



**PARITY LIEN BOND CERTIFICATE  
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

\$11,735,000

Pagosa Area Water and Sanitation District  
in Archuleta County, Colorado

Acting by and through its Water and Wastewater Activity Enterprise  
Enterprise Revenue Bonds  
Series 2024

The undersigned, by and on behalf of rfarmer, llc, Lamar, Colorado, in connection with the issuance by Pagosa Area Water and Sanitation District, in Archuleta County, Colorado, acting by and through its Water and Wastewater Activity Enterprise, (as so acting, the “District”), of the above-captioned bonds (the “2024 Bonds”) pursuant to Resolution No. 2024-7 (the “2024 Bond Resolution”) of the Board of Directors of the District, acting as the governing body of the Water and Sewer Activity Enterprise (as so acting, the “Board”), adopted at a special meeting of the Board held on October 24, 2024, hereby certifies as follows (capitalized words and phrases used but not defined herein shall have the same meanings as set forth in the 2024 Bond Resolution, the 2023 CWRPDA Financing Documents (as defined below), the 2022 CWRPDA Approving Resolution (as defined below), the 2016 CWCB Financing Documents (as defined below), the 2016 CWCB Approving Resolution (as defined below), the 2009 CWRPDA Base Program Loan Documents (as defined below), the 2009 CWRPDA ARRA Program Loan Documents (as defined below), the 2009 CWRPDA Approving Resolution (as defined below), the 2008 CWRPDA Financing Documents (as defined below), the 2008 CWRPDA Approving Resolution (as defined below), the Amended 2008 CWCB Financing Documents (as defined below) and the Amended 2008 CWCB Financing Documents Approving Resolutions (as defined below), as applicable):

1. I am an independent certified public accountant within the meaning of § 12-2-115, C.R.S., as amended, licensed to practice in the State of Colorado.
2. The District has provided me with copies of the following documents:
  - (a) the District’s audited financial statements for the year ended December 31, 2023;

*rfarmer, llc*

*a certified public accounting and consulting firm*

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*po box 1173    203 east oak street    lamar, colorado 81052    719.336.7428    719.336.2982*

(b) the District's unaudited year-to-date financial statements for the period of January 1, 2024, through October 31, 2024;

(c) the 2024 Bond Resolution;

(d) the Loan Agreement dated as of February 14, 2023 (the "2023 CWRPDA Loan Agreement") between the District and the Colorado Water Resources and Power Development Authority (the "CWRPDA") and the Governmental Agency Bond issued by the District pursuant thereto dated as of February 14, 2023 ((the "2023 CWRPDA Bond" and, collectively with the 2023 CWRPDA Loan Agreement, the "2023 CWRPDA Financing Documents"), and the resolution adopted by the Board on December 15, 2022, authorizing the execution and delivery of the 2023 CWRPDA Financing Documents (the "2022 CWRPDA Approving Resolution");

(e) the Loan Contract dated as of June 16, 2016 (the "2016 CWCB Contract") between the District and the Colorado Water Conservation Board (the "CWCB") and the execution and delivery by the District to the CWCB pursuant to the 2016 CWCB Contract of the Promissory Note dated as of June 16, 2016 (the "2016 CWCB Note" and, collectively with the 2016 CWCB Contract, the "2016 CWCB Financing Documents"), and the resolution of the District (the "2016 CWCB Approving Resolution") approving the 2016 CWCB Financing Documents;

(f) the Loan Agreement dated as of September 4, 2009 between the District and the Colorado Water Resources and Power Development Authority (the "CWRPDA"), as amended as of February 11, 2010 (as so amended, the "2009 CWRPDA Base Program Loan Agreement") and the Governmental Agency Bond issued by the District pursuant thereto dated as of September 4, 2009, as amended as of February 11, 2010 (collectively with the 2009 CWRPDA Base Program Loan Agreement, the "2009 CWRPDA Base Program Financing Documents");

(g) the Loan Agreement dated as of September 4, 2009, between the District and the CWRPDA, as amended as of February 11, 2010 (as so amended, the "2009 CWRPDA ARRA Program Loan Agreement") and the Governmental Agency Bond issued by the District pursuant thereto dated as of September 4, 2009, as amended as of February 11, 2010 (collectively with the 2009 CWRPDA ARRA Program Loan Agreement, the "2009 CWRPDA ARRA Program Financing Documents");

(h) the resolution of the District (the "2009 CWRPDA Approving Resolution") approving the 2009 CWRPDA Base Program Financing Documents and the 2009 CWRPDA ARRA Program Financing Documents;

(i) the Loan Contract dated as of July 21, 2008 between the District and the Colorado Water Conservation Board (the "CWCB"), as amended as of March 22, 2013 and as further amended as of June 16, 2016 (as so amended, the "Amended 2008 CWCB Loan Contract"), the Promissory Note dated as of July 21, 2008 issued to the CWCB by the District pursuant to the CWCB Loan Contract, as amended as of March 22, 2013 and as further amended as of June 16, 2016 (collectively with the Amended 2008 CWCB Loan

Contract, the “Amended 2008 CWCB Financing Documents”), and the resolutions of the District (the “Amended 2008 CWCB Financing Documents Approving Resolutions”) approving the Amended 2008 CWCB Financing Documents; and

(j) the Loan Agreement dated as of June 1, 2008 (the “2008 CWRPDA Loan Agreement”) between the District and the Colorado Water Resources and the CWRPDA, the Governmental Agency Bond dated as of June 12, 2008 (collectively with the 2008 CWRPDA Loan Agreement, the “2008 CWRPDA Financing Documents”) issued to the CWRPDA by the District pursuant to the CWRPDA Loan Agreement, and the resolution of the District (the “2008 CWRPDA Approving Resolution”) approving the 2008 CWRPDA Financing Documents;

The documents described in clauses (d) through (j) above are referred to collectively herein as the “Prior Financing Documents and Resolutions.”

3. The District has represented to me that, upon the issuance of the 2024 Bonds on the date hereof:

(a) the Parity Lien Bonds consist of: (1) the 2024 Bonds; (2) the 2023 CWRPDA Financing Documents; (3) the 2016 CWCB Financing Documents; (4) the 2009 CWRPDA Base Program Financing Documents; (5) the 2009 CWRPDA ARRA Program Financing Documents; (6) the Amended 2008 CWCB Financing Documents; and (7) the 2008 CWRPDA Financing Documents;

(b) there are no outstanding Parity Lien Bonds other than the Parity Lien Bonds described in this sentence;

(c) the District has no obligations outstanding that are payable out of, or secured by a lien or charge on, the Pledged Property on a basis that is subordinate to the lien or charge of the Parity Lien Bonds; and

(d) no deposit by the District to any reserve fund is required in connection with the issuance of the 2024 Bonds and no future deposits by the district to any such reserve fund are currently required by any of the Prior Financing Documents and Resolutions.

4. The Combined Maximum Annual Principal and Interest Requirements (as defined in the respective Prior Financing Documents and Resolutions) for the Parity Lien Bonds (including without limitation the 2024 Bonds) is \$4,111,207. Based upon the schedules and information presented to me by the District, the District’s Net Revenues (as defined in the respective Prior Financing Documents and Resolutions) for the period of January 1, 2024, through October 31, 2024, (based on annualized income) (the “Test Period”), being a period of 12 consecutive months within the 18-month period preceding the month during which this certificate is executed, was \$5,386,870, (the “Test Period Net Revenues”), which Test Period Net Revenues are sufficient to pay an amount representing not less than 110% of the Combined Maximum Annual Principal and Interest Requirements for the Parity Lien Bonds, including the 2024 Bonds.

5. The sum of (a) the Combined Maximum Annual Principal and Interest Requirements for the Parity Lien Bonds (including without limitation the 2024 Bonds) and (b) any

amount required to be deposited from Adjusted Net Revenues into a reserve as required by any of the Prior Financing Documents and Resolutions in the year in which such Combined Maximum Annual Principal and Interest Requirements are payable (as used herein, the "Combined Maximum Annual Principal and Interest Requirements and Reserve Deposits") is \$4,111,207. Based upon the schedules and information presented to me by the District, the District's Test Period Adjusted Net Revenues are sufficient to pay an amount representing not less than 100% of the Combined Maximum Annual Principal and Interest Requirements and Reserve Deposits for the Parity Lien Bonds, including the 2024 Bonds.

6. Based on the information provided to me by the District, not more than 10% of the total revenues (as such term is used in the 2008 CWCB Amended Financing Documents and the 2016 CWCB Financing Documents) of the District originates from the District's Availability to Tap Fee and connection fees (as such terms are used in the 2008 CWCB Amended Financing Documents and the 2016 CWCB Financing Documents).

7. Based on the information provided to me by the District, the District is, as of the date hereof, current in the accumulation of all amounts required by the Prior Financing Documents and Resolutions to be accumulated toward payment of the Parity Lien Bonds and funding the debt service reserve accounts established for the Parity Lien Bonds.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17<sup>th</sup> day of December 2024.

By   
Name: Ronny R Farmer  
Title: Owner