



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203
303-866-3441

June 10, 2021

Denver Southeast Suburban Water and Sanitation District dba Pinery Water and Wastewater District
5242 Old School House Road
Parker, CO 80134

Subject: Loan Contract No. CT2015-085 (C150411B)
Loan Compliance Confirmation

Attached for your records are the original documents relative to the agreement between the Denver Southeast Suburban Water and Sanitation District dba Pinery Water and Wastewater District, and the Colorado Water Conservation Board (CWCB), Loan Contract No. CT2015-085 (C150411B). The documents have been stamped "PAID IN FULL" denoting that the District has satisfied the terms of the agreement in full.

Should you have any questions, please contact me at Telephone No. (303) 866-3441, ext 3205 or email at lauren.miremont@state.co.us. If we can be of any further assistance to you in the near future, please let us know.

Sincerely,

Lauren Miremont

Lauren Miremont, Finance Manager
Finance Section

Attachments

cc: CWCB Files



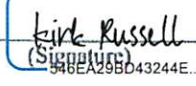
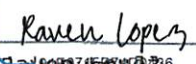


LOAN CONTRACT AMENDMENT NO. 1**THREE (3) SIGNATURE PAGES (COVER PAGE) WITH ORIGINAL SIGNATURES ARE REQUIRED**

State Agency Department of Natural Resources Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718, Denver, CO 80203	Amendment No. 1 Contract Number CMS 148077 CT2015-085
Borrower and Address Denver Southeast Suburban Water and Sanitation District dba Pinery Water and Wastewater District acting by and through a water activity enterprise 188 Inverness Drive West, Suite 140, Englewood, CO 80112	Original Contract Number CMS 70929 C150411B
Current Contract Maximum Amount \$3,270,783.54 (includes CWCB 1% loan origination fee)	Contract Performance Beginning Date 09/22/2014
Project Name Water Infrastructure and Supply Efficiency Project-Phase I Infrastructure	Contract Performance End Date 12/01/2019
Reason for Modification Decrease total loan amount due to substantial completion of Project	Loan Contract Terms 3.00% for 30 years Loan Contract Repayment Schedule (See Promissory Note) Payment Initiation Date: 12/01/2019 Maturity Date: 12/01/2049

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

Each person signing this Amendment represents and warrants that he or she is duly authorized to execute this Amendment and to bind the Party authorizing his or her signature.

<p>DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT, ACTING BY AND THROUGH A WATER ACTIVITY ENTERPRISE dba PINERY WATER AND WASTEWATER DISTRICT</p> <p> (Signature)</p> <p>Name: <u>Walter Partridge</u> Title: <u>Board Chairman</u> Date: <u>11/20/19</u></p> <p>ATTEST:  (Signature)</p> <p>Name: <u>Heidi Tackett</u> Title: <u>Board Secretary</u> Date: <u>11/20/19</u></p>	<p>STATE OF COLORADO Jared S. Polis, Governor Colorado Department of Natural Resources Dan Gibbs, Executive Director</p> <p>DocuSigned by:  (Signature) 348EA29BD43244E...</p> <p>Name: Kirk Russell, P.E., Section Chief Colorado Water Conservation Board January 31, 2020 2:24 PM PST Date: _____</p> <p style="text-align: center; color: red; font-size: 24pt;">PAID IN FULL</p>
<p>In accordance with §24-30-202 C.R.S., this Amendment is not valid until signed and dated below by the State Controller or an authorized delegate</p> <p style="text-align: center;">STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p>By:  Name: <u>Raven Lopez</u> Title: <u>Purchasing Agent</u></p> <p>Amendment Effective Date: <u>February 19, 2020 8:41 AM PST</u></p>	

1. PARTIES

This Amendment (the "Amendment") to the Original Contract (the "Contract") shown on the Signature and Cover Page for this Amendment is entered into by and between the Borrower ("Borrower" or "Authority"), and the State ("CWCB").

2. TERMINOLOGY

Except as specifically modified by this Amendment, all terms used in this Amendment that are defined in the Contract shall be construed and interpreted in accordance with the Contract.

3. AMENDMENT EFFECTIVE DATE AND TERM

A. Amendment Effective Date

This Amendment shall not be valid or enforceable until the Amendment Effective Date shown on the Signature and Cover Page for this Amendment. The State shall not be bound by any provision of this Amendment before that Amendment Effective Date.

The Parties' respective performances under this Amendment and the changes to the Contract contained herein shall commence on the Amendment Effective Date shown on the Signature and Cover Page for this Amendment.

4. PURPOSE

The Borrower was approved for a CWCB loan contract, on September 22, 2014, for the Water Infrastructure and Supply Efficiency Project-Phase 1 Infrastructure. The project was completed and the parties agree to amend the contract to reduce the final loan amount by \$2,928,596.46, from \$6,199,380.00 to \$3,270,783.54.

5. MODIFICATIONS

The Contract and all prior amendments thereto, if any, are modified as follows:

- A. The original loan contract amount is hereby deleted and replaced with the Current Contract Maximum Amount of \$3,270,783.54, shown on the Signature and Cover Page for this Amendment. The loan terms shall remain 30 years at 3.00%.
- B. Amendment to Promissory Note, Appendix A, in the revised loan amount and incorporated herein, shall replace and supersede the Original Promissory Note attached to the Original Loan Contract as Appendix 2.
- C. Amendment to Security Agreement, Appendix B, in the revised loan amount and incorporated herein, shall supplement and operate in conjunction with the Original Security Agreement, attached to the Original Loan Contract as Appendix 4.

6. LIMITS OF EFFECT AND ORDER OF PRECEDENCE

This Amendment is incorporated by reference into the Contract, and the Contract and all prior amendments or other modifications to the Contract, if any, remain in full force and effect except as specifically modified in this Amendment. Except for the Special Provisions contained in the Contract, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the Contract or any prior modification to the Contract, the provisions of this Amendment shall in all respects supersede, govern, and control. The provisions of this Amendment shall only supersede, govern, and control over the Special Provisions contained in the Contract to the extent that this Amendment specifically modifies those Special Provisions.

PAID IN FULL

Appendix A, Amendment No. 1 to Loan Contract CT2015-085
Amendment to Promissory Note

Date:	November 20, 2019
Borrower:	Denver Southeast Suburban Water and Sanitation District, dba Pinery Water and Wastewater District, acting by and through a water activity enterprise
Total Loan Amount:	\$3,270,783.54
Interest Rate:	3.00% per annum
Term of Repayment:	30 years or until loan is paid in full
Loan Contract No.:	CT2015-085
Annual Loan Payment:	\$166,872.95
Payment Initiation Date:	December 1, 2019
Maturity Date:	December 1, 2049

For Value Received, the Borrower promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the Loan Contract and this promissory note.

1. This Amendment to Promissory Note, in the **revised loan amount of \$3,270,783.54**, shall replace and supersede the Original Promissory Note, attached as Appendix 2 to the Original Loan Contract, in the amount of \$6,199,380.00 and incorporated by reference.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from Payment Initiation Date, and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within sixty (60) calendar days of the due date.
5. This Note may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This Note is issued pursuant to the Loan Contract between the CWCB and the Borrower. The Loan Contract creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a Security Agreement ("Security Instrument") of even date and amount and cover certain revenues and/or accounts of the Borrower. The Loan Contract and Security Instruments grant additional rights to the CWCB, including the right to accelerate the maturity of this Note in certain events.

PAID IN FULL

8. If any annual payment is not paid when due or any default under the Loan Contract or the Security Instruments securing this Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the Borrower written notice of any alleged default and an opportunity to cure within sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.
9. The Borrower and any co-signer or guarantor hereby agree that if this Note or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
10. This Note shall be governed in all respects by the laws of the State of Colorado.

Denver Southeast Suburban Water and
Sanitation District acting by and through a
water activity enterprise, dba Pinery Water
and Wastewater District

Attest:

By Heidi Tackett
Signature
Name Heidi Tackett
Title Board Secretary
Date 11/20/19

By Walter Partridge
Signature
Name Walter Partridge
Title Chairman of the Board
Date 11/20/19

PAID IN FULL

**Appendix B, Amendment No.1 to Loan Contract CT2015-085
Amendment to Security Agreement**

Debtor: Denver Southeast Suburban Water and Sanitation District, dba
Pinery Water and Wastewater District, acting
by and through a water activity enterprise,
Secured Party: Colorado Water Conservation Board
Revised Loan Amount: \$3,270,783.54
Term of Repayment: 30 years or until loan is paid in full
Interest Rate: 3.00% per annum
Loan Contract Number: CT2015-085

1. The Parties have amended the Original Loan Contract and Promissory Note to decrease the total loan amount by \$2,928,596.46 from \$6,199,380.00 to \$3,270,783.54 and hereby amend the original Security Agreement to document the change and hereby amend the original Security Agreement to document the change.
2. The Parties expressly agree that this Amendment to Security Agreement is supplemental to the Security Agreement and all terms, conditions, and provisions thereof, unless specifically modified below, are to apply to this Amendment to Security Agreement as though they were expressly rewritten, incorporated, and included herein.
3. Collateral for the loan remains the same.

Denver Southeast Suburban Water and Sanitation
District acting by and through a water activity
enterprise, dba Pinery Water and Wastewater District

Attest:

By

Heidi Tackett
Signature

Name Heidi Tackett

Title Board Secretary

Date 11/20/19

By

Walter Partridge
Signature

Name Walter Partridge

Title Board Chairman

Date 11/20/19

PAID IN FULL

PROMISSORY NOTE

Date: Aug 13, 2014
Borrower: Denver Southeast Suburban Water & Sanitation District acting by and through its Water Activity Enterprise
Principal Amount: \$6,199,380.00
Interest Rate: 3.00% per annum
Term of Repayment: 30 years
Loan CONTRACT No.: C150411B
Loan Payment: \$ 316,287.78
Payment Initiation Date*: December 1, 2019
Maturity Date*: December 1, 2049

* Payment Initiation Date and Maturity Date fields are filled in after the project has been substantially completed.

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this PROMISSORY NOTE.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from Payment Initiation Date (the date the CWCB determines that the project is substantially complete), and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
5. This PROMISSORY NOTE may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This PROMISSORY NOTE is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by: a SECURITY AGREEMENT of even date and amount and cover certain revenues, real property, water rights and/or accounts of the BORROWER. The LOAN CONTRACT and SECURITY AGREEMENT grant additional rights to the CWCB.
8. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be

Appendix 2 to Loan Contract C150411B

considered in default for purposes of this PROMISSORY NOTE.

9. The BORROWER and any co-signer or guarantor hereby agree that if this PROMISSORY NOTE or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
10. This PROMISSORY NOTE shall be governed in all respects by the laws of the State of Colorado.
11. This Note is issued pursuant to and under the authority of §11-57-210, C.R.S. and §31-35-413, C.R.S., and pursuant to such statutes, the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after its delivery for value, shall conclusively impart full compliance with all of the provisions of Title 31, Article 35, Part 4, C.R.S., and this Note containing such recital shall be incontestable for any cause whatsoever after its delivery for value.
12. This Note, including the interest hereon, is payable solely from the Pledged Revenues, does not constitute a debt or indebtedness of the BORROWER within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be a general obligation of the BORROWER.



Attest:

By Heidi A. Tackett
Signature

NAME: Heidi A. Tackett

TITLE: Secretary

DATE: 8-13-14

BORROWER: Denver Southeast Suburban
Water & Sanitation District a Colorado Title
32 Special District, acting by and through its
Water Activity Enterprise

By Robert T. Greene
Signature

NAME: Robert T. Greene

TITLE: Chairman

DATE: 8-13-14



COLORADO

Colorado Water
Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203

TIME FOR PERFORMANCE EXTENSION AGREEMENT

November 15, 2018

Denver Southeast Suburban Water and Sanitation
District

Attn: Heather W. Beasley, District Manager
5242 Old Schoolhouse Road
Parker, Co 80134

Re: Water Infrastructure and Supply Efficiency Project (WISE)
CWCB Loan Contract No. CT2015-085

Dear Ms. Beasley:

This letter is in response to your request for a time extension for CWCB Loan Contract Number CT2015-085 (C150411B). The Project End Date, stated in Appendix 1, Section 10, of the original loan contract of January 1, 2019, shall be amended to extend the time of performance. By signing below, Denver Southeast Suburban Water and Sanitation District and CWCB acknowledge that the time for performance shall be amended to a Project finish date of January 1, 2020.

Please sign and return this letter to Peg Mason, Contracts Manager at the address listed above.

Denver Southeast Suburban Water and
Sanitation District

Signature
Name: WALTER E. PARKER
Title: Chairman of the Board
Date: 11/28/18

Attest:

Signature
Name: Heidi Tackett
Title: Secretary
Date: 11/28/18

State of Colorado
Department of Natural Resources

By: Kirk Russell
Kirk Russell, P.E., Section Chief
Finance Section
Colorado Water Conservation Board
Date: 12/17/18

PAID IN FULL



5242 Old Schoolhouse Road
Parker, Colorado 80134
Ph. (303) 841-2797
Fax. (303) 841-2123
pinerywater.com

November 13, 2018

Rachel Pittinger, P.E.
Colorado Water Conservation Board
1313 Sherman St., Room 718
Denver, CO 80203
rachel.pittinger@state.co.us

Re: REQUEST FOR ONE-YEAR EXTENSION ON CWCB # CT2015-085

Dear Ms. Pittinger:

The Denver Southeast Suburban Water and Sanitation District respectfully requests a one-year extension to the above referenced loan that is currently set to expire on January 1, 2019. The District has been negotiating with a developer that will be constructing a crucial component of the infrastructure extended to the District through the Parker Water and Sanitation District. Once that is complete, the District may complete the last part of the local infrastructure that is reimbursable under this loan contract.

The District anticipates beginning construction of its local connection in January 2019 and completing all the Phase I infrastructure by July 2018.

To be clear, the District is not requesting any increase in the loan amount, just an extension of the timeline.

Sincerely,

Heather W. Beasley
District Manager

PAID IN FULL

SHERMAN & HOWARD

633 Seventeenth Street, Suite 3000, Denver, CO 80202-3622
Telephone: 303.297.2900 Fax: 303.298.0940 www.shermanhoward.com

August 14, 2014

Denver Southeast Suburban Water and Sanitation District
P.O. Box 1660
Parker, Colorado 80134667

Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, Colorado 80203

**Denver Southeast Suburban Water and Sanitation District
Loan Contract No. C150411B dated as of August 13, 2014**

Ladies and Gentlemen:

We have acted as bond counsel to the Denver Southeast Suburban Water and Sanitation District, a political subdivision of the State of Colorado formed pursuant to §29-1-204.2, C.R.S. (the "District"), in connection with the authorization, execution, and delivery by the District of Loan Contract No. C150411B (the "Loan Contract"), dated August 13, 2014, by and between the District and the State of Colorado Department of Natural Resources, Colorado Water Conservation Board (the "CWCB"), pursuant to which the CWCB has agreed to loan to the District the principal amount of \$6,199,380 (the "Loan"). The Loan Contract was approved by the District pursuant to a resolution adopted by the Board of Directors of the District on August 13, 2014 (the "Loan Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Loan Resolution.

In our capacity as bond counsel, we have examined the Loan Contract, the certified record of proceedings of the District authorizing the same, certain certificates signed by officers of the District and others, the constitution and laws of the State of Colorado in effect as of the date hereof, and such other documents, records, and matters of law as we have deemed necessary as a basis for the opinions hereinafter expressed. Regarding questions of fact material to our opinions, we have relied upon representations and certifications of the District and of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all

documents submitted to us as certified, conformed, or facsimile copies. For purposes of this opinion letter, we have assumed that the Loan Contract is a valid and binding obligation of the CWCB.

Based upon such examination, it is our opinion as bond counsel that:

1. The Loan Contract has been duly executed by officers of the District who are duly appointed and are authorized to execute the Loan Contract and to bind the District.
2. The Loan Resolution was duly adopted by the Board of Directors of the District.
3. The System is a government-owned business authorized to issue its own revenue bonds and receiving under 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.
4. The Loan Contract will be valid and binding against the District if entered into by the CWCB.

The opinions expressed in this opinion letter are subject to the following:

The enforceability of the obligations of the District pursuant to the Loan Contract and the Loan Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In connection with and pursuant to the Loan Contract, we understand that the District has entered into a Security Agreement. We express no opinion as to the validity or enforceability of such Security Agreement or the security afforded thereby.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of any statements made in connection with the Loan or upon any federal or state tax consequences arising from the receipt or accrual of interest on the Loan or the ownership or disposition of the Loan Contract.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Denver Southeast Suburban Water and Sanitation District

August 14, 2014

Page 3

In connection with the execution and delivery of the Loan Contract, we have represented the District which is our sole client in this transaction. Delivery of this letter to the CWCB does not establish an attorney-client relationship between the CWCB and this firm. In connection with the Loan, the CWCB has been represented by its own counsel.

Sherman & Howard L.L.C.

PAID IN FULL

James B. Folkestad
Ernest F. Fazeikas II
Aaron W. Barrick
Marc C. Patoile
Gina B. Masterson
Kathryn T. James
Lindsay J. Miller
Matthew S. Patton

August 14, 2014

Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

Ladies and Gentlemen:

We are attorneys admitted to practice in the State of Colorado and we have acted as general counsel to the **DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT** (the "District"), of the State of Colorado, which has entered into a Loan Contract (as hereinafter defined) with the **COLORADO WATER CONSERVATION BOARD** ("CWCB"), and have acted as such in connection with the authorization, execution and delivery by the District of its Loan Contract, Promissory Note and Security Agreement (as hereinafter defined).

In so acting we have examined the Constitution and laws of the State of Colorado. We have also examined originals, or copies certified or otherwise identified to our satisfaction, of the following:

- (a) four Loan Contracts C150411A, C150411B, C150411C, and C150411D, dated as of August 13, 2014 (the "Loan Contracts"), by and between the District and CWCB;
- (b) the four Promissory Notes, all dated as of August 13, 2014 (the "Promissory Notes") and the four Security Agreements, all dated as of August 13, 2014 (the "Security Agreements"), executed by the District to evidence the loan from CWCB to the District;
- (c) the proceedings of the governing body of the District relating to the Loan Contracts, Promissory Notes and Security Agreements (the "Loan Documents") and the execution, issuance and delivery thereof to CWCB; and
- (d) all outstanding instruments relating to the bonds, notes or indebtedness of the District.

We have also examined and relied upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and

office. 303.688.3045 • fax. 303.688.3189
18 South Wilcox Street, Suite 200
Castle Rock, Colorado 80104-1909
ffcolorado.com

made such investigation of law as in our judgment we have deemed necessary or appropriate to enable us to render the opinions as expressed below.

Based upon the foregoing, we are of the opinion that:

- (1) The District is a quasi-municipal corporation and political subdivision of the State of Colorado with full legal right and authority to execute the Loan Documents.
- (2) The proceedings of the District's governing body approving the Loan Documents and authorizing their execution, issuance and delivery on behalf of the District have been duly and lawfully adopted and approved in accordance with applicable Colorado law, at meetings duly called pursuant to necessary public notice and held in accordance with applicable Colorado law, and at which quorums were present and acting throughout.
- (3) To the best of our knowledge, after such investigation we have deemed appropriate, there are no provisions in the Colorado Constitution or any applicable state or local law of any governmental agency having competent jurisdiction over the District that prevent the Loan Documents from binding the District, subject to the application of equitable principles, and to the reasonable future exercise of the State of Colorado of the police power inherent in the sovereignty of the State of Colorado and its governmental bodies.

This opinion is rendered on the basis of the laws of the State of Colorado as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs herein.

Yours truly,


FOLKESTAD FAZEKAS BARRICK & PATOILE, P.C.

JBF/sjs

PAID IN FULL



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

July 9, 2014

Ms. Peg Mason
Contract Manager
Colorado Water Conservation Board
1313 Sherman Street, Suite 721
Denver, CO 80203

Re: Denver Southeast Suburban Water and Sanitation District -
Parity Calculations in Relation to the 2014 CWCB Water Project
Loan Program - \$9,926,280 Loan – Parity Certificate

Dear Ms. Mason:

This report summarizes the results of procedures performed related to certain additional covenants and requirements related to the above referenced loan. In addition to the 2014 Colorado Water Conservation Board Loan (CWCB Loan), the District also has outstanding its 2002 and 2005 Colorado Water Resources and Power Development Authority Loans (CWRPD Loans) and its 2010 Wells Fargo Enterprise Revenue Refunding Note (Wells Fargo Note).

The CWCB Loan requires that the District's net revenues for any 12 consecutive months out of the 18 months immediately preceding the date of issuance of any parity debt are sufficient to pay its annual operating and maintenance expenses, annual debt service on all outstanding indebtedness having a lien on pledged revenue, and all required deposits to any reserve funds required by any lenders of any indebtedness having a lien on pledged revenues. Additionally, no more than 10% of total revenues may originate from tap and/or connection fees.

PAID IN FULL

The CWRPD Loans require that no obligations on a parity with the CWRPD Loans may be issued unless the net revenues for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued are at least equal to the sum of 110% of the maximum annual debt service of the CWRPD Loans and 100% of the maximum annual debt service of all other indebtedness. Additionally, the 2005 CWRPD loan requires that the amount available for debt service be reduced by one half of the average annual total tap fees, net of cost recovery payments, for the three prior years.

The Wells Fargo Note requires that the District must meet a minimum pro forma debt service coverage ratio of 110% in each of the previous two fiscal years, calculated by using the new pro forma debt service (existing debt plus new debt) as the denominator and pledged revenues (net revenues – available for debt service) as the numerator.

The calculations for the additional debt covenants are displayed on Exhibit A. Financial information used in these calculations was obtained from the District's 2012 and 2013 audited financial statements. The most restrictive covenant of each loan program has been used for these calculations. Therefore, annual debt service has been calculated at 110% and tap/connection fee revenue has been reduced by 50% of the average annual total tap fees, net of cost recovery payments, for the three prior years. Based upon these calculations, the District was able to pay all its annual operating expenses and meet its debt service obligations in 2012 and 2013, with excess revenues of \$2,434,261 and \$1,448,714, respectively. The District had additional debt capacity of \$1,759,817 and \$1,470,357 in 2012 and 2013, respectively.

Exhibit B provides calculations based only on the covenants for the 2014 CWCB Loan. Based upon these calculations, the District was able to pay all its annual operating expenses and meet its debt service obligations in 2012 and 2013, with excess revenues of \$2,601,965 and \$1,682,758, respectively. The District had additional debt capacity of \$2,198,395 and \$1,943,511 in 2012 and 2013, respectively.

We were not engaged to, and did not conduct, an examination in accordance with generally accepted auditing standards in the United States of America, the objective of which would be the expression of an opinion on the financial statements of the District. Accordingly, we do not express such an opinion. We performed our engagement as a consulting service under the American Institute of Certified Public Accountants' ("AICPA") Statement of Standards for Consulting Services. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are not independent with respect to Denver Southeast Suburban Water and Sanitation District.

Certified Public Accountants & Consultants

Clifton Hansen Allen LLP

Enclosure

cc: Heather Beasley, District Manager

PAID IN FULL

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
 COLORADO WATER CONSERVATION BOARD
 COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
 WELLS FARGO BANK, N.A.

EXHIBIT A - ADDITIONAL PARITY DEBT TEST

	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2013
Net income - GAAP	\$ 1,349,972	\$ 957,576
Expenses added back to net income:		
Depreciation and amortization	2,377,368	2,460,197
Loss (Gain) on disposition of assets	(31,152)	(22,165)
Loan interest - 2002 CWRPDA loan	147,722	117,051
Loan interest - 2005 CWRPDA loan	140,913	134,548
Loan interest - 2005 water rights lease	2,780	-
Loan interest - 2010 water refunding note	390,480	375,992
Loan interest - 2014 CWCB loan	-	-
Available for Debt Service (Net Revenues)	\$ 4,378,083	\$ 4,023,199
Annual Debt Service: - Principal and interest		
2002 CWRPDA loan	467,722	442,051
2005 CWRPDA loan	340,913	339,548
2005 water rights lease*	99,073	-
2010 water refunding note	361,979	1,052,411
2014 CWCB loan	506,431	506,431
	1,776,118	2,340,441
Required debt coverage (* @ 100%)	110%	110%
Required for Debt Service	\$ 1,943,823	\$ 2,574,485
Excess (shortage)	\$ 2,434,261	\$ 1,448,714

COVENANT RELATING TO ISSUANCE OF ADDITIONAL DEBT

10% of total revenues	\$ 791,967	\$ 763,432
Net tap fees	\$ 424,537	\$ 683,798
Tap fee revenue allowed per CWCB loan	\$ 424,537	\$ 683,798
Tap fee reduction per 2005 CWRPDA loan	\$ 306,459	\$ 341,035
Available for Debt Service (see above)	\$ 4,378,083	\$ 4,023,199
Less: tap/connection fees	(306,459)	(341,035)
Net available for Debt Service	\$ 4,071,624	\$ 3,682,164
Maximum Annual Debt Service Requirements:		
2002 CWRPDA loan	\$ 470,437	\$ 470,437
2005 CWRPDA loan	344,328	344,328
2005 water rights lease*	100,000	-
2010 water refunding note	758,492	758,492
2014 CWCB loan	506,431	506,431
	2,179,688	2,079,688
Required debt coverage (* @ 100%)	110%	110%
Available for Maximum Debt Service	\$ 2,311,808	\$ 2,211,808
Excess (shortage)	\$ 1,759,817	\$ 1,470,357

**DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT
COLORADO WATER CONSERVATION BOARD**

EXHIBIT B - ADDITIONAL PARITY DEBT TEST

	Twelve Months Ended December 31, 2012	Twelve Months Ended December 31, 2013
Net income - GAAP	\$ 1,349,972	\$ 957,576
Expenses added back to net income:		
Depreciation and amortization	2,377,368	2,460,197
Loss (Gain) on disposition of assets	(31,152)	(22,165)
Loan interest - 2002 CWRPDA loan	147,722	117,051
Loan interest - 2005 CWRPDA loan	140,913	134,548
Loan interest - 2005 water rights lease	2,780	-
Loan interest - 2010 water refunding note	390,480	375,992
Loan interest - 2014 CWCB loan	-	-
Available for Debt Service (Net Revenues)	\$ 4,378,083	\$ 4,023,199
Annual Debt Service: - Principal and interest		
2002 CWRPDA loan	467,722	442,051
2005 CWRPDA loan	340,913	339,548
2005 water rights lease	99,073	-
2010 water refunding note	361,979	1,052,411
2014 CWCB loan	506,431	506,431
	1,776,118	2,340,441
Required debt coverage	100%	100%
Required for Debt Service	\$ 1,776,118	\$ 2,340,441
Excess (shortage)	\$ 2,601,965	\$ 1,682,758

COVENANT RELATING TO ISSUANCE OF ADDITIONAL DEBT

10% of total revenues	\$ 791,967	\$ 763,432
Net tap fees	\$ 424,537	\$ 683,798
Tap fee revenue allowed per CWCB loan	\$ 424,537	\$ 683,798
Tap fee reduction per 2005 CWRPDA loan	\$ 306,459	\$ 341,035
Available for Debt Service (see above)	\$ 4,378,083	\$ 4,023,199
Less: tap/connection fees	-	-
Net available for Debt Service	\$ 4,378,083	\$ 4,023,199
Maximum Annual Debt Service Requirements:		
2002 CWRPDA loan	\$ 470,437	\$ 470,437
2005 CWRPDA loan	344,328	344,328
2005 water rights lease	100,000	-
2010 water refunding note	758,492	758,492
2014 CWCB loan	506,431	506,431
	2,179,688	2,079,688
Required debt coverage	100%	100%
Available for Maximum Debt Service	\$ 2,179,688	\$ 2,079,688
Excess (shortage)	\$ 2,198,395	\$ 1,943,511

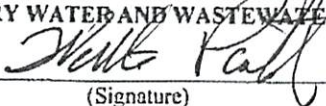

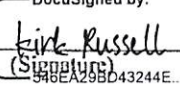
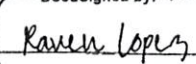
PAID IN FULL

LOAN CONTRACT AMENDMENT NO. 1**THREE (3) SIGNATURE PAGES (COVER PAGE) WITH ORIGINAL SIGNATURES ARE REQUIRED**

State Agency Department of Natural Resources Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718, Denver, CO 80203	Amendment No. 1 Contract Number CMS 148077 CT2015-085
Borrower and Address Denver Southeast Suburban Water and Sanitation District dba Pinery Water and Wastewater District acting by and through a water activity enterprise 188 Inverness Drive West, Suite 140, Englewood, CO 80112	Original Contract Number CMS 70929 C150411B
Current Contract Maximum Amount \$3,270,783.54 (includes CWCB 1% loan origination fee)	Contract Performance Beginning Date 09/22/2014
Project Name Water Infrastructure and Supply Efficiency Project-Phase I Infrastructure	Contract Performance End Date 12/01/2019
Reason for Modification Decrease total loan amount due to substantial completion of Project	Loan Contract Terms 3.00% for 30 years Loan Contract Repayment Schedule (See Promissory Note) Payment Initiation Date: 12/01/2019 Maturity Date: 12/01/2049

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

Each person signing this Amendment represents and warrants that he or she is duly authorized to execute this Amendment and to bind the Party authorizing his or her signature.

DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT, ACTING BY AND THROUGH A WATER ACTIVITY ENTERPRISE dba PINERY WATER AND WASTEWATER DISTRICT  (Signature) Name: <u>Walter Partridge</u> Title: <u>Board Chairman</u> Date: <u>11/20/19</u> ATTEST:  (Signature) Name: <u>Heidi Tackett</u> Title: <u>Board Secretary</u> Date: <u>11/20/19</u>	STATE OF COLORADO Jared S. Polis, Governor Colorado Department of Natural Resources Dan Gibbs, Executive Director DocuSigned by:  (Signature) Name: Kirk Russell, P.E., Section Chief Colorado Water Conservation Board January 31, 2020 2:24 PM PST Date: _____ <div style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">PAID IN FULL</div>
In accordance with §24-30-202 C.R.S., this Amendment is not valid until signed and dated below by the State Controller or an authorized delegate STATE CONTROLLER Robert Jarns, CPA, MBA, JD DocuSigned by: By:  Name: <u>Raven Lopez</u> Title: <u>Purchasing Agent</u> Amendment Effective Date: <u>February 19, 2020 8:41 AM PST</u>	

1. PARTIES

This Amendment (the "Amendment") to the Original Contract (the "Contract") shown on the Signature and Cover Page for this Amendment is entered into by and between the Borrower ("Borrower" or "Authority"), and the State ("CWCB").

2. TERMINOLOGY

Except as specifically modified by this Amendment, all terms used in this Amendment that are defined in the Contract shall be construed and interpreted in accordance with the Contract.

3. AMENDMENT EFFECTIVE DATE AND TERM**A. Amendment Effective Date**

This Amendment shall not be valid or enforceable until the Amendment Effective Date shown on the Signature and Cover Page for this Amendment. The State shall not be bound by any provision of this Amendment before that Amendment Effective Date.

The Parties' respective performances under this Amendment and the changes to the Contract contained herein shall commence on the Amendment Effective Date shown on the Signature and Cover Page for this Amendment.

4. PURPOSE

The Borrower was approved for a CWCB loan contract, on September 22, 2014, for the Water Infrastructure and Supply Efficiency Project-Phase 1 Infrastructure. The project was completed and the parties agree to amend the contract to reduce the final loan amount by \$2,928,596.46, from \$6,199,380.00 to \$3,270,783.54.

5. MODIFICATIONS

The Contract and all prior amendments thereto, if any, are modified as follows:

- A. The original loan contract amount is hereby deleted and replaced with the Current Contract Maximum Amount of \$3,270,783.54, shown on the Signature and Cover Page for this Amendment. The loan terms shall remain 30 years at 3.00%.
- B. Amendment to Promissory Note, Appendix A, in the revised loan amount and incorporated herein, shall replace and supersede the Original Promissory Note attached to the Original Loan Contract as Appendix 2.
- C. Amendment to Security Agreement, Appendix B, in the revised loan amount and incorporated herein, shall supplement and operate in conjunction with the Original Security Agreement, attached to the Original Loan Contract as Appendix 4.

6. LIMITS OF EFFECT AND ORDER OF PRECEDENCE

This Amendment is incorporated by reference into the Contract, and the Contract and all prior amendments or other modifications to the Contract, if any, remain in full force and effect except as specifically modified in this Amendment. Except for the Special Provisions contained in the Contract, in the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Amendment and any of the provisions of the Contract or any prior modification to the Contract, the provisions of this Amendment shall in all respects supersede, govern, and control. The provisions of this Amendment shall only supersede, govern, and control over the Special Provisions contained in the Contract to the extent that this Amendment specifically modifies those Special Provisions.

PAID IN FULL

PROMISSORY NOTE

Date: Aug 13, 2014

Borrower: Denver Southeast Suburban Water & Sanitation District acting by and through its Water Activity Enterprise

Principal Amount: \$6,199,380.00

Interest Rate: 3.00% per annum

Term of Repayment: 30 years

Loan CONTRACT No.: C150411B

Loan Payment: \$ 316,287.78

Payment Initiation Date*: December 1, 2019

Maturity Date*: December 1, 2049

* Payment Initiation Date and Maturity Date fields are filled in after the project has been substantially completed.

1. FOR VALUE RECEIVED, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this PROMISSORY NOTE.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from Payment Initiation Date (the date the CWCB determines that the project is substantially complete), and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
5. This PROMISSORY NOTE may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This PROMISSORY NOTE is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by: a SECURITY AGREEMENT of even date and amount and cover certain revenues, real property, water rights and/or accounts of the BORROWER. The LOAN CONTRACT and SECURITY AGREEMENT grant additional rights to the CWCB.
8. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be

Appendix 2 to Loan Contract C150411B

considered in default for purposes of this PROMISSORY NOTE.

9. The BORROWER and any co-signer or guarantor hereby agree that if this PROMISSORY NOTE or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
10. This PROMISSORY NOTE shall be governed in all respects by the laws of the State of Colorado.
11. This Note is issued pursuant to and under the authority of §11-57-210, C.R.S. and §31-35-413, C.R.S., and pursuant to such statutes, the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after its delivery for value, shall conclusively impart full compliance with all of the provisions of Title 31, Article 35, Part 4, C.R.S., and this Note containing such recital shall be incontestable for any cause whatsoever after its delivery for value.
12. This Note, including the interest hereon, is payable solely from the Pledged Revenues, does not constitute a debt or indebtedness of the BORROWER within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be a general obligation of the BORROWER.

BORROWER: Denver Southeast Suburban
Water & Sanitation District a Colorado Title
32 Special District, acting by and through its
Water Activity Enterprise

(SEAL)

By Robert T. Greene
Signature

Attest:

NAME: Robert T. Greene

TITLE: Chairman

DATE: 8-13-14

By Heidi A. Tackett
Signature

NAME: Heidi A. Tackett

TITLE: Secretary

DATE: 8-13-14

PAID IN FULL

Appendix A, Amendment No. 1 to Loan Contract CT2015-085
Amendment to Promissory Note

Date: November 20, 2019
Borrower: Denver Southeast Suburban Water and Sanitation District, dba
Pinery Water and Wastewater District, acting by and through a
water activity enterprise
Total Loan Amount: \$3,270,783.54
Interest Rate: 3.00% per annum
Term of Repayment: 30 years or until loan is paid in full
Loan Contract No.: CT2015-085
Annual Loan Payment: \$166,872.95
Payment Initiation Date: December 1, 2019
Maturity Date: December 1, 2049

For Value Received, the Borrower promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the Loan Contract and this promissory note.

1. This Amendment to Promissory Note, in the **revised loan amount of \$3,270,783.54**, shall replace and supersede the Original Promissory Note, attached as Appendix 2 to the Original Loan Contract, in the amount of \$6,199,380.00 and incorporated by reference.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from Payment Initiation Date, and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within sixty (60) calendar days of the due date.
5. This Note may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This Note is issued pursuant to the Loan Contract between the CWCB and the Borrower. The Loan Contract creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a Security Agreement ("Security Instrument") of even date and amount and cover certain revenues and/or accounts of the Borrower. The Loan Contract and Security Instruments grant additional rights to the CWCB, including the right to accelerate the maturity of this Note in certain events.

8. If any annual payment is not paid when due or any default under the Loan Contract or the Security Instruments securing this Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the Borrower written notice of any alleged default and an opportunity to cure within sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.
9. The Borrower and any co-signer or guarantor hereby agree that if this Note or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
10. This Note shall be governed in all respects by the laws of the State of Colorado.

Denver Southeast Suburban Water and
Sanitation District acting by and through a
water activity enterprise, dba Pinery Water
and Wastewater District

Attest:

By Heidi Tackett
Signature
Name Heidi Tackett
Title Board Secretary
Date 11/20/19

By Walter Partridge
Signature
Name Walter Partridge
Title Chairman of the Board
Date 11/20/19

PAID IN FULL

**Appendix B, Amendment No.1 to Loan Contract CT2015-085
Amendment to Security Agreement**

Debtor: Denver Southeast Suburban Water and Sanitation District, dba
Pinery Water and Wastewater District, acting
by and through a water activity enterprise,
Secured Party: Colorado Water Conservation Board
Revised Loan Amount: \$3,270,783.54
Term of Repayment: 30 years or until loan is paid in full
Interest Rate: 3.00% per annum
Loan Contract Number: CT2015-085

1. The Parties have amended the Original Loan Contract and Promissory Note to decrease the total loan amount by \$2,928,596.46 from \$6,199,380.00 to \$3,270,783.54 and hereby amend the original Security Agreement to document the change and hereby amend the original Security Agreement to document the change.
2. The Parties expressly agree that this Amendment to Security Agreement is supplemental to the Security Agreement and all terms, conditions, and provisions thereof, unless specifically modified below, are to apply to this Amendment to Security Agreement as though they were expressly rewritten, incorporated, and included herein.
3. Collateral for the loan remains the same.

Denver Southeast Suburban Water and Sanitation
District acting by and through a water activity
enterprise, dba Pinery Water and Wastewater District

Attest:

By Heidi J Tackett
Signature
Name Heidi Tackett
Title Board Secretary
Date 11/20/19

By [Signature]
Signature
Name Walter Partridge
Title Board Chairman
Date 11/20/19

PAID IN FULL

BORROWER: DENVER SOUTHEAST SUBURBAN
WATER & SANITATION DISTRICT ACTING BY
AND THROUGH ITS WATER ACTIVITY
ENTERPRISE

CONTRACT NO. C150411B
PROJECT AMOUNT: 6,138,000
LOAN SERVICE FEE: \$61,380
LOAN AMOUNT: \$6,199,380

AGENCY NAME: COLORADO WATER
CONSERVATION BOARD/PDA
CONTRACT TYPE: LOAN/PUBLIC
CWCB CMS: 70929/CORE: CT2015-085

LOAN CONTRACT

(STANDARD CONTRACT – WAIVER #160 – APPROVED NOVEMBER 10, 2003)

THIS CONTRACT is made between the State of Colorado for the use and benefit of The Department of Natural Resources, Colorado Water Conservation Board ("CWCB" or "State"), and Denver Southeast Suburban Water & Sanitation District a Colorado Title 32 Special District, acting by and through its Water Activity Enterprise, ("BORROWER" or "DISTRICT").

FACTUAL RECITALS

1. Authority exists in the law, and funds have been budgeted, appropriated and otherwise made available and a sufficient unencumbered balance thereof remains available for encumbering and subsequent payment of this CONTRACT; and
2. Required approval, clearance, and coordination have been accomplished from and with appropriate agencies; and
3. For the purposes of this loan contract the District's participation, in the Water Infrastructure and Supply Efficiency Project (WISE) to reduce the District's dependence on non-renewable water sources, *and specific to the Phase 1 Infrastructure* is defined as the "PROJECT". The District's total participation cost is estimated to be \$10,920,000. On May 22, 2014 the CWCB approved a total loan amount not to exceed \$9,926,280, for the District's participation cost of WISE. The loan amount for this contract, for the Phase 1 Infrastructure, is \$6,199,380 which includes a one percent (1%) loan service fee of \$61,380 at an interest rate of 3.0% for 30 years; and
4. The **PROJECT SUMMARY**, attached as **APPENDIX 1** and incorporated herein, contains BORROWER Information (Section 1), the PROJECT Description (Section 2), CWCB's authority for making this loan (Section 3), and CWCB Approval and Legislative Authorization (Section 4), identifying the amount of the loan and the terms of repayment. The PROJECT SUMMARY also contains sections on BORROWER's debt, collateral, procedures and eligible expenses; and
5. The CWCB now desires, by this CONTRACT, to loan money to the BORROWER for this PROJECT upon mutually agreeable terms and conditions.

THEREFORE, in consideration of the mutual and dependent covenants contained herein, the parties agree as follows:

Loan Contract C150411B

A. LOAN PROVISIONS

1. **Loan Service Fee.** The amount of the loan (LOAN AMOUNT) shall include (1) the amount of the funds loaned by the CWCB to the BORROWER for the PROJECT and (2) a service fee of one percent (1%) of the PROJECT amount. In the event that the BORROWER does not use the LOAN AMOUNT authorized, the parties shall amend this CONTRACT to revise the LOAN AMOUNT including adjustment of the service fee to reflect 1% of the actual LOAN AMOUNT disbursed to the BORROWER.
2. **Contract Amendment Service Fees.** Under certain circumstances, the BORROWER shall be assessed a fee for amending the CONTRACT.
 - a. A service fee shall be imposed on the BORROWER for amendments processed for the benefit of the BORROWER and necessary for the BORROWER's course of business but not necessary for the CWCB, including, but not limited to, a change in BORROWER name, assignment of CONTRACT, substitution of collateral, loan payment deferments in excess of 3 per loan, and loan consolidation. Amendments in the course of CWCB business, including, but not limited to, loan payment deferments (up to 3 per loan), and changes in terms of loan repayment will be processed at no additional charge to the BORROWER.
 - b. The amount charged shall be in accordance with the fee rate structure set forth in the CWCB Loan Service Charge Policy in effect at the time the BORROWER shall request an amendment. The current fee for an amendment is \$1,000.
 - c. The BORROWER shall remit the service fee to the CWCB prior to initiation of the amendment. Any service fee remitted to the CWCB cannot be refunded.
3. **Promissory Note Provisions.** The CWCB agrees to loan to the BORROWER an amount not to exceed the LOAN AMOUNT and the BORROWER agrees to repay the loan in accordance with the terms as set forth in the **PROMISSORY NOTE**, attached hereto as **APPENDIX 2** and incorporated herein. The PROMISSORY NOTE shall identify the LOAN AMOUNT. If the amount of loan funds disbursed by the CWCB to the BORROWER differs from the LOAN AMOUNT, the parties agree to amend the Promissory Note and this CONTRACT, including its appendices where necessary, to revise the LOAN AMOUNT.
4. **Interest Prior to Project Completion.** As the loan funds are disbursed by the CWCB to the BORROWER, interest shall accrue on the disbursed funds at the rate set by the CWCB for this loan. The CWCB shall calculate the amount of the interest that accrued prior to PROJECT's substantial completion (as determined by the CWCB) and notify BORROWER of such amount. The BORROWER shall repay that amount to the CWCB either within ten (10) days from the date of notification from the CWCB, or, at the CWCB's discretion, said interest shall be deducted from the final disbursement of loan funds that the CWCB makes to the BORROWER.
5. **Return of Unused Loan Funds.** Any loan funds disbursed but not expended for the PROJECT in accordance with the terms of this CONTRACT shall be remitted to the CWCB within 30 calendar days from notification from the CWCB of either (1) completion of the PROJECT or (2) determination by the CWCB that the PROJECT will not be completed. Any such loan funds so remitted to CWCB shall be applied to the payment of amounts due on the Loan.

6. **Borrower's Authority to Contract.** The BORROWER warrants that it has full power and authority to enter into this CONTRACT. The execution and delivery of this CONTRACT and the performance and observation of its terms, conditions and obligations have been duly authorized by all necessary actions of the BORROWER. The **BORROWER'S AUTHORIZING RESOLUTION (LOAN RESOLUTION)** is attached as **APPENDIX 3** and incorporated herein.
7. **Bond Counsel's Opinion Letter.** Prior to the execution of this CONTRACT by the CWCB, the BORROWER shall submit to the CWCB a letter from its bond counsel stating that it is the bond counsel's opinion that:
- a. 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
 - b. the resolutions or ordinances of the BORROWER authorizing the execution and delivery of the CONTRACT were duly adopted by the governing bodies of the BORROWER; and
 - c. there are no provisions in the Colorado Constitution or any other state or applicable and binding local law that prevent this CONTRACT from binding the BORROWER; and
 - d. the System is a government-owned business authorized to issue its own revenue bonds and receiving under 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.
 - e. the CONTRACT will be valid and binding against the BORROWER if entered into by the CWCB.
8. **Pledge of revenues.** The BORROWER irrevocably pledges to the CWCB, for purposes of repayment of this loan, the PLEDGED REVENUES as defined in the Loan Resolution set forth in APPENDIX 3 and any other funds legally available to the BORROWER, in an amount sufficient to pay the annual payment due under this CONTRACT.
- a. **Segregation of Pledged Revenues.** The BORROWER shall set aside and keep the PLEDGED REVENUES in an account separate from other BORROWER revenues and warrants that these revenues will not be used for any other purpose.
 - b. **Establish Security Interest.** The BORROWER has duly executed a **SECURITY AGREEMENT**, attached hereto as **APPENDIX 4** and incorporated herein, to provide a security interest to the CWCB in the PLEDGED REVENUES. The CWCB shall have priority over all other competing claims for said revenues, except for the liens of the BORROWER's existing loans as listed in Section 5 (Schedule of Existing Debt), of the PROJECT SUMMARY, which sets forth the position of the lien created by this CONTRACT in relation to any existing lien(s).
 - c. **Rate Covenant.** Pursuant to its statutory authority and as permitted by law, the BORROWER shall take all necessary actions consistent therewith during the term of this CONTRACT to establish, levy and collect rates, charges and fees as described in APPENDIX 3, in amounts sufficient to pay this loan as required by the terms of this CONTRACT and the PROMISSORY NOTE, to cover all expenditures for operation and maintenance and emergency repair services, and to maintain adequate debt service reserves, including obtaining voter approval, if necessary, of increases in the BORROWER's rate schedule or taxes, if applicable.

- d. **Debt Service Reserve Account or Fund.** To establish and maintain the debt service reserve account or fund, the BORROWER shall deposit an amount equal to one-tenth of an annual payment into its debt service reserve account or fund on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of this loan. In the event that the BORROWER applies funds from this account to repayment of the loan, the BORROWER shall replenish the account within ninety (90) days of withdrawal of the funds. The debt service reserve account or fund requirement is in effect until the loan is paid in full.
- e. **Additional Debts or Bonds.** The BORROWER shall not issue any indebtedness payable from the PLEDGED REVENUES and having a lien thereon which is superior to the lien of this loan. The BORROWER may issue parity debt only with the prior written approval of the CWCB, provided that:
- i. The BORROWER is currently and at the time of the issuance of the parity debt in substantial compliance with all of the obligations of this CONTRACT, including, but not limited to, being current on the annual payments due under this CONTRACT and in the accumulation of all amounts then required to be accumulated in the BORROWER's debt service reserve fund;
 - ii. The BORROWER provides to the CWCB a Parity Certificate from an independent certified public accountant certifying that, based on an analysis of the BORROWER's revenues, for 12 consecutive months out of the 18 months immediately preceding the date of issuance of such parity debt, the BORROWER'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 this loan, the annual debt service on the proposed indebtedness to be issued, and all required deposits to any reserve funds required by this CONTRACT or by the lender(s) of any indebtedness having a lien on the PLEDGED REVENUES. The analysis of revenues shall be based on the BORROWER's current rate structure or the rate structure most recently adopted. No more than 10% of total revenues may originate from tap and/or connection fees.
- The BORROWER acknowledges and understands that any request for approval of the issuance of additional debt must be reviewed and approved by the CWCB prior to the issuance of any additional debt.
- f. **Annual Statement of Debt Coverage.** Each year during the term of this CONTRACT, the BORROWER shall submit to the CWCB an annual audit report and a certificate of debt service coverage from a Certified Public Accountant.
9. **Pledged Revenues During Loan Repayment.** The BORROWER shall not sell, convey, assign, grant, transfer, mortgage, pledge, encumber, or otherwise dispose of the PLEDGED REVENUES, so long as any of the principal, accrued interest, and late charges, if any, on this loan remain unpaid, without the prior written concurrence of the CWCB.
10. **Release After Loan Is Repaid.** Upon complete repayment to the CWCB of the entire principal, all accrued interest, and late charges, if any, as specified in the PROMISSORY NOTE, the CWCB agrees to release and terminate any and all of the CWCB's right, title, and interest in and to the PLEDGED REVENUES.

11. Warranties.

- a. The BORROWER warrants that, by acceptance of the loan under this CONTRACT and by its representations herein, the BORROWER shall be estopped from asserting for any reason that it is not authorized or obligated to repay the loan to the CWCB as required by this CONTRACT.
- b. The BORROWER warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the BORROWER, to solicit or secure this CONTRACT and has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or the making of this CONTRACT.
- c. The BORROWER warrants that the PLEDGED REVENUES and COLLATERAL for this loan are not encumbered by any other deeds of trust or liens of any party other than the CWCB or in any other manner, except for any existing lien(s) identified in Section 5 (Schedule of Existing Debt) of the PROJECT SUMMARY, which sets forth the position of the lien created by this CONTRACT in relation to any existing lien(s).

12. Remedies for Default. Upon default in the payments to be made by the BORROWER under this CONTRACT, or default in the performance of any covenant or agreement contained herein, the CWCB, at its option, may:

- a. suspend this CONTRACT and withhold further loan disbursements pending corrective action by the BORROWER, and if the BORROWER does not cure the default as provided for below, permanently cease loan disbursements and deem the PROJECT substantially complete;
- b. exercise its rights under any appendices to this CONTRACT, including, but not limited to, the PROMISSORY NOTE and SECURITY AGREEMENT; and/or
- c. take any other appropriate action.

The CWCB shall provide written notice to the BORROWER of any such default and shall give the BORROWER an opportunity to cure within thirty (30) days of receipt of such notice. All remedies described herein may be simultaneously or selectively and successively enforced. The CWCB may enforce the provisions of this CONTRACT at its option without regard to prior waivers of previous defaults by the BORROWER, through judicial proceedings to require specific performance of this CONTRACT, or by such other proceedings in law or equity as may be deemed necessary by the CWCB to ensure compliance with provisions of this CONTRACT and the laws and regulations under which this CONTRACT is executed. The CWCB's exercise of any or all of the remedies described herein shall not relieve the BORROWER of any of its duties and obligations under this CONTRACT.

13. Operation of Project. The BORROWER shall, without expense or legal liability to the CWCB, manage, operate and maintain the PROJECT continuously in an efficient and economical manner.

14. Borrower's Liability Insurance. Because the BORROWER is a "public entity" within the meaning of the Colorado Governmental Immunity Act, CRS 24-10-101, et seq., as amended ("Act"), the BORROWER shall at all time maintain such liability insurance, by commercial policy or self-insurance as is necessary to meet its liabilities under the Act.

15. **Additional Contract Requirements.** Any additional CONTRACT requirements are set forth in Additional Contract Requirement (Section 7) of the PROJECT SUMMARY.
16. CWCB agrees that it is a political subdivision and that the obligations of the Borrower hereunder are not and will not be specifically pledged by CWCB as security or collateral for an issuance of securities by CWCB.

B. PROJECT PROVISIONS

1. **Construction Fund Program Procedures.** During the completion of the PROJECT, the BORROWER shall adhere to the CWCB Construction Fund Program Procedures (Section 7) of the PROJECT SUMMARY.
2. **Eligible Expenses.** The PROJECT expenses for which the BORROWER is eligible for loan disbursements are listed in Eligible Expenses (Section 7) of the PROJECT SUMMARY. The BORROWER shall pay all of the expenses related to the Project when such bills are due.
3. **Loan Disbursements.** The CWCB shall disburse loan funds in accordance with the Disbursement Schedule (Section 9) of the PROJECT SUMMARY.
4. **Time for Performance.** The BORROWER recognizes that time is of the essence in the performance of all of its obligations under this CONTRACT. Therefore, the BORROWER shall complete the PROJECT within the time specified in Time for Performance (Section 10) of the PROJECT SUMMARY.
5. **Indemnification by the Construction Firm.** The BORROWER shall require all construction firms and their subcontractors to indemnify the STATE and the BORROWER against all liability and loss, and against all claims and actions based upon or arising out of damage or injury, including death, to persons or property, caused by any acts or omissions of those parties or sustained in connection with the performance of any contract related to the PROJECT or by conditions created thereby, or based upon any violation of any statute, ordinance, or regulation, and the defense of any such claims or actions.
6. **Liability Insurance during Construction.** During construction of the PROJECT, the BORROWER shall require the construction firm(s) and any subcontractors to maintain the following insurance coverage in the limits shown during the term of their contracts for the construction of the PROJECT. If requested by CWCB, the BORROWER shall provide the CWCB with an Acord Form 25 evidencing said insurance prior to commencement of construction and maintained until construction is complete. The BORROWER shall provide the CWCB with documentation of renewals of said insurance. No payments shall be made to the BORROWER unless all insurance certificates are current.
- a. Commercial general liability insurance with minimum limits of \$1,000,000 combined single limit for each occurrence and \$2,000,000 general aggregate. This insurance coverage shall include products/completed operations and bodily injury/property damage.
 - b. Worker's compensation and employer's liability insurance in the required statutory amounts.
 - c. Automobile liability insurance that includes coverage for all owned, non-owned and hired

vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage.

C. GENERAL PROVISIONS

1. **Periodic Inspections.** Throughout the term of this CONTRACT, the BORROWER shall permit a designated representative of the CWCB to make periodic inspections of the PROJECT. Such inspections shall cover the condition of the PROJECT, operating records, maintenance records, and financial records. These inspections are solely for the purpose of verifying compliance with the terms and conditions of this CONTRACT and shall not be construed nor interpreted as an approval of the actual design, construction or operation of any element of the PROJECT facilities.
2. **Applicable Laws.** The BORROWER shall strictly adhere to all applicable federal, state, and local laws and regulations that are in effect or may hereafter be established throughout the term of this CONTRACT.
3. **Designated Agent Of The CWCB.** The CWCB's employees are designated as the agents of the CWCB for the purpose of this CONTRACT.
4. **Assignment.** BORROWER's rights and obligations, of this contract, hereunder are personal and may not be transferred, assigned without the prior, written consent of the State. Any attempt at assignment without such consent shall be void. All assignments approved by BORROWER or the State are subject to all of the provisions hereof.
5. **Contract Relationship.** The parties to this CONTRACT intend that the relationship between them under this CONTRACT is that of LENDER-BORROWER, not employer-employee. No agent, employee, or servant of the BORROWER shall be, or shall be deemed to be, an employee, agent, or servant of the CWCB. The BORROWER shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants, engineering firms, construction firms, and subcontractors during the term of this CONTRACT.
6. **Integration of Terms.** This CONTRACT is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or affect whatsoever unless embodied herein in writing. No subsequent renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to State fiscal rules, unless expressly provided for herein.
7. **Order of Precedence.** The provisions of this CONTRACT shall govern the relationship of the Parties. In the event of conflicts or inconsistencies between this CONTRACT and its exhibits and attachments, including, but not limited to, those provided by Contractor, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority:
 - i. Colorado Special Provisions (provided that the parties hereby agree that, for the purposes of such Special Provisions "CONTRACTOR" shall mean "BORROWER")
 - ii. The provisions of the main body of this CONTRACT
 - iii. Appendices

8. **Casualty and Eminent Domain.** If, at any time, during the term of this CONTRACT, (a) the BORROWER'S PROJECT facilities, including buildings or any portion thereof, are damaged or destroyed, in whole or in part, by fire or other casualty, or (b) title to or use of the PROJECT facilities or any part thereof shall be taken under the exercise of the power of eminent domain, the BORROWER shall cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair and restoration of the PROJECT facilities or any portion thereof, or to repayment of this loan. Any net proceeds remaining after such work has been completed or this loan has been repaid, shall be retained by the BORROWER. If the net insurance proceeds are insufficient to pay the full cost of the replacement, repair and restoration, the BORROWER shall complete the work and pay any cost in excess of the net proceeds. In the event BORROWER chooses to repay the loan, BORROWER shall remain responsible for the full loan amount outstanding regardless of the amount of such insurance proceeds or condemnation award.
9. **Captions.** The captions and headings in this CONTRACT are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions.
10. **CWCB's Approval.** This CONTRACT requires review and approval of plans, specifications, and various other technical and legal documents. The CWCB's review of these documents is only for the purpose of verifying BORROWER'S compliance with this CONTRACT and shall not be construed or interpreted as a technical review or approval of the actual design or construction of the PROJECT. Notwithstanding any consents or approvals given to the BORROWER by the CWCB on any such documents, BORROWER and any of its consultants, by preparing any such documents, shall be solely responsible for the accuracy and completeness of any of said documents.
11. **Waiver.** Waiver of any breach under a term, provision, or requirement of this CONTRACT, or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement.
12. **CORA Disclosure.** To the extent not prohibited by federal law, this CONTRACT and the performance measures and standards under CRS §24-103.5-101, if any, are subject to public release through the Colorado Open Records Act, CRS §24-72-101, et seq.
13. **Binding Effect.** All provisions herein contained, including the benefits and burdens, shall extend to and be binding upon the Parties' respective heirs, legal representatives, successors, and assigns.
14. **Entire Understanding.** This CONTRACT represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or effect whatsoever, unless embodied herein.
15. **Severability.** Provided this CONTRACT can be executed and performance of the obligations of the Parties accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision hereof, provided that the Parties can continue to perform their obligations under this CONTRACT in accordance with its intent.

16. **Third Party Beneficiaries.** Enforcement of this CONTRACT and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits which third parties receive as a result of this CONTRACT are incidental to the CONTRACT, and do not create any rights for such third parties.
17. **Counterparts.** This CONTRACT may be executed in multiple identical original counterparts, all of which shall constitute one agreement.
18. **Addresses for mailing.** All notices, correspondence, or other documents required by this CONTRACT shall be delivered or mailed to the addresses shown in the Section 1 (BORROWER Information) of the **Project Summary**, for the BORROWER and to the address below for the CWCB:
Colorado Water Conservation Board
Attn: Finance Section
1313 Sherman Street, Room 721
Denver, CO 80203

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PAID IN FULL

Special Provisions

The Special Provisions apply to all contracts except where noted in *italics*.

1. **CONTROLLER'S APPROVAL.** CRS §24-30-202(1). This contract shall not be valid until it has been approved by the Colorado State Controller or designee.
2. **FUND AVAILABILITY.** CRS §24-30-202(5.5). Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.
3. **GOVERNMENTAL IMMUNITY.** No term or condition of this contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, CRS §24-10-101 et seq., or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 et seq., as applicable now or hereafter amended.
4. **INDEPENDENT CONTRACTOR.** Contractor shall perform its duties hereunder as an independent contractor and not as an employee. Neither Contractor nor any agent or employee of Contractor shall be deemed to be an agent or employee of the State. Contractor and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Contractor or any of its agents or employees. Unemployment insurance benefits will be available to Contractor and its employees and agents only if such coverage is made available by Contractor or a third party. Contractor shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this contract. Contractor shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. Contractor shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.
5. **COMPLIANCE WITH LAW.** Contractor shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.
6. **CHOICE OF LAW.** Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this contract, to the extent capable of execution.
7. **BINDING ARBITRATION PROHIBITED.** The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.
8. **SOFTWARE PIRACY PROHIBITION.** Governor's Executive Order D 002 00. State or other public funds payable under this contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Contractor hereby certifies and warrants that, during the term of this contract and any extensions, Contractor has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Contractor is in violation of this provision, the State may exercise any remedy available at law or in equity or under this contract, including, without limitation, immediate termination of this contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.
9. **EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST.** CRS §§24-18-201 and 24-50-507. The

signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this contract. Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Contractor's services and Contractor shall not employ any person having such known interests.

10. **VENDOR OFFSET. CRS §§24-30-202 (1) and 24-30-202.4.** *[Not Applicable to intergovernmental agreements]* Subject to CRS §24-30-202.4 (3.5), the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in CRS §39-21-101, et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.
11. **PUBLIC CONTRACTS FOR SERVICES. CRS §8-17.5-101.** *[Not Applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services]* Contractor certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this contract and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this contract, through participation in the E-Verify Program or the Department program established pursuant to CRS §8-17.5-102(5)(c), Contractor shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract. Contractor (a) shall not use E-Verify Program or Department program procedures to undertake pre-employment screening of job applicants while this contract is being performed, (b) shall notify the subcontractor and the contracting State agency within three days if Contractor has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to CRS §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Contractor participates in the Department program, Contractor shall deliver to the contracting State agency, Institution of Higher Education or political subdivision a written, notarized affirmation, affirming that Contractor has examined the legal work status of such employee, and shall comply with all of the other requirements of the Department program. If Contractor fails to comply with any requirement of this provision or CRS §8-17.5-101 et seq., the contracting State agency, institution of higher education or political subdivision may terminate this contract for breach and, if so terminated, Contractor shall be liable for damages.
12. **PUBLIC CONTRACTS WITH NATURAL PERSONS. CRS §24-76.5-101.** Contractor, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 et seq., and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this contract.

SPs Effective
1/1/09

[END OF SPECIAL PROVISIONS]

CORE 2015-85
Contract #C150411B
CMS#70929

IN WITNESS WHEREOF, the parties hereto have executed this CONTRACT

* Persons signing for BORROWER hereby swear and affirm that they are authorized to act on BORROWER's behalf and acknowledge that the State is relying on their representations to that effect.

BORROWER:

Denver Southeast Suburban Water & Sanitation
District acting by and through its Water Activity
Enterprise

BY: Robert T. Greene

Signature

NAME: Robert T. Greene

TITLE: Chairman

DATE: 8-13-14

STATE OF COLORADO

John W. Hickenlooper, Governor
Department of Natural Resources
Mike King, Executive Director

BY: Kirk Russell

Name: Kirk Russell, P.E., Chief

Finance Section

Colorado Water Conservation Board

DATE: 8/29/14

Pre-Approved Form Contract Reviewer

Attest

BY: Heidi A. Tackett

Signature

NAME: Heidi A. Tackett

TITLE: Secretary

DATE: 8-13-14

BY: Peg Mason

Peg Mason, CWCBC Contracts Manager

DATE: 8-19-14

ALL CONTRACTS MUST BE APPROVED BY THE STATE CONTROLLER

CRS 24-30-202 requires that the State Controller approve all state contracts. This contract is not valid and the loan funds under this contract are not available until the State Controller, or such assistant as he may delegate, has signed it.

PAID IN FULL

STATE CONTROLLER
Robert Jaros, CPA, MBA, JD

By Susan Borup

Susan Borup, Controller, Department of Natural Resources

Effective Date 9/22/14

Loan Contract C150411B

Page 12 of 12

**Project Summary – Denver Southeast Suburban Water & Sanitation District
acting by and through its Water Activity Enterprise
Contract No. C150411B**

SECTION 1 –BORROWER INFORMATION

Name: Denver Southeast Suburban Water & Sanitation District
acting by and through its Water Activity Enterprise
Type of Entity: A Colorado Title 32 Special District formed pursuant to
and governed by Title 32, Article 1, C.R.S.
Address: PO Box 1660, Parker, Colorado, 80134
Contact: Heather Beasley, District Manager
Phone Number: 303-841-2797
E-mail address: hbeasley@pinerywater.com

SECTION 2 – PROJECT DESCRIPTION

- A. Description of PROJECT: This loan contract, to be used for the District's participation in the Water Infrastructure and Supply Efficiency Project (WISE) to reduce the District's dependence on non-renewable water sources, *and specific to the Phase 1 Infrastructure* is defined as the "PROJECT". The Phase 1 Infrastructure project components included in this phase include a temporary direct connection to Aurora's distribution system to provide short-term deliveries, and modifications to the ECCV Western Pipeline necessary to make WISE water deliveries. Local components consist of several turnouts to be constructed to deliver water directly to WISE participants with systems adjacent to the pipeline. Additional pump stations will be constructed to deliver water to storage in Rueter-Hess Reservoir and convey water to participants located south of Rueter-Hess Reservoir. This phase includes two pump stations, and 45 miles of new pipelines varying between 8- and 42- inches in diameter. The District's total participation cost is estimated to be \$10,920,000. The CWCB approved a total loan amount not to exceed \$9,926,280, for the District's participation cost of WISE. The loan amount for this contract, for the Phase 1 Infrastructure is \$6,199,380 which includes a one percent (1%) loan service fee of \$61,380.
- B. Description of Feasibility Study: The CWCB has reviewed a feasibility study report dated October 23, 2013 on the PROJECT, titled "*Water Infrastructure and Supply Efficiency Project Loan Feasibility Study*," which was prepared by Black & Veatch, on behalf of the WISE Authority. This study includes an alternative analysis, conceptual design descriptions, exhibits, cost estimates, and financial statements audited by L. Paul Goedecke, PC, and current financial information provided by Debra L. Sedgeley of CliftonLarsonAllen LLP. Additional clarification and information was provided by Eric Hecox and Rick Marsicek, P.E. of South Metro Water Supply Authority. Based upon the feasibility report, the CWCB determined the PROJECT to be technically and financially feasible.

SECTION 3 – CWCB’S AUTHORITY

Construction Fund: This loan is made pursuant to the provisions of §§ 37-60-119 and 37-60-120, C.R.S., which authorize the CWCB to loan money for water projects from the CWCB Construction Fund for the benefit of the people of the state, provided that the borrower assures repayment of that money.

Pursuant to CWCB Projects Bill (HB14-1333), the Colorado General Assembly authorized CWCB to loan moneys for the authorized WISE Projects, up to a total amount of \$43,430,000.00.

SECTION 4 - BOARD APPROVAL

At its May 22, 2014 meeting the CWCB approved loans from the Construction Fund, to the BORROWER, in an amount up to \$9,828,000 for PROJECT costs with a loan service fee of 1% in accordance with CWCB Policy No. 16 resulting in a loan service fee of \$98,280 and a total loan amount of **\$9,926,280** at an interest rate of 3.00% per annum for a repayment term of 30 years. There will be a total of four (4) CWCB contracts.

SECTION 5 – SCHEDULE OF EXISTING DEBT

As of the date of this LOAN CONTRACT, the DISTRICT has outstanding the following obligations payable from the net revenue of the System, which obligations constitute PARITY OBLIGATIONS under the LOAN RESOLUTION.

The District has \$15,997,440 in outstanding debt tied to its Water Activity Enterprise revenues.

EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWRPDA 2002	\$ 7,045,000	\$ 3,515,000	\$ 467,949	8/1/2023	Water Revenues
CWRPDA 2005	\$ 4,800,000	\$ 3,215,000	\$ 342,322	8/2/2026	Water Revenues
Wells Fargo 2010 Refunding Note	\$ 10,335,213	\$ 9,267,440	\$ 753,649	12/1/2030	Water Revenues
Totals	\$ 22,180,213	\$ 15,997,440	\$ 1,563,920		

SECTION 6 – ADDITIONAL CONDITIONS & CONTRACT REQUIREMENTS

NONE.

SECTION 7 – CONSTRUCTION FUND PROGRAM PROCEDURES

A. The BORROWER shall employ an engineer, registered in the state of Colorado to

Appendix 1 to Loan Contract C150411B

prepare plans and specifications for the PROJECT.

- B. Engineering contracts, plans and specifications must be submitted to the CWCB staff for verification of compliance with the terms of this CONTRACT when available prior to bidding. Any modifications to the plans and specifications must be approved in writing by the CWCB staff.
- C. For plans and specifications for all jurisdictional dams and reservoirs, as defined by § 37-87-105 C.R.S., the BORROWER shall provide a letter of approval from the State Engineer's Office prior to construction.
- D. The BORROWER shall extend an invitation to CWCB to be present at the bid opening.
- E. The BORROWER shall contract for the construction of the work with responsible and capable Construction Firms, which said Construction Firms shall be selected by the BORROWER and found acceptable by the CWCB staff.
- F. The BORROWER must provide a copy of the executed construction contract documents consisting of the contractor's proposal, construction contract, performance bond, payment bond, notice of award, notice to proceed, sample change order, and sample field order, as well as the advertisement for bid and bid bond at bidding. After the CWCB staff verifies that these documents comply with the terms of this CONTRACT, the BORROWER may issue the notice to proceed to the Construction Firms.
- G. The BORROWER shall conduct a pre-construction conference at which time the CWCB staff shall have the opportunity to review and approve the construction schedule.
- H. If the CWCB staff determines that the PROJECT requires a resident inspector during construction, the BORROWER shall employ an inspector who has been approved by the CWCB staff.
- I. The BORROWER shall construct the PROJECT in accordance with the approved plans and specifications.
- J. Upon completion of the PROJECT construction, the BORROWER shall provide as-built drawings of the PROJECT to the CWCB staff, or, if required by § 37-87-105, C.R.S., the BORROWER shall provide the as-built drawings to the State Engineer's Office for approval and filing.
- K. Upon completion of the PROJECT construction, the BORROWER shall arrange a final inspection for the CWCB staff.
- L. The BORROWER shall pay all of the expenses related to the PROJECT when such bills are due.

SECTION 8 – ELIGIBLE EXPENSES. The following items are eligible for loan disbursements.

- A. Preparing final designs and specifications for the PROJECT.
- B. Preparing bid and construction contract documents.
- C. Preparing environmental assessment or environmental impact statements, and otherwise complying with the Federal National Environmental Policy Act.
- D. Complying with all federal, state, and local regulatory requirements, including the obtaining of all required permits.
- E. Fish and wildlife mitigation measures required by federal, state, or local laws and regulations.
- F. Actual construction as called for in the design documents and in change orders approved by the CWCB and the BORROWER.
- G. Engineering services for construction management, including design and construction management for CWCB-approved change orders.
- H. Interest during completion of the PROJECT pursuant to Paragraph A.4 of the CONTRACT.
- I. Legal services for reviewing engineering services contracts, reviewing this CONTRACT, reviewing construction contract documents, and for complying with all federal, state, and local regulatory requirements.
- J. PROJECT related expenses incurred prior to the Effective Date of this CONTRACT in accordance with the approval of this loan.

SECTION 9 – DISBURSEMENT SCHEDULE

For PROJECT costs: The BORROWER shall prepare a written request for funds. After receipt of the written request from the BORROWER and review and acceptance of the items therein as eligible expenses, as described above, the CWCB will pay to the BORROWER the amount set forth in the request or such portion that has been approved by the CWCB. Such payment shall be made within thirty (30) days from the CWCB's approval of each request.

SECTION 10 – TIME FOR PERFORMANCE

PROJECT BEGINS: January 1, 2015

PROJECT END DATE: Four (4) years from January 1, 2015.

PAID IN FULL

Appendix 3

to

Loan Contract

(attach Loan Resolution)

PAID IN FULL

RESOLUTION NO. 2014-26

A RESOLUTION OF THE DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, AUTHORIZING A LOAN FROM THE COLORADO WATER CONSERVATION BOARD IN THE PRINCIPAL AMOUNT OF \$6,199,380 FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN WATER IMPROVEMENTS; AUTHORIZING THE FORM AND EXECUTION OF THE LOAN CONTRACT, A PROMISSORY NOTE TO EVIDENCE SUCH LOAN, AND A SECURITY AGREEMENT; DELEGATING TO CERTAIN AUTHORIZED OFFICERS THE AUTHORITY TO DETERMINE CERTAIN FINANCIAL MATTERS PERTAINING TO THE LOAN; AUTHORIZING THE EXECUTION AND DELIVERY OF ANCILLARY DOCUMENTS; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH

WHEREAS, the Denver Southeast Suburban Water and Sanitation District (the "District"), is a quasi-municipal corporation duly organized and existing as a water and sanitation district under the constitution and laws of the State of Colorado, including particularly Title 32 of the Colorado Revised Statutes; and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S., to supply water for domestic and other public and private purposes by any available means and provide all necessary or proper reservoirs, treatment works and facilities, equipment, and appurtenances incident thereto; and to provide for storm or sanitary sewers, or both, flood and surface drainage, treatment and disposal works and facilities, and all necessary or proper equipment and appurtenances incident thereto, and to fix and from time to time to increase or decrease fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District; and

WHEREAS, the District has heretofore determined and undertaken to acquire and develop certain properties and facilities for the treatment, transmission, distribution, storage, and provision of water, and for the collection, treatment, transmission, and disposition of sewage or storm, flood, or surface drainage waters, which facilities are combined, operated, and maintained as a single public utility and income-producing project (the "System"); and

WHEREAS, the District is authorized by §32-1-1101(1)(d), C.R.S., to issue revenue bonds authorized by action of the Board of Directors of the District (the "Board") without the approval of the electors of the District, such bonds to be issued in the manner provided in Part 4 of Article 35 of Title 31, C.R.S.; and

WHEREAS, the System is a government-owned business authorized to issue its own revenue bonds and receiving under 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 is a "water activity enterprise" within the meaning of §37-45.1-102, C.R.S.; and

WHEREAS, the Board finds and determines that it is in the best interest of the District to finance a portion of the costs of a water resource project (the "Project"); and

WHEREAS, the District has made application to the State of Colorado's Department of Natural Resources, Colorado Water Conservation Board (the "CWCB") for a loan to finance the Project; and

WHEREAS, the CWCB has approved a total loan amount of \$9,926,280 for payment of the costs of the Project, such loan amount to be evidenced and documented through the execution of four separate loan contracts between the District and the CWCB, and the Board has determined and hereby determines that such loans are necessary and advisable, and in the best interests of the District and its customers; and

WHEREAS, this resolution (the "Loan Resolution") shall authorize the District to enter into one of such loan contracts designated Contract No. C150411B (the "Loan Contract") for a loan in the aggregate principal amount of \$6,199,380 (the "Loan"); and

WHEREAS, the repayment obligations under the Loan Contract shall be evidenced by a promissory note (the "Note") to be issued by the District to CWCB, and the District will also execute and deliver to the CWCB that certain Security Agreement (the "Security Agreement") in substantially the form set forth in the Loan Contract; and

WHEREAS, the District's obligations under the Loan Contract, the Note, and the Security Agreement (collectively referred to herein as the "Financing Documents") shall constitute a limited obligation of the District payable solely from the "Net Revenue" (as defined herein), and shall not constitute a debt or indebtedness of the District; and

WHEREAS, the forms of the Financing Documents are on file with the Secretary;
and

WHEREAS, the Board desires to approve the form of the Financing Documents and other documents referenced therein, and authorize the execution and delivery of the same; and

WHEREAS, none of the members of the Board have any financial interest or other potential conflicting interests in connection with the authorization or execution of the Financing Documents, or the use of the proceeds of the Loan;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE:

Section 1. Approvals, Authorizations, and Amendments.

(a) The forms of the Financing Documents as are on file with the Secretary are hereby approved, and any member of the Board is hereby authorized and directed to execute the Financing Documents in substantially the forms as are on file with the Secretary, with such changes

as may be necessary or appropriate and not inconsistent herewith, and to authenticate and affix the seal of the District thereto.

(b) The members of the Board and the officers, agents, and employees of the District are further hereby authorized and directed to execute and authenticate such other documents, instruments, or certificates as are deemed necessary or desirable in connection with the District's performance of its obligations under the Financing Documents.

Section 2. Election to Apply Supplemental Act. Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes (the "Supplemental Act") provides that a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The District hereby elects to apply all sections of the Supplemental Act to the Financing Documents.

Section 3. Interpretation. It is acknowledged that this Loan Resolution constitutes an exhibit to and a part of the Loan Contract, and in the event of a conflict between the terms hereof and the terms of any of the Financing Documents, the terms set forth in this Loan Resolution shall control.

Section 4. Definitions. In addition to the terms defined elsewhere in this Loan Resolution, as used herein and in the Loan Contract, the following capitalized terms shall have the respective meanings set forth below, unless the context clearly indicates otherwise:

2002 CWRPDA Loan: the District's governmental agency bond, issued to the Colorado Water Resources and Power Development Authority, dated October 1, 2002, in the original principal amount of \$7,045,000.

2005 CWRPDA Loan: the District's governmental agency bond, issued to the Colorado Water Resources and Power Development Authority, dated May 1, 2005, in the original principal amount of \$4,800,000.

2010 Note: the District's "Denver Southeast Suburban Water and Sanitation District acting by and through its Enterprise Fund, Water Enterprise Revenue Refunding Note, Series 2010", dated December 21, 2010, in the original principal amount of \$10,335,213.

Capital Improvements: the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions, for use by or in connection with the System.

Existing Parity Obligations: collectively, the 2002 CWRPDA Loan, the 2005 CWRPDA Loan, and the 2010 Note.

Net Revenues: the Gross Revenue less Operation and Maintenance Costs, plus all proceeds of insurance in excess of or not applied to the repair and

replacement of the System, and the proceeds or any sale, conveyance, or exchange of the System in excess of that applied to replace the System sold or exchanged.

Gross Revenue: (a) all revenues, income, rents and receipts earned by the District from or attributable to the ownership and operation of the System, (b) the proceeds of any insurance covering business interruption loss relating to the System, and (c) interest earned on any moneys or investments which are required to be paid into any fund or account pledged to the payment of the Loan or any of the Existing Parity Obligations.

Operation and Maintenance Expenses: the annual necessary and proper costs and expenses of the efficient and economical operation and maintenance of the System unless such costs have been provided for from other funds, excluding, however, as an item of expense, any allowance for depreciation or amounts for the payment of principal and interest on revenue obligations.

Parity Obligation: a bond, note, or other obligation issued by the District, having a lien on the Net Revenue which is on a parity with the lien of the Existing Parity Obligations. The Loan constitutes a Parity Obligation.

Pledged Revenues: the amount of the Net Revenue which is properly allocable to the payment of the amounts due under the Financing Documents.

System: the property and facilities comprising the water and sanitary sewer systems of the District, including real and personal property and any easements, and also any and all additions and betterments thereto and improvements and extensions hereafter constructed or acquired by the District and used in connection with the water and sanitary sewer facilities of the District.

Water Enterprise Fund: a fund maintained by the District into which all Gross Revenue will be credited.

Section 5. Water Enterprise Fund. The District shall credit to the Water Enterprise Fund all Gross Revenue immediately upon receipt. The District shall pay from the Water Enterprise Fund all Operation and Maintenance Expenses as they become due and payable. After such payment or the allocation of Gross Revenue to such payment, the District shall apply the Net Revenue to the payment of its obligations under the Loan and the Existing Parity Obligations as required by the Financing Documents and the documents pursuant to which the Existing Parity Obligations were issued.

Section 6. Parity Declaration. It is hereby found and determined that: (1) under the documents pursuant to which the 2002 CWRPDA Loan and the 2005 CWRPDA Loan were incurred, the District has made the certifications necessary to incur the Loan as a Parity Obligation; and (2) pursuant to that certain Consent of Wells Fargo dated July 22, 2014, the owner

of the 2010 Note has consented to the incurrence of the obligations of the Loan. Accordingly, the District is authorized to and hereby determines to incur the Loan as a Parity Obligation.

Section 7. Delegation.

(a) Pursuant to §11-57-205, C.R.S., the Board hereby delegates to any member of the Board the authority to make the following determinations relating to and contained in the Financing Documents, subject to the restrictions contained in paragraph (b) below:

- (i) The interest rate on the Loan;
 - (ii) The principal amount of the Loan;
 - (iii) The amount of principal of the Loan maturing in any given year and the final maturity of the Loan;
 - (iv) The dates on which the principal of and interest on the Loan are paid;
- and
- (v) The existence and amount of capitalized interest or reserve funds for the Loan, if any.

(b) The delegation in paragraph (a) of this Section shall be subject to the following parameters and restrictions:

- (i) the interest rate on the Loan shall not exceed 3.00% per annum;
- (ii) the principal amount of the Loan shall not exceed \$6,199,380; and
- (iii) the final maturity of the Loan shall not be later than a date which is 40 years past the date on which the Financing Documents are executed and delivered.

Section 8. Conclusive Recital. Pursuant to §11-57-210, C.R.S. and §31-35-413, C.R.S., the Note may contain a recital that the Note is issued pursuant to and under the authority of such statutes. Pursuant to such statutes, such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Note after its delivery for value, shall conclusively impart full compliance with all of the provisions of Title 31, Article 35, Part 4, C.R.S., and the Note containing such recital shall be incontestable for any cause whatsoever after its delivery for value.

Section 9. Pledge of Revenues; Lien. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Loan as provided herein shall be governed by §11-57-208, C.R.S., and this Loan Resolution. The amounts pledged to the payment of the Loan shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described in the Loan Contract. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims

of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens. In the event of a conflict between the provisions of §11-57-208, C.R.S., and the Security Agreement, the provisions of such statute shall control.

Section 10. Limitation of Actions. Pursuant to §11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the Financing Documents shall be commenced more than thirty days after the adoption of this Loan Resolution.

Section 11. Limited Obligation. The Financing Documents are payable solely from the Net Revenue and do not constitute a debt within the meaning of any constitutional or statutory limitation or provision.

Section 12. No Recourse against Officers and Agents. Pursuant to §11-57-209, C.R.S., if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal of or interest on the Note. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Note and as a part of the consideration of its sale or purchase, the CWCB specifically waives any such recourse.

Section 13. Disposition and Investment of Loan Proceeds. The proceeds of the Loan shall be applied only to pay the costs and expenses of the Project, including costs related thereto. Neither CWCB nor any subsequent owner(s) of the Loan Contract shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the Loan.

Section 14. Estimated Life of Improvements. It is hereby determined that the estimated life of the Project to be financed with the proceeds of the Loan is not less than the maximum maturity of the Loan authorized hereby.

PAID IN FULL

Section 15. Direction to Take Authorizing Action. The appropriate members of the Board and officers of the District are hereby authorized and directed to take all other actions necessary or appropriate to effectuate the provisions of this Loan Resolution, including but not limited to the execution and delivery of such certificates and affidavits as may reasonably be required by CWCB. The execution of any documents, instruments, or certificates by said officials shall be conclusive evidence of the approval by the District of such documents, instruments, or certificates in accordance with the terms thereof and this Loan Resolution.

Section 16. Ratification and Approval of Prior Actions. All actions heretofore taken by any member of the Board and the other officers and employees of the District, not inconsistent with the provisions of this Loan Resolution, relating to the Financing Documents, or actions to be taken in respect thereof, are hereby ratified, approved, and confirmed.

Section 17. Severability. If any section, paragraph, clause, or provision of this Loan Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Loan Resolution, the intent being that the same are severable.

Section 18. Repealer. All orders, resolutions, bylaws, or regulations of the District, or parts thereof, inconsistent with this Loan Resolution are hereby repealed to the extent only of such inconsistency.

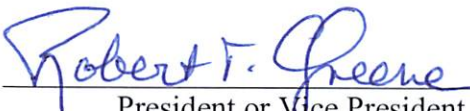
Section 19. Resolution Irrepealable. After the Note is issued, this Loan Resolution shall constitute an irrevocable contract between the District and CWCB, and shall be and remain irrepealable until the Note shall have been fully paid, satisfied, and discharged.

Section 20. Disposition. This Loan Resolution, as soon as possible after adoption, shall be numbered and recorded by the Secretary on the official records of the District, and shall be authenticated by the signatures of the President or Vice President and the Secretary or Assistant Secretary.

Section 21. Effective Date. This Loan Resolution shall take effect immediately upon its adoption by the District.


ADOPTED AND APPROVED This 13th day of August, 2014.

(S E A L)



President or Vice President

ATTESTED:



Secretary or Assistant Secretary

SECURITY AGREEMENT

(PLEDGE OF REVENUES)

DATE: Aug 13, 2014

DEBTOR: Denver Southeast Suburban Water & Sanitation District acting by and through its Water Activity Enterprise

SECURED PARTY: Colorado Water Conservation Board

PROMISSORY NOTE: \$6,199,380.00

TERMS OF REPAYMENT: 3.00% per annum for 30 years

LOAN CONTRACT: C150411B

COLLATERAL: The Pledged Revenues, as such term is defined in the Loan Resolution adopted by the Debtor on 8-13, 2014.

To secure payment of the loan evidenced by the PROMISSORY NOTE payable in accordance with the TERMS OF REPAYMENT, or until all principal, interest, and late charges, if any, are paid in full, the DEBTOR grants to SECURED PARTY a security interest in the above described Pledged Revenue hereinafter "COLLATERAL".

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

1. That except for the security interest granted hereby and any other security interests described in Section 5 of the Loan Contract Project Summary, DEBTOR is the owner of the COLLATERAL free from any adverse lien, security interest or encumbrances; and that DEBTOR will defend the COLLATERAL against all claims and demands of all persons at any time claiming the same or any interest therein.
2. That the execution and delivery of this agreement by DEBTOR will not violate any law or agreement governing DEBTOR or to which DEBTOR is a party.
3. To not permit or allow any adverse lien, security interest or encumbrance whatsoever upon the COLLATERAL and not to permit the same to be attached or replevined.
4. That by its acceptance of the loan money pursuant to the terms of the CONTRACT and by its representations herein, DEBTOR shall be estopped from asserting for any reason that it is not authorized to grant a security interest in the COLLATERAL pursuant to the terms of this agreement.

UNTIL DEFAULT DEBTOR may have possession of the COLLATERAL, provided that DEBTOR keeps the COLLATERAL in an account separate from other revenues of DEBTOR and does not use the COLLATERAL for any purpose not permitted by the CONTRACT. Upon default, SECURED PARTY shall have the immediate right to the possession of the COLLATERAL.

PAID IN FULL

DEBTOR SHALL BE IN DEFAULT under this agreement upon any of the following events or conditions:

- a. default in the payment or performance of any obligation contained herein or in the PROMISSORY NOTE or Loan CONTRACT;
- b. dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law of, by or against DEBTOR; or
- c. the making or furnishing of any warranty, representation or statement to SECURED PARTY by or on behalf of DEBTOR which proves to have been false in any material respect when made or furnished.

UPON SUCH DEFAULT and at any time thereafter, SECURED PARTY shall have the remedies of a secured party under Section 11-57-208, Colorado Revised Statutes, as amended. SECURED

Appendix 4 to Loan Contract C150411B

PARTY may require DEBTOR to deliver or make the COLLATERAL available to SECURED PARTY at a place to be designated by SECURED PARTY, which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include SECURED PARTY'S reasonable attorney's fees and legal expenses.

The SECURED PARTY shall give the DEBTOR written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the DEBTOR shall be considered in default for purposes of this SECURITY AGREEMENT. No default shall be waived by SECURED PARTY except in writing, and no waiver by SECURED PARTY of any default shall operate as a waiver of any other default or of the same default on a future occasion. The taking of this SECURITY AGREEMENT shall not waive or impair any other security SECURED PARTY may have or hereafter acquire for the payment of the above indebtedness, nor shall the taking of any such additional security waive or impair this SECURITY AGREEMENT; but SECURED PARTY shall retain its rights of set-off against DEBTOR. In the event court action is deemed necessary to enforce the terms and conditions set forth herein, said action shall only be brought in the District Court for the City and County of Denver, State of Colorado, and DEBTOR consents to venue and personal jurisdiction in said Court.

All rights of SECURED PARTY hereunder shall inure to the benefit of its successors and assigns; and all promises and duties of DEBTOR shall bind its successors or assigns.



Attest:

By Heidi A Tackett
Signature

NAME: Heidi A Tackett

TITLE: Secretary

DATE: 8-13-14

DEBTOR: Denver Southeast Suburban Water & Sanitation District a Colorado Title 32 Special District, acting by and through its Water Activity Enterprise

By Robert T. Greene
Signature

NAME: Robert T. Greene

TITLE: Chairman

DATE: 8-13-14