

CAPITAL PLEDGE AGREEMENT

This **CAPITAL PLEDGE AGREEMENT** (the “**Agreement**”), is made and entered into and dated as of _____ 1, 2021, by and among **REAGAN RANCH METROPOLITAN DISTRICT NO. 1** (the “**Issuing District**”), **REAGAN RANCH METROPOLITAN DISTRICT NO. 2** (the “**Taxing District**”, and together with the Issuing District, the “**Districts**”), and **UMB BANK, N.A.**, in its capacity as trustee under that certain Indenture of Trust dated as of _____ 1, 2021, entered into with the Issuing District (the “**Trustee**”). The Taxing District is a quasi-municipal corporations and political subdivisions of the State of Colorado (the “**State**”).

RECITALS

WHEREAS, the Taxing District is authorized by Title 32, Article 1, Part 1, C.R.S. (the “**Act**”), to provide certain public improvements and services to and for the benefit of the properties within and without the boundaries of the Taxing District, in accordance with the Service Plan for Reagan Ranch Metropolitan District Nos. 1-3 approved by the City Council (“**City Council**”) of the City of Colorado Springs, Colorado (the “**City**”) pursuant to a resolution adopted on August 25, 2020 (as amended or restated from time to time, the “**Service Plan**”); and

WHEREAS, in addition to the approval of the City, the Taxing District was organized with the approval of the Taxing District’s electors, such approval fully contemplating cooperation between it and the Issuing District, as provided herein and in the Service Plan; and

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

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

WHEREAS, the purposes for which the Taxing District was formed include the provision of, among other things, streets, water, sanitation, parks and recreation, traffic and safety control, transportation, limited mosquito control, security, limited fire protection, and limited television relay and translation improvements, all in accordance with the Service Plan; and

WHEREAS, for the purpose of funding certain costs of the Public Improvements (defined below), the Districts have previously entered into a Facilities Funding and Acquisition Agreement dated _____, 2020 (as the same may be amended from time to time, the “**Acquisition Agreement**”) with Reagan Ranch Development, LLC, a Colorado limited liability company (the “**Developer**”), pursuant to which the Districts agreed to acquire from the Developer any Public Improvement constructed for the benefit of the Districts and to reimburse the Developer for the costs of Public Improvements constructed by or on behalf of the Districts (if any) in accordance with the provisions thereof, but solely from the sources of revenue identified therein, and subject to the limitations more particularly provided therein; and

WHEREAS, in furtherance of the Service Plan, the Taxing District has subsequently determined that it would be in the best interests of the Taxing District and the taxpayers thereof, for the Issuing District to issue indebtedness for the purpose of providing Public Improvements (defined below), including paying amounts due or to become due under the Acquisition Agreement, and for such indebtedness to be payable from property taxes of the Issuing District and the Taxing District; and

WHEREAS, for the purpose of facilitating such issuance, the Taxing District has determined to enter into this Agreement; and

WHEREAS, for the purpose of financing a portion of the costs of Financed Public Improvements (defined herein), the Board of Directors of the Issuing District has previously determined to issue its Limited Tax General Obligation Bonds, Series 2021⁽³⁾, in the aggregate principal amount of \$_____ (the “**Bonds**”) pursuant to an Indenture of Trust dated as of _____ 1, 2021 (the “**Indenture**”) between the Issuing District and UMB Bank, n.a., as trustee, which Bonds are to be secured by, among other things, the Pledged Revenue hereunder, as more particularly described herein and in the Indenture; and

WHEREAS, in order to provide for the payment of the Bonds and certain other obligations that may be issued by the Issuing District in the future (as more particularly defined herein, the “**Additional Obligations**”), the Taxing District has, by the terms of this Agreement, pledged certain revenues (referred to herein as the “**Pledged Revenue**”) to the Issuing District for the payment of the Bonds and the Additional Obligations, and covenanted to take certain actions with respect to generating such revenues, for the benefit of the holders of the Bonds and any Additional Obligations (the “**Bondholders**”); and

WHEREAS, the Taxing District determined that the Public Improvements anticipated to be funded with the proceeds of the Bonds (as more particularly defined herein, the “**Financed Public Improvements**”) were generally contemplated by the Service Plan, are needed, and, due to the nature of the Financed Public Improvements and proximity and interrelatedness of the development anticipated to occur within the boundaries of the Taxing District, such Financed Public Improvements do or will benefit the Taxing District and property owners and taxpayers in the Taxing District as a whole; and

WHEREAS, the Bonds are to be issued in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof, or otherwise will qualify for an exemption from registration under the Colorado Municipal Bond Supervision Act; and

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

WHEREAS, at an election of the qualified electors of the Taxing District, duly called and held on Tuesday, November 3, 2020 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of 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 for the refunding of such indebtedness, as follows, the questions relating thereto being as set forth in Exhibit A attached hereto:

<u>Purpose</u>	<u>Principal Amount</u>
Streets	\$65,000,000
Parks and Recreation	65,000,000
Water	65,000,000
Sanitary/Storm Sewer	65,000,000
Transportation	65,000,000
Traffic/Safety Protection	65,000,000
Television Relay	65,000,000
Mosquito Control	65,000,000
Security	65,000,000
Fire Protection/Medical	65,000,000
Refunding	130,000,000

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

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

WHEREAS, due to the nature of the obligation incurred by the Issuing District under the Indenture, and by the Taxing District hereunder, it is not possible to predict with certainty the amount of principal and interest on the Bonds and Additional Obligations (if any) the Taxing District will pay hereunder, and as a result, the Taxing District will reserve from the Election all of the indebtedness represented by this Agreement, based upon the principal amount of Bonds payable pursuant to the terms hereof and in the manner in which the Issuing District allocates the same under its electoral authorization based upon the Public Improvements financed by such Bonds, subject to Section 5.07 hereof; and

WHEREAS, the Taxing District will, upon the issuance of Additional Obligations as permitted by this Agreement, allocate additional electoral authority as applicable; and

WHEREAS, the Taxing District has determined and hereby determines that the execution of this Agreement, the issuance of the Bonds and any Additional Obligations, and the provision of the Project (as defined in the Indenture) are in the best interests of the Taxing District and property owners and taxpayers thereof; and

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

COVENANTS

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

ARTICLE I

DEFINITIONS

Section 1.01 Interpretation. In this Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

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

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

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

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

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

Section 1.02 Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below:

“*Additional Obligations*” means any bonds, notes, certificates or obligations (including a repayment obligation under a loan agreement or similar agreement) issued or incurred by the Issuing District and designated by the Issuing District (in the applicable Additional Obligation Document) as secured by a lien on all or any portion of the Pledged Revenues payable hereunder; provided that such obligations are issued for the purpose of: (i) refinancing the Bonds, other Additional Obligations, the Subordinate Developer Reimbursement Obligations, or any other

obligations of the Issuing District for which the Taxing District is obligated to impose ad valorem property taxes, or obligations issued to refinance the same; or (ii) issued for the purpose of financing or refinancing the Financed Public Improvements. In addition, an obligation shall not constitute an Additional Obligation hereunder unless (i) it will be issued, either: (A) in denominations of not less than \$500,000 each, or (B) to “*accredited investors*” as defined in Section 11-59-110(1)(g) C.R.S., unless an exemption from the registration requirements of the Colorado Municipal Bond Supervision Act, or any successor statute, is otherwise available; AND (ii) it will initially be issued to financial institutions or institutional investors, or in a manner otherwise satisfying one of the conditions of Section 32-1-1101(6)(a), C.R.S., or will constitute a refunding or restructuring contemplated by Section 32-1-1101(6)(b) C.R.S.

“*Additional Obligation Documents*” means, collectively, any resolution, indenture, loan agreement or other instrument or agreement executed by the Issuing District pursuant to which Additional Obligations are issued or incurred, and any undertaking or agreement with respect to the provision of continuing disclosure relating thereto.

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

“*Annual Financing Costs*” means, with respect to any calendar year, an amount equal to the principal of, premium if any, and interest on the Bonds and any Additional Obligations as the same become due and payable in the immediately succeeding calendar year, whether at maturity or upon earlier redemption, which may include an estimate of interest to become due if necessary, to be calculated in accordance with any Additional Obligation Documents, the amount (if any) necessary to replenish any reserve or surplus fund held under any Additional Obligation Document to the amount required by the applicable Additional Obligation Document, and any other Financing Costs anticipated to be payable in the immediately succeeding calendar year with respect to the Bonds and any Additional Obligations, in accordance with the Indenture or Additional Obligation Documents, as applicable, but less the amount then held under the Indenture and Additional Obligation Document available for the payment of such Financing Costs, and any amount of revenues projected to be available for payment of such Financing Costs, to the extent such amounts are permitted under the Indenture or Additional Obligation Documents, as applicable, to be taken into account in the calculation of the Required Mill Levy (which, in the case of the Indenture, includes only the amount on deposit in the Bond Fund (held under the Indenture)).

“*Board*” or “*Boards*” means the lawfully organized Boards of Directors of the Taxing District and the Issuing District.

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

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

“*Developer*” means Reagan Ranch Development, LLC, a Colorado limited liability company and its successors and assigns.

“*District Subordinate Obligations*” means the Taxing District’s obligations under any bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of the Taxing District on a basis subordinate to its Payment Obligation hereunder.

“*Election*” means the election held within the Taxing District on November 3, 2020.

“*Financed Public Improvements*” means the Public Improvements authorized by the Election and which the Taxing District has found and determined is in the nature of community improvements intended for the general direct or indirect benefit of the planned commercial development within the Taxing District, and constitutes improvements for which the Taxing District is authorized to issue indebtedness and impose ad valorem property taxes in accordance with the Election and the Service Plan, and the payment of such costs of the Public Improvements is in furtherance of the purposes for which the Taxing District was formed.

“*Financing Costs*” means the principal and redemption price of, and interest and premium on, the Bonds and any Additional Obligations, required deposits to or replenishments of funds or accounts securing the Bonds and any Additional Obligations, and customary fees and expenses relating to the Bonds and any Additional Obligations, all in accordance with the Indenture or Additional Obligation Documents, as applicable, including: (a) with respect to the Bonds, the principal and interest components of any mandatory redemption and extraordinary redemption payments as provided in the Indenture, funding of the customary fees related to the issuance of the Bonds (including, but not limited to, fees of a trustee, paying agent, and rebate agent); and (b) with respect to any Additional Obligations, any scheduled mandatory or cumulative sinking fund payments and any extraordinary redemption amounts to the extent provided in the Additional Obligation Documents and replenishment of any reserves and funding of any surplus funds relating to the Additional Obligations, customary fees related to the issuance of the Additional Obligations (including, but not limited to, fees of a trustee, paying agent, rebate agent, and provider of liquidity or credit facility), and any reimbursement due to a provider of liquidity or credit facility securing any Additional Obligations. Where used in describing the permitted uses by the Issuing District of the Pledged Revenue, “*Financing Costs*” also includes the payment of the principal and redemption price of, and interest on, any obligation issued by the Taxing District to fund the Financed Public Improvements.

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

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

“*Mill Levy Certification Date*” means the date each year on which the Taxing District is required to impose the Required Mill Levy in accordance with the provisions hereof.

“*Payment Obligation*” with respect to the Taxing District means, collectively, the obligations of the Taxing District to pay its allocated portion of the Financing Costs with respect to each of the Bonds and any Additional Obligations in accordance with the provisions hereof, but solely from its Pledged Revenue, to the extent available, it being recognized that each such

obligation shall arise hereunder upon the issuance of the Bonds or Additional Obligation with respect to which such obligation relates.

“*Pledged Revenue*” means the following:

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

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

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

“*Required Mill Levy*” means, for the Taxing District:

(a) an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Taxing District each year in an amount which, when combined with property tax revenues generated by the Issuing District from imposition of its required mill levy under the Indenture, would generate Property Tax Revenues, equal to the Annual Financing Costs, but not in excess of 50 mills; provided, however, that:

(b) in the event that the method of calculating assessed valuation is or was changed after January 1, 2006, the maximum mill levy of 50 mills provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (it being acknowledged that such adjustment with respect to the Taxing District may result in different mill levies being imposed by the Taxing District). 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 further provided that, to the extent necessary under the Service Plan, the maximum mill levy of 50 mills (as adjusted) shall be reduced by the number of mills necessary to pay unlimited mill levy debt (the issuance of which is subject to the limitations of the Indenture); and

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

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

"Service Plan" has the meaning assigned thereto in the recitals hereof.

"Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the Taxing District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Required Mill Levy in accordance with the provisions hereof.

"State" means the State of Colorado.

"Subordinate Developer Reimbursement Obligations" means the obligations of the Issuing District under the Acquisition Agreement and any note, bond or other instrument issued to or at the direction of the Developer in payment of amounts due and owing under the Acquisition Agreement, solely to the extent relating to costs of Financed Public Improvements, and so long as payable, with respect to ad valorem property taxes of the Taxing District, solely from Pledged Revenue available therefor in accordance with the terms hereof.

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

"Taxing District" has the meaning set forth in the recitals hereto.

"Termination Date" means the date which is the earlier of the date on which all amounts due with respect to the Bonds and any Additional Obligations have been defeased or paid in full, and December 1, [2061].

ARTICLE II

PAYMENT OBLIGATION

Section 2.01 No Additional Electoral Approval Required. The authorization for issuance of debt, fiscal year spending, revenue collections and other constitutional matters requiring voter approval for purposes of this Agreement, was approved at elections held for the Taxing District on November 3, 2020 in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval.

Section 2.02 Funding of Financing Costs Generally.

(a) In exchange for the purchase by the Bondholders of the Bonds and any Additional Obligations, the proceeds of which are to be applied to the provision of the Financed Public Improvements, the Taxing District hereby agrees to pay such portion of the Financing Costs as may be funded with the Pledged Revenue available to it, in accordance with the provisions hereof.

(b) The obligation of the Taxing District to pay its portion of the Financing Costs as provided herein shall constitute an obligation of the Taxing District payable solely

from and to the extent of the Pledged Revenue available to it. The obligation of the Taxing District to pay the Financing Costs as provided herein (the “Payment Obligation”) shall constitute an irrevocable lien upon the Pledged Revenue and the Pledged Revenue of the Taxing District is hereby pledged to the payment thereof. The Payment Obligation of the Issuing District hereunder is the same, and not in addition to, its obligation under the Indenture and any Additional Obligation Document to which the Issuing District is a party. The Taxing District hereby elects to apply all of the provisions of the Supplemental Act to this Agreement and the Payment Obligation, excluding the provisions of Section 11-57-207(1)(a), C.R.S., as amended, to the extent the same may otherwise limit the obligations of the Taxing District hereunder to a term of forty years.

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

(d) Because the actual total Pledged Revenue payable by the Taxing District hereunder cannot be determined with any certainty at this time, the Taxing District shall not be permitted to pre-pay any amounts due hereunder.

Section 2.03 Imposition of Required Mill Levy.

(a) In order to fund its Payment Obligations, the Taxing District agrees to levy on all of the taxable property in the Taxing District, in addition to all other taxes, direct annual taxes in 2021 (for collection in 2022), and in each year thereafter so long as the Bonds or Additional Obligations remain outstanding, for the purposes of providing for payment of the Financing Costs, in the amounts of the Required Mill Levy. Nothing herein shall be construed to require the Taxing District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy or after the Termination Date.

(b) In order to facilitate the determination of the Required Mill Levy, the Taxing District shall provide to the Issuing District: (i) on or before September 30 of each year, commencing September 30, 2021, the preliminary certification of assessed value for the Taxing District provided by the El Paso County Assessor; and (ii) no later than one business day after receipt by the Taxing District, the final certified assessed value for the Taxing District, provided by the El Paso County Assessor (expected to be provided by the El Paso County Assessor no later than December 10 of each year). In accordance with the definition of Required Mill Levy set forth herein, the Issuing District shall preliminarily determine, and provide to the Taxing District, the Required Mill Levy for the Taxing District, no later than November 15 of each year, and shall finally determine, and provide to the Taxing District, the Required Mill Levy for the Taxing District no later than December 12 of each year.

(c) The Taxing District acknowledges that it has actively participated in the development of the calculation for determining the Required Mill Levy for the Taxing

District and that the Required Mill Levy for the Taxing District shall be final and binding upon the Taxing District.

(d) This Section 2.03 is hereby declared to be the certificate of the Taxing District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied (in the amount of the Required Mill Levy) for the purposes of paying the Payment Obligation due hereunder.

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

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

(g) The Taxing District hereby agree to cooperate in the amendment of this Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Obligations by the Issuing District.

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

Section 2.04 Payment and Application of Pledged Revenue.

(a) The Taxing District hereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the Indenture and any Additional Obligation Documents) as soon as practicable upon receipt, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the Taxing District, all revenues comprising Pledged Revenue (if and to the extent received or controlled by the Taxing District), which Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the Indenture or Additional Obligation Documents, as applicable; provided, however, that in the event that the total amount of Pledged Revenue received by the Taxing District in a calendar month is less than \$50,000, the Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the Taxing District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than November 15th for Pledged

Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). IN NO EVENT IS THE TAXING DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. To the extent any portion of such Pledged Revenue is released from the lien of the Indenture and Additional Obligation Documents (if any), the Issuing District will continue to ensure that such revenues are applied to Financing Costs and any other costs of the Public Improvements, it being acknowledged that in no event would such excess revenue exceed the dollar amount equal to the revenues that would be generated from an annual imposition of an ad valorem property tax levy of 50 mills (without adjustment) on the assessed valuation of the Taxing District. Pledged Revenue shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, or such other method as may be mutually agreed to by the Taxing District.

(b) The Taxing District hereby covenants that all property tax revenue collected by the Taxing District from, or relating to, a debt service mill levy, or so much thereof as is needed, shall first be designated as Pledged Revenue in any Bond Year (as defined in the Indenture or other applicable Additional Obligation Documents) to pay annual debt service on the Bonds and any Additional Obligations and to fund such funds and accounts as are required in accordance with the terms of the Indenture or other applicable Additional Obligation Documents, and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue, or relating to, a debt service mill levy be applied to pay any District Subordinate Obligations. The debt service property tax levy imposed for the payment of any District Subordinate Obligations shall be deemed reduced to the number of mills (if any) available for payment of such obligation in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Bonds and any Additional Obligations in such Bond Year.

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

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

Section 2.05 Limited Defenses; Specific Performance. It is understood and agreed by the Taxing District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the Taxing District hereunder remains unfulfilled, the Taxing District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to, or on behalf of, the Issuing District, the Trustee, or any Bondholders or impair the ability of the Issuing District, the Trustee, or any Bondholders to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the Taxing District, in the event that the Taxing District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Section 2.06, it shall, nevertheless, make all payments as described herein and then may attempt or seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

Section 2.06 Impact of Exclusion of Property. Any property excluded from the Taxing District after the date hereof is to remain liable for the imposition of the Required Mill Levy and payment of the proceeds thereof in accordance with the provisions hereof, to the same extent as such property otherwise remains liable for the debt of the Taxing District, as provided in Section 32-1-503, C.R.S. In the event that any order providing for the exclusion of property from the Taxing District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth herein, the Taxing District hereby agrees to take all actions necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under this Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Issuing District.

Section 2.07 Additional Covenants.

(a) The Taxing District covenants that it will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of the Taxing District or other Pledged Revenue (including, but not limited to District Subordinate Obligations) without the prior consent of the Issuing District; provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) Subordinate Developer Reimbursement Obligations;

(ii) obligations which do not obligate the Taxing District to impose any tax, fee, or other governmental charge and either: (A) are subject to termination by the Taxing District at least annually; or (B) the repayment of which is contingent upon the Taxing District's annual determination to appropriate moneys therefor (other than obligations of the Taxing District as lessee under leases, except such obligations outstanding from time to time with respect to which the aggregate maximum repayment costs for all terms thereof do not exceed \$500,000);

(iii) obligations issued solely for the purpose of paying operations and maintenance costs of the Taxing District and either: (A) are subject to termination

by the Taxing District at least annually; or (B) the repayment of which is contingent upon the Taxing District's annual determination to appropriate moneys therefor;

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

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

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

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

(viii) any leases outstanding from time to time with respect to which the aggregate maximum repayment costs for all terms thereof do not exceed \$500,000, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the Taxing District.

(b) The Taxing District shall not impose, in accordance with any agreement, in any given year, an administrative, operations and maintenance mill levy in excess of the maximum administrative, operations and maintenance mill levy then permitted by the Service Plan, taking into account the Required Mill Levy and any other debt service mill levy then imposed by the Taxing District. However, for purposes of clarification, it is acknowledged that the proceeds of any general property tax levy imposed to pay current administrative, operations and maintenance shall not be payable to the Issuing District pursuant to this Agreement, shall not be payable to the Trustee (or other entity designated by the Issuing District) and shall not be subject to the lien of this Agreement.

(c) At least once a year, the Taxing District will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and the Taxing District shall use its best efforts to have such audit report or application for audit exemption completed no later than September 30 of each calendar year. The foregoing covenant will apply notwithstanding any different time requirements for the completion of such audit or application for audit exemption under State law. In addition, at least once a year in the time and manner provided

by law, the Taxing District will cause a budget to be prepared and adopted. Copies of the budget and the audit or audit exemption will be filed and recorded in the places, time, and manner provided by law. With respect to the obligations of the Issuing District under this paragraph, in the event of any conflicts between the provisions hereof or the provisions of the Indenture or any Additional Obligations Documents, the provisions of the Indenture and any Additional Obligations Documents shall control.

(d) The Taxing District agrees to provide the Issuing District with information promptly upon request by the Issuing District necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Obligations.

(e) Notwithstanding any other provision herein, in no event will the Taxing District be obligated to impose a mill levy beyond the maximum term permitted by the Taxing District's Service Plan, if applicable (as such Service Plan exists as of the date hereof).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Taxing District. The Taxing District hereby makes the following representations and warranties with respect to itself:

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

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

(c) The Taxing District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the Taxing District to perform its obligations hereunder. The execution, delivery and performance by the Taxing District of this Agreement (i) will not violate any provision of any applicable law or regulation or of any order, writ, judgment, or decree of any court, arbitrator, or governmental authority, (ii) will not violate any provision of any document or agreement constituting, regulating, or otherwise affecting the operations or activities of the Taxing District in a manner that could reasonably be expected to result in a material adverse effect, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the Taxing District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which

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

(d) The Taxing District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the Taxing District of this Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Taxing District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the Taxing District threatened, in connection with any of the transactions contemplated by this Agreement nor, to the best knowledge of the Taxing District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the Taxing District to perform its obligations under, this Agreement.

(f) This Agreement constitutes the legal, valid, and binding obligation of the Taxing District, enforceable against the Taxing District in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

ARTICLE IV

NON-COMPLIANCE AND REMEDIES

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

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

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

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

(d) (i) any party shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization,

arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or any party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any party any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain not dismissed within 90 days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within 90 days from the entry thereof; or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE TAXING DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST THE TAXING DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 HEREOF. THE TAXING DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT THE TAXING DISTRICT TO RETAIN ANY PORTION OF THE PLEDGED REVENUE.

Section 4.02 Remedies For Events of Non-Compliance. Upon the occurrence and continuance of an Event of Non-Compliance, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Non-Compliance by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions hereof, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

ARTICLE V

MISCELLANEOUS

Section 5.01 Pledge of Revenue. The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue by the Taxing District to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and this Agreement. The Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against any of the Taxing District irrespective of whether such persons have notice of such liens.

Section 5.02 No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Boards of Directors of the Taxing District, or any officer or agent of the Taxing District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board of the Taxing District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Agreement and as a part of the consideration hereof, the Taxing District and the Trustee specifically waives any such recourse.

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

Section 5.04 Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization, execution, or delivery of this Agreement shall be commenced more than 30 days after the authorization of this Agreement.

Section 5.05 Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

If to the Taxing
District: Reagan Ranch Metropolitan District No. 1
c/o Spencer Fane, LLP
1700 Lincoln Street, Suite 3800
Denver, Colorado 80203

If to the Issuing
District: Reagan Ranch Metropolitan District No. 2
c/o Spencer Fane, LLP
1700 Lincoln Street, Suite 3800
Denver, Colorado 80203

With copies to: Spencer Fane, LLP

1700 Lincoln Street, Suite 3800
Denver, Colorado 80203
Attention: Russ Dykstra, Esq.
Email: rdykstra@spencerfane.com

If to the Trustee: UMB Bank, n.a.
Corporate Trust and Escrow Services
1670 Broadway
Denver, Colorado 80202
Email: John.Wahl@umb.com
Attention: John Wahl

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

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

Section 5.07 Miscellaneous.

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

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

(c) The Bondholders are third party beneficiaries to this Agreement and it is intended that there be no other third party beneficiaries of this Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Taxing District any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term contained herein required to be observed or performed by or on behalf of any party hereto shall be for the sole and exclusive benefit of the other party.

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

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

(f) This Agreement may be amended or supplemented by the parties, but any such amendment or supplement must be in writing and must be executed by all parties and is subject to the limitations and requirements of the Indenture.

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

(h) Each party has participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

(i) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(j) The Taxing District hereby consents to the terms of the Bonds set forth in the Indenture.

(k) The Taxing District has found and determined that the public improvements described in their respective Service Plan, and in Exhibit B hereto, are in the nature of community improvements intended for the general direct or indirect benefit of the existing and planned commercial development within the Taxing District, and constitute improvements for which the Taxing District is authorized to issue indebtedness and impose ad valorem property taxes in accordance with the Election and the Service Plan, and the payment of such costs of the public improvements is in furtherance of the purposes for which the Taxing District was formed. Accordingly, notwithstanding any other provision hereof, such public improvements described in Exhibit B hereto shall constitute "Financed Public Improvements" hereunder without any further findings, determinations, consents, acknowledgements or other action of any of the Taxing District.

Section 5.08 Effective Date and Termination Date. This Agreement shall become effective as of the date first written above and shall remain in effect until the Termination Date.

Section 5.09 Electronic Execution. The parties agree that in the event that any individual or individuals who are authorized to execute or consent to this Agreement on behalf of the Taxing District or the Trustee are not able to be physically present to manually sign this Agreement or any amendment or supplement or consent relating thereto, that such individual or individuals are hereby authorized to execute the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Agreement or any amendment or supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

[Remainder of Page Left Intentionally Blank]

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

**REAGAN RANCH METROPOLITAN
DISTRICT NO. 1**

President

ATTESTED:

Secretary or Assistant Secretary

**REAGAN RANCH METROPOLITAN
DISTRICT NO. 2**

President

ATTESTED:

Secretary or Assistant Secretary

UMB BANK, N.A., as Trustee

Authorized Signatory

[Signature Page to Capital Pledge Agreement]

EXHIBIT A
TO
CAPITAL PLEDGE AGREEMENT
BALLOT QUESTIONS

[Ballot Questions for the Issuing District attached to the Indenture of Trust; Ballot Questions for Taxing District attached]

EXHIBIT B
TO
CAPITAL PLEDGE AGREEMENT
ACKNOWLEDGED FINANCED PUBLIC IMPROVEMENTS