

PARITY LIEN OBLIGATIONS CERTIFICATE

The undersigned hereby certifies pursuant to (i) Ordinance No. 12, Series 2000, duly passed and adopted on December 11, 2000, by the City Council (the "Council") of the City of Idaho Springs, Colorado (the "City") acting and through its Water Activity Enterprise, as amended and supplemented by Ordinance No. 02, Series 2002, duly passed and adopted by the Council, on March 25, 2002 (collectively the "CWCB Ordinance") authorizing the execution and delivery by the City of a Loan Contract and a Promissory Note (collectively, the "CWCB Loan") to the Colorado Water Conservation Board (the "CWCB") in the original principal amount of \$1,165,000; (ii) Ordinance No. 3, Series 2002, duly passed and adopted on March 25, 2002, by the City, acting by and through its Water Activity Enterprise, authorizing the execution and delivery by the City of a Loan Agreement and Governmental Agency Bond (the "2002 CWRPDA Loan") to the Colorado Water Resources and Development Authority (the "CWRPDA") in the original principal amount of \$2,125,000; and (iii) Ordinance No. 5, Series 2019, duly passed and adopted on February 11, 2019, by the City, acting by and through its Water Activity Enterprise, authorizing the execution and delivery by the City of a Loan Agreement and Governmental Agency Bond (the "2019 CWRPDA Loan") to the CWRPDA in the original principal amount of \$3,000,000 (collectively, the CWCB Loan, the 2002 CWRPDA Loan and the 2019 CWRPDA Loan are referred to as the "Prior Parity Obligations"), and in connection with the proposed issuance by the City of a 2020 Loan Agreement and Governmental Agency Bond with the CWRPDA (the "Proposed Parity Obligations"), that:

(a) The undersigned are (i) the Mayor of the City and (ii) a Certified Public Accountant.

(b) At the time of the adoption of the ordinance authorizing the Proposed Parity Obligations, the City was not, and as of the date hereof is not, in default in making any payments required by the Prior Parity Obligations.

(c) Pursuant to the terms of the CWCB Loan, the undersigned certifies as follows:

- i. The Net Revenues for the 12 consecutive months from January 1, 2019 through December 31, 2019, were \$856,111 as presented in Exhibit A.
- ii. The maximum annual debt service on (a) the CWCB Loan is \$76,573, (b) the 2002 CWRPDA Loan is \$155,145, (c) the 2019 CWRPDA Loan is \$109,224, and the Proposed Parity Obligations is \$109,224. The total maximum annual debt service is \$445,495 in fiscal year 2022 as presented in Exhibit B.
- iii. The Net Revenues (as defined in the CWCB Loan) is at least equal to the sum of (a) 110% of the maximum annual debt service of the Prior Parity Obligations and the Proposed Parity Obligations; and (b) 110% of all other indebtedness payable from the Pledged Property (zero).

(d) Pursuant to the terms of the 2002 CWRPDA Loan and the 2019 CWRPDA Loan, the undersigned certifies as follows:

- i. The City's net revenue for any 12 consecutive months out of the 18 months preceding the month in which of the Proposed Parity Obligations are to be issued is at least equal to the sum of (a) 110% of the maximum annual debt service of (1) the Prior Parity Obligations and (2) the Proposed Parity Obligations.
- ii. The net revenues from January 1, 2019 through December 31, 2019, were \$856,111 as presented in Exhibit A.
- iii. Such revenues were at least equal to 110% of the maximum annual debt service of the Prior Parity Obligations and the Proposed Parity Obligations as presented in Exhibit A.

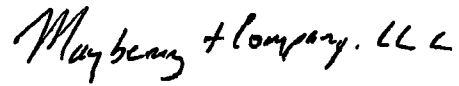
(e) All provisions of the CWCB Loan, the 2002 CWRPDA Loan and the 2019 CWRPDA Loan required for the issuance of the Proposed Parity Obligations have been satisfied.

Dated: June 17th, 2020.

CITY OF IDAHO SPRINGS, COLORADO

By: 
Title: City Administrator

Timothy P Mayberry, CPA
Mayberry & Company, LLC



Certified Public Accountant

EXHIBIT A

(Net Revenues of the City from January 1, 2019 to December 31, 2019)

	Unaudited FYE 12/31/2019
<u>Water Enterprise</u>	
Operating Revenues	\$ 1,860,357
Investment Earnings	33,839
Other Revenues	<u>6,895</u>
Net Revenues	<u>1,901,091</u>
Operating Expenses	(1,646,958)
Interest Expense	(68,870)
Less: Debt Service	68,870
Less: Depreciation	<u>601,978</u>
Net Operating Expenses	<u>(1,044,980)</u>
Net Revenues	<u>856,111</u>
Debt Service	
Debt Service (2022)	445,495
Debt Coverage Ratio (110% Parity/100% Subordinated)	<u>110%</u>
Required Debt Coverage	<u>490,045</u>
Excess (Shortfall)	<u>\$ 366,067</u>

EXHIBIT B

(Attach Calculation of Maximum Annual Debt Service)

CITY OF IDAHO SPRINGS 2020 Parity Certificate

	2000/2002 Combined CWCB Water	2002 CWRPDA Water	2019CWRPDA Water	2020 CWRPDA Water	Total
2020	\$76,573	\$154,384	\$63,596		\$294,553
2021	76,573	155,145	109,224	\$63,596	404,538
2022	76,573	150,474	109,224	109,224	445,495
2023	76,573		109,224	109,224	295,021
2024	76,573		109,224	109,224	295,021
2025	76,573		109,224	109,224	295,021
2026	76,573		109,224	109,224	295,021
2027	76,573		109,224	109,224	295,021
2028	71,192		109,224	109,224	289,640
2029	62,124		109,224	109,224	280,572
2030	62,124		109,224	109,224	280,572
2031	62,124		109,224	109,224	280,572
2032	62,124		109,224	109,224	280,572
2033	62,124		109,224	109,224	280,572
2034			109,224	109,224	218,448
2035			109,224	109,224	218,448
2036			109,224	109,224	218,448
2037			109,224	109,224	218,448
2038			109,224	109,224	218,448
2039			109,224	109,224	218,448
2040			109,224	109,224	218,448
2041			109,224	109,224	218,448
2042			109,224	109,224	218,448
2043			109,224	109,224	218,448
2044			109,224	109,224	218,448
2045			109,224	109,224	218,448
2046			109,224	109,224	218,448
2047			109,224	109,224	218,448
2048			109,224	109,224	218,448
2049			109,224	109,224	218,448
				109,224	109,224
	\$ 994,396	\$ 460,003	\$ 3,231,092	\$ 3,231,092	\$ 7,916,583