

**VDW METROPOLITAN DISTRICT NO. 1  
REVENUE AND LIMITED TAX OBLIGATION  
SUBORDINATE PROMISSORY NOTE**

PRINCIPAL AMOUNT: Up To Sixteen Million Dollars (\$16,000,000)

INTEREST RATE: Eight and One-Half Percent (8.5%), Simple Interest

DATED: As of May 20, 2010

REGISTERED OWNER: VDW Properties, LLC (the "Developer")

MATURITY DATE: May 20, 2040

VDW Metropolitan District No. 1 (the "District"), a body corporate, politic and a political subdivision organized under the laws of the State of Colorado, for the value received, hereby promises to pay, but solely and only from, and contingent upon receipt of, the sources hereinafter described, the principal sum stated above (or such lesser amount as may be shown hereunder as set forth in Schedule "A" attached hereto) together with interest at the rate stated above, which interest shall accrue on said principal sum pursuant to the terms set forth herein, in lawful money of the United States of America to the registered owner named above on the Maturity Date stated above unless this Subordinate Promissory Note ("Note") shall be prepaid in full, in which case on such payment date.

In any case where the date of maturity for payment of interest or principal of this Note or the date fixed for prepayment hereof shall be a Saturday or Sunday, a legal holiday or a day on which banking institutions in the city of payment are authorized by law to close, then payment of interest or principal or prepayment price shall be made on the immediately following business day with the same force and effect as if made on the date of maturity or the date fixed for prepayment. Prior to the Maturity Date, and at such time as the District has available funds, this Note may be prepaid in whole at any time without redemption premium or other penalty, but with interest accrued during the calendar year on the principal amount prepaid, up to and including the date of prepayment. Any and all prepayments shall first be applied to accrued, unpaid interest accrued during the calendar year, then to the principal. This Note shall be paid in full from the sources hereinafter described prior to the payment of any other obligation of the District which may have a claim on any revenues thereof that would otherwise be available for the payment of this Note, other than current operation and maintenance expenses of the District; provided, however, that any such repayment of this Note shall also be subject to the terms and conditions of, and such repayment obligation shall be subordinate to, the issuance of any bonds by the District and any refundings thereof, and the provisions of any bond resolution, indenture or any other document related thereto.

This Note is executed pursuant to that certain Amended and Restated Improvement Acquisition and Reimbursement Agreement by and between the District and the Developer dated May 20, 2010, the terms of which are hereby incorporated by reference, and has been executed

and delivered to pay for certain indebtedness incurred on the District's behalf as set forth therein (the "Agreement"). This Note represents a refunding of an existing promissory note issued by the District to the Developer dated December 1, 2005, in the principal amount of Three Million Two Hundred Forty-Nine Thousand One Hundred Fifty-Seven Dollars and Sixty-Six Cents (\$3,249,157.66), and evidences additional indebtedness incurred, and that may be incurred in the future, on the District's behalf pursuant to the Agreement, such indebtedness not to exceed the principal amount of this Note. This Note is being issued with an initial balance of Five Million Three Hundred Thirty-Three Thousand Eight Hundred Seventy-Five Dollars and Seventy-Five Cents (\$5,333,875.75).

Pursuant to the Agreement, the District is obligated to repay both the principal amount of this Note and any interest accrued thereon; provided, however, that all interest must be paid during the calendar year in which it accrues, subject to any legally available revenues of the District as provided herein. No interest shall be carried forward to the next calendar year if such interest cannot be paid in the year in which said interest accrues. The District intends to repay any indebtedness incurred from the proceeds of any bonds issued (the "Senior Bonds"). The issuance of any such Senior Bonds shall be in the discretion of the District, and Senior Bonds shall be issued at such time or times, and contain such terms, as may be determined by the District. The foregoing shall not constitute a lien or encumbrance upon any Senior Bond proceeds now or hereafter held by the District. In the event Senior Bond proceeds are not available to fund repayment of any amounts owed hereunder, as evidenced by this Note, the District may make repayment from any legally available revenues of the District including, but not limited to, fees, rates, tolls, charges, and revenues resulting from the imposition of ad valorem taxes; provided, however, that any such repayment is subject to the terms and conditions of, and such repayment obligations shall be subordinate to, the Senior Bonds, and the provisions of any bond resolution, indenture or any other document related thereto; and **further provided that any mill levy certified by the District for the purpose of repaying this Note shall not exceed 50 mills.**

Repayment of some or all of the interest and principal due on this Note shall be contingent upon the availability of bond proceeds or other legally available revenues of the District. Failure by the District to repay the Developer as a result of insufficient funds shall not constitute a default hereunder, nor subject the District to any claims and/or causes of action by the Developer, including mechanic's liens, arising out of the District's nonperformance of its payment obligation. A failure to make a payment of principal or interest due on the Note shall not cause or permit acceleration thereof; rather, the Note shall continue to bear interest at the rate and manner specified herein.

The District shall complete the appropriate information on Schedule "A" of this Note as contemplated therein, including the recording of any indebtedness as incurred on the District's behalf, the total principal amount outstanding, interest accrued during the calendar year, and any payments made on this Note by the District.

The District's issuance of this Note constitutes a multiple fiscal year obligation under the State of Colorado Constitution, is authorized pursuant to a vote of the eligible electors of the District and shall not be subject to annual appropriation.

Neither the Board of Directors of the District, nor any person executing this Note, shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Colorado. All issues arising hereunder shall be governed by the laws of Colorado.

This Note is issued pursuant to the Supplemental Public Securities Act, Section 11-57-201, *et seq.*, C.R.S., as amended.

**THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT AND SHALL BE PAYABLE SOLELY FROM CERTAIN REVENUES SPECIFIED IN THE AGREEMENT AND HEREIN. THIS NOTE SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE STATE OF COLORADO OR LARIMER COUNTY, COLORADO. THE DEVELOPER SHALL HAVE NO RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF COLORADO OR LARIMER COUNTY TO PAY THIS NOTE OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SAME AGAINST THE PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY, NOR SHALL THIS NOTE CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY.**

**BY ITS ACCEPTANCE HEREOF, THE DEVELOPER ACKNOWLEDGES THAT THE DISTRICT AND ITS OFFICERS, ATTORNEYS, EMPLOYEES OR AGENTS NEITHER MAKE, NOR HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE PROPER TREATMENT FOR FEDERAL, STATE AND/OR LOCAL INCOME TAX PURPOSES OF THE INTEREST PAYABLE HEREUNDER.**

The District waives demand, presentment, and notice of dishonor and protest with respect to any payment due hereunder. No waiver of any payment or other right under this Note shall operate as a waiver of any other payment or right, including right of offset. If the Developer enforces this Note upon default, the District shall pay or reimburse the Developer for reasonable expenses incurred in the collection hereof or in the realization of any security hereof, including reasonable attorney's fees.

Notwithstanding any provision herein, or in any instrument now or hereafter securing the obligation of the District specified herein, the total liability for payments in the nature of interest shall not exceed the limit now imposed by the usury laws of the State of Colorado. By signing in the space provided below, the District hereby acknowledges and agrees that this Note shall be irrevocable for all purposes and shall be binding upon the District, subject to the provisions herein. This Note may not be terminated orally, but only by payments in full or by a written discharge signed by the owner and holder of this Note.

This Note shall not be offered, sold, transferred, negotiable, or otherwise payable to any party other than the Developer.

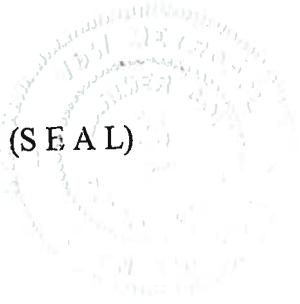
If, for any reason, this Note is determined to be invalid or unenforceable (except in the case of fraud by the Developer in connection therewith), the District shall issue a new promissory note to the Developer that is legally enforceable. Said new promissory note shall evidence the District's obligation to repay all amounts due hereunder.

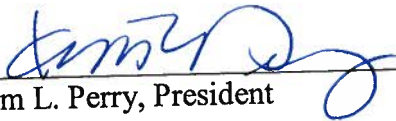
It is hereby certified, recited and declared that all conditions, acts and things required to exist or occur by the Constitution or statutes of the State of Colorado, currently exist and either occurred prior to, or in connection with, the issuance of this Note.

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IN WITNESS WHEREOF, the District has caused this Note to be executed in its name and on its behalf by its President and by attestation via the signature of its Secretary, with an imprint of its seal affixed hereon.

**VDW METROPOLITAN DISTRICT NO. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado



  
\_\_\_\_\_  
Kim L. Perry, President

**ATTEST:**

  
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Jay Hardy, Vice President/Secretary

SCHEDULE A

VDW Metropolitan District No.1 - Capital  
Payable to VDW Properties, LLC

Nominal Annual Rate: 8.5%, unpaid accrued interest does not carry forward to next year


AMORTIZATION SCHEDULE - U.S. Rule (no compounding)

Date	Loan	Payment	Interest	Principal	Balance	Signature of Authorized Representative of Maker
Loan 2/22/2005	7,103.50				7,103.50	
Loan 5/5/2005	1,755.10		0.00	0.00	8,858.60	
Loan 5/24/2005	3,057.62		0.00	0.00	11,916.22	
Loan 6/17/2005	272.60		0.00	0.00	12,188.82	
Loan 11/17/2005	3,249,157.66		0.00	0.00	3,261,346.48	
2005 Totals	3,261,346.48	0.00	0.00	0.00		
Loan 1/19/2006	3,293,566.07		0.00	0.00	6,554,912.55	
Loan 12/26/2006	8,505.00		0.00	0.00	6,563,417.55	
Loan 12/31/2006	0.00		0.00	0.00	6,563,417.55	
2006 Totals	3,302,071.07	0.00	0.00	0.00		
Loan 9/30/2007	0.00		0.00	0.00	6,563,417.55	
Loan 11/15/2007	1,530,525.54		0.00	0.00	8,093,943.09	
Loan 11/30/2007	0.00		0.00	0.00	8,093,943.09	
1 12/21/2007	2,679,136.40		0.00	2,679,136.40	5,414,806.69	
Loan 12/31/2007	0.00		0.00	0.00	5,414,806.69	
2007 Totals	1,530,525.54	2,679,136.40	0.00	2,679,136.40		
Loan 12/31/2008	0.00		0.00	0.00	5,414,806.69	
2008 Totals	0.00	0.00	0.00	0.00		
Loan 2/19/2009	135,841.56		0.00	0.00	5,550,648.25	
2 11/24/2009		216,772.50	0.00	216,772.50	5,333,875.75	
Loan 12/31/2009	0.00		0.00	0.00	5,333,875.75	
2009 Totals	135,841.56	216,772.50	0.00	216,772.50		

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Date	Loan	Payment	Interest	Principal	Balance	Signature of Authorized Representative of Maker
3 12/22/2010		64,641.00	0.00	64,641.00	5,269,234.75	
Loan 12/31/2010	0.00		0.00	0.00	5,269,234.75	
2010 Totals	0.00	64,641.00	0.00	64,641.00		
4 8/30/2011		1,064,981.72	0.00	1,064,981.72	4,204,253.03	
Loan 12/31/2011	0.00		0.00	0.00	4,204,253.03	
2011 Totals	0.00	1,064,981.72	0.00	1,064,981.72		
Loan 12/31/2012	0.00		0.00	0.00	4,204,253.03	
2012 Totals	0.00	0.00	0.00	0.00		
Loan 3/13/2013	891,336.82		0.00	0.00	5,095,589.85	
Loan 6/30/2013	0.00		0.00	0.00	5,095,589.85	
Loan 9/30/2013	0.00		0.00	0.00	5,095,589.85	
5 10/31/2013		0.00	0.00	0.00	5,095,589.85	
2013 Totals	891,336.82	0.00	0.00	0.00		
6 12/31/2014		0.00	0.00	0.00	5,095,589.85	
2014 Totals	0.00	0.00	0.00	0.00		
Grand Totals	9,121,121.47	4,025,531.62	0.00	4,025,531.62		