

STATE OF COLORADO)	
)	
COUNTY OF FREMONT)	ss. <u>COVERAGE CERTIFICATE</u>
)	
PENROSE WATER DISTRICT)	

The undersigned, as the independent certified public accountant for the Penrose Water District, Fremont County, Colorado (the "District"), in connection with obtaining the prior approval of the Colorado Water Conservation Board for execution and delivery by the District, acting by and through its Water Activity Enterprise (the "Enterprise"), of that certain Loan Agreement ("Parity Lien Obligation") dated as of _____, 2020 with the Colorado Water Resources and Power Development Authority (the "CWRPDA Loan Agreement") and the Governmental Agency Bond representing a parity financial obligation of the District acting by and through the Enterprise under the Loan Agreement in the maximum principal amount of \$239,800.00 (the "2020 CWRPDA Loan"), hereby certifies as follows:

1. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Agreement.

2. As of the date hereof, the District acting by and through the Enterprise has an outstanding loan with the Colorado Water Conservation Board described as: that Loan Contract between the Enterprise and the Colorado Water Conservation Board dated December 13, 2010 (the "CWCB Loan Agreement"), and no others which have an irrevocable and first lien (but not an exclusive such lien) upon the Pledged Revenues (as defined in the CWCB Loan Agreement). The terms Pledged Revenues and Net Revenues are used interchangeably in this Certificate.

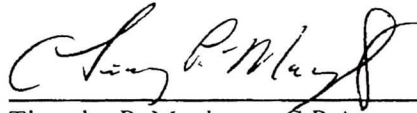
3. As of the date hereof, there are no outstanding obligations which have either a superior or a subordinate lien upon the Pledged Revenues.

4. The coverage requirements set forth in Section 8.e.ii. of the CWCB Loan Agreement have been and are being met in that based on an analysis of the District's revenues for twelve (12) consecutive months out of the eighteen (18) months immediately preceding the date of issuance of the Parity Lien Obligation the District's revenues are sufficient to pay its annual operating and maintenance expenses, annual debt service on all outstanding indebtedness having a lien on the pledged revenues, including the CWCB Loan Agreement, the annual debt service on the 2020 CWRPDA Loan, and all required deposits to any reserve funds required by the CWCB Loan Agreement or by the lender(s) of any indebtedness having a lien on the Pledged Revenues. Not more than 10% of the District's total revenues originate from tap and/or connection fees. Such coverage calculation is further shown as **Exhibit A**.

5. No other coverage requirements of any Parity Lien Obligations exist which are not met by meeting the requirements set forth in paragraph 4 hereof.

IN WITNESS WHEREOF, I have hereunder subscribed my name this 22nd day of April,
2020.

MAYBERRY & COMPANY, LLC.
DOUGLAS COUNTY, COLORADO

A handwritten signature in cursive script, appearing to read "Timothy P. Mayberry", written over a horizontal line.

Timothy P. Mayberry, C.P.A.

EXHIBIT A

Net Revenues and Combined Average Annual Principal and Interest Requirements Figures
as Calculated under Section 8.e.ii. of the December 13, 2010 Colorado Water Conservation
Board Loan Contract No. C150237

	<u>Audited FYE 12/31/2019</u>
<u>Water Enterprise Fund</u>	
Operating Revenues	\$ 1,291,722
Tap Fees (Limited to 10% of Revenue)	3,900
Investment Earnings	39,731
Gain on Sale of Assets	5,700
Transfers In (Out)	<u>(70,876)</u>
Net Revenues	<u>1,270,177</u>
 Operating Expenses	 (1,119,536)
Interest Expense	(254,887)
Less: Capital Outlay (1)	47,731
Less: Debt Service	254,887
Less: Depreciation	<u>318,998</u>
Net Operating Expenses	<u>(752,807)</u>
 Net Revenues	 <u>517,370</u>
 Debt Service	
2010 CWCB Loan - Amended 2015 (2020-2045)	443,353
2020 CWRPDA Loan (Projected 2021-2050) (\$239,800, 1.5%, Qtrly Pmts)	<u>9,941</u>
Maximum Debt Service and Reserve Funding (2021-2025)	<u>453,294</u>
Debt Coverage Ratio	<u>100%</u>
Required Debt Coverage	<u>453,294</u>
 Excess (Shortfall)	 <u>\$ 64,076</u>

(1) - 2019 expensed capital outlay included one-time revegetation costs related to land dried up as part of the Arkansas River water right acquisition.