

October 20, 2020

Colorado Water Conservation Board

Re: Loan Contract CWCB CMS: 164192 CORE: CT-2021-2857

Dear CWCB Representative:

This letter shall constitute the opinion of the undersigned counsel for the City of Grand Junction that:


- The Contract has been duly executed by officers of the Borrower who are duly elected or appointed and are authorized to execute the Contract and to bind the Borrower; and
- The resolutions of the Borrower authorizing the execution and delivery of the Contract were duly adopted by the governing bodies of the Borrower; and
- There are no provisions in the Colorado Constitution or any other applicable state or local law prevents this Contract from binding the Borrower; and
- The Contract will be valid and binding against the Borrower if entered into by the CWCB subject to typical limitations related to bankruptcy, police power, and creditor's rights generally; and
- The Borrower was formed and is operated as a water activity enterprise pursuant to the provisions of C.R.S. 37-45.1-101 and is a government-owned business authorized to issue its own revenue bonds and receiving fewer than 10% of annual revenue in grants from all Colorado state and local governments combined within the meaning of Article X, Section 20 of the Colorado Constitution; and
- Based upon the parity certificate, the Water Activity Enterprise revenues, as reflected in the Water Enterprise Fund (which funds account for the financial activities of the Water Activity Enterprise) are sufficient to enable the City to execute the Promissory Note under the Loan Agreement.
- The Colorado Supreme Court has ruled that, in certain circumstances, an attorney offering an opinion letter may be held liable to third parties that might rely on such attorney's opinion. Because of that, I write with the limitation that only the City and the CWCB may rely on the opinions contained herein. Neither the CWCB nor any other person is authorized to reproduce or distribute this letter without the written consent of the City.


OFFICE OF THE CITY ATTORNEY


  
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Colorado Department of Natural Resources  
Colorado Water Conservation Board (CWCB)  
1313 Sherman St., Room 718  
Denver, Colorado 80203

**Re: Parity Certificate**

**In regard to compliance with the City of Grand Junction (the "City"), Grand Junction, Tax-Exempt Colorado Water Conservation Board Loan, CT2021-2857.**

**For the proposed issuance of the CWCB Loan, CT 2021-2857 in the principal amount of \$7,070,000 for the replacement of the Purdy Mesa Flowline (the "CWCB Loan")**

Based on analysis using the audited financial statements of the City for the three-month period ended December 31, 2019, and unaudited financial statements of the City for the nine-month period ended 9/30/20 to estimate the 12-month period ended 9/30/20, we hereby certify that:

The recurring revenues for the twelve consecutive months ended 9/30/20 less operation and maintenance expenses:

(i) equals to or exceeds 100% of the maximum annual debt service on total outstanding debt obligations, repayment obligations with respect to any reserve fund, policy costs and projected parity lien bonds. (see Exhibit A);

(ii) is not made up of more than ten percent (10%) from tap and/or connection fees. (See Exhibit A)

The amount of revenues and capital contributions, taken into account for purpose of the foregoing calculations did not include any increases in rates, fees, tolls, and charges adopted by the City for the current year.

*Haynie & Company*

Littleton, Colorado  
October 30, 2020

Debt Service Parity Certification  
Colorado Water Conservation Board Loan, Series 2021  
Exhibit A

	(Audited and Unaudited) 12 month ending 9/30/2020	
<u>Revenues</u>		
Operating Revenues	\$ 10,131,234	(1)
Operating Revenues - connection fees	121,732	(1)
Other Utility Revenue	235,452	(2)
Total Recurring Revenue	10,488,418	
<u>Operation and Maintenance Expenses (3)</u>	8,632,357	
Operating Revenues less Operation and Maintenance Expenses	1,856,062	
<u>Connection fee % of total revenue</u>		1%
<u>Annual Current Debt Service Requirements</u>		
2002 CWRPDA	270,000	
2010 CWRPDA	244,738	
2016 CWRPDA	91,315	
2017 CWCB (CT2017-916)	49,759	
Total Current Annual Debt Service	655,812	
<u>Debt Coverage Ratio</u>		283% i
<u>Future Annual Debt Service Requirements</u>		
2002 CWRPDA	270,000	
2010 CWRPDA	244,738	
2016 CWRPDA	91,315	
2017 CWCB (CT2017-916)	49,759	
2021 CWCB (CT2021-2857)	411,797	
Total Future Annual Debt Service	1,067,609	
<u>Debt Coverage Ratio</u>		174% ii

Pertinent Debt Compliance Provisions

2021 CWCB Loan

Debt coverage ratio over 100% based on the ratio of net recurring revenue vs. current year debt service (see (i) and (ii))

(1) - 12-month revenues at 9/30/20

(2) - Includes net investment income, but excludes interfund and transfer income

(3) - Excludes depreciation expense