80921  
(719) 531-0101 office  
(719) 491-0249 cell  
Gary.erickson@executive-company.com

with copies to:

Peter Susemihl  
Susemihl, McDermott and Cowan LLC  
660 Southpointe Court  
Suite 210  
Colorado Springs, CO 80906  
(719) 579-6501  
[PSusemihl@smmclaw.com](mailto:PSusemihl@smmclaw.com)

To Lender:

Rob Stuart  
NBH Bank  
7800 E. Orchard Rd., Suite 300  
Greenwood Village, CO 80111  
(303) 784-5942  
[rob.stuart@nbhbank.com](mailto:rob.stuart@nbhbank.com)

In lieu of mailed notice to any Person set forth above, the Persons designated above may provide notice by email to any email address set forth above for any other Person designated above, or by facsimile transmission to any facsimile number set forth above for such Person, and any such notices shall be deemed received upon receipt by the sender of an email or facsimile transmission from such Person confirming such receipt, or upon receipt by the sender of such other confirmation of receipt as may be reasonably reliable under the circumstances.

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.

Where this Agreement 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.

**Section 8.05. Applicable Law and Jurisdiction; Interpretation; Severability.** This Agreement will be governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by Federal law. Invalidity of any provisions of this Agreement will not affect any other provision. THE DISTRICT AND THE LENDER HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN EL PASO COUNTY, COLORADO, AND WAIVE ANY OBJECTIONS BASED ON *FORUM NON CONVENIENS*, WITH REGARD TO ANY ACTIONS, CLAIMS, DISPUTES OR PROCEEDINGS RELATING TO THIS AGREEMENT, THE NOTE, OR THE PLEDGED REVENUE OR ANY TRANSACTIONS ARISING THEREFROM, OR ENFORCEMENT AND/OR INTERPRETATION OF ANY OF THE FOREGOING. Nothing in this Agreement will affect the Lender's rights to serve process in any manner permitted by law. This Agreement, the other Financing Documents and any amendments hereto (regardless of

when executed) will be deemed effective and accepted only at the Lender's offices, and only upon the Lender's receipt of the executed originals thereof. Invalidity of any provision of this Agreement shall not affect the validity of any other provision.

**Section 8.06. Copies; Entire Agreement; Modification.** Each party hereby acknowledges the receipt of a copy of this Agreement and all other Financing Documents.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING, EXPRESSING CONSIDERATION AND SIGNED BY THE PARTIES ARE ENFORCEABLE. NO OTHER TERMS OR PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. THE TERMS OF THIS AGREEMENT MAY ONLY BE CHANGED BY ANOTHER WRITTEN AGREEMENT. THIS NOTICE SHALL ALSO BE EFFECTIVE WITH RESPECT TO ALL OTHER CREDIT AGREEMENTS NOW IN EFFECT BETWEEN THE DISTRICT AND THE LENDER. A MODIFICATION OF ANY OTHER CREDIT AGREEMENT NOW IN EFFECT BETWEEN THE DISTRICT AND THE LENDER, WHICH OCCURS AFTER RECEIPT BY THE DISTRICT OF THIS NOTICE, MAY BE MADE ONLY BY ANOTHER WRITTEN INSTRUMENT. ORAL OR IMPLIED MODIFICATIONS TO ANY SUCH CREDIT AGREEMENT ARE NOT ENFORCEABLE AND SHOULD NOT BE RELIED UPON.

**Section 8.07. Waiver of Jury Trial.** THE DISTRICT AND THE LENDER HEREBY JOINTLY AND SEVERALLY WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE FINANCING DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. EACH OF THE DISTRICT AND THE LENDER REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

**Section 8.08. Attachments.** All documents attached hereto, including any appendices, schedules, riders, and exhibits to this Agreement, are hereby expressly incorporated by reference.

**Section 8.09. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Public Securities Act, if a member of the Board of the District, or any officer or agent of the District, acts in good faith in the performance of his duties as a member, officer, or agent of the Board or the District and in no other capacity, no civil recourse shall be available against such member, officer or agent for payment of the principal of and interest on the Loan or Note. Such recourse shall not be available either directly or indirectly through the Board of the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the delivery of the Note evidencing the Loan and as a part of the consideration for such transfers, the Lender and any person purchasing or accepting the transfer of the obligations representing the Loan specifically waives any such recourse.

**Section 8.10. Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, this Loan Agreement is entered into and the Note is issued pursuant to certain provisions of the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Note and the Loan Agreement after delivery for value.

**Section 8.11. Limitation of Actions.** Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Note or the Loan Agreement shall be commenced more than 30 days after the authorization of the Note and the Loan Agreement.

**Section 8.12. Pledge of Revenue.** The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Loan provided herein shall be governed by Section 11-57-208 of the Supplemental Public Securities Act, this Agreement, the Notes, and the Authorizing Resolution. The amounts pledged to the payment of the Notes and the Loan Agreement shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have a first priority and be perfected without any additional action required to be taken by the District. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens. THE LOAN SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE CITY, AND THE FAITH AND CREDIT OF THE CITY IS NOT PLEDGED TO THE PAYMENT OF THE LOAN.

**Section 8.13. No Third Party Beneficiaries.** The parties intend that there shall be no third party beneficiaries to this Loan Agreement.

**Section 8.14. Payment on Non-Business Days.** Except as provided herein, whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the amount due.

**Section 8.15. Document Imaging.** The parties shall be entitled, in their sole discretion, to image all or any selection of the Financing Documents, other instruments, documents, items and records governing, arising from or relating to the Loan, and may destroy or archive the paper originals. The parties hereby waive any right to insist that the other party produce paper originals; agrees that such images shall be accorded the same force and effect as the paper originals; and further agrees that the parties are entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or proceedings.

**Section 8.16. Execution in Counterparts.** This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

**Section 8.17. Integration.** This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document, or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

**Section 8.18. Patriot Act Notice.** The Lender hereby notifies the District that pursuant to the requirements of the Patriot Act, it is required to obtain, verify, and record information that identifies the District, which information includes the name and address of the District and other information that will allow the Lender to identify the District in accordance with the Patriot Act. The District hereby agrees that it shall promptly provide such information upon request by the Lender.

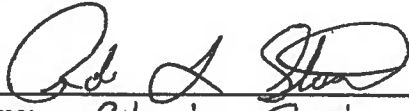
**Section 8.19. Termination.** This Agreement shall terminate at such time as no amounts are due and owing to the Lender hereunder.

[The remainder of this page intentionally left blank]

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

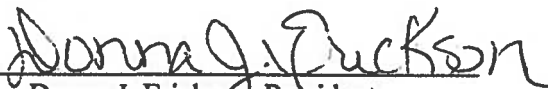
**LENDER**

NBH BANK


By   
Name: Bob L. Stuart  
Title: Authorized Officer

**DISTRICT**

COPPER RIDGE METROPOLITAN DISTRICT

By   
Name: Donna J. Erickson  
Title: President

Attest:

By   
Name: Alan Erickson  
Title: Assistant Secretary

**EXHIBIT A  
CONSENT OF THE PRIOR 2014 LENDER**

(Attached)

**TAXABLE/TAX-EXEMPT NOTE**

THIS NOTE MAY BE SOLD, TRANSFERRED OR CONVEYED ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A) OF REGULATION D PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER THE 1933 ACT, A SECURITIZATION SPECIAL PURPOSE VEHICLE ("SPV") THE INTERESTS IN WHICH SPV ARE SOLD ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS, AND WHO IN EACH CASE HAVE EXECUTED AN INVESTOR LETTER IN THE FORM ATTACHED AS EXHIBIT C TO THE LOAN AGREEMENT.

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF EL PASO  
COPPER RIDGE METROPOLITAN DISTRICT**

**TAXABLE/TAX-EXEMPT PROMISSORY NOTE**

US \$1,250,000

July 15, 2016

FOR VALUE RECEIVED, COPPER RIDGE METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (hereinafter referred to as "Maker"), promises to pay to the order of NBH BANK, its successors and assigns (hereinafter referred to as "Payee"), at the office of Payee or its agent, designee, or assignee, or such place as Payee or its agent, designee, or assignee may from time to time designate in writing, the principal sum of ONE MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 U.S. DOLLARS (US \$1,250,000) pursuant to the terms of the Loan Agreement dated July 15, 2016, by and between Maker and Payee (as amended or supplemented from time to time, the "Loan Agreement"), in lawful money of the United States of America, but solely to the extent of Pledged Revenue available therefor in accordance with the Loan Agreement. Unless and until otherwise designated in writing by Payee to Maker, all payments hereunder shall be made to Payee in accordance with the Loan Agreement.

Amounts received by Payee under this Promissory Note (this "Note") shall be applied in the manner provided by the Loan Agreement. This Note shall bear interest, be payable, mature and be enforceable pursuant to the terms and provisions of the Loan Agreement. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed in the Loan Agreement.

**BY ACCEPTANCE OF THIS INSTRUMENT, THE OWNER OF THIS NOTE AGREES AND CONSENTS TO ALL LIMITATIONS IN RESPECT OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS LOAN CONTAINED HEREIN, IN THE LOAN AGREEMENT, IN THE RESOLUTION OF THE DISTRICT**



**AUTHORIZING ISSUANCE OF THIS NOTE AND IN THE SERVICE PLAN OF THE DISTRICT.**

**Except as expressly provided in the Loan Agreement, the Loan Agreement and this Note are special, limited tax revenue obligations of the District, payable solely from and to the extent of, and secured solely by, the Pledged Revenue. Except as expressly provided in the Loan Agreement, no recourse shall be available against the District or any moneys or other property of the District for the payment of the Loan Agreement or Note, except the Pledged Revenue. In no event may the District impose an ad valorem property tax for the payment of this Note after December 2053 (for collection in calendar year 2054).**

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

**Pursuant to Section 11-57-210 of the Colorado Revised Statutes, as amended, this Note is entered into pursuant to certain provisions of the Supplemental Public Securities Act, being Title 11, Article 57, of the Colorado Revised Statutes, as amended. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after delivery for value.**

**SPECIFICALLY, BUT NOT BY WAY OF LIMITATION, THE OWNER OF THIS NOTE REPRESENTS AND AFFIRMS THAT IT IS AN "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER SECTIONS 3(B) AND (4)(2) OF THE FEDERAL "SECURITIES ACT OF 1933" BY REGULATION ADOPTED THEREUNDER BY THE SECURITIES AND EXCHANGE COMMISSION.**

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

IN WITNESS WHEREOF, an authorized representative of Copper Ridge Metropolitan District, as Maker, has executed this Promissory Note as of the day and year first above written.

COPPER RIDGE METROPOLITAN DISTRICT

By: Donna J. Erickson  
Name: Donna J. Erickson  
Title: President

[SEAL]

Attest:

By: Alan Erickson  
Name: Alan Erickson  
Title: Assistant Secretary

SPECIMEN

**TAX-EXEMPT NOTE**

THIS NOTE MAY BE SOLD, TRANSFERRED OR CONVEYED ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501(A) OF REGULATION D PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER THE 1933 ACT, A SECURITIZATION SPECIAL PURPOSE VEHICLE ("SPV") THE INTERESTS IN WHICH SPV ARE SOLD ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS, AND WHO IN EACH CASE HAVE EXECUTED AN INVESTOR LETTER IN THE FORM ATTACHED AS EXHIBIT C TO THE LOAN AGREEMENT.

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF EL PASO  
COPPER RIDGE METROPOLITAN DISTRICT**

**TAX-EXEMPT PROMISSORY NOTE**

US \$10,000,000

July 15, 2016

FOR VALUE RECEIVED, COPPER RIDGE METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (hereinafter referred to as "Maker"), promises to pay to the order of NBH BANK, its successors and assigns (hereinafter referred to as "Payee"), at the office of Payee or its agent, designee, or assignee, or such place as Payee or its agent, designee, or assignee may from time to time designate in writing, the principal sum of TEN MILLION AND 00/100 U.S. DOLLARS (US \$10,000,000) pursuant to the terms of the Loan Agreement dated July 15, 2016, by and between Maker and Payee (as amended or supplemented from time to time, the "Loan Agreement"), in lawful money of the United States of America, but solely to the extent of Pledged Revenue available therefor in accordance with the Loan Agreement. Unless and until otherwise designated in writing by Payee to Maker, all payments hereunder shall be made to Payee in accordance with the Loan Agreement.

Amounts received by Payee under this Promissory Note (this "Note") shall be applied in the manner provided by the Loan Agreement. This Note shall bear interest, be payable, mature and be enforceable pursuant to the terms and provisions of the Loan Agreement. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed in the Loan Agreement.

**BY ACCEPTANCE OF THIS INSTRUMENT, THE OWNER OF THIS NOTE AGREES AND CONSENTS TO ALL LIMITATIONS IN RESPECT OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS LOAN CONTAINED HEREIN, IN THE LOAN AGREEMENT, IN THE RESOLUTION OF THE DISTRICT**



**AUTHORIZING ISSUANCE OF THIS NOTE AND IN THE SERVICE PLAN OF THE DISTRICT.**

**Except as expressly provided in the Loan Agreement, the Loan Agreement and this Note are limited tax special revenue obligations of the District, payable solely from and to the extent of, and secured solely by, the Pledged Revenue. Except as expressly provided in the Loan Agreement, no recourse shall be available against the District or any moneys or other property of the District for the payment of the Loan Agreement or Note, except the Pledged Revenue. In no event may the District impose an ad valorem property tax for the payment of this Note after December 2053 (for collection in calendar year 2054).**

The District has designated this Note as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

Pursuant to Section 11-57-210 of the Colorado Revised Statutes, as amended, this Note is entered into pursuant to certain provisions of the Supplemental Public Securities Act, being Title 11, Article 57, of the Colorado Revised Statutes, as amended. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after delivery for value.

**SPECIFICALLY, BUT NOT BY WAY OF LIMITATION, THE OWNER OF THIS NOTE REPRESENTS AND AFFIRMS THAT IT IS AN "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER SECTIONS 3(B) AND (4)(2) OF THE FEDERAL "SECURITIES ACT OF 1933" BY REGULATION ADOPTED THEREUNDER BY THE SECURITIES AND EXCHANGE COMMISSION.**

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

IN WITNESS WHEREOF, an authorized representative of Copper Ridge Metropolitan District, as Maker, has executed this Promissory Note as of the day and year first above written.

COPPER RIDGE METROPOLITAN DISTRICT

By: Donna J. Erickson  
Name: Donna J. Erickson  
Title: President

[SEAL]

Attest:

By: Alan Erickson  
Name: Alan Erickson  
Title: Assistant Secretary

SPECIMEN



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July 15, 2016

Copper Ridge Metropolitan District  
13540 Meadowgrass Court, Suite 200  
Colorado Springs, CO 80921

**Re: \$11,250,000 COPPER RIDGE METROPOLITAN DISTRICT (IN THE CITY OF COLORADO SPRINGS) EL PASO COUNTY, COLORADO (TAX EXEMPT NOTE AND TAXABLE/TAX-EXEMPT NOTE) (THE "NOTES")**

The undersigned hereby certifies for and on behalf of NBH Bank (the "Purchaser"):

1. The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt and taxable obligations of a nature similar to the Notes to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.
2. The Purchaser is acquiring the Notes for its account and not with a view to, or for sale in connection with, any distribution of the Notes or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Notes or any part thereof, and is not purchasing the Notes with a view to distributing the Notes; however, the Purchaser reserves the right to resell or redistribute the Notes subject to any limitations set forth herein.
3. As a sophisticated investor, and represented by counsel, the Purchaser has made its own credit inquiry and analysis with respect to Copper Ridge Metropolitan District (the "District") and the Notes and the security therefor, and has made an independent credit decision based upon such inquiry and analysis. The District has furnished all the information requested of the District in making the investment decision with respect to the Notes, and the Purchaser and its counsel had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Notes. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Notes.
4. The Purchaser is acting solely as purchaser for its account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor. The Purchaser has not provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the District with respect to the Notes. District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the Notes from its financial, legal and other advisors to the extent that District desired to obtain such advice.



- 
5. The Purchaser understands that the Notes have not been registered with any federal or state securities agency or commission.
6. The Purchaser acknowledges that the Notes are transferable provided that:
- (i) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;
  - (ii) the transferring holder thereof can transfer the Notes only to a transferee who executes and delivers to the District a letter of the transferee substantially to the effect of this letter and only to:
    - (a) a transferee who qualifies as an "accredited investor" within the meaning of Rule 501(A) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; or
    - (b) a transferee who qualifies as a "qualified institutional buyer" within the meaning of Rule 144A promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; or
    - (c) a securitization Special Purpose Vehicle ("SPV") the interests in which SPV are sold to only to accredited investors or qualified institutional buyers; and
  - (iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the District's finances without the prior review and written consent of the District, in the District's sole discretion.


[Signature appears on following pages]



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IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of NBH Bank, as of the 15th day of July, 2016.

NBH BANK.

By:   
Name: Rob L. Stuart  
Title: Director



*Requisition No. 14*

**COPPER RIDGE METROPOLITAN DISTRICT  
LOAN AGREEMENT  
DATED JULY 15, 2016**

The undersigned Authorized Officer (capitalized terms used herein shall have the meanings ascribed thereto by the above referenced Loan Agreement) hereby makes a requisition from the Unrestricted Account of the Project Fund held by NBH Bank, as lender under the Loan Agreement dated July 15, 2016 between the District and NBH Bank and in support thereof states:

1. The amount to be paid or reimbursed pursuant hereto is \$564,019.87
2. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

Executive Custom Construction Inc.  
13540 Meadowgrass Drive, Suite 200  
Colorado Springs, CO 80921

3. Payment is due to the above person for reimbursement of costs to design and install facilities associated with Spectrum Loop Road.

4. The amount to be paid or reimbursed pursuant hereto shall be transmitted by the Lender as follows:

Bank Name:	Integrity Bank & Trust 1275 Village Ridge Pt Monument CO 80132
ABA or Rtg #:	107006994
For credit to:	EXECUTIVE CUSTOM CONSTRUCTION INC.
Account #:	1007084
Address:	13540 MEADOWGRASS DRIVE STE 200 COLORADO SPRINGS CO 80921

5. The above payment obligations have been or will be properly incurred, are or will be a proper charge against the Unrestricted Account of the Project Fund.

6. The costs for which the disbursement is requested herein are authorized by the Service Plan, constitute Project Costs and also constitute PIF Eligible Costs.


7. The above payment obligations have not been the basis of any previous withdrawal from the Unrestricted Account of the Project Fund.

8. To the extent that the amount to be paid pursuant to this requisition will be used to acquire improvements from the Developer pursuant to an agreement between the District and the Developer, the Engineer has provided to the District a written certificate regarding the reasonableness of the costs of such improvements as required by such agreement and stating that such improvements have been constructed.

9. The disbursement requested herein will be used solely for the payment of Project Costs.
10. No Event of Default has occurred and is continuing under the Loan Agreement.

[Signature appears on following pages]

IN WITNESS WHEREOF, I have hereunto set my hand this 22 day of August, 2007.

  
Authorized Officer

Acknowledged and agreed to with respect to Section 7 above:

Carrie J. Barte  
District Accountant

Acknowledged and agreed to with respect to Section 8 above:

Please see attached Statement of Engineer from Terra Nova Engineering, Inc.

Lynne Duce  
Engineer



August 18, 2017

Copper Ridge Metro District  
13570 Meadowgrass Drive, Suite 200  
Colorado Springs, CO 80921

Attn: Gary Erickson

RE: Summary of Costs Copper Ridge July 13, 2017 through August 15, 2017 for design //and installation of facilities associated with "Polaris Point South Filing No. 1 Public and Private Storm Sewer Plans" and "Polaris Pointe South Filing No. 1Public Street Improvement Plans".

Terra Nova Engineering was requested to evaluate the construction costs associated with designing and installing facilities associated with "Spectrum Loop Road" July 13, 2017 through August 15, 2017. Specifically, TNE was requested to verify the installation of the sanitary sewer, water main, street improvements, storm sewer, walls, geotechnical engineering, construction, engineering, surveying and design of Spectrum Loop Road from Voyager Parkway to the future bridge. Improvements included: Water main, street improvements, pond improvements, storm sewer, associated survey and geotechnical and structural engineering services for inspection and layout Spectrum Loop.

These improvements are identified as "public" on the approved construction document and is therefore a Metro District reimbursable facility.

Based upon the provided cost evaluation and information gathered from public records, Terra Nova Engineering is of the opinion that the installed improvements, as described in the invoicing and documentation provided by Executive Consulting Engineers, Inc, were installed as described. TNE is of the opinion that the costs incurred for those installed improvements are reasonable and within industry standards for this type of construction based upon an examination of general pro-rated unit costs associated with the work described in the provided job costing documents and the total request of \$564,019.87 is reasonable.

**STATEMENT OF ENGINEER:**

To the best of my knowledge, information and belief, the referenced improvements have been constructed and the costs associated with said improvements as depicted in the provided invoicing appear fair and reasonable for the quantity of work performed.

L Ducett, P.E.  
Colorado No. 32339

