

BORROWER: CASTLE PINES NORTH  
METROPOLITAN DISTRICT ACTING BY AND  
THROUGH ITS WATER ACTIVITY ENTERPRISE  
REQUESTED LOAN AMOUNT: \$716,000  
LOAN ORIGATION FEE: \$7,160  
TOTAL LOAN AMOUNT: \$723,160

AGENCY NAME: COLORADO WATER  
CONSERVATION BOARD  
CONTRACT TYPE: LOAN/PUBLIC  
CWCB C150404A/CMS: 72701  
CORE: CT2016-2049

**NOW CT2018-1617**

## LOAN CONTRACT

This contract ("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 Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise, 7404 Yorkshire Drive, Castle Pines, Colorado, 80108, 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 CONTRACT, the District's participation in the Chatfield Reallocation Project, specific to the "*first cost of storage*" as defined in the Agreement between the Department of the Army and the Colorado Department of Natural Resources for Reallocation of Water Storage Space, Recreation Modifications, and Compensatory Mitigation Features at the Chatfield Dam and Reservoir, Colorado dated October 9, 2014, incorporated herein by reference is defined as the "PROJECT." The District's total participation cost is estimated to be \$7,100,000. On May 22, 2014 the CWCB approved a total loan amount not to exceed \$6,453,900 for the District's participation cost of the Chatfield Reallocation Project, to improve the operation of the District's augmentation plan. The total loan amount, *for this CONTRACT, for the first cost of storage* is \$723,160, which includes a one percent (1%) loan service fee of \$7,160 at an interest rate of 3.00% 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 to incorporate these recitals as part of the agreement of the parties and as follows:

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 deferrals in excess of 3 per loan, and loan consolidation. Amendments in the course of CWCB business, including, but not limited to, loan payment deferrals (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, or to a third party for the benefit of 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(S) OR ORDINANCE(S)** are 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 CONTRACT will be valid and binding against the BORROWER if entered into by the CWCB.
  - e. the BORROWER was formed and is operated and maintained as a water activity enterprise pursuant to Article 45.1, Title 37, C.R.S. and within the meaning of COLORADO CONST. Art. X, Section 20; and
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 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. **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.
- d. **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.

- e. **Annual Statement of Debt Coverage.** Each year during the term of this CONTRACT, the BORROWER shall submit to the CWCB an annual financial statement.



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 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). Documentation establishing the relative priorities of said liens, if necessary, is attached to the PROJECT SUMMARY and incorporated herein.
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. declare the entire principal amount, accrued interest, and late charges, if any, then outstanding immediately due and payable;
  - c. exercise its rights under any appendices to this CONTRACT, including, but not limited to, the PROMISSORY NOTE and SECURITY AGREEMENT; and/or
  - d. 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 Conditions & Contract Requirements (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. **Eligible Expenses.** The PROJECT expenses for which the BORROWER is eligible for loan disbursements are listed in Eligible Expenses (Section 8) of the PROJECT SUMMARY. The BORROWER shall pay all of the expenses related to the Project when such bills are due.
2. **Loan Disbursements.** The CWCB shall disburse loan funds in accordance with the Disbursement Schedule (Section 9) of the PROJECT SUMMARY.
3. **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.

#### 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 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 affect 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 718  
Denver, CO 80203

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## 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]



**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:

Castle Pines North Metropolitan District,  
Acting by and through its Water Activity  
Enterprise

BY: \_\_\_\_\_

Signature

NAME: Keith Dodd

TITLE: President

DATE: October 15, 2015

STATE OF COLORADO

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

BY: \_\_\_\_\_

Colorado Water Conservation Board

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

Attest

BY: \_\_\_\_\_

Signature

NAME: Janet Burnham

TITLE: Secretary

DATE: OCTOBER 15, 2015

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.

STATE CONTROLLER  
Robert Jaros, CPA, MBA, JD

By \_\_\_\_\_

Susan Borup, Controller, Department of Natural Resources

Effective Date \_\_\_\_\_



# Project Summary – Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise

## Contract Number CT2016-2049 (C150404A)

### SECTION 1 –BORROWER INFORMATION

Name: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise

Type of Entity: The Castle Pines North Metropolitan District is a Colorado Title 32 Special District formed pursuant to and governed by Title 32, Article 1, C.R.S. The Castle Pines North Metropolitan Water Enterprise is operated and maintained pursuant to Article 45.1, Title 37, C.R.S. and was formed and is operated as an enterprise within the meaning of Colorado Const. Art. X, Section 20.

Address: 7404 Yorkshire Drive, Castle Pines, CO 80108

Contact: Peggy Dowswell-Finance Director

Phone Number: 970-669-3611

E-mail address: [peggyd@pinnacleconsultinggroupinc.com](mailto:peggyd@pinnacleconsultinggroupinc.com)

### SECTION 2 – PROJECT DESCRIPTION

- A. Description of PROJECT: This LOAN CONTRACT is to be used for the Chatfield Reallocation Project, *specific to the "first cost of storage"* as defined in the Agreement Between the Department of the Army and the Colorado Department of Natural Resources for Reallocation of Water Storage Space, Recreation Modifications, and Compensatory Mitigation Features at the Chatfield Dam and Reservoir, Colorado dated October 9, 2014 and is defined as the "PROJECT". It will provide 20,600 acre-feet (AF) of storage in Chatfield between elevations 5432 and 5444 MSL for M&I water supply and other purposes including agriculture, environmental restoration and recreation and fishery habitat protection and enhancement. The District will directly receive 941.5 AF and, through the South Metro Water Supply Authority, indirectly receive 64.3 AF, for a total storage space of 1005.8 AF. The BORROWER's estimated pro-rata cost share, based on their storage allotment, is \$795,000 and the loan amount approved by CWCB is \$723,160 which includes a loan origination fee of 1% of \$7,160.
- B. Description of Feasibility Study: The CWCB has reviewed a feasibility study report dated March 2014 on the PROJECT, titled "*Castle Pines North Metropolitan District, Participation in the Chatfield Reservoir Reallocation Project*," which was prepared by Jim Nikkel, P.E. District Manager with support from Peggy Dowswell, CPA, District Finance Director and Joan Fritsche, Esq., of Collins Cockrel & Cole. The



feasibility study includes an alternative analysis, cost estimates, and financial statements. The feasibility study relies on the FR/EIS prepared by the Corps, and the Fish, Wildlife and Recreation Mitigation Plan (FWRMP) prepared by the Reallocation Participants in accordance with C.R.S. 37-60-122.2. Based upon the feasibility report, incorporated herein by reference, the CWCB determined the PROJECT to be technically and financially feasible.

### **SECTION 3 – CWCB’S AUTHORITY**

**Severance Tax Perpetual Base Fund:** This loan is made pursuant to the provisions of §§ 39-29-109(1)(a)(I), 37-60-119 and 37-60-120, C.R.S., which authorize the CWCB to loan money for water projects from the Severance Tax Perpetual Base Fund for the benefit of the people of the state, provided that the BORROWER assures repayment of that money.

### **SECTION 4 - BOARD APPROVAL AND LEGISLATIVE AUTHORIZATION**

At its May 22, 2014, meeting the CWCB approved a Small Project Loan, from the Severance Tax Perpetual Base Fund to the BORROWER, in an amount up to \$716,000 for PROJECT costs with a loan origination fee of 1% in accordance with CWCB Policy No. 16 resulting in a loan origination fee of \$7,160 and a total loan amount of **\$723,160** at an interest rate of 3.0% per annum for a repayment term of 30 years.

Pursuant to CWCB projects Bill HB14-1333, the Colorado General Assembly authorized CWCB to loan to the BORROWER a total amount up to \$6,453,900 for the Chatfield Reallocation PROJECT. There will be a total of three (3) CWCB loan contracts.

### **SECTION 5 – SCHEDULE OF EXISTING DEBT**

As of the date of the CWCB loan approval, the DISTRICT has no outstanding obligations payable from the Water Activity Enterprise revenues; however the District has parity loans with CWCB in addition to this loan, CWCB LOAN CONTRACT C150404B, and CWCB Loan Contract C150404C.

### **SECTION 6- LOAN SECURITY**

The SECURITY provided for this loan, as evidenced by the executed SECURITY AGREEMENT (Appendix 4) and incorporated herein, shall be a pledge of Water Activity Enterprise revenues backed by a rate covenant and evidenced by annual financial reporting.

### **SECTION 7 – ADDITIONAL CONDITIONS & CONTRACT REQUIREMENTS**

NONE.



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

- A. Borrower's pro-rata share of the amount that is repaid to the United States Treasury for the proportion of the joint cost of Chatfield Project construction related to the 20,600 AF of reallocated water storage, as computed by the Assistant Secretary of the Army (Civil Works), and documented in the Record of Decision, Chatfield Reservoir Colorado Storage Reallocation Project, dated May 29, 2014.
- B. Borrower's cost of storage expense 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 Chatfield Reservoir Mitigation Company, Inc. ("MITIGATION COMPANY") shall prepare a written request for funds which shall include copies of the MITIGATION COMPANY's board approval and copies of the backup for the request for funds including, but not limited to invoices. After receipt of the written request from the MITIGATION COMPANY and review and acceptance of the items therein as eligible expenses, as described above by the CWCB, the CWCB will pay to the escrow agent designated by BORROWER on its behalf into its "Individual Escrow Account" (as defined in the escrow agreement between the escrow agent, BORROWER and MITIGATION COMPANY) 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: Upon Effective Date of this CONTRACT (the date this CONTRACT is signed by the State Controller or his designee).

PROJECT END DATE: Four (4) years from the Effective Date of this CONTRACT.

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# PROMISSORY NOTE

Date: October 15, 2015  
Borrower: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise  
Principal Amount: \$723,160.00  
Interest Rate: 3.00% per annum  
Term of Repayment: 30 years  
Contract Number: CT2016-2049  
Loan Payment: \$36,895.09  
Payment Initiation Date\*: \_\_\_\_\_  
Maturity Date\*: \_\_\_\_\_

\* 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. However, the PROMISSORY NOTE will be adjusted for prepayments of principal, as to allocation of payments to principal and interest.
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 covers the tax revenues. The LOAN CONTRACT and SECURITY AGREEMENT grant additional rights to the

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## Appendix 2



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 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: Castle Pines North Metropolitan  
District, acting by and through its Water  
Activity Enterprise

(S E A L)

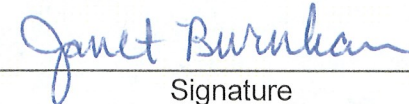
Attest:

By \_\_\_\_\_  
Signature

NAME: Keith Dodd

TITLE: President

DATE: October 15, 2015

By \_\_\_\_\_  
Signature

NAME: Janet Burnham

TITLE: Secretary

DATE: October 15, 2015

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**Appendix 2**

Page 2 of 2



## RESOLUTION NO. 2015-008

**RESOLUTION OF THE CASTLE PINES NORTH METROPOLITAN DISTRICT  
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE CONCERNING  
AUTHORIZING MULTIPLE LOANS FROM THE COLORADO WATER  
CONSERVATION BOARD FOR THE PURPOSE OF FINANCING THE CHATFIELD  
REALLOCATION PROJECT; AUTHORIZING THE EXECUTION OF PROMISSORY  
NOTES TO EVIDENCE SUCH LOANS AND SECURITY AGREEMENTS RELATING  
THERETO; PROVIDING FOR THE PAYMENT OF SUCH NOTES FROM THE  
PLEDGED REVENUES; MAKING CERTAIN COVENANTS IN CONNECTION WITH  
THE LOANS; ESTABLISHING CERTAIN CONTINGENCIES IN CONNECTION  
THEREWITH; AND AUTHORIZING THE ESCROW AGREEMENT.**

WHEREAS, the Castle Pines North Metropolitan District acting by and through its Water Activity Enterprise (the "District") is a quasi-municipal corporation and a political subdivision of the State of Colorado created pursuant to the Special District Act, established in 1984 by order and decree by the District Court in and for Douglas County, Colorado, and was organized for the purposes of providing certain water, sewer, street, park and open space, and safety improvements for the Castle Pines North development; and

WHEREAS, the District's Water Activity Enterprise was formally organized on April 16, 2012 by approval of the District's Board of Directors (as defined herein) of Resolution No. 2012-005 (the "Water Enterprise Resolution"), and is operated as a Water Activity Enterprise in accordance with Article 45.1, Title 37, C.R.S., and Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the District is a participant in the Chatfield Reallocation Project (as defined herein) and a member of the proposed Chatfield Reservoir Mitigation Company (the "Company"); and

WHEREAS, the District is entering into an escrow agreement (the "Escrow Agreement") by and among the District, acting as a Depositor (as defined in the Escrow Agreement), the Company and U.S. Bank National Association, as escrow agent; and

WHEREAS, the District, acting by and through its Water Activity Enterprise is authorized pursuant to the Section 32-1-1101, C.R.S. and the Water Activity Law to issue bonds, notes, or other obligations payable from the revenues derived or to be derived from the and other legally available revenues of the District; and

WHEREAS, the District previously approved resolution No. 2014-013 on October 20, 2014, subject to specific edits and the receipt of final Loan Contracts, Promissory Notes and additional Loan documents; however; the initial authorizing resolution was never executed nor recorded with the District's resolutions and is hereby rescinded, (a subsequent resolution was assigned no. 2014-013); and



WHEREAS, the District has determined, for the benefit of the District and its inhabitants, that it is necessary to provide for the Project by entering into the Loan Contracts identified in the following recital; and

WHEREAS, the Board has received the following from the Colorado Water Conservation Board, an agency of the State (each referred to as a "Loan Contract" and, collectively, as the "Loan Contracts"):

(i) Loan Contract (identified as Loan Contract 72701/C150404A), for a loan in an amount up to \$716,000, at an interest rate of 3.00% per annum, for a repayment term of 30 years, plus a loan origination fee of 1.00% (\$7,160), for the purpose of funding the District's portion of the storage component of the Project; and

(ii) Loan Contract (identified as Loan Contract 72702/C150404B), for a loan in an amount up to \$4,102,000, at an interest rate of 3.00% per annum, for a repayment term of 30 years, plus a loan origination fee of 1.00% (\$41,020), for the purpose of funding the District's portion of the engineering, recreation facilities construction, on-site mitigation, off-site mitigation, and mitigation monitoring of the Project; and

(iii) Loan Contract (identified as Loan Contract 72704/C150404C), for a loan in an amount up to \$1,572,000, at an interest rate of 3.00% per annum, for a repayment term of 30 years, plus a loan origination fee of 1.00% (\$15,720), for the purpose of funding the District's portion of off-site mitigation and mitigation monitoring of the Project; and

WHEREAS, the District's repayment obligations under each of the Loan Contracts will be evidenced by a Promissory Note (collectively referred to herein as the "Promissory Notes") to be issued by the District to the CWCB, each of which Note shall constitute a special revenue obligation of the District which is to be paid from Pledged Revenues (defined herein), and the Promissory Notes shall be secured by such Pledged Revenues on a parity with each other; and

WHEREAS, after consideration, the Board has determined that the execution of the Loan Contracts and the issuance of the Promissory Notes to the CWCB is in furtherance of the Project and in the best interests of the District and its inhabitants; and

WHEREAS, voter approval in advance is not required under Article X, Section 20 of the Colorado Constitution or any other law for the execution of the Loan Contracts or the issuance of the Promissory Notes by the District; and

WHEREAS, the Loan Contracts and related appendices have been reviewed by the District staff and its counsel; and

WHEREAS, the District desires to authorize the execution of the Loan Contracts, the issuance and delivery of the Promissory Notes and the execution of any additional documentation which may be related to the financing, including any Security Agreement required by the Loan Contracts, provided that satisfaction of the contingencies described in Section 8 herein shall be required prior to the funding of any draw request.



**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CASTLE PINES NORTH METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE AS FOLLOWS:**

**Section 1. Definitions.** The following terms shall have the following meanings as used in this Resolution:

*“Board”* means the Board of Directors of the District, the governing body of the District.

*“CDNR”* means Colorado Department of Natural Resources.

*“C.R.S.”* means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

*“CWCB”* means the Department of Natural Resources, Colorado Water Conservation Board, an executive branch agency of the State.

*“Eligible Expenses”* means, with respect to each Loan Contract, the District’s costs properly attributable to the portion of the Project described in Appendix 1 of each Loan Contract.

*“Enabling Law”* means the Section 32-1-1101, C.R.S., the Supplemental Public Securities Act, the Water Activity Law and all other laws of the State establishing the power of the District to complete the financing contemplated by this Resolution.

*“Gross Revenue”* means all revenues directly or indirectly derived by the District from the furnishing of water service, provided however, that there shall be excluded from Gross Revenue (a) moneys borrowed and used to pay the costs of capital improvements of the Water Activity Enterprise; (b) any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of capital improvements of the Water Activity Enterprise, or for other purposes resulting in the general unavailability thereof; and (c) moneys received by the Water Activity Enterprise in reimbursement of costs previously incurred. Gross Revenue of the Water Activity Enterprise are subject to increase in accordance with the Rate Covenant as defined in Section 6(a) herein.

*“Loan Contract No. C150404A”* means the contract, designated Loan Contract No. C150404A (CT2016-2049), as may be amended from time to time, by and between the State for the use and benefit of the CWCB and the District as further described above.

*“Loan Contract No. C150404B”* means the contract, designated Loan Contract No. C150404B (CT2016-2050), as may be amended from time to time, by and between the State for the use and benefit of the CWCB and the District as further described above.

*“Loan Contract No. C150404C”* means the contract, designated Loan Contract No. C150404C (CT2016-2051), as may be amended from time to time, by and between the State for the use and benefit of the CWCB and the District as further described above.



*"Loan Contracts"* means, collectively, Loan Contract No. C150404A, Loan Contract No. C150404B and Loan Contract No. C150404C. "Loan Contract" refers to each of the foregoing individually, as the context requires.

*"Loan Repayment Account"* means a special account of the Water Activity Enterprise designated as the "CWCB Repayment Account," created by this Resolution for the purpose of segregating the Pledged Revenue to pay the principal of and interest due on the Promissory Notes.

*"Operation and Maintenance Expenses"* means all reasonable and necessary current expenses of the Water Activity Enterprise, paid or accrued, for operating, maintaining, and repairing the water supply, treatment and distribution system, including, without limitation, all legal, accounting, and administrative expenses of the District.

*"Resolution"* means this Resolution which authorizes the execution of the Loan Contracts and the issuance of the Promissory Notes, including any amendments properly made hereto.

*"Payment Date"* means the date established pursuant to the applicable Loan Contract for the annual payment of the principal of and interest on the related Promissory Note, as set forth therein.

*"Pledged Revenue"* means Gross Revenue (subject to increase in accordance with the Rate covenant as defined in Section 6(a) herein) after deducting Operation and Maintenance Expenses.

*"Project"* means the Chatfield Reallocation Project, as more fully described in the Water Storage Agreement by and between the US Army and the CDNR.

*"Promissory Note"* means, in connection with a Loan Contract, the Promissory Note evidencing the District's repayment obligation from the date of substantial completion of the related portion of the Project (as described in each Loan Contract), as included as Appendix 2 to each Loan Contract.

*"Promissory Notes"* means, collectively, the Promissory Notes executed in connection with the Loan Contracts.

*"Required Reserve Amount"* means, with respect to each Loan Contract, the amount equal to an annual loan payment thereon, as shown in the Promissory Note relating thereto.

*"Reserve Account"* means a special account of the Water Activity Enterprise designated as the "CWCB Reserve Account," created by this Resolution for the purpose of accumulating and accounting for the Required Reserve Amount for each Loan Contract.

*"State"* means the State of Colorado.

*"Supplemental Public Securities Act"* means Part 2 of Article 57 of Title 11, C.R.S.

*"Water Activity Law"* means Title 37, Article 45.1, C.R.S.



**Section 2. Approval of Loan Contracts; Authorization of Promissory Notes; and Escrow Agreement.** Pursuant to and in accordance with the State Constitution and the Enabling Law, there is hereby authorized and approved the execution of the Loan Contracts, and the Security Agreements attached thereto, in the form submitted to the Board, provided that satisfaction of the contingencies described in Section 8 herein shall be required prior to the funding of any draw request. There shall be issued by the District the Promissory Notes, in the form submitted to the Board, in the aggregate principal amounts as stated therein, for the purpose of paying the Eligible Expenses and other costs in connection with the Promissory Notes. There is hereby authorized and approved the execution of the Escrow Agreement, in the form submitted to the Board. All covenants, statements, representations and agreements contained in the Loan Contracts, the Promissory Notes and the Escrow Agreement are hereby approved and adopted as the covenants, statements, representations and agreements of the District. The accomplishment of each Project is hereby authorized, approved and ordered.

**Section 3. Form of Promissory Notes.** The Promissory Notes shall be in the forms set forth in Appendix 2 to each Loan Contract and executed by the authorized officers of the District (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). The Promissory Notes shall have repayment terms of 30 years from the date of substantial completion of the portion of the Project related to each Loan Contract. The interest rate authorized for each Promissory Note is 3.0% per annum.

**Section 4. Fund and Accounts.**

(a) ***Re-Affirmation of Funds; Creation of Accounts.*** There is hereby reaffirmed the following funds previously established by the District: the Water Activity Enterprise Fund. There is hereby established within the Water Activity Enterprise Fund, the Loan Repayment Account and the Reserve Account. This Resolution authorizes the establishment of line items within each such account for the annual payments and the Required Reserve Amounts of each Loan Contract. The District shall keep proper books of record and accounts showing complete and correct entries in each of the funds and accounts referred to herein and in such manner that the Gross Revenue and the Pledged Revenue may at all times be readily and accurately determined.

(b) ***Reserve Account.***

(i) ***Use of Moneys in the Reserve Account.*** Moneys in the Reserve Account shall be used, if necessary, only to prevent a default in the payment of the principal of or interest on the Promissory Notes on any Payment Date and the Reserve Account is hereby pledged to the payment of the Promissory Notes. The District shall transfer moneys from the Reserve Account to pay principal of and interest on the Promissory Notes in the event that Pledged Revenues are not sufficient to make such payments when due.

(ii) ***Funding and Maintenance of Required Reserve Amount.*** Commencing with the first Payment Date for each Loan Contract, the District shall annually credit an amount equal to one-tenth of the Required Reserve Amount for such Loan Contracts on or before each Payment Date until such time



as the amount credited thereto is equal to the Required Reserve Amount (i.e., the Reserve Account is to be fully funded within ten years from substantial completion of the Project). In the event that moneys from the Reserve Account are transferred as provided in paragraph (i) of this Subsection, such amount shall be replenished from Pledged Revenues within the time period set forth in the Loan Contracts. Moneys credited to the Reserve Account may be invested or deposited in lawful securities or obligations and all interest income from the investment or reinvestment of moneys credited to the Reserve Account shall be credited to the Reserve Account until the amount therein is equal to the Required Reserve Amount, at which time the balance of the Reserve Account shall be maintained in the Required Reserve Amount and such interest income shall be credited to the Debt Service Fund and applied to payment of the Promissory Notes.

#### **Section 5. Security for Payment of the Promissory Notes.**

(a) ***Pledge of Pledged Revenue.*** Each Promissory Note shall constitute an irrevocable and first lien upon the Pledged Revenue, but not an exclusive first lien. The Pledged Revenue is hereby pledged to the payment of each Promissory Note on parity with the lien of the other Promissory Notes. The creation, perfection, enforcement and priority of the pledge of revenues to secure or pay the Promissory Note shall be governed by Section 11-57-208, C.R.S. and this Resolution. The Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. **For purposes of the Loan Contracts and the Promissory Notes, the term "Pledged Revenues" used therein shall have the meaning ascribed to such term herein.**

(b) ***Promissory Note Does Not Constitute a Debt.*** Each Promissory Note, together with the interest thereon, shall be payable only out of: (i) the Pledged Revenue; or (ii) if necessary, the Reserve Account. The CWCB may not look to the funds, accounts or assets of the District for the payment of the principal of and interest on the Promissory Notes, and the Loan Contracts and the Promissory Notes shall not constitute a debt or an indebtedness of the District within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the District.

#### **Section 6. Additional Covenants and Agreements.**

(a) ***Maintenance of Rates and Coverage.*** The District hereby covenants that it will establish, maintain, enforce and collect rates, fees and charges for water services furnished by the Water Activity Enterprise sufficient to pay all Operations and Maintenance Expenses, to repay the Loans, and any other financial obligations of the Water Activity Enterprise. In the event that the Pledged Revenue at any time is not sufficient to make the payments required by said provision, the District covenants to promptly increase Gross Revenue to an extent which will ensure compliance with this covenant (the "Rate Covenant").



(b) ***Enterprise Status.*** The District operates the Water Activity Enterprise, and covenants to continue to operate the Water Activity Enterprise, as an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution; provided, however, after calendar year 2014 the District may disqualify itself as an “enterprise” in any year in which said disqualification does not materially, adversely affect the enforceability of the covenants made pursuant to this Resolution.

(c) ***Findings of the Board.*** The Board, having been fully informed of and having considered all the pertinent facts and circumstances, hereby finds, determines, declares and covenants with the CWCBC that:

(i) The Water Activity Enterprise, sometimes referred to herein as the District, has been duly established and is operating during the current calendar year as an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution;

(ii) the Board elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S. to the execution of the Loan Contracts and to the issuance of the Promissory Notes; and

(iii) the execution of the Loan Contracts and the issuance and delivery of the Promissory Notes, and all procedures undertaken incident thereto, are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Constitution and the Enabling Law, and all conditions and limitations of the Enabling Law and other applicable law relating to the execution of the Loan Contracts and the issuance and delivery of the Promissory Notes have been satisfied.

**Section 7. Approval of Documents.** The President (or in the President’s absence the Vice President) and the Secretary of the Board shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the execution of the Loan Contracts, the Promissory Notes, the Security Agreements (as set forth in Appendices 2 and 4 to the Loan Contracts) in substantially the forms presented to the Board, with such non-material changes thereto, not inconsistent herewith, as may be necessary or desirable to effectuate the provisions of this Resolution and approved by counsel to the District and the officials of the District executing the same (whose manual or facsimile signatures thereon of such officials shall constitute conclusive evidence of such approval), and execution of such additional agreements, certificates and affidavits as may be reasonably required to effectuate the provisions of this Resolution. The execution by the President (or in the President’s absence the Vice President) of the Board of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

**Section 8. Contingent Authorization.** The authorization for funding draw requests related to any Loan Contract approved by this Resolution are expressly contingent upon satisfaction of all of the following conditions:



- Execution of the Water Provider Agreement by and between the District and CDNR;
- Formation of the Mitigation Company; and
- Due authorization, execution, and delivery of the Escrow Agreement by all parties.

**Section 9. Amendment of Resolution.** This Resolution may be amended only with the prior written consent of CWCB.

**Section 10. Limitation of Actions.** In accordance with Section 11-57-212, C.R.S., no legal or equitable action can be brought with respect to any legislative acts or proceedings in connection with the authorization and execution of the Loan Contracts or issuance and delivery of the Promissory Notes more than 30 days after the date of passage of this Resolution.

**Section 11. Ratification of Prior Actions.** All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers and employees of the District directed toward the issuance of the Promissory Notes for the purposes herein set forth are hereby ratified, approved and confirmed.

**Section 12. Headings.** The headings to the various sections and paragraphs to this Resolution have been inserted solely for the convenience of the reader, are not a part of this Resolution, and shall not be used in any manner to interpret this Resolution.

**Section 13. Resolution Irrepealable.** After any one of the Promissory Notes has been issued, this Resolution shall constitute a contract between CWCB and the District, and shall be and remain irrepealable until the Promissory Notes and the interest accruing thereon shall have been fully paid, satisfied and discharged, as herein provided.

**Section 14. Severability.** It is hereby expressly declared that all provisions hereof and their application are intended to be and are severable. In order to implement such intent, if any provision hereof or the application thereof is determined by a court or administrative body to be invalid or unenforceable, in whole or in part, such determination shall not affect, impair or invalidate any other provision hereof or the application of the provision in question to any other situation; and if any provision hereof or the application thereof is determined by a court or administrative body to be valid or enforceable only if its application is limited, its application shall be limited as required to most fully implement its purpose.

**Section 15. Repealer.** All orders, bylaws, resolutions and ordinances of the District, or parts thereof, inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

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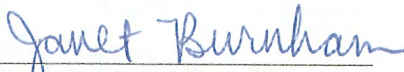
**Section 16. Effective Date.** This Resolution shall be effective as of the date of adoption by the Board; provided that the authorizations contained herein shall be contingent upon the conditions set forth in Section 8 hereof.

ADOPTED this 29<sup>th</sup> day of September, 2015.

CASTLE PINES NORTH METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS  
WATER ACTIVITY ENTERPRISE

By:   
Keith Dodd, President

ATTEST:

By   
Janet Burnham, Secretary



STATE OF COLORADO )  
CASTLE PINES NORTH METROPOLITAN DISTRICT ) ss  
DOUGLAS COUNTY )

I, Janet Burnham, hereby certify that:

1. I am the Secretary of the Board of Directors (the "Board") of the Castle Pines North Metropolitan District, in Douglas County, Colorado (the "District"), a quasi-municipal corporation and political subdivision of the state, duly organized and validly existing under the laws of the State of Colorado.

2. The Board of Directors (the "Board" or "Board of Directors") of District met at a special meeting at the District's headquarters located at 7404 Yorkshire Drive, Castle Pines, Colorado, 80108, on Tuesday, the 29<sup>th</sup> day of September, 2015, at the hour of 6:00 p.m.

3. At such meeting, the members of the Board of Directors listed below were present in person, constituting a quorum.

4. Attached hereto is a true and correct copy of Resolution No. 2015-008 (the "Resolution") adopted by the Board at the special meeting held on September 29, 2015.

5. The Resolution was duly moved, seconded and adopted by the affirmative vote of a majority of the members of the Board, acting by and through its Water Activity Enterprise, at such meeting as follows:

<u>Board Member</u>	<u>Yes</u>	<u>No</u>	<u>Absent</u>	<u>Abstaining</u>
Keith Dodd	<u>√</u>	—	—	—
Kathy Rosenkrans	<u>√</u>	—	—	—
Eric Anderssen	<u>√</u>	—	—	—
Stephen Allen	<u>√</u>	—	—	—
Eric Edwards	—	—	<u>√</u>	—

6. The Resolution was duly approved by the Board acting in its capacity at the Board of the Water Activity Enterprise, signed by the President and Secretary of the Board, and recorded in the minutes of the Board.

7. The meeting at which the Resolution was adopted was noticed, and all proceedings relating to the Resolution were conducted in accordance with all applicable laws.

WITNESS my hand as of this 29th day of September, 2015.

By Janet Burnham  
Janet Burnham, Secretary



# SECURITY AGREEMENT

(PLEDGE OF REVENUES)

DATE: October 15, 2015

DEBTOR: Castle Pines North Metropolitan District, acting by and through its Water Activity Enterprise

SECURED PARTY: Colorado Water Conservation Board

PROMISSORY NOTE: \$723,160

TERMS OF REPAYMENT: 3.00% per annum for 30 years

CONTRACT NUMBER: CT2016-2049

COLLATERAL: Pledged Revenues, from DEBTOR's Water Activity Enterprise revenues, are pledged to repay the loan as described in Pledge of Revenues provisions of the LOAN CONTRACT, the DEBTOR's RESOLUTION dated September 29, 2015.

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.

## 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.

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**Appendix 4**

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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 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.

DEBTOR: Castle Pines North Metropolitan  
District, acting by and through its Water Activity  
Enterprise

(SEAL)

Attest:

By

Signature

By

Signature

NAME: Keith Dodd

NAME: Janet Burnham

TITLE: President

TITLE: Secretary

DATE: October 15, 2015

DATE: October 15, 2015