

PARITY LIEN CERTIFICATE

**Relating to Loan Agreements dated as of November 22, 2024
between the Town of Kremmling, Colorado
acting by and through its Water Activity Enterprise
and the Colorado Water Resources and Power Development Authority**

The undersigned certified public accountant, in connection with the issuance by the Town of Kremmling, Colorado, acting by and through its Water Activity Enterprise (the “Town”) of the respective Governmental Agency Bonds (the “2024 DWRP Bonds”), evidencing loans from the Colorado Water Resources and Power Development Authority (the “CWRPDA”) pursuant to Loan Agreements identified in paragraph 1 below (the “CWRPDA Loans”), hereby certifies as follows (capitalized terms used in this Certificate have the meanings set forth in Ordinance No. 720 of the Town):

1. ***CWRPDA Loans.*** The respective CWRPDA Loans, evidenced by the 2024 DWRP Bonds, consist of the following obligations:

- (i) a Drinking Water Revolving Fund “direct loan” in the total amount of \$4,676,154, bearing interest bearing interest at the rate of 1.75% per annum (following \$3,000,000 of up-front principal forgiveness to be applied at closing) pursuant to a Loan Agreement dated November 22, 2024; and
- (ii) a Drinking Water Revolving Fund “leveraged loan” in the principal amount of \$11,042,212, bearing interest at the rate of 3.35% per annum pursuant to a Loan Agreement dated November 22, 2024.

2. ***Parity Lien Obligations.*** As of the execution date of this Certificate, the “Parity Lien Obligations” of the Town consist of (i) that certain CWCB Loan Contract Number C150340 (the “CWCB Loan Contract”) dated September 15, 2004, in the original principal amount of \$1,689,750, which obligation is evidenced by a promissory note and payable to the Colorado Water Conservation Board, and (ii) the CWRPDA Loans when issued and outstanding. As of the execution date of this Certificate (a) there are no Additional Parity Lien Obligations and (b) the Town has no outstanding debt, bonds, notes, loans or other multiple fiscal year obligations which are secured on a subordinate basis by a pledge of the Net Revenue.

3. ***Additional Bonds Test.*** In order to issue the 2024 DWRP Bonds with a lien that is equal to and on a parity with the lien of the already-outstanding Parity Lien Obligations, the Town must certify that Net Revenues for any twelve consecutive months out of the eighteen months preceding the month in which the 2024 DWRP Bonds are at least equal to the sum of 100% of the annual debt service of the Parity Lien Obligations, including the 2024 DWRP Bonds. Pursuant to the financing documents related to the issuance of the Parity Lien Obligations, Net Revenues determined pursuant to the preceding sentence may be adjusted to reflect any rate increases adopted prior to the issuance of such proposed Parity Lien Obligations by adding to the actual Net Revenues for the twelve consecutive month period an estimated sum equal to 100% of the estimated increase in Net Revenues which would have been realized during such period had such rate increase been in effect during all of such preceding period.

4. ***Test Period Net Revenue.*** Based upon operations data and unaudited financial statements for the Town for the consecutive twelve-month period ended June 30, 2024 (the “Test Period”) provided to me by the Town, Net Revenue was \$985,229.15 (representing Gross Revenue (as adjusted to reflect increases in rates and charges as described in the succeeding sentence) for such period of \$1,453,872.30 less net Operation and Maintenance Expenses for such period of

\$468,643.15). The Gross Revenue amount includes an adjustment to reflect increases in rates and charges as approved by Resolution No. 2024-10-04, adopted by the Board of Trustees of the Town on October 16, 2024, which resolution is currently in effect, as if they would have been in effect during the during the Test Period.

5. **Maximum Annual Debt Service.** The maximum annual debt service for the Parity Lien Obligations identified in paragraph 2 above is \$774,960.02 (which amount includes annual debt service payments of \$72,054.18 for the direct loan, annual debt service payments of \$602,199.70 for the leveraged loan, and annual debt service payments of \$100,706.14 for the CWCB Loan Contract.

6. **Test Period Coverage Factor.** The Test Period Net Revenue identified in paragraph 4 above, when divided by the Maximum Annual Debt Service amount identified in paragraph 5 above, provided coverage of 127.13% under the Additional Bonds Test described in paragraph 3 above.

7. **Authorization to Make Representations.** The undersigned is duly authorized and has the requisite authority and knowledge to make the representations contained herein.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21st day of November, 2024.

Causey Public Finance LLC

By: Heath A. Borer, CPA, Member



Authorized Official