

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

PRINCIPAL AMOUNT: Two Million Four Hundred Sixteen Thousand Six Hundred Eighty-Seven Dollars and Eighty-Seven Cents (\$2,416,687.87)

INTEREST RATE: Two Percent (2%) plus the Federal Reserve Bank Prime Rate, or Six Percent (6%), whichever is greater

DATED: January 1, 2015

REGISTERED OWNER: VDW Properties, LLC. ("VDW Properties")

MATURITY DATE: December 31, 2015

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 together with interest at the rate stated above, which interest shall accrue on said principal sum from and after the date hereof to the maturity date hereof, in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above unless this 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 on 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 or town of payment are authorized by law to close, then payment of interest and/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 or in part, without redemption premium or other penalty, but with interest accrued 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, 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; and further provided 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 general or special obligation bonds, revenue bonds or other multiple fiscal year obligations including, but not limited to, loans from financial institutions (collectively, the "Bonds") issued or entered into by the District to fund capital improvements now or hereafter and any refundings thereof, and the provisions of any bond resolution, indenture or any other document related thereto, as further set forth herein.

This Note is executed pursuant to that certain 2014 Advance and Reimbursement Agreement entered into by and between the District and VDW Properties, dated November 2, 2014, the terms of which are hereby incorporated by reference, and has delivered to VDW Properties to pay for certain indebtedness incurred by the District as set forth therein. This Note also represents a refunding of an existing promissory note issued by the District to VDW Properties on November 2, 2014 and remained unpaid at the date of its maturity ("2014 Note"). Pursuant to the terms of the Advance and Reimbursement Agreement, this Note is issued in an amount equal to the outstanding principal on the 2014 Note as of the date of its maturity.

In accordance with the terms and provisions of the 2014 Advance and Reimbursement Agreement, if the District lacks sufficient funds to pay this Note in full on the date of maturity, the District shall issue a new subordinate promissory note to VDW Properties to refund this Note, which new subordinate promissory note shall be issued in an amount equal to the outstanding principal on this Note, and shall have a maturity date of December 31, 2016. No interest shall be carried forward to the next calendar year on any new subordinate promissory note issued by the District if such interest cannot be paid in the year in which said interest accrues.

Pursuant to said 2014 Advance and Reimbursement Agreement, the District is obligated to repay both the principal amount of this Note and any and all interest accrued thereon during the calendar year of payment, from the sources and in the manner specified therein and herein, contingent upon receipt of funds from certain revenue sources including Bond proceeds. In the event Bond proceeds are not available to fund repayment of any amounts owed hereunder, the District may make repayment from any legally available revenues of the District, including fees, rates, tolls, charges, and revenues resulting from the imposition of ad valorem taxes, subject to any restrictions provided in the District's Service Plan and electoral authorization; and further provided, that any such repayment shall be subject to the terms and conditions of, and such repayment obligations shall be subordinate to, the Bonds, including the limited property tax supported revenue bonds issued in the amount of \$3,000,000 in 2007 and the limited property tax supported revenue bonds issued in the amount of \$1,200,000 in 2011, and any further refundings thereof, and the provisions of any Bond resolution, indenture, pledge agreement, loan document and/or any other document related to the District's issuance of any Bonds and any refundings thereof, and to that certain subordinate promissory note, dated May 20, 2010, issued pursuant to that certain amended and restated improvement acquisition and reimbursement agreement, and all other applicable law. **In no event shall a mill levy of the District be levied in excess of 50 mills for the repayment of this Note.**

Failure by the District to repay VDW Properties 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 VDW Properties, including mechanic's liens, arising out of the District's nonperformance of its payment obligation. Failure by the District to make a payment of principal or interest due on the Note shall not cause or permit acceleration thereof.

Any payments made on the Note by the District, and any unpaid interest accrued on the principal of this Note during the calendar year, shall be evidenced on Schedule "A" attached hereto.

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 2014 ADVANCE AND REIMBURSEMENT AGREEMENT. THIS NOTE SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE STATE OF COLORADO OR LARIMER COUNTY, COLORADO. VDW PROPERTIES 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, VDW PROPERTIES 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 VDW Properties enforces this Note upon default, the District shall pay or reimburse VDW Properties 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 terms hereof. 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 transferable, negotiable, or otherwise payable to any party other than VDW Properties without the written consent of the District, which may be denied for any reason.

If, for any reason, this Note is determined to be invalid or unenforceable (except in the case of fraud by VDW Properties in connection therewith), the District shall issue a new promissory note to VDW Properties 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.

(Signatures Begin Next Page.)

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

VDW METROPOLITAN DISTRICT NO. 1

(S E A L)



Kim L. Perry, President

ATTEST:



Tom Hall, 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	1/14/2013	49,190.00				49,190.00	
Loan	2/12/2013	56,496.77		0.00	0.00	105,686.77	
Loan	3/7/2013	62,218.23		0.00	0.00	167,905.00	
Loan	4/9/2013	41,845.76		0.00	0.00	209,750.76	
Loan	4/19/2013	10,752.00		0.00	0.00	220,502.76	
Loan	5/3/2013	20,496.00		0.00	0.00	240,998.76	
Loan	5/13/2013	13,104.00		0.00	0.00	254,102.76	
Loan	5/15/2013	43,046.50		0.00	0.00	297,149.26	
Loan	5/29/2013	16,821.64		0.00	0.00	313,970.90	
Loan	6/28/2013	29,062.13		0.00	0.00	343,033.03	
Loan	8/19/2013	97,518.05		0.00	0.00	440,551.08	
Loan	9/17/2013	33,792.29		0.00	0.00	474,343.37	
Loan	10/4/2013	487,363.97		0.00	0.00	961,707.34	
Loan	11/8/2013	224,495.58		0.00	0.00	1,186,202.92	
Loan	12/6/2013	593,010.74		0.00	0.00	1,779,213.66	
2013 Totals		1,779,213.66	0.00	0.00	0.00		
Loan	1/8/2014	243,809.26		0.00	0.00	2,023,022.92	
Loan	2/18/2014	119,591.87		0.00	0.00	2,142,614.79	
Loan	3/11/2014	96,073.96		0.00	0.00	2,238,688.75	
Loan	4/4/2014	44,782.62		0.00	0.00	2,283,471.37	
Loan	5/8/2014	125,173.36		0.00	0.00	2,408,644.73	
Loan	6/8/2014	0.00		0.00	0.00	2,408,644.73	
1	7/8/2014		0.00	0.00	0.00	2,408,644.73	
Loan	10/10/2014	8,043.14		0.00	0.00	2,416,687.87	
Loan	12/31/2014	0.00		0.00	0.00	2,416,687.87	
2014 Totals		637,474.21	0.00	0.00	0.00		
Grand Totals		2,416,687.87	0	0.00	0.00		