

Party Lien Bond Certificate

CITY OF LAMAR, COLORADO
Acting by and through its Water Activity Enterprise
CWRPDA Loan Contract No. CT2017-917, dated 07/18/16

The undersigned in connection with the issuance by the City of Lamar, Colorado, acting by and through its water activity enterprise (the "City") of that certain Bond evidencing a loan in the principal amount of \$1,089,200 (the "2016 Bond") under Loan agreement dated November 9, 2020 (the "2020 Bond"), between the City and Colorado Water Resources and Power Development Authority ("CWRPDA"), hereby represents as follows:

1. ***Outstanding Parity Obligations.*** The Series 2009 Bonds, the 2009 ARRA Bond, and 2009 Base Bond, the 2010 Bond, the 2016 CWCB Loan, and the 2020 CWCB Loan defined below are referred to in this certificate at the "Outstanding Parity Obligations".
 - (a) Pursuant to City Ordinance No. 1136, on or about December 17, 2009 the City issued (i) its Governmental Agency Bond, dated December 17, 2009 (the "2009 ARRA Bond"), evidencing a loan in the principal amount of \$3,925,375 made pursuant to a Loan Agreement dated December 17, 2009 (the "2009 ARRA Loan Agreement"), between the City and the Colorado Water Resources and Power Development Authority (the "Authority") and (ii) its Governmental Agency Bond, dated December 17, 2009 (the "2009 Base Bond"), evidencing a loan in the principal amount of \$1,067,625 made pursuant to a Loan Agreement dated December 17, 2009 (the "2009 Base Loan Agreement"), between the City and the Authority.
 - (b) Pursuant to City Ordinance No. 1150, on or about April 12, 2010 the City issued its Governmental Agency Bond, dated May 27, 2010 (the "2010 Bond"), evidencing a loan in the principal amount of \$2,000,000 made pursuant to a Loan Agreement dated May 27, 2010 (the "2010 Loan Agreement"), between the City and the Authority.
 - (c) Pursuant to City Ordinance No. 1190, on or about November 25, 2013 the City issued its loan in the principal amount of \$616,993.65 under Loan Contract No. CT2015-007, including Amendment one between the City and CWCB.
 - (d) Pursuant to City Ordinance No. 1202, on or about March 28, 2016 the City issued its loan in the amended principal amount of \$83,200.49 under Loan Contract No. CT2017-917, including Amendment one between the City and CWCB.
2. ***Net Revenues Security Lien.*** The Outstanding Parity Obligations are payable out of, and secured by a lien or charge on, the Net Revenues (as said term is defined in Ordinance No. 1124, in the 2009 ARRA Loan Agreement, in the 2009 Base Loan Agreement, in the 2010 Loan Agreement, and in the 2016 CWCB Loan Agreement) on a parity basis. The 2009 ARRA Loan Agreement, the 2009 Base Loan Agreement, the 2010 Loan Agreement, the 2016 CWCB Loan Agreement, and the 2020 CWCB Loan Agreement also use the defined term "Pledged Property" to mean the Net Revenues. As of the date of this certificate, the City has represented to me that there are no outstanding obligations payable out of, or secured by a lien or charge on the Net Revenues or

Pledged Property other than the Outstanding Parity Obligations and the 2020 CWCB Bond (when issued and outstanding).

3. ***Additional Parity Obligation Tests.*** In order to issue the 2020 Bond with a lien that is equal to and on a parity with the lien of the Outstanding Parity Obligations, the following tests must be met for the respective Outstanding Parity Obligations (as used in this Section 3, the term “Test Period” means the consecutive twelve-month period ended June 30, 2020:
 - (i) *2009 ARRA Bond, 2009 Base Bond and 2010 Bond.* The Net Revenues for the Test Period must at least equal to the sum of 110% of the maximum annual debt service due in any one year on the Outstanding Parity Obligations and the 2020 Bond. In calculating revenue coverage for purposes of the issuance of the 2020 Bond, Net Revenues may be adjusted to reflect any rate increases adopted in connection with the issuance of the 2020 Bond by adding to the actual Net Revenue for the Test Period an estimated sum equal to 100% of the estimated increase in Net Revenues that would have been realized during such period had the adopted rate increase been in effect during all of such period.
 - (ii) *CT2017-917 CWCB Loan Agreement* does not define any ratio requirements for Net Revenue to Annual Debt Service.
 - (iii) *2020 CWR&PDA. 2020 Loan Agreement* does not define any ration requirement or Net Revenue to Annual Debt Service.
4. ***Test Period Financial Information.*** Based upon unaudited financial information for the consecutive twelve-month period ended June 30, 2020, adjusted Net Operating Revenues for such period was \$1,493,974 which amount comprised of Gross Operating Revenue of \$3,215,241, less Operation and Maintenance Expenses of \$1,721,974. Not more than ten percent of the Gross Revenue originated from tap and/or connection fees.
5. ***Repayment Terms.*** The 2020 CWR&PDA Loan is to be repaid in full over 30 years at an interest rate of .5%.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of October, 2020.

rfarmer, llc