

**SUPPLEMENTAL PACKET – LOAN DOCUMENTS**

1. First Amendment to Stock Pledge Agreement
2. Loan Agreement

## FIRST AMENDMENT TO STOCK PLEDGE AGREEMENT

THIS FIRST AMENDMENT TO STOCK PLEDGE AGREEMENT (this “First Amendment”) dated as of June \_\_, 2022, is entered into by and between POUUDRE TECH METROPOLITAN DISTRICT, in the Town of Windsor, Colorado (the “Pledgor”), 1625 Pelican Lakes Point, Suite 201, Windsor, Colorado 80550, and POINTS WEST COMMUNITY BANK, a Colorado corporation, as lender (the “Lender”), 1291 Main Street, Windsor, CO 80550.

### RECITALS:

Pursuant to a Loan Agreement dated as of November 29, 2016 (the “Original 2016 Loan Agreement”), made between the Lender and POUUDRE TECH METROPOLITAN DISTRICT, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, in the Town of Windsor, Colorado (the “Borrower”), the Lender agreed to extend a loan to the Borrower in the aggregate principal amount of \$4,100,000 (collectively, the “Original 2016 Loan”) on the terms and conditions set out in the Original 2016 Loan Agreement.

In connection with the Original 2016 Loan, at the request of, on behalf of and for the benefit of the Borrower, the Pledgor entered into a Stock Pledge Agreement dated as of November 29, 2016 (the “Original Stock Pledge Agreement”) with the Lender, pursuant to which the Pledgor pledged its interests in certain water rights accounted for as a part of the System (and therefore part of the Enterprise), but legally titled in the name of the Pledgor, to secure a portion of the Original 2016 Loan in the principal amount of \$3,900,000, plus accrued interest thereon, in accordance with, and as more particularly provided in, the Original Stock Pledge Agreement.

Pursuant to a Loan Agreement dated as of the date of this First Amendment (as the same may be amended, varied, novated or supplemented from time to time, the “2022 Loan Agreement”), made between the Lender and the Borrower, the Lender has agreed to extend a loan to the Borrower in the aggregate principal amount of \$6,600,000 (collectively, the “2022 Loan”) on the terms and conditions set forth in the 2022 Loan Agreement, for the purpose of refunding the outstanding principal amount of the Original 2016 Loan and funding additional costs of public improvements.

Capitalized terms used herein and not otherwise defined or amended hereby shall have the meanings assigned them in the Original Stock Pledge Agreement or Original 2016 Loan Agreement, as applicable.

The Pledgor was authorized, and continues to be authorized, to pledge its interest in the Collateral in accordance with the Original Stock Pledge Agreement, as amended by this First Amendment, pursuant to Title 32, Article 1, Colorado Revised Statutes, as amended, and in accordance with an election of the eligible electors of the Pledgor, duly called and held on November 4, 2003 (the “Election”), in accordance with law and pursuant to due notice, pursuant to which a majority of those qualified to vote and voting at the Election voted in favor of a ballot question (“Ballot Issue L”) authorizing the Pledgor to issue, create, execute and deliver mortgages, liens and other encumbrances in the amount of up to \$5,000,000 (plus interest thereon) on Pledgor real and personal property, including water and water rights, and of which authorization under

Ballot Issue L \$3,900,000 (plus interest thereon) remained available to the Pledgor prior to the execution and delivery of the Original Stock Pledge Agreement.

As contemplated by Section 3(c) of the Original Stock Pledge Agreement, the Pledgor has caused a certificate evidencing the Pledgor's interest in the Prior Whitney Pledged Interests to be issued and delivered to the Lender and has obtained the acknowledgment of such lien by the Whitney Ditch Company in the form attached to this First Amendment.

In order to induce the Lender to enter into the 2022 Loan Agreement, the Pledgor has agreed to enter into this First Amendment to amend the Original Stock Pledge Agreement for the purpose of extending its pledge of the Pledged Interests to secure the 2022 Loan.

NOW THEREFORE, for and in consideration of the 2022 Loan under the 2022 Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Definitions. The following capitalized terms used in the Original Stock Pledge Agreement are hereby amended and restated in their entirety as follows.

“Agreement” means the Stock Pledge Agreement, as amended by the First Amendment to Stock Pledge Agreement dated as of June \_\_, 2022, between the Lender and the Pledgor, as it may be further amended, modified or supplemented from time to time.

“Acceleration Event” means the occurrence of an Event of Default described in Section 7.01(a) of the Loan Agreement with respect to which the Lender has provided an Acceleration Notice in accordance with Section 7.03 of the Loan Agreement.

“Secured Liabilities” means the obligations of the Borrower to pay principal of and interest on the 2022 Loan in accordance with the 2022 Loan Agreement and the promissory note issued by the Borrower in connection therewith, but not in excess of \$3,900,000 in principal amount plus accrued interest thereon (at a rate not in excess of 18.00% per annum).

2. Amendments to Original Stock Purchase Agreement; Extension of Pledge to Amended Secured Obligations. The Pledgor hereby agrees to extend its pledge of the Pledged Interests to the Secured Obligations, as such term is amended by the provisions of this First Amendment. Accordingly, all references to the “Loan” in the Original Stock Purchase Agreement shall hereafter be deemed to refer to the 2022 Loan; provided, however, that references to the “Loan” in Sections 2(c) and 3(b) shall continue to refer to the Original 2016 Loan. Furthermore, all references to the “Loan Agreement” in the Original Stock Purchase Agreement shall hereafter be deemed to refer to the 2022 Loan Agreement.

3. Confirmation of Original Stock Purchase Agreement. The Original Stock Purchase Agreement is in all respects ratified and confirmed, subject to the amendments provided herein, and the Original Stock Purchase Agreement and this First Amendment shall be read, taken and construed as one and the same instrument so that, except as expressly supplemented or amended by this First Amendment, all of the rights, remedies, terms, conditions, covenants and agreements of the Original Stock Purchase Agreement shall remain in full force and effect.

4. Choice of Law. This First Amendment shall be governed by and construed according to the laws of the State of Colorado, without giving effect to conflict of laws principles which might otherwise require the application of the laws of another jurisdiction.

5. Counterparts. This First Amendment may be executed in any number of counterparts, all of which, taken together shall constitute one agreement, and any of the parties hereto may execute this First Amendment by signing any such counterpart. This First Amendment shall be effective upon execution by the Pledgor and the Lender.

6. SECURED LIABILITIES NOT DEBT OF PLEDGOR. Notwithstanding any other provision herein or in the 2022 Loan Agreement, it is acknowledged that the obligations of the Borrower under the 2022 Loan Agreement do not constitute a debt or obligation of the Pledgor within the meaning of State law but, rather, constitute an obligation of the Borrower, an “enterprise” established by the Pledgor under State law and in accordance with the Enterprise Resolution (as defined in the 2022 Loan Agreement). The Pledgor is obligated with respect thereto only through operation of the Agreement, which was authorized pursuant to Ballot Issue L. The Lender shall have no recourse to the Pledgor or its assets for payment of the Secured Liabilities except with respect to the Collateral as provided in the Agreement. The Pledged Interests constitute part of the System and, as such, are accounted for by the Pledgor as assets of the Enterprise. However, the Enterprise does not constitute a separate legal entity for purposes of evidencing title in property, the Pledged Interests are titled (pursuant to the Certificates described herein) in the name of the Pledgor, and, as a result, the Pledgor has entered into the Agreement, on behalf of the Enterprise, for convenience and to ensure a valid and binding pledge of the Pledged Interests as provided therein.

[Signature page follows]

IN WITNESS WHEREOF, this First Amendment has been duly executed as of the day and year first above written.

PLEDGOR:

POUDRE TECH METROPOLITAN DISTRICT, in  
the Town of Windsor, Colorado

By: \_\_\_\_\_  
President

LENDER:

POINTS WEST COMMUNITY BANK, a  
Colorado corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## ACKNOWLEDGEMENT OF PLEDGE

The undersigned (the “Company”) acknowledges the Stock Pledge Agreement dated November 29, 2016, between Poudre Tech Metropolitan District, in the Town of Windsor, Colorado (the “Pledgor”) and Points West Community Bank (the “Lender”), as amended by the First Amendment thereto dated June \_\_, 2022, between the Pledgor and the Lender (collectively, the “Pledge Agreement”), consents to the pledge thereby of the Prior Whitney Pledged Interests (as defined therein, generally consisting of 18 shares of the Company), and shall duly make a notation in its books and records that such Prior Whitney Pledged Interests and all ownership and other interests in the Company relating to such Prior Whitney Pledged Interests now or hereafter owned by the Pledgor and all proceeds thereof (the “Collateral”) have been pledged to the Lender and that the Lender has a first priority security interest therein.

In addition, the Company agrees to comply exclusively with instructions originated by the Lender in accordance with the 2022 Loan Agreement and the Pledge Agreement with respect to the Prior Whitney Pledged Interests and the Collateral without further consent of the Pledgor. The Company acknowledges that the Lender or any purchaser of the Prior Whitney Pledged Interests may become the owner of the Prior Whitney Pledged Interests if the Lender exercises its rights and remedies under the Pledge Agreement or the 2022 Loan Agreement or both, and the Company consents to the admission of the Lender and/or such purchaser as a member of the Company in such event.

**THE      WHITNEY      IRRIGATION  
COMPANY**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT OF PLEDGE**

The undersigned (the “Company”) acknowledges the Stock Pledge Agreement dated November 29, 2016, between Poudre Tech Metropolitan District, in the Town of Windsor, Colorado (the “Pledgor”) and Points West Community Bank (the “Lender”), as amended by the First Amendment thereto dated June \_\_, 2022, between the Pledgor and the Lender (collectively, the “Pledge Agreement”), re-affirms its consent to the pledge of the Prior B.H. Eaton Pledged Interests (as defined therein, generally consisting of 14 shares of the Company, evidenced by Certificate No. 159) and the 2016 Acquired B.H. Eaton Pledged Interests (as defined therein, generally consisting of 15 shares of the Company, evidenced by Certificate No. 158) (collectively, the “B.H. Eaton Pledged Interests”), and has duly made a notation in its books and records that such B.H. Eaton Pledged Interests and all ownership and other interests in the Company relating to such B.H. Eaton Pledged Interests now or hereafter owned by the Pledgor and all proceeds thereof (the “Collateral”) have been pledged to the Lender and that the Lender has a first priority security interest therein.

In addition, the Company agrees to comply exclusively with instructions originated by the Lender in accordance with the 2022 Loan Agreement and the Pledge Agreement with respect to the B.H. Eaton Pledged Interests and the Collateral without further consent of the Pledgor. The Company acknowledges that the Lender or any purchaser of the B.H. Eaton Pledged Interests may become the owner of the B.H. Eaton Pledged Interests if the Lender exercises its rights and remedies under the Pledge Agreement or the 2022 Loan Agreement or both, and the Company re-affirms its consent to the admission of the Lender and/or such purchaser as a member of the Company in such event.

**THE B.H. EATON DITCH COMPANY**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LOAN AGREEMENT**

by and between

**POUDRE TECH METROPOLITAN DISTRICT  
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE  
IN THE TOWN OF WINDSOR, COLORADO**

as Borrower

and

**POINTS WEST COMMUNITY BANK**

as Lender

**\$6,600,000  
Water Revenue Refunding and Improvements Loan, 2022**

Dated as of June \_\_, 2022

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## LOAN AGREEMENT

**THIS LOAN AGREEMENT** (as amended or supplemented from time to time, this “**Agreement**”) is made and entered into as of the \_\_\_ day of June, 2022, by and between Poudre Tech Metropolitan District, Acting by and through its Water Activity Enterprise, in the Town of Windsor, Colorado (in such enterprise capacity, the “**Enterprise**”), and Points West Community Bank, a Colorado corporation, as lender (the “**Lender**”). (All capitalized terms used and not otherwise defined herein shall have the respective meanings assigned in Article I hereof.)

### WITNESSETH:

**WHEREAS**, the Poudre Tech Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”) duly organized and existing as a metropolitan district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended (“**C.R.S.**”); and

**WHEREAS**, the District was created for the purpose of providing certain public improvements and services, including the provision of water services, to and for the benefit of the properties within and without the boundaries of the District and Water Valley Metropolitan District Nos. 1 and 2, as more particularly provided in the Service Plan (defined herein), and providing for the maintenance and operation of such improvements, all in accordance with Title 32, Article 1 C.R.S. (the “**Special District Act**”); and

**WHEREAS**, pursuant to the provisions of Article 45.1 of Title 37, C.R.S. (the “**Water Activity Law**”), state and local governmental entities which have their own bonding capacity under applicable law are authorized: (a) to establish or continue to maintain water activity enterprises for the purpose of pursuing or continuing water activities, which includes the diversion, storage, carriage, delivery, distribution, collection, treatment, use, reuse, augmentation, exchange or discharge of water; the provision of wholesale or retail water or wastewater or storm water services; and the acquisition of water or water rights; and (b) to issue or reissue bonds, notes or other obligations payable from the revenues derived or to be derived from the function, service, benefits or facility or from any other available funds of the enterprise, the terms and conditions of such bonds or other obligations to be as set forth in the resolution authorizing the same and, as nearly as practicable, as provided in Part 4 of Article 35 of Title 31, C.R.S., relating to the issuance of water revenue bonds; and

**WHEREAS**, under the authority of the Water Activity Law and pursuant to a resolution adopted by the Board of Directors of the District (in such capacity, the “**District Board**”) on November 19, 2015, the District created its Water Activity Enterprise (as previously defined above, the “**Enterprise**”); and

**WHEREAS**, the Enterprise has heretofore determined and undertaken to acquire and develop certain properties and facilities for the diversion, storage, carriage, delivery, distribution, collection, treatment, use, reuse, augmentation, exchange, or discharge of water and to provide wholesale or retail water or wastewater or storm water services and to acquire water or water rights,

which constitute a “water activity enterprise” within the meaning of Section 37-45.1-102, C.R.S. (collectively, and as further defined herein, the “**System**”); and

**WHEREAS**, the System is operated by the Enterprise as a “water activity enterprise” within the meaning of the Water Activity Law and constitutes an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution; 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, as defined in Section 37-45.1-102(2), C.R.S., from all Colorado state and local governments combined, and it is hereby determined that the System is an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution; and

**WHEREAS**, the Enterprise is empowered by the Acts (defined below) to issue revenue bonds for the purposes set forth therein, including, without limitation, the acquisition and construction of System improvements, such bonds to be issued in the manner provided in Part 4 of Article 35 of Title 31, C.R.S.; and

**WHEREAS**, the District is also empowered by the Special District Act to acquire, dispose of and encumber real and personal property, including without limitation, rights and interests in property, leases and easements necessary to the functions or operation of the District; and

**WHEREAS**, at an election of the eligible electors of the District, duly called and held on November 4, 2003 (the “**Election**”), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of a ballot question (“**Ballot Issue L**”) authorizing the District to issue, create, execute and deliver mortgages, liens and other encumbrances in the amount of up to \$5,000,000 (plus interest thereon) on District real and personal property, including water and water rights, the question relating thereto being as set forth in the Authorizing Resolution (defined herein), and of which authorization under Ballot Issue L \$3,900,000 (plus interest thereon) remains available to the District; and

**WHEREAS**, the Board of Directors of the District, in its capacity as the governing body of the Enterprise (in such capacity, the “**Board**”) has determined to provide for the acquisition and construction of water projects and facilities relating to the System (as more particularly defined herein, the “**Project**”); and

**WHEREAS**, for the purpose of funding a portion of the costs of the Project, the Enterprise has previously obtained a loan from the Lender in the principal amount of \$4,100,000 (the “**2016 Loan**”), pursuant to a Loan Agreement dated November 29, 2016 (the “**2016 Loan Agreement**”); and

**WHEREAS**, the 2016 Loan constitutes a revenue obligation of the Enterprise and is payable solely from the Gross Pledged Revenue (as defined in the 2016 Loan Agreement) of the System, subject to the limitations provided in the 2016 Loan Agreement; and

**WHEREAS**, a portion of the 2016 Loan in the principal amount of \$3,900,000, plus accrued interest thereon, is further secured by certain water rights of the District (as more particularly defined herein, the “**Water Stock Collateral**”), in accordance with, and as more

particularly provided in, that certain Stock Pledge Agreement dated as of November 29, 2016 (the “**2016 Pledge Agreement**”), between the District and the Lender; and

**WHEREAS**, the 2016 Loan matures December 1, 2023; and

**WHEREAS**, the District has determined that it is necessary, desirable and in the best interest of the District and the Enterprise to refinance the 2016 Loan and also to provide for the funding of additional costs of the Project and, for such purpose, the District has requested the Lender to make available to the Enterprise a loan in the amount of \$6,600,000 (the “**Loan**”); and

**WHEREAS**, the Lender is willing to enter into this Agreement and to make the Loan to the Enterprise for such purposes pursuant to the terms and conditions stated below; and

**WHEREAS**, the Loan shall be a revenue obligation of the Enterprise and shall be payable solely from the Gross Pledged Revenue (as defined herein), subject to the limitations provided herein; and

**WHEREAS**, the District has agreed to continue the pledge of and lien on the Water Stock Collateral as security for a portion of the Loan in the principal amount of \$3,900,000, plus accrued interest thereon, in accordance with, and as more particularly provided in, the 2016 Stock Pledge Agreement, as amended by a First Amendment to Stock Pledge Agreement dated as of June \_\_, 2022 (together, the “**Pledge Agreement**”), between the District and the Lender; and

**NOW THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the parties hereto agree as follows.

## **ARTICLE I DEFINITIONS**

In addition to the words and terms defined above or elsewhere in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning or intent

“*Accelerated Amount*” means, as of any particular date occurring after the provision by the Lender of an Acceleration Notice in accordance with Section 7.03 hereof, the amount of principal and interest on the Loan then due and payable as a result of such acceleration less the Unpaid Scheduled Debt Service as of such date.

“*Acts*” means, collectively, the Supplemental Public Securities Act; the Special District Act; Part 1, Article 45.1 of Title 37, C.R.S.; and Part 4, Article 35, Title 31, C.R.S.

“*Annual Budgeted Operation and Maintenance Expenses*” means the budgeted expenses of the Enterprise for operating, maintaining and repairing the System (but not Capital Improvements), for the applicable Fiscal Year, as set forth in the adopted budget of the Enterprise (i.e., the portion of the District’s adopted budget comprising the Water Enterprise Operations Fund).

“*Authorized Person*” means the President of the Board or any other individual authorized by the Board to act as an Authorized Person hereunder.

“*Authorizing Resolution*” means the resolution adopted by the Board on June 15, 2022, authorizing the Enterprise to incur the indebtedness of the Loan and to execute and deliver the Note, this Agreement, and the other Financing Documents to which the Enterprise is a party.

“*Bond Counsel*” means (a) as of the Closing Date, Ballard Spahr LLP, Denver, Colorado, and (b) as of any other date, Ballard Spahr LLP, Denver, Colorado, or such other attorneys selected by the Enterprise and acceptable to the Lender with nationally recognized expertise in the issuance of municipal debt.

“*Business Day*” means any day of the week on which the Lender is conducting its banking operations nationally and on which day the Lender’s offices are open for business in Windsor, Colorado.

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

“*Closing*” means the concurrent execution and delivery of this Agreement and the Note by the respective parties thereto and the making and disbursement of the Loan in accordance with the provisions hereof.

“*Closing Date*” means June \_\_, 2022, being the date on which the Closing occurs.

“*Closing Memorandum*” means the closing memorandum, dated as of the Closing Date, setting forth the disbursement of the proceeds of the Loan, including the application of such funds to payment of the costs, expenses and fees incurred in connection with the issuance of the Loan.

“*Collateral*” means (a) the Gross Pledged Revenue; and (b) the Water Stock Collateral, to the extent of the rights of the Lender thereto pursuant to the Pledge Agreement.

“*Costs of Issuance Account*” means the fund by that name established pursuant to Section 3.01 hereof to be maintained by the Enterprise in the manner and for the purposes described in Section 3.04 hereof.

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

“*Debt*” of any Person means on any date, without duplication, (a) all obligations of such Person for borrowed money and reimbursement obligations which are not contingent; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of property or services; (d) all obligations of such Person as lessee under capital leases; (e) all Debt of others guaranteed by such Person; (f) all obligations of such Person which are payable from year to year, subject to appropriation of the amounts sufficient to do so, subject to the last sentence of this definition; and

(g) all payment obligations of such Person, in addition to any obligations set forth in clauses (a) through (f) above arising under any swap, cap, collar, interest rate futures contract, interest rate option contract or other similar arrangement and under any foreign exchange contract, currency swap agreement, foreign exchange futures contract, foreign exchange option contract, synthetic cap or other similar agreement; provided that it is understood that Debt does not include contingent obligations of such Person to reimburse any other Person in respect of surety bonds or letters of credit to the extent that such surety bonds or letters of credit support Debt of such Person or any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of such Person; and further provided, that for purposes of this definition, if any of the agreements or contracts set forth in clause (g) above relate to any other obligation of a Person which is otherwise included in this definition of Debt, such agreements and contracts shall constitute Debt only to the extent that the payment obligations of such Person thereunder, less any amounts receivable by such Person thereunder, exceed or are expected to exceed the interest payable on the related Debt.

“*Default*” means an event, act or occurrence which, with the giving of notice or the lapse of time (or both), would become an Event of Default.

“*Default Interest Notice*” means a written notice of the Lender stating that an Event of Default under Sections 7.01(b), (c), (g) has occurred and has not been cured to the satisfaction of the Lender and that, as a result, the Lender is invoking its right to impose Default Interest on the Loan which is outstanding on the date of such notice, commencing on the third (3rd) calendar day following the date when the Lender provided such notice.

“*Default Rate*” has the meaning set forth in Section 2.02(b)(ii) hereof.

“*District*” means Poudre Tech Metropolitan District, in the Town of Windsor, Colorado, and its successors and assigns.

“*Enterprise*” (also referred to herein as “*Borrower*”) means the Poudre Tech Metropolitan District, acting by and through its Water Activity Enterprise, in the Town of Windsor, Colorado, and its successors and assigns.

“*Enterprise Resolution*” means the resolution adopted by the District’s Board on November 19, 2015, pursuant to which the Enterprise was created.

“*Event of Default*” has the meaning set forth in Section 7.01 hereof.

“*Financing Documents*” means this Agreement, the Note, the Pledge Agreement, and the Authorizing Resolution, as the same may be amended or supplemented from time to time.

“*Gross Pledged Revenue*” means all income and revenues directly or indirectly derived by the Enterprise from the operation or use of the System, or any part thereof including without limitation, any rates, fees, system development fees, tap fees, availability of service fees, plant investment fees, debt service fees, tolls and charges for the availability of, connection to and services furnished by, or for the use of, the System, and all income attributable to any past or future dispositions of System property or rights or related contracts, settlements or judgments; provided, however, that there shall be excluded from Gross Pledged Revenue: (i) any moneys borrowed and

used for providing Capital Improvements, (ii) any money and securities and investment income therefrom, in any refunding account, escrow fund or similar account pledged to the payment of any bonds or other obligations, (iii) any moneys received as grants or appropriations from the United States of America, the State, other local governments or enterprises or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements (including oversizing of facilities or similar capital improvements) or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service or the disposal of any commodities therefrom; (iv) the portion of any system development fee or tap fee reasonably required to fund the costs of a meter and ancillary equipment and facilities (including the installation thereof) necessary for the provision of service to the property for which such system development fee or tap fee has been paid; and (v) the Net Proceeds of any insurance payment or condemnation award or portion thereof attributable to damage or destruction or takings or title defect of its System.

*“Interest Payment Date”* means June 1 and December 1 of each year, commencing on December 1, 2022.

*“Loan”* means the loan made by the Lender to the Borrower in the Loan Amount as evidenced by the Note and made in accordance with the terms and provisions of this Agreement.

*“Loan Amount”* means Six Million Six Hundred Thousand Dollars and No/100 (\$6,600,000).

*“Maturity Date”* means December 1, 2027.

*“Net Proceeds”* means, when used with respect to any insurance payment (including, without limitation, any payment from a self-insurance fund or any payment with respect to title insurance) or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds and less any amounts required (by the terms of the lease between such lessee and the Enterprise) to be paid to lessees for leasehold improvements to the System to which the insurance payment or condemnation award relates.

*“Note”* means the promissory note evidencing the indebtedness of the Loan, dated of even date herewith, from the Enterprise, as Maker, to the Lender, as Payee, issued in an original principal amount equal to the Loan Amount, in substantially the form of Exhibit A hereto.

*“Operation and Maintenance Expenses”* means all reasonable and necessary current expenses of the Enterprise, paid or accrued, for operating, maintaining and repairing the System (but not Capital Improvements) and, to the extent deemed necessary in the sole discretion of the Enterprise, the funding of reserves for such expenses anticipated to come due, including without limitation, legal and other overhead expenses of the Enterprise directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor and the cost of materials, and the cost of materials and supplies for current operations.

*“Participant”* has the meaning set forth in Section 8.02(c) hereof.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001).

“*Permitted Investments*” means any investment or deposit permissible for the Enterprise under then applicable law.

“*Person*” means an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“*Pledge Agreement*” means the Stock Pledge Agreement dated as of November 29, 2016, as amended by a First Amendment to Stock Pledge Agreement dated as of June \_\_, 2022, between the District and the Lender.

“*Post-Maturity Default Interest Rate*” means a fluctuating interest rate per annum equal to the lesser of: (i) the Prime Rate (as of the applicable Maturity Date or Interest Reset Date) plus 5.0%; or (ii) 18.0%

“*Post-Maturity Rate Effective Date*” means the Maturity Date and any Interest Reset Date.

“*Prime Rate*” means, as of the applicable Maturity Date or Interest Reset Date, the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release H. 15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein.

“*Project*” means all or a portion of the costs of the acquisition and construction of water projects and facilities to the extent authorized pursuant to Article 45.1 of Title 37, C.R.S.

“*Project Costs*” means the Enterprise’s costs properly attributable to the Project or any part thereof.

“*Project Account*” means the “Poudre Tech Metropolitan District, acting by and through its Water Activity Enterprise, Water Revenue Refunding and Improvements Loan, Series 2022, Project Account,” established and maintained by the Enterprise pursuant to Section 3.03 hereof.

“*Service Plan*” means the Second Amended and Restated Service Plan for the District, Water Valley Metropolitan District No. 1, and Water Valley Metropolitan District No. 2, which was approved by the Town of Windsor, Colorado on September 27, 1999, as the same may be amended or restated from time to time.

“*Special District Act*” means Title 32, Article 1, C.R.S.

“*Supplemental Public Securities Act*” means Title 11, Article 57, Part 2, C.R.S., as amended.

“*System*” means all of the Enterprise’s non-potable water facilities and properties, now owned or hereafter acquired, whether situated within or without the Enterprise boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto, which facilities and properties comprise the Enterprise.

“*Unpaid Scheduled Debt Service*” means, as of any particular date of determination, the unpaid principal of the Loan then due and payable in accordance with the schedule attached hereto as Exhibit B, plus any unpaid interest on the- Loan then due and payable.

“*Water Enterprise Operations Fund*” means the account or subaccount maintained by the Enterprise within the account referred to as the “Enterprise Fund—Non-potable Water” and used to account for the operation revenues and expenses of the System.

“*Water Stock Collateral*” means the “Collateral,” as defined in the Pledge Agreement, including, but not limited to, the Prior Whitney Pledged Interests, the Prior B.H. Eaton Pledged Interests and the 2016 Acquired B.H. Eaton Pledged Interests (all as defined in the Pledge Agreement).

## ARTICLE II LOAN

### Section 2.01 Loan In General.

(a) **Agreement to Make Loan.** The Lender hereby agrees to extend the Loan to the Enterprise in the aggregate original principal amount of \$6,600,000 (as previously defined in Section 1.01 hereof the “Loan Amount”) subject to the terms and conditions of this Agreement. The Loan shall be evidenced by the Note, the form of which is set forth in Exhibit A attached hereto.

(b) **Application of Loan Proceeds.** On the Closing Date, the Lender will withhold from proceeds of the Loan the amount of \$33,000.00 for the commitment fee due to the Lender in connection with this Loan Agreement, will apply \$[ ] to the payment in full of all principal of and accrued interest on the 2016 Loan, and will disburse the remainder (\$[ ]) to the Enterprise for credit as follows:

- (i) \$[ ] to the Project Account; and
- (ii) \$[ ] to the Cost of Issuance Account.

### Section 2.02 Interest Rates; Interest Payments; Principal Payments.

(a) **Interest Computations.** All interest due and payable under this Agreement shall be calculated on the basis of a 360-day year and actual number of days elapsed in the applicable accrual period. Interest not paid when due shall continue to accrue at the rate of interest then borne by the Loan as provided in Section 2.02(b) below. Unpaid interest shall compound semi-annually on each Interest Payment Date. The Lender’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

**(b) Interest Rates.**

(i) *Fixed Rate.* Subject to the provisions of subsection (ii) of this Section 2.02(b), commencing on the Closing Date to the Maturity Date, the Loan shall bear interest at a fixed rate equal to [RATE]% per annum.

(ii) *Default Rate.* Subject to the last sentence of this clause (ii), immediately upon the occurrence of an Event of Default, the Loan shall bear interest at a rate per annum equal to [DEFAULT RATE%] (the “**Default Rate**”). The Default Rate shall remain in effect until such time as the applicable Event of Default is cured to the reasonable satisfaction of the Lender. Notwithstanding the foregoing, with respect to the occurrence of an Event of Default described in Section 7.01(b), (c), or (g) hereof, the Lender shall provide a Default Interest Notice to the Enterprise and the Loan (outstanding as of the date when such Default Interest Notice is provided by the Lender) shall bear interest at the Default Rate commencing on the third (3rd) calendar day following the date when the Lender provided such Default Interest Notice to the Enterprise.

(A) (iii) *Post Maturity Default Rate.* Commencing on the Maturity Date, any unpaid amounts due on the Loan shall bear interest at the Post-Maturity Default Interest Rate. The Post-Maturity Default Rate shall be determined as follows:

(a) The Post-Maturity Default Rate shall initially be determined on the Maturity Date and shall be reset each time there is a change in the Prime Rate (each, an “**Interest Reset Date**”).

(b) On the Maturity Date and on any Interest Reset Date thereafter, the Lender shall determine the Prime Rate as of such Maturity Date or any Interest Reset Date, as applicable, and shall compute the Post-Maturity Default Rate to take effect on each corresponding Post-Maturity Rate Effective Date (which in the case of the Maturity Date, is the Maturity Date itself) and remain in effect from and including the applicable Post-Maturity Rate Effective Date to but not including any subsequent Interest Reset Date. In the absence of manifest error, the Lender’s computation of the Post-Maturity Default Rate shall be determinative.

(c) If requested by the District, the Lender shall notify the District in writing of the Post-Maturity Default Rate in effect as of each Interest Reset Date within five (5) Business Days following any such request of the District.

(c) **Interest Payments.** Interest payments on the Loan shall be due and payable semi-annually on June 1 and December 1 each year, commencing December 1, 2022 (as previously defined in Section 1.01 hereof, each an “**Interest Payment Date**”).

(d) **Principal Payments.** Principal payments on the Loan shall be due and payable on June 1 and December 1 of each year through the Maturity Date, commencing June 1, 2023, in the amounts set forth on Exhibit B attached hereto.

(e) **Maximum Interest Rate.** Notwithstanding the foregoing provisions, as a result of the pledge made in accordance with the Pledge Agreement and the limitations in Ballot Issue L restricting the same, and in order to ensure that the Loan does not bear interest in excess of a rate that would be permitted to be paid from assets pledged under the Pledge Agreement, the maximum net effective interest rate that the Enterprise shall be required to pay with respect to the Loan is 18.00% per annum (the “**Maximum Rate**”). In no event shall the Loan bear interest at a per annum interest rate in excess of the Maximum Rate.

**Section 2.03 Prepayment of Loan.**

(a) **Optional Prepayment.** The Enterprise may, at its option, prepay the Loan in whole or in part on any date, at a prepayment price equal to the principal amount so prepaid plus accrued interest thereon at the rate then borne by the Loan to the date of such prepayment, without prepayment penalty or premium.

(b) **Application of Prepayments.** Prepayments of the Loan shall be applied to the principal then outstanding under the Loan first, and shall reduce the principal amounts due in accordance with Exhibit B hereto in inverse order of payment date, commencing with amounts due on the Maturity Date.

**Section 2.04 Limited Obligation; Source of Payment of Loan.** The Loan shall constitute a special limited revenue obligation of the Enterprise payable solely from the Gross Pledged Revenue as provided herein and from amounts available to the Lender as a result of exercise of its rights with respect to the Water Stock Collateral under the Pledge Agreement, subject to the limitations set forth in the Pledge Agreement; provided however, that in the event that the Lender has deemed the Loan immediately due and payable in accordance with Section 7.03 hereof, then from such date to the Maturity Date: (a) the Lender shall be entitled to payment of Unpaid Scheduled Debt Service from the Gross Pledged Revenue; and (b) the Lender shall be entitled to payment of the Accelerated Amount solely from amounts available to it as a result of exercise of its rights with respect to the Water Stock Collateral under the Pledge Agreement, subject to the limitations set forth in the Pledge Agreement (i.e., no portion of Gross Pledged Revenue shall be required to be paid to the Lender in payment of the Accelerated Amount). Neither the Loan, this Agreement nor the Note shall be deemed or construed as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation of the State, any political subdivision thereof (including Poudre Tech Metropolitan District) within the meaning of the Constitution and laws of the State, or any individual member of the District’s Board.

**Section 2.05 Manner of Payments.** All interest, fees, and other payments to be made hereunder by or on behalf of the Enterprise to the Lender shall be made, and shall not be considered made until received, in lawful money of the United States of America in immediately available funds. The Enterprise shall make each payment hereunder in the manner and at the time necessary so that each such payment is received not later than 12:00 noon, Denver, Colorado time, on the day when due. Any payment received after 12:00 noon, Denver, Colorado time, shall be deemed made on the next succeeding Business Day. Subject to Section 2.03(b) hereof, all payments made hereunder by or on behalf of the Enterprise to the Lender may be applied to amounts due hereunder in such order of priority as the Lender shall elect.

**Section 2.06 Costs and Expenses.** The Enterprise agrees to pay all costs and expenses of the Lender in connection with (a) the preparation, execution and delivery of this Agreement or any other documents, including the other Financing Documents, which may be delivered by any party in connection with the transactions contemplated by the Financing Documents; (b) the filing recording administration (other than normal, routine administration), enforcement, transfer, amendment, maintenance, renewal or cancellation of this Agreement and all amendments or modifications thereto (or supplements hereto), including, without limitation, the fees and out-of-pocket expenses of counsel for the Lender and the allocated cost of in-house counsel and legal staff and independent public accountants and other outside experts retained by the Lender in connection with any of the foregoing; and (c) the fees and expenses of any custodian appointed by the Lender to hold any Collateral securing the obligations of the Enterprise hereunder (provided that presently no custodian holds any portion of the Collateral). In addition, the Enterprise agrees to pay promptly all costs and expenses of the Lender, including, without limitation, the fees and expenses of external counsel and the allocated cost of in-house counsel, for (i) any and all amounts which the Lender has paid relative to the Lender's curing of any Event of Default under this Agreement or any of the other Financing Documents; (ii) the enforcement of this Agreement or any of the other Financing Documents; or (iii) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Enterprise from paying any amount hereunder. Without prejudice to the survival of any other agreement of the Enterprise hereunder, the agreements and obligations contained in this Section 2.06 shall survive the payment in full of all amounts owing to the Lender hereunder.

**Section 2.07 Obligations Unconditional.** The Enterprise's obligation to repay the Loan and all of its other obligations under the Financing Documents (but solely from and to the extent of Gross Pledged Revenue available therefor, except as limited herein) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff counterclaim or defense to payment which the Enterprise may have against the Lender, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of the Loan hereunder, and irrespective of the legality, validity, regularity or enforceability of all or any of the Financing Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Lender explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, all or any of the Financing Documents or any exchange, release, or nonperfection of any Collateral securing the obligations of the Enterprise hereunder or under the other Financing Documents and any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

**Section 2.08 Waivers.** To the fullest extent permitted by law: (a) the Enterprise hereby waives (i) presentment, demand, notice of demand, protest, notice of protest, notice of dishonor and notice of nonpayment; (ii) to the extent the Lender is not in default hereunder, the right, if any, to the benefit of or to direct application of, any security hypothecated to the Lender until all obligations of the Enterprise to the Lender hereunder, howsoever arising, have been paid; (iii) the right to require the Lender to proceed against the Enterprise hereunder, or against any Person under any guaranty or similar arrangement, or under any agreement between the Lender and any Person or to pursue any other remedy in the Lender's power; (iv) all statutes of limitation; and (v) any defense arising out of the election by the Lender to foreclose on any security by one or more non-judicial or judicial sales; (b) the Lender may exercise any other right or remedy, even though any such election operates to impair or extinguish the Enterprise's right to repayment from, or any

other right or remedy it may have against, any Person, or any security; and (c) the Enterprise agrees that the Lender may proceed against the Enterprise or any Person directly and independently of any other, and that any forbearance, change of rate of interest, or acceptance, release or substitution of any security, guaranty, or loan or change of any term or condition thereunder or under any Financing Document (other than by mutual agreement between the Enterprise and the Lender) shall not in any way affect the liability of the Enterprise hereunder.

**Section 2.09 Pledge.** The Enterprise hereby assigns, transfers, pledges, hypothecates, delivers and grants to the Lender a first priority security interest in and to the Gross Pledged Revenue and the other Collateral to secure the payment of the principal of and interest on the Loan and all other amounts due and owing to the Lender hereunder, subject to the limitation that, in the event that the Lender has deemed the Loan immediately due and payable in accordance with Section 7.03 hereof, then from such date to the Maturity Date: (a) the Lender shall be entitled to payment of Unpaid Scheduled Debt Service from the Gross Pledged Revenue; and (b) the Lender shall be entitled to payment of the Accelerated Amount solely from amounts available to it as a result of exercise of its rights with respect to the Water Stock Collateral under the Pledge Agreement, subject to the limitations set forth in the Pledge Agreement (i.e., no portion of Gross Pledged Revenue shall be required to be paid to the Lender in payment of the Accelerated Amount). The lien of the Lender on the Gross Pledged Revenue and the other Collateral shall be subject to no other lien without the prior written consent of the Lender. The Enterprise represents and warrants that the Gross Pledged Revenue and the other Collateral is not, as of the Closing Date, subject to any other lien or encumbrance. The pledges made herein include any substitutions, renewals and additions with respect to the Collateral.

**Section 2.10 Conditions to Closing.** The execution and delivery of this Agreement by the Lender, and funding of the Loan in accordance with the provisions hereof, is conditioned upon the satisfaction of each of the following on or prior to the Closing Date:

(a) **Financing Documents.** All Financing Documents and other instruments applicable to the Loan shall be in form and substance satisfactory to the Lender; shall have been duly executed and delivered to the Lender, shall have not been modified, amended or rescinded; and shall be in full force and effect on and as of the Closing Date. The Lender shall be in receipt of the executed originals of this Agreement and the Note.

(b) **Enterprise Certified Proceedings.** The Lender has received a certified copy of the Authorizing Resolution of the Enterprise, which shall be in form and content satisfactory to the Lender and authorize the Enterprise to obtain the Loan and perform all acts contemplated by this Agreement and all other Financing Documents to which the Enterprise is a party, and a certified copy of all other ordinances, resolutions and proceedings taken by the Enterprise authorizing the Enterprise to obtain the Loan and the execution, delivery and performance of this Agreement and the other Financing Documents to which the Enterprise is a party and the transactions contemplated hereunder and thereunder.

(c) **District Certified Proceedings.** The Lender has received a certified copy of an adopted resolution of the District Board (the “**District Resolution**”), which shall be in form and content satisfactory to the Lender and authorize the District to enter into the First Amendment

to Stock Pledge Agreement and to perform the transactions contemplated under the Stock Pledge Agreement.

**(d) Enterprise's Certificate.** The Enterprise shall have provided the Lender with a certificate certifying that on the Closing Date each representation and warranty on the part of the Enterprise contained in the Financing Documents to which it is a party is true and correct and no Event of Default, or event which would, with the passage of time or the giving of notice, constitute an Event of Default, has occurred and is continuing and no default exists under any of the Financing Documents, or under any other agreement by and between the Enterprise and the Lender relating to the Loan and certifying as to such other matters as the Lender might reasonably request.

**(e) District's Certificate.** The District shall have provided the Lender with a certificate certifying that on the Closing Date each representation and warranty on the part of the District contained in the Pledge Agreement is true and correct and no default exists under the Pledge Agreement, and certifying as to such other matters as the Lender might reasonably request.

**(f) Other Proceedings.** All proceedings of any Person taken in connection with the transactions contemplated by the Financing Documents, and all instruments, authorizations and other documents applicable thereto, shall be satisfactory to the Lender and its counsel.

**(g) Opinion of Bond Counsel.** The Lender shall have received an opinion of Bond Counsel dated as of the Closing Date and addressed to the Lender (or, in lieu thereof, a reliance letter to the same effect), with respect to such matters as the Lender may require, including opinions to the effect that the obligations of the Enterprise under the Loan and the Note constitute legal, valid and binding revenue obligations of the Enterprise, and are enforceable against the Enterprise in accordance with their respective terms, and that the Pledge Agreement constitutes a legal, valid and binding obligation of the District, and is enforceable against the District in accordance with its terms, and addressing the excludability of interest on the Loan from the gross income of the Lender, which opinion shall otherwise be in form and substance satisfactory to the Lender and its counsel.

**(h) Opinion of General Counsel.** The Lender shall have received an opinion of counsel to the Enterprise dated as of the Closing Date and addressed to the Lender, with respect to such matters as the Lender may require, including opinions as to the validity of the District's organization and existence; to the effect that all governmental approvals, if any, necessary for the Enterprise or the District to execute, deliver and perform its obligations under the Financing Documents (to which it is a party) have been duly obtained; that each of the Authorizing Resolution, the Enterprise Resolution and the District Resolution was duly and properly adopted, is in full force and effect, and has not been rescinded as of the Closing Date; that neither the execution and delivery of this Agreement and the Note, nor the fulfillment of or compliance with the terms and conditions hereunder or thereunder conflicts with or results in a breach, or would result in a breach, of any of the terms, conditions or provisions of any agreement or instrument to which the Enterprise or District is a party or by which it or any of its property are bound; that this Agreement and the Note have been duly authorized, executed, and delivered by the Enterprise;

that the Pledge Agreement has been duly authorized, executed, and delivered by the District and otherwise in form and substance acceptable to the Lender and its counsel.

(i) **No Change in Law.** No law, regulation, ruling or other action of the United States, the State of Colorado or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Enterprise from fulfilling its obligations under the Financing Documents.

(j) **Payment of Costs and Expenses.** All Lender counsel fees and any other fees and expenses due and payable in connection with the execution and delivery of this Agreement and the Note and the transactions contemplated hereunder and thereunder shall have been paid by the Enterprise.

(k) **Due Diligence.** The Enterprise shall have provided the Lender with all pertinent financial information regarding or affecting the Enterprise, the Gross Pledged Revenue, and its obligations under the Financing Documents; all agreements regarding or affecting the Enterprise, the System, the Gross Pledged Revenue, and the Enterprise's obligations under the Financing Documents; and any other material documents, information or pertinent data relating to or affecting the Enterprise, the System, the Gross Pledged Revenue, or its obligations under the Financing Documents; and such financial information, agreements, documents, material information and other pertinent data shall be satisfactory to the Lender and its counsel.

(l) **Accuracy and Completion.** All information provided by the Enterprise to the Lender shall be, as of the Closing Date, complete and accurate in all respects.

(m) **No Material Adverse Change.** No material adverse change has, in the sole opinion of the Lender based on its business expertise, occurred with respect to the Enterprise's business operations, financial condition or performance, as reflected in the most recent financial statements provided to the Lender or as otherwise known by the Lender.

(n) **Colorado Municipal Bond Supervision Act.** The Lender shall be in receipt of evidence satisfactory to the Lender that the Loan is exempt from the registration requirements of the Colorado Municipal Bond Supervision Act (Title 11, Article 59, C.R.S.).

(o) **Other Certificates and Approvals.** The Lender shall have received such other certificates, approvals, filings, opinions and documents as shall be reasonably requested by the Lender.

(p) **Other Legal Matters.** All other legal matters pertaining to the execution and delivery of the Financing Documents and the full and timely performance of the transactions contemplated thereunder shall be reasonably satisfactory to the Lender.

### **ARTICLE III FUNDS AND ACCOUNTS; APPLICATION OF REVENUES**

**Section 3.01 Creation of Funds and Accounts.** The Enterprise hereby reaffirms the establishment of its Water Enterprise Operations Fund, held and maintained by the Enterprise. The

following accounts are hereby created and established, each of which shall be maintained by the Enterprise in accordance with the provisions hereof

- (a) the Project Account; and
- (b) the Cost of Issuance Account.

**Section 3.02 Deposit and Application of Revenues.** The Enterprise shall deposit to the Water Enterprise Operations Fund all Gross Pledged Revenue immediately upon receipt. The Enterprise shall apply the Gross Pledged Revenue to the payment of principal of and interest on the Loan when due, pursuant to Section 2.02 hereof. So long as the principal of and interest on the Loan are paid when due, the Enterprise shall not otherwise be limited in its application of moneys constituting Gross Pledged Revenue or any other moneys on deposit in the Water Enterprise Operations Fund. The Enterprise shall pay from the Water Enterprise Operations Fund all Operation and Maintenance Expenses as they become due and payable, subject to any State law restrictions on the use of revenues on deposit therein representing system development fees and tap fees, and only after ensuring that funds will be sufficient to fund principal and interest when due on the Loan. Notwithstanding any of the foregoing, in the event that the Lender has deemed the Loan immediately due and payable in accordance with Section 7.03 hereof, then from such date to the Maturity Date: (a) the Lender shall be entitled to payment of Unpaid Scheduled Debt Service from the Gross Pledged Revenue; and (b) the Lender shall be entitled to payment of the Accelerated Amount solely from amounts available to it as a result of exercise of its rights with respect to the Water Stock Collateral under the Pledge Agreement, subject to the limitations set forth in the Pledge Agreement (i.e., no portion of Gross Pledged Revenue shall be required to be paid to the Lender in payment of the Accelerated Amount).

**Section 3.03 Project Account.**

(a) **General.** The Project Account shall be maintained by the Enterprise in accordance with the provisions hereof.

(b) **Disbursements from Project Account.** Amounts in the Project Account shall be disbursed by the Enterprise and applied by the Enterprise for the payment of Project Costs. As part of such disbursement, the Enterprise shall keep and maintain a record of such disbursement in the form set forth in Exhibit C attached hereto and signed by an authorized signatory of the Enterprise stating with respect to each payment to be made: (A) the name and address of the person, firm, or corporation to whom payment is or will be due or has been made; (B) the amount to be paid or reimbursed; (C) a general description of the water rights, improvements or facilities to be funded thereby and a statement that the same constitute Project Costs; and (D) that each obligation mentioned therein has been or will be properly incurred, is or will be a proper charge against the Project Account, and has not been the basis of any previous withdrawal.

(c) **Investments.** Moneys credited to the Project Account shall be invested or deposited by the Enterprise in Permitted Investments and in accordance with the laws of the State of Colorado. All investment earnings on moneys on deposit in the Project Account shall remain in the Project Account.

**Section 3.04 Costs of Issuance Account.**

(a) The Costs of Issuance Account shall be maintained by the Enterprise in accordance with this Section 3.04. On the Closing Date, proceeds of the Loan in the amount stated in Section 2.01(b) shall be deposited in the Costs of Issuance Account and the Enterprise shall disburse amounts therein for the payment of the fees, costs and expenses incurred in connection with the procuring of the Loan pursuant to invoices provided to the Enterprise and in accordance with a Closing Memorandum approved by the Enterprise. Amounts to be disbursed from the Costs of Issuance Account other than as provided in the Closing Memorandum must be approved in writing by the Lender and the Enterprise prior to disbursement. On the date which is sixty (60) days after the Closing Date, the Enterprise shall transfer all amounts then remaining in the Costs of Issuance Account, if any, to such other accounts of the Water Enterprise Operations Fund as may be determined by the Enterprise. At such time as no moneys remain therein, the Costs of Issuance Account shall terminate.

(b) Moneys credited to the Costs of Issuance Account shall be invested or deposited by the Enterprise in Permitted Investments and in accordance with the laws of the State of Colorado. All investment earnings on moneys on deposit in the Costs of Issuance Account shall remain in the Costs of Issuance Account.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE ENTERPRISE AND DISTRICT**

While any obligations of the Enterprise under any of the Financing Documents are unpaid or outstanding, the District and the Enterprise continuously represents and warrants to the Lender as follows:

**Section 4.01 Due Organization of the District.** The District is a quasi-municipal corporation and political subdivision of the State of Colorado and a body corporate duly organized and validly existing as a metropolitan district under the laws of the State of Colorado.

**Section 4.02 Power and Authorization.** The Enterprise has all requisite power and authority to own and convey its properties and to carry on its business as now conducted and as contemplated to be conducted under the Financing Documents; to execute, deliver and to perform its obligations under the Financing Documents; and to cause the execution, delivery and performance of the Financing Documents.

**Section 4.03 Enterprise Status.** The Enterprise hereby covenants and agrees that it has been duly established as and constitutes an “enterprise” as defined in Article X, Section 20 of the State Constitution and a “water activity enterprise” within the meaning of the Water Activity Law.

**Section 4.04 No Legal Bar.** The District is not in violation of any of the provisions of the laws of the State of Colorado or the United States of America or of the District’s Service Plan or any of the provisions of any order of any court of the State of Colorado or the United States of America which would affect its existence or the powers referred to in the preceding Section 4.02. The execution, delivery and performance by the Enterprise of the Financing Documents (a) will not violate any provision of any applicable law or regulation or of any order, writ, judgment or decree of any court, arbitrator or governmental authority; (b) will not violate any provisions of any document constituting, regulating or otherwise affecting the operations or activities of the District

(including, without limitation, the District's Service Plan); and (c) will not violate any provision of, constitute a default under, or result in the creation, imposition or foreclosure of any lien, mortgage, pledge, charge, security interest or encumbrance of any kind other than liens created or imposed by the Financing Documents, on any of the revenues or other assets of the Enterprise or the District which could have a material adverse effect on the assets, financial condition, business or operations of the Enterprise, on the Enterprise's power to cause the Financing Documents to be executed and delivered, or its ability to pay in full in a timely fashion the obligations of the Enterprise under the Financing Documents.

**Section 4.05 Consents.** The District and the Enterprise have obtained all consents, permits, licenses and approvals of and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery and performance by the District and the Enterprise of the Financing Documents.

**Section 4.06 Litigation.** There is no action, suit, inquiry or investigation or proceeding to which the Enterprise or the District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official which is pending or, to the best knowledge of the Enterprise or the District, threatened in connection with any of the transactions contemplated by the Financing Documents or against or affecting the assets of the District or the Enterprise, nor, to the best knowledge of the Enterprise or the District, is there any basis therefor, wherein an unfavorable decision, ruling or finding (a) would adversely affect the validity or enforceability of or the authority or ability of the Enterprise or the District to perform their respective obligations under, the Financing Documents; or (b) would, in the reasonable opinions of the Enterprise and the District, have a materially adverse effect on the ability of the Enterprise to conduct its business as presently conducted or as proposed or contemplated to be conducted.

**Section 4.07 Enforceability.** The Financing Documents constitute the legal, valid and binding obligations of the Enterprise (or, with respect to Pledge Agreement only, the District), enforceable against the Enterprise (or, with respect to Pledge Agreement only, the District) in accordance with their respective terms (except as such enforceability may be limited by bankruptcy, moratorium or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

**Section 4.08 Changes in Law.** To the best knowledge of the District and the Enterprise, there is not pending any change of law which, if enacted or adopted could have a material adverse effect on the assets, financial condition, business or operations of the Enterprise or the District, on the Enterprise's power to incur or its ability to pay in full in a timely fashion the obligations of the Enterprise under the Financing Documents, or on the District's ability to perform its obligations under the Pledge Agreement.

**Section 4.09 Financial Information and Statements.** The financial statements and other information previously provided to the Lender or provided to the Lender in the future are or will be complete and accurate and prepared in accordance with generally accepted accounting principles. There has been no material adverse change in the Enterprise's financial condition since such information was provided to the Lender.

**Section 4.10 Accuracy of Information.** All information, certificates or statements given to the Lender pursuant to the Financing Documents will be, to the best of the Enterprise's knowledge, true and complete when given.

**Section 4.11 Financing Documents.** Each representation and warranty of the Enterprise or the District contained in any Financing Document is true and correct as of the Closing Date.

**Section 4.12 Regulations U and X.** Neither the Enterprise nor the District is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Loan will be or have been used to extend credit to others for the purpose of purchasing or carrying any margin stock.

**Section 4.13 Default, Etc..** Neither the Enterprise nor the District is in default in the performance, observance, or fulfillment of any of their respective obligations, covenants or conditions contained in any of the Financing Documents or other resolution, agreement or instrument to which it is a party which would have a material adverse effect on the ability of the Enterprise to perform its obligations under the Financing Documents, or which would affect the enforceability hereof or thereof.

**Section 4.14 Sovereign Immunity.** Except as otherwise set forth in Title 24, Article 10, C.R.S., the Enterprise does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under the Financing Documents.

**Section 4.15 No Filings.** No filings, recordings, registrations or other actions are necessary to create and perfect the pledges provided for herein, the obligations of the Enterprise hereunder are secured by the lien and pledge provided for hereby, and the liens and pledges provided for herein constitute valid prior liens subject to no other liens. The District represents that it has taken all actions necessary to perfect the lien and pledge provided in the Pledge Agreement with respect to the Water Stock Collateral

**Section 4.16 Status of Liens.** The District represents and warrants that the Water Stock Collateral (to the extent owned by the District) is not, as of the Closing Date, subject to any other lien or encumbrance other than the first priority lien thereon in favor of the Lender as more particularly set forth in the Pledge Agreement. The Enterprise represents and warrants that the Gross Pledged Revenue is not, as of the Closing Date, subject to any other lien or encumbrance other than the first priority lien thereon in favor of the Lender as more particularly set forth herein.

## ARTICLE V COVENANTS OF THE DISTRICT AND ENTERPRISE

While any obligations hereunder or under the Note are unpaid or outstanding, the Enterprise continuously warrants and agrees as follows:

**Section 5.01 Performance of Covenants, Authority.** The Enterprise covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations and provisions contained in the Financing Documents to and all its proceedings pertaining thereto as though such covenants, undertakings, stipulations and provisions were set forth in full herein

(for the purpose of this provision the Financing Documents shall be deemed to continue in full force and effect notwithstanding any earlier termination thereof so long as any obligation of the Enterprise under this Agreement shall be unpaid or unperformed). The Enterprise covenants that it is duly authorized under the constitution and laws of the State of Colorado, including particularly and without limitation the Special District Act, to procure the Loan, to adopt the Authorizing Resolution and to execute and deliver this Agreement and the Note, and that all action on its part for the procurement of the Loan, the adoption of the Authorizing Resolution and the execution and delivery of this Agreement and the Note has been duly and effectively taken and will be duly taken as provided herein, and that the Loan and the Financing Documents are and will be valid and enforceable general obligations of the Enterprise according to the terms thereof.

**Section 5.02 Laws, Permits and Obligations.** The Enterprise will comply in all material respects with all applicable laws, rules, regulations, orders and directions of any governmental authority and all agreements and obligations binding on the Enterprise, noncompliance with which would have a material adverse effect on the Enterprise, its financial condition, assets or ability to perform its obligations under the Financing Documents; provided that the Enterprise may in good faith contest such laws, rules, regulations, orders and directions and the applicability thereof to the Enterprise to the extent that such action would not be likely to have a material adverse effect on the Enterprise's ability to perform its obligations hereunder.

**Section 5.03 Tax Covenants..** The District covenants for the benefit of the Lender that:

(b) The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Loan shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(c) The District shall not use or permit the use of any proceeds of the Loan or any funds of the District, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause the Loan to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Loan. In the event that at any time the District is of the opinion that for purposes of this paragraph it is necessary to restrict or to limit the yield on the investment of any moneys held by or on behalf of the Lender or held by the District under this Agreement, the District shall so restrict or limit the yield on such investment or shall so instruct the Lender, in a detailed certificate, and the Lender shall take such action as may be necessary in accordance with such instructions.

(d) The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

(e) The covenants contained in this Section shall continue in effect until the Note is fully paid, satisfied, and discharged.

(f) The District designates the Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code.

**Section 5.04 Bonding and Insurance.** The Enterprise shall carry general liability coverage, fire and extended coverage, workers’ compensation, if applicable, public liability, and such other forms of insurance on insurable Enterprise property upon the terms and conditions, and issued by recognized insurance companies, as in the judgment of the Board would ordinarily be carried by entities having similar properties of equal value, such insurance being in such amounts as will protect the Enterprise and its operations. In addition, each Enterprise official or other Person having custody of any Enterprise funds or responsible for the handling of such funds, shall be bonded or insured against theft or defalcation at all times.

**Section 5.05 Other Liabilities.** The Enterprise shall pay and discharge, when due, all of its liabilities, except when the payment thereof is being contested in good faith by appropriate procedures which will avoid financial liability and with adequate reserves provided therefor.

**Section 5.06 Proper Books and Records.** The Enterprise shall keep or cause to be kept adequate and proper records and books of account in which complete and correct entries shall be made with respect to the Enterprise, the System, the Gross Pledged Revenue, Operation and Maintenance Expenses and all of the funds and accounts established or maintained pursuant to any of the Financing Documents. The Enterprise shall (a) maintain accounting records in accordance with generally recognized and accepted principles of accounting consistently applied throughout the accounting periods involved; (b) provide the Lender with such information concerning the business affairs and financial condition (including insurance coverage) of Enterprise as the Lender may reasonably request; and (c) without request, provide the Lender with the information set forth in Section 5.07 hereof.

**Section 5.07 Reporting Requirements.**

(a) The Enterprise shall notify the Lender promptly of all interim litigation or administrative proceedings, threatened or pending, against the District or the Enterprise which would, if adversely determined, in the Board’s reasonable opinion, have a material effect on the Enterprise’s financial condition arising after the date hereof:

(b) The Enterprise hereby agrees as follows:

(i) not later than 270 days after December 31 of each fiscal year of the Enterprise (the “**Fiscal Year**”), commencing with the Fiscal Year ending December 31, 2022, the Enterprise shall furnish to the Lender the audited financial statements of the Enterprise audited by an independent certified accountant, which audited financial statements may be included within the audited financial statements of the District;

(ii) as soon as available, but in no event later than January 31 of each Fiscal Year, the Enterprise shall furnish to the Lender the Enterprise’s annual budget for such Fiscal Year and, as soon as available, shall furnish a copy of any proposed amendments thereto;

(iii) annually, not later than [June 1] of each Fiscal Year, commencing June 1, 2023, the Enterprise shall furnish to the Lender an opinion of Martin and Wood Water Consultants Inc., or such other entity as may be acceptable to the Lender, concerning the then-current valuation of the Water Stock Collateral; and

(iv) promptly upon request of the Lender, to the extent permitted by law, the Enterprise shall furnish to the Lender any other periodic report of activities of the Enterprise or its financial condition submitted to any governmental agency and any other audit report prepared with respect to such activities or condition for delivery to a third party; and

(v) promptly upon request of the Lender, the Enterprise shall furnish to the Lender such other reports or information regarding the Gross Pledged Revenue and any other Collateral securing the obligations of the Enterprise hereunder or the assets, financial condition, business or operations of the Enterprise, as the Lender may reasonably request.

(c) The Enterprise shall promptly notify the Lender of any Default or Event of Default of which the Enterprise has knowledge, setting forth the details of such Default or Event of Default and any action which the Enterprise proposes to take with respect thereto.

(d) The Enterprise shall notify the Lender as soon as possible after the Enterprise acquires knowledge of the occurrence of any event which, in the reasonable judgment of the Enterprise, is likely to have a material adverse effect on the financial condition of the Enterprise or affect the ability of the Enterprise to perform its obligations under any of the Financing Documents.

**Section 5.08 Visitation and Examination.** Unless otherwise prohibited by law, the Enterprise will permit any Person designated by the Lender to visit any of its offices to examine the Enterprise's books and financial records, and make copies thereof or extracts therefrom, and to discuss its affairs, finances and accounts with its principal officers, all at such reasonable times and as often as the Lender may request

**Section 5.09 Further Assurances.** The Enterprise shall do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged and delivered, such amendments hereto and such further acts, instruments, and transfers as the Lender may reasonably require for the better assuring, transferring, and pledging unto the Lender of the Collateral.

**Section 5.10 Additional Debt.** Neither the Enterprise nor the District shall issue or incur any Debt secured by any portion of the Gross Pledged Revenue or Collateral securing the obligations of the District hereunder without the prior written consent of the Lender. No provision of this Section 5.09 shall be interpreted to affect, in any way, the District's or Enterprise's ability to issue Debt secured by revenues not constituting Gross Pledged Revenue, or to pledge or grant to the holder of any Debt rights in or with respect to revenues not constituting Gross Pledged Revenue hereunder.

**Section 5.11 Maintenance of Enterprise Status.** The Enterprise covenants and agrees to continue to maintain its enterprise status under Article X, Section 20 of the State Constitution unless and until it receives an opinion of Bond Counsel that termination of such status: (i) will not

adversely affect the security, rights, privileges or powers of the Lender hereunder, and (ii) will not adversely affect the Enterprise's ability to generate any portion of Gross Pledged Revenue projected to be received by the District and necessary to meet its obligations hereunder, based upon the Enterprise's determination as to the amount of Gross Pledged Revenue then on deposit with the Enterprise, the amount of Gross Pledged Revenue necessary to meet its obligations hereunder, and the nature of the various components of the Gross Pledged Revenue projected to be received by the District.

**Section 5.12 Covenants Relating to System.** The Enterprise makes the following covenants with respect to its operation of the System.

**(a) Efficient Operations.** The Enterprise will continue to operate and manage the System in an efficient and economical manner in accordance with all applicable laws, rules and regulations and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Gross Pledged Revenue and Operation and Maintenance Expenses may at all times be readily and accurately determined.

**(b) Service.** Neither the Enterprise nor the District will furnish free service from the System, and if the Enterprise or the District uses the facilities of the System for its own purposes, it will pay monthly a fair and reasonable amount for such service. In no event shall the Enterprise or the District pay a greater amount than would be charged a private consumer for the same amount of service. The Enterprise and the District will include in its annual appropriation and budget amounts sufficient to pay for all service so used.

**(c) Charges and Liens Upon System.** From the Gross Pledged Revenue, the Enterprise will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon, or in respect to the System, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System, and the Enterprise will not create nor suffer to be created any lien or charge upon the System or upon the Gross Pledged Revenue therefrom except as permitted by this Agreement, or it will make adequate provisions to satisfy and discharge within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the System or upon the Gross Pledged Revenue; provided, however, that nothing herein shall require the Enterprise to pay, or to cause to be discharged, or to make provision for, any such tax, assessments, lien or charge before the time when payment thereof shall be due or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings or in continuing, good faith negotiations.

**(d) Disposition of System.** Neither the Enterprise nor the District will sell or alienate any of the property constituting any part or all of the System in any manner or to any extent as might reduce the security provided for the payment of the Loan, but the Enterprise and the District may sell any portion of such property which shall have been replaced by other similar property of at least equal value or which shall cease to be necessary for the efficient operation of the System; provided, however, that the proceeds of any such sale of property shall be included as part of the Gross Pledged Revenue.

(e) **Bills.** The Enterprise will promptly render bills for services furnished by or the use of the System, will use all legal means to assure prompt payment thereof and will take such action as may be necessary to make delinquent rates, fees, tolls and charges of the System a lien upon the real property served.

(f) **Custody of Funds.** Each official or other person having custody of any funds derived from the operation of the System, or responsible for the handling of such funds, will be fully bonded at all times, which bond will be conditioned upon the proper application of said funds.

(g) **Insurance.** The Enterprise or the District will carry fire and extended coverage, workmen's compensation, public liability, and such other forms of insurance on insurable System property as would ordinarily be carried by utilities having similar properties of equal value, such insurance being in such amounts as will protect the System and its operation. In the event of any loss or damage to the System, or in the event part or all of the System is taken by the exercise of a power of eminent domain, the insurance proceeds or the condemnation award shall be used for restoring, replacing, or repairing the property lost, damaged, or taken, and the remainder thereof, if any, shall be considered as Gross Pledged Revenue; provided however, that if the Board determines that the operation of the System and the security for the Loan will not be adversely affected thereby, the Board may determine not to restore, replace, or repair the property lost, damaged, or taken and all of the insurance proceeds or condemnation award shall be considered as Gross Pledged Revenue.

(h) **Rate Maintenance.**

(i). The Enterprise covenants that it will use its best efforts to maintain, enforce and collect rates, fees, system development fees, tap fees, availability of service fees, plant investment fees, debt service fees, tolls and charges for the availability of, connection to and services furnished by or the use of the System to create Gross Pledged Revenue each Fiscal Year in an amount equal to not less than 110% of (A) the amount necessary to pay when due the principal of and interest on the Loan and any obligations of the Enterprise secured by the Gross Pledged Revenue on a parity with the Loan coming due during such Fiscal Year, plus (B) the Annual Budgeted Operation and Maintenance Expenses for such Fiscal Year.

(ii). In the event that the Gross Pledged Revenue at any time is not sufficient to pay principal and interest on the Loan and Operation and Maintenance Expenses when due, the Enterprise shall increase such rates, fees, system development fees, tap fees, availability of service fees, plant investment fees, debt service fees, tolls and charges to an extent which will allow the payments required by this Agreement.

**Section 5.13 Material Adverse Action.** The Enterprise shall not take any action nor consent to any action that would materially adversely affect any portion of the Gross Pledged Revenue or any other component of the Collateral securing the obligations of the Enterprise hereunder.

**Section 5.14 Refinancing.** In the event the Gross Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of and/or interest on the Loan when due, the Enterprise shall use its reasonable best efforts to refinance, refund, or otherwise restructure the Loan so as to avoid such default.

**Section 5.15 No Change in Financing Documents.** The Enterprise shall not cancel, terminate, amend, supplement, modify or waive any of the provisions of any of the Financing Documents or consent to any such cancellation, termination, amendment, supplement, modification or waiver, without the prior written consent of the Lender. The Enterprise shall take no action under any of the Financing Documents inconsistent with the rights of the Lender under this Agreement including, without limitation, its obligations to make payments to the Lender hereunder.

**Section 5.16 References to Lender.** The Enterprise shall not refer to the Lender in any official statement, offering memorandum, or private placement memorandum without the Lender's prior written consent thereto.

**Section 5.17 Termination of Agreement.** So long as the Enterprise's obligations hereunder remain unpaid or unperformed, the Enterprise shall not terminate this Agreement. At such time as no amounts are due and owing to the Lender hereunder, this Agreement shall terminate, except for those provisions which by their express terms survive the termination of this Agreement or the payment in full of all amounts owing to the Lender hereunder.

**Section 5.18 No Prior Lien or Security Interest in Collateral.** The Enterprise shall not grant or permit to be granted any lien on or security interest in and to any portion of the Gross Pledged Revenue or other Collateral prior to the lien thereon securing the obligations of the Enterprise hereunder.

## ARTICLE VI LENDER'S REPRESENTATIONS

**Section 6.01 Accredited Investor.** The Lender is an organization that qualifies as an "accredited investor," as defined in Section 11-59-110(1)(g), C.R.S., and the Lender will not assign or transfer the Loan, this Agreement or the Note to any person or entity except in compliance with Section 8.17 hereof.

**Section 6.02 Financial Institution or Institutional Investor.** The Lender is an organization that qualifies as a "financial institution or institutional investor" as defined in § 32-1-103(6.5), CRS.

## ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

**Section 7.01 Events of Default.** The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Agreement (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation or order of any court or any administrative or governmental body):

(a) the Enterprise fails to pay or cause to be paid when due any principal of and/or interest on the Loan or any other amounts due and owing to the Lender hereunder;

(b) the Enterprise fails to observe or perform any other material covenant, agreement, or duty on the part of the Enterprise in the Financing Documents and such failure is not remedied to the reasonable satisfaction of the Lender within ninety (90) days after the Enterprise's receipt of notice of such failure (provided that an Event of Default shall not occur so long as the Enterprise is diligently pursuing remedy of the same);

(c) the occurrence and continuance of an event of default or an event of nonperformance under any of the other Financing Documents after the expiration of any grace period;

(d) any representation or warranty made by the Enterprise in this Agreement or in any other Financing Document to which the Enterprise is a party or any certificate, instrument, financial or other statement furnished by the Enterprise to the Lender, proves to have been untrue or incomplete in any material respect when made or deemed made;

(e) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$100,000 in the aggregate is rendered against the District or the Enterprise and the District or the Enterprise, as applicable, fails to vacate, bond, stay, contest, pay or satisfy such judgment or court order for sixty (60) days;

(f) the District shall initiate, acquiesce or consent to any proceedings to dissolve the District or to consolidate the District with other similar entities into a single entity or the District shall otherwise cease to exist;

(g) a change occurs in the financial or operating conditions of the Enterprise, or the occurrence of any other event that, in the Lender's reasonable judgment, will have a materially adverse impact on the ability of the Enterprise to generate Gross Pledged Revenue sufficient to satisfy the Enterprise's obligations under this Agreement and the other Financing Documents, and the Enterprise fails to cure such condition within ninety (90) days after the date of a written notice from the Lender informing the Enterprise of an occurrence under this subsection (g) (provided that an Event of Default shall not occur so long as the Enterprise is diligently pursuing remedy of the same);

(h) (i) the District shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or (C) the District shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the District any case, proceeding or other action of a nature referred to in clause (i) above and the same shall remain undismissed; or (iii) there shall be commenced against the District any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of

its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; or (iv) the District shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the District shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(i) any Financing Document, or any material provision thereof, (i) ceases to be valid and binding on the Enterprise or the District, as applicable, or is declared null and void, or the validity or enforceability thereof is contested by the Enterprise or the District, as applicable (unless being contested in good faith), or the Enterprise denies it has any or further liability under any such document to which it is a party; or (ii) any pledge or security interest created hereunder fails to be fully enforceable with the priority required hereunder;

(j) the unaudited financial statements or audited financial statements (if any) of the District or the Enterprise reflect a less than 1:1 ratio of Gross Pledged Revenue to debt service on the Loan plus Annual Budgeted Operation and Maintenance Expenses; or

(k) any funds or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant or attachment, execution or similar process.

**Section 7.02 Remedies Prior to Acceleration.** Upon the occurrence and during the continuance of any Event of Default, the Lender at its option, may do any one or more of the following

(a) Impose the Default Rate on the Loan in accordance with the provisions of Section 2.02(b) hereof;

(b) Solely with respect to an Event of Default described in Section 7.01(a) hereof, direct the Enterprise to deposit with the Lender all amounts constituting Gross Pledged Revenue for application to all unpaid principal of the Loan and all interest accrued and unpaid thereon, and to all other amounts owing or payable to the Lender under any of the Financing Documents, in any order of priority determined by the Lender, but only until such time as such amounts have been paid in full, it being acknowledged that the full amount of the Loan shall not be then due and payable except as provided in Section 7.03 hereof or upon the occurrence of the Maturity Date, and that, in the event that the Lender has deemed the Loan immediately due and payable in accordance with Section 7.03 hereof then from such date to the Maturity Date: (a) the Lender shall be entitled to payment of Unpaid Scheduled Debt Service from the Gross Pledged Revenue; and (b) the Lender shall be entitled to payment of the Accelerated Amount solely from amounts available to it as a result of exercise of its rights with respect to the Water Stock Collateral under the Pledge Agreement, subject to the limitations set forth in the Pledge Agreement (i.e., no portion of Gross Pledged Revenue shall be required to be paid to the Lender in payment of the Accelerated Amount); and

(c) take any other action or remedy available under the Financing Documents or any other document, or at law or in equity.

Notwithstanding anything to the contrary herein, acceleration shall not be a remedy for the occurrence or continuance of an Event of Default, except as specifically provided in Section 7.03 hereof

**Section 7.03 Acceleration; Remedies Upon Acceleration.** In the event that an Event of Default described in Section 7.01(a) hereof has occurred and is continuing on the one-year anniversary of the date of notice of such Event of Default by the Lender to the Enterprise, the Lender may (but is not required to) declare the entire principal amount of the Loan and accrued interest thereon immediately due and payable pursuant to a written notice (the “Acceleration Notice”) to the District On any date after the provision of an Acceleration Notice, and upon the occurrence of the Maturity Date, the Lender may exercise the rights afforded to the Lender under the Pledge Agreement without further notice to the Enterprise. In such event, the Lender may also at its option exercise the remedies provided in Section 7.02 hereof, provided however, with respect to the remedy provided in Section 7.02(b), the Lender shall be entitled to payment of only the Unpaid Scheduled Debt Service from the Gross Pledged Revenue (i.e., no portion of Gross Pledged Revenue shall be required to be paid to the Lender in payment of the Accelerated Amount).

**Section 7.04 Notice of Default.** Notwithstanding any cure period described above, the Enterprise will immediately notify the Lender in writing when the Enterprise obtains knowledge of the occurrence of any Event of Default or any event which would, with the passage of time or the giving of notice, constitute an Event of Default The Lender also agrees to notify the Enterprise in writing when the Lender obtains knowledge of the occurrence of any Event of Default or any event which would, with the passage of time or the giving of notice, constitute an Event of Default. The Lender shall provide notice to the Enterprise of the occurrence of an Event of Default prior to the exercise of any remedies provided in Section 7.02 or 7.03 hereof excluding the remedy described in Section 7.02(a).

**Section 7.05 Additional Lender Rights.** Upon the occurrence of an Event of Default the Lender may at any time (a) Setoff (as defined below), and/or (b) take such other steps to protect or preserve the Lender’s interest in the Collateral.

**Section 7.06 Credit Balances; Setoff.** As additional security for the payment of the obligations described in the Financing Documents (collectively the “Obligations”), the Enterprise hereby grants to the Lender a security interest in, a lien on and an express contractual right to set off against all depository account balances, cash and any other property of the Enterprise now or hereafter in the possession of the Lender except deposits held by the Lender as escrow agent or trustee, and the right to refuse to allow withdrawals from any such account (collectively, “Setoff”). The Lender may, at any time upon the occurrence of an Event of Default hereunder Setoff against the Obligations in the amount then due, all without any advance or contemporaneous notice or demand of any kind to the Enterprise, such notice and demand being expressly waived. Notwithstanding any other provision herein, it is expressly acknowledged that the Lender’s rights to Setoff herein shall not be available with respect to any depository account balances, cash and any other property of the District now or hereafter in the possession of the Lender representing general fund accounts or capital fund accounts of the District, and is intended to be available solely with respect to accounts of the Enterprise, and solely with respect to moneys therein constituting revenues resulting from operation of the System.

**Section 7.07 Delay or Omission No Waiver.** No delay or omission of the Lender to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time and as often as may be deemed expedient

**Section 7.08 No Waiver of One Default To Affect Another; All Remedies Cumulative.** No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Lender provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

**Section 7.09 Other Remedies.** Nothing in this Article VII is intended to restrict the Lender's rights under any of the Financing Documents or at law or in equity, and the Lender may exercise all such rights and remedies as and when they are available.

## ARTICLE VIII MISCELLANEOUS

**Section 8.01 Loan Agreement and Relationship to Other Documents.** The warranties, covenants and other obligations of the Enterprise (and the rights and remedies of the Lender) that are outlined in the Financing Documents are intended to supplement each other. In the event of any inconsistencies in any of the terms in the Financing Documents, all terms will be cumulative so as to give the Lender the most favorable rights set forth in the conflicting documents, except that if there is a direct conflict between any preprinted terms and specifically negotiated terms (whether included in an addendum or otherwise), the specifically negotiated terms will control.

**Section 8.02 Assignments, Participations, etc. by the Lender.** Any assignment or participation by the Lender is not subject to the Enterprise's consent, but shall be subject to Sections 8.16 and 8.17 hereof. In connection with any such assignment or participation, the Lender may disclose to any proposed assignee or participant any information that the Enterprise discloses pursuant to the Financing Documents. Any such assignment or participation is also subject to the following conditions:

(a) Subject to Section 8.16 hereof, the rights, options, powers and remedies granted in the Financing Documents will extend to the Lender and to its successors and assigns, will be binding upon the Enterprise and its successors and assigns and will be applicable hereto and to all renewals and/or extensions hereof

(b) Subject to Section 8.16 hereof, in addition, the Lender may collaterally assign and pledge, without the consent of the Enterprise, all or any portion of the obligations owing to it to any Federal Home Loan Bank, any Federal Reserve Bank, or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by any such Federal Home Loan Bank or Federal Reserve Bank; provided that any payment in respect of such assigned obligations made by the Enterprise to the Lender in accordance with the terms of this Agreement shall satisfy the

Enterprise's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such collateral assignment shall release the Lender from its obligations hereunder.

(c) Subject to Section 8.16 hereof the Lender may at any time, without the consent of the Enterprise, sell to one or more commercial banks or other Persons not affiliates of the Enterprise (a "Participant") participating interests in its rights and obligations under the Financing Documents; provided, however, that (i) the Lender's obligations hereunder shall remain unchanged, (ii) the Lender shall remain solely responsible for the performance of such obligations, and (iii) the participation of one or more Participants shall not reduce or alter the Lender's obligations hereunder or affect in any way the rights or obligations of the Enterprise hereunder and the Enterprise has the right to continue to deal solely with the Lender. The Lender will give notice of the sale of such participation and the name of the Participant to the Enterprise within thirty (30) days after the date of such sale. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 2.08 and 8.03 hereof as though it were also the Lender hereunder, and if amounts outstanding under this Agreement are due and unpaid, or have been declared or have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as the Lender under this Agreement.

**Section 8.03 Litigation/Indemnification by Enterprise.** The Enterprise agrees, to the extent permitted by law and as set forth herein, to completely indemnify and hold harmless the Lender and its agents, employees, officers, directors and controlling Persons, together with any Participant and its agents, employees, officers, directors and controlling Persons (hereinafter collectively referred to in this Section 8.03 as the "Indemnitees") from and against any and all claims, damages, liabilities, settlements, judgments, losses, legal fees and costs or expenses incurred (including all reasonable fees and disbursements of the Indemnitees' legal counsel and allocated cost of in-house counsel and staff and all of the Indemnitees' reasonable travel and other out-of-pocket expenses incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation and other proceedings arising therefrom) arising out of or based upon (a) the Loan; or (b) the holding or owning by the Lender, the Participant, or their respective nominees of any collateral securing the obligations of the Enterprise hereunder, or (c) any matters for which neither the Lender nor any Participant has any liability as set forth under Section 8.16 of this Agreement; provided, however, that the Enterprise shall not be required to indemnify the Indemnitees pursuant to the preceding subsection (c) for any claims, damages, losses, liabilities, settlements, judgments, legal fees or costs or expenses to the extent proven to be caused by the Lender's misconduct or negligence. Nothing in this Section 8.03 is intended to limit the Enterprise's obligations contained in Article II hereof

If any action, lawsuit or claim shall be brought or asserted against the Indemnitees in respect of which indemnity may be sought by the Indemnitees from the Enterprise under this Section 8.03, the Indemnitees shall promptly notify the Enterprise in writing, and the Enterprise shall promptly assume the defense thereof, including, but not limited to, the employment of counsel (the selection of which has been approved by the Indemnitees and such approval shall not be unreasonably withheld), the payment of all legal fees and expenses and the right to negotiate and consent to settlement; provided, however, that the Enterprise shall not settle any such action

which may adversely affect the Lender without the Lender's written consent, which consent shall not be unreasonably withheld.

In the event that the Indemnitees shall be advised by counsel experienced in matters of banking or securities laws that the Indemnitees have defenses or causes of action separate from those of the Enterprise, or that there is otherwise a conflict of interest, the Indemnitees have the right to employ their own counsel ("Independent Counsel") to defend the Indemnitees against such action at the expense of the Enterprise, who shall pay all legal fees and expenses incurred by such Independent Counsel. The Indemnitees' selection of Independent Counsel shall be approved by the Enterprise, and such approval shall not be unreasonably withheld. With respect to claims against the Indemnitees defended by Independent Counsel, the Indemnitees have the right to negotiate settlement of any such claims; provided, however, that the Enterprise shall not be liable for any such settlement effected by the Indemnitees without the written consent of the Enterprise, which consent shall not be unreasonably withheld.

The obligations of the Enterprise under this Section 8.03 shall be in addition to any rights that any Indemnitee may have at common law or otherwise and shall survive the payment in full of all amounts owing to the Lender hereunder. If indemnification pursuant to this Section 8.03 shall be found to be unlawful or invalid for any reason, then the Enterprise and each Indemnitee shall to the extent lawful make contributions in payment of any liabilities incurred pursuant to the above referenced issuance, sale and distributions and statements or omissions in accordance with the respective fault of the Enterprise and each Indemnitee.

Nothing in this Section 8.03 shall be considered a waiver, express or implied, to any protections afforded to the Enterprise or the District pursuant to Title 24, Article 10, C.R.S. or under other current law.

Without prejudice to the survival of any other agreement of the Enterprise hereunder, the agreements and obligations contained in this Section 8.03 shall survive the payment in full of all amounts owing to the Lender hereunder or the termination of this Agreement.

**Section 8.04 Litigation/Indemnification by Lender.** The Lender agrees, to the extent permitted by law and as set forth herein, to completely indemnify and hold harmless the Enterprise, the District and their agents, employees, officers, and directors (hereinafter collectively referred to in this Section 8.04 as the "Indemnitees") from and against any and all claims, damages, liabilities, settlements, judgments, losses, legal fees and costs or expenses incurred (including all reasonable fees and disbursements of the Indemnitees' legal counsel and allocated cost of in-house counsel and staff and all of the Indemnitees' reasonable travel and other out-of-pocket expenses incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation and other proceedings arising therefrom) arising out of or based upon any actions taken by the Lender with respect to the Loan; provided, however, that the Lender shall not be required to indemnify the Indemnitees pursuant to the foregoing for any claims, damages, losses, liabilities, settlements, judgments, legal fees or costs or expenses to the extent proven to be caused by the District's or the Enterprise's misconduct or negligence.

If any action, lawsuit or claim shall be brought or asserted against the Indemnitees in respect of which indemnity may be sought by the Indemnitees from the Lender under this Section

8.04, the Indemnitees shall promptly notify the Lender in writing, and the Lender shall promptly assume the defense thereof, including, but not limited to, the employment of counsel (the selection of which has been approved by the Indemnitees and such approval shall not be unreasonably withheld), the payment of all legal fees and expenses and the right to negotiate and consent to settlement provided, however, that the Lender shall not settle any such action which may adversely affect the Enterprise or the District without the Enterprise's or District's (as applicable) written consent, which consent shall not be unreasonably withheld.

In the event that the Indemnitees shall be advised by counsel experienced in matters of banking or securities laws that the Indemnitees have defenses or causes of action separate from those of the Lender, or that there is otherwise a conflict of interest, the Indemnitees have the right to employ their own counsel ("Independent Counsel") to defend the Indemnitees against such action at the expense of the Lender, who shall pay all legal fees and expenses incurred by such Independent Counsel. The Indemnitees' selection of Independent Counsel shall be approved by the Lender, and such approval shall not be unreasonably withheld. With respect to claims against the Indemnitees defended by Independent Counsel, the Indemnitees have the right to negotiate settlement of any such claims; provided, however, that the Lender shall not be liable for any such settlement effected by the Indemnitees without the written consent of the Lender, which consent shall not be unreasonably withheld.

The obligations of the Lender under this Section 8.04 shall be in addition to any rights that any Indemnitee may have at common law or otherwise. If indemnification pursuant to this Section 8.04 shall be found to be unlawful or invalid for any reason, then the Lender and each Indemnitee shall to the extent lawful make contributions in payment of any liabilities incurred pursuant to the above referenced issuance, sale and distributions and statements or omissions in accordance with the respective fault of the Lender and each Indemnitee.

Without prejudice to the survival of any other agreement of the Lender hereunder, the agreements and obligations contained in this Section 8.04 shall survive the termination of this Agreement.

**Section 8.05 Notice of Claims Against Lender; Limitation of Certain Damages.** In order to allow the Lender to mitigate any damages to the Enterprise from the Lender's alleged breach of its duties under the Financing Documents or any other duty, if any, to the Enterprise, the Enterprise agrees to give the Lender written notice no later than ten (10) days after the Enterprise knows of any claim or defense it has against the Lender, whether in tort or contract, relating to any action or inaction by the Lender under the Financing Documents, or the transactions related thereto, or of any defense to payment of the obligations of the Enterprise hereunder for any reason. The requirement of providing timely notice to the Lender represents the parties' agreed-to standard of performance regarding the duty of the Lender to mitigate damages related to claims against the Lender. Notwithstanding any claim that the Enterprise may have against the Lender, and regardless of any notice the Enterprise may have given the Lender, the Lender will not be liable to the Enterprise for indirect, consequential and/or special damages arising therefrom, except those damages arising from the Lender's misconduct, negligence or bad faith. Failure by the Enterprise to give notice to the Lender shall not waive any claims of the Enterprise but such failure shall relieve the Lender of any duty to mitigate damages prior to receiving notice.

**Section 8.06 Notices.** Notice of any record shall be deemed delivered when the record has been (a) deposited in the United States Mail, postage pre-paid; (b) received by overnight delivery service; (c) received by telex; (d) received by facsimile; (e) received through the internet or (f) when personally delivered at the following addresses: [**CONFIRM ALL CONTACT INFORMATION**]

if to the Enterprise:  
Poudre Tech Metropolitan District  
1625 Pelican Lakes Point, Suite 201  
Windsor, Colorado 80550  
Attn: Gary Kerr, District Manager

with a copy to:  
White Bear Ankele Tanka & Waldron Professional Corporation  
2154 E. Commons Avenue  
Suite 2000  
Centennial, CO 80122  
Attention: William P. Ankele, Jr., Esq.

if to the Lender:  
Points West Community Bank  
1291 Main Street  
Windsor, CO 80550  
Attention: Mark Brase, President

with a copy to:  
Kline Alvarado Veio PC  
1775 Sherman Street, Suite 1790  
Denver, CO 80203  
Attention: Donald R. Bieber

**Section 8.07 Payments.** Payments due on the Loan shall be made in lawful money of the United States. All payments may be applied by the Lender to principal and/or interest on the Loan and/or to any other amounts due under the Note and this Agreement in any order which the Lender elects, subject to Section 2.03(c) hereof.

**Section 8.08 Applicable Law and Jurisdiction; Interpretation; Severability.** This Agreement and the Note shall be governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by Federal law. Invalidity of any provisions of this Agreement will not affect any other provision. THE ENTERPRISE AND THE LENDER HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN DENVER, COLORADO, AND WAIVE ANY OBJECTIONS BASED ON FORUM NON CONVENIENS, WITH REGARD TO ANY ACTIONS, CLAIMS, DISPUTES OR PROCEEDINGS RELATING TO THIS AGREEMENT, THE NOTE, THE GROSS PLEDGED REVENUE, ANY OTHER FINANCING DOCUMENT, OR ANY TRANSACTIONS ARISING THEREFROM, OR ENFORCEMENT AND/OR INTERPRETATION OF ANY OF THE FOREGOING. Nothing in this Agreement will affect the

Lender's rights to serve process in any manner permitted by law. This Agreement and the Note, and any amendments thereto (regardless of when executed), will be deemed effective and accepted only at the Lender's offices, and only upon the Lender's receipt of the executed originals thereof. Invalidity of any provision of this Agreement shall not affect the validity of any other provision.

**Section 8.09 Entire Agreement; Modification.**

THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING, EXPRESSING CONSIDERATION AND SIGNED BY THE PARTIES ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. THE TERMS OF THIS AGREEMENT MAY ONLY BE CHANGED BY ANOTHER WRITTEN AGREEMENT. THIS NOTICE SHALL ALSO BE EFFECTIVE WITH RESPECT TO ALL OTHER CREDIT AGREEMENTS NOW IN EFFECT BETWEEN THE DISTRICT, THE ENTERPRISE AND THE LENDER. A MODIFICATION OF ANY OTHER CREDIT AGREEMENT NOW IN EFFECT BETWEEN THE DISTRICT, THE ENTERPRISE AND THE LENDER, WHICH OCCURS AFTER RECEIPT BY THE DISTRICT OF THIS NOTICE, MAY BE MADE ONLY BY ANOTHER WRITTEN INSTRUMENT. ORAL OR IMPLIED MODIFICATIONS TO ANY SUCH CREDIT AGREEMENT ARE NOT ENFORCEABLE AND SHOULD NOT BE RELIED UPON.

**Section 8.10 Waiver of Jury Trial.** THE ENTERPRISE AND THE LENDER HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE FINANCING DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. THE ENTERPRISE AND THE LENDER EACH REPRESENTS TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

**Section 8.11 Attachments.** All documents attached hereto, including any appendices, schedules, riders and exhibits to this Agreement, are hereby expressly incorporated by reference.

**Section 8.12 No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Public Securities Act, if a member of the Board, or any officer or agent of the District, acts in good faith in the performance of his duties as a member, officer, or agent of the Board, the District Board or the District and in no other capacity, no civil recourse shall be available against such member, officer or agent for payment of the principal of; and interest on the Loan. Such recourse shall not be available either directly or indirectly through the Board, the District 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 delivery of the Note evidencing the Loan and as a part of the consideration for such transfer, the Lender and any Person purchasing or accepting the transfer of the obligation representing the Loan specifically waives any such recourse.

**Section 8.13 Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, this Agreement is entered into pursuant to certain provisions of the

Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Agreement after delivery for value.

**Section 8.14 Limitation of Actions.** Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Loan shall be commenced more than thirty (30) days after the authorization of the Loan (i.e., thirty (30) days after the date of the Authorizing Resolution).

**Section 8.15 Pledge of Revenues.** The creation, perfection, enforcement, and priority of the pledge of revenues to secure the payment of the principal of; and interest on the Loan and any other amounts due to the Lender as provided herein and in the Note shall be governed by Section 11-57-208 of the Supplemental Public Securities Act, this Agreement, the Note, and the Authorizing Resolution. The amounts pledged to the payment of the principal of and interest on the Loan and any other amounts due to the Lender hereunder 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 a first priority. 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 Enterprise irrespective of whether such Persons have notice of such liens.

**Section 8.16 No Liability.** Any action taken or omitted by the Lender under or in connection with the Financing Documents, if taken or omitted in good faith and without misconduct or negligence, shall be binding upon the Enterprise and shall not put the Lender under any resulting liability to the Enterprise. The Lender, including its agents, employees, officers, directors and controlling Persons, shall not have any liability to the Enterprise, and the Enterprise assumes all risk, responsibility and liability for (a) the form, sufficiency, correctness, validity, genuineness, falsification and legal effect of any demands and other documents, instruments and other papers relating to the Loan even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (b) the general and particular conditions stipulated therein; (c) the good faith acts of any Person whosoever in connection therewith; (d) failure of any Person (other than the Lender, subject to the terms and conditions hereof) to comply with the terms of the Loan; (e) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telex, telegraph, electronic, wireless or otherwise; (f) errors in translation or errors in interpretation of technical terms; (g) for any other consequences arising from causes beyond the Lender's control; or (h) any use of the proceeds of the Loan.

**Section 8.17 Assignment; Execution of Lender Letter.** Notwithstanding any other provision herein, any interest in the Loan may only be assigned, transferred, conveyed or acquired by an "accredited investor," as defined in Section 11-59-110(1)(g), C.R.S., that executes a letter substantially in the form of the lender letter delivered by the Lender on the Closing Date.

**Section 8.18 No Waiver; Modifications in Writing.** No failure or delay on the part of the Lender in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Lender at law or in equity or otherwise. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor

consent to any departure by the Enterprise therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Lender. Any amendment, modification or supplement of or to any provision of this Agreement, and any consent to any departure by the Enterprise from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand on the Enterprise in any case shall entitle the Enterprise to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Lender to any other or further action in any circumstances without notice or demand.

**Section 8.19 Payment on Non-Business Days.** Unless otherwise specified herein, whenever any payment or determination hereunder shall be stated to be due or made, as applicable, on a day which is not a Business Day, such payment or determination may be made on the next succeeding Business Day, and such extension of time shall, in the case of a payment, be included in the computation of the amount due and, in the case of a determination, be effective as if made on the stated date. For the avoidance of doubt, this section shall not apply to the calculation of days for purposes of notice periods.

**Section 8.20 Document Imaging.** The Lender shall be entitled, in its sole discretion, to image all or any selection of the Financing Documents, other instruments, documents, items and records governing, arising from or relating to the Loan, and may destroy or archive the paper originals. The Enterprise hereby waives any right to insist that the Lender produce paper originals; agrees that such images shall be accorded the same force and effect as the paper originals; and further agrees that the Lender is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or proceedings.

**Section 8.21 Execution in Counterparts.** This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement

**Section 8.22 Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

**Section 8.23 Headings.** Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

**Section 8.24 Waiver of Rules of Construction.** The Enterprise hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

**Section 8.25 Integration.** This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

**Section 8.26 Patriot Act Notice.** The Lender hereby notifies the Enterprise that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Enterprise, which information includes the name and address of the Enterprise and other information that will allow the Lender to identify the Enterprise in accordance with the Patriot Act. The Enterprise hereby agrees that it shall promptly provide such information upon request by the Lender.

**Section 8.27 No Advisory or Fiduciary Relationship.** In connection with any aspect of the transactions contemplated by this Agreement (including in connection with any amendment, waiver or other modification hereof or of any Financing Document), the Enterprise acknowledges and agrees that the Lender has not provided advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such financial products or issues; or undertaken a solicitation of a municipal entity, within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

IN WITNESS WHEREOF, the undersigned have executed this Loan Agreement as of the date set forth above.

POINTS WEST COMMUNITY BANK, a  
Colorado corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

POUDRE TECH METROPOLITAN  
DISTRICT, ACTING BY AND THROUGH  
ITS WATER ACTIVITY ENTERPRISE, IN  
THE TOWN OF WINDSOR, COLORADO

By: \_\_\_\_\_  
President

[SEAL]

Attested:

By: \_\_\_\_\_  
Assistant Secretary

**EXHIBIT A**  
**FORM OF PROMISSORY NOTE**

**THIS PROMISSORY NOTE MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR OTHERWISE DISPOSED OF EXCEPT IN CONNECTION WITH THE ASSIGNMENT IN WHOLE OR IN PART OF THE LOAN AGREEMENT (DEFINED BELOW) TO “ACCREDITED INVESTORS” WITHIN THE MEANING OF SECTION 11-59-110(1)(G) OF THE COLORADO REVISED STATUTES, AS AMENDED, WHO HAVE EXECUTED A LENDER LETTER IN ACCORDANCE WITH THE REQUIREMENTS OF THE LOAN AGREEMENT.**

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

**POUDRE TECH METROPOLITAN DISTRICT**

***ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE***

**(IN THE TOWN OF WINDSOR, COLORADO)**

**WATER REVENUE REFUNDING AND IMPROVEMENTS PROMISSORY NOTE,  
SERIES 2022**

**US \$6,600,000**

**Date of Issuance: June \_\_, 2022**

**Maturity Date: December 1, 2027**

FOR VALUE RECEIVED, POUDRE TECH METROPOLITAN DISTRICT, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under the constitution and laws of the State of Colorado (hereinafter referred to as “Maker”), promises to pay to the order of POINTS WEST COMMUNITY BANK, a Colorado corporation, its successors and assigns (hereinafter referred to as “Payee”), at such place as Payee or its agent, designee, or assignee may from time to time designate in writing, the principal sum of SIX MILLION SIX HUNDRED THOUSAND AND 00/100 U.S. DOLLARS (US \$6,600,000) (this “Note”), pursuant to the terms of the Loan Agreement, in lawful money of the United States of America.

This Note shall bear interest, be payable, and mature pursuant to the terms and provisions of the Loan Agreement. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed in the Loan Agreement.

Amounts received by Payee under this Note shall be applied in the manner provided by the Loan Agreement. All amounts due under this Note shall be payable without setoff counterclaim or any other deduction whatsoever by Maker.

Unless payments are made in the required amount in immediately available funds in accordance with the provisions of the Loan Agreement, remittances in payment of all or any part of the amounts due and payable hereunder shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Payee in funds

immediately available at the place where this Note is payable (or any other place as Payee, in Payee's sole discretion, may have established by delivery of written notice thereof to Maker) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Payee of any payment in an amount less than the amount then due shall be deemed an acceptance on account only and any unpaid amounts shall remain due hereunder, all as more particularly provided in the Loan Agreement.

In the event of nonpayment of this Note, Payee shall be entitled to all remedies under the Loan Agreement and at law or in equity, including the exercise of all rights afforded to it under the Pledge Agreement (subject to the limitations thereof), and all remedies shall be cumulative.

It is expressly stipulated and agreed to be the intent of Maker and Payee at all times to comply with applicable state law and applicable United States federal law. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under this Note or under the Loan Agreement, or contracted for, charged, taken, reserved or received with respect to the indebtedness evidenced by this Note, then it is Maker's and Payee's express intent that all excess amounts theretofore collected by Payee be credited on the principal balance of this Note (or, if this Note has been or would thereby be paid in full, refunded to Maker), and the provisions of this Note shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and under the Loan Agreement. All sums paid or agreed to be paid to Payee for the use, forbearance and detention of the indebtedness evidenced hereby and by the Loan Agreement shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the maximum rate permitted under applicable law from time to time in effect and applicable to the indebtedness evidenced hereby for so long as such indebtedness remains outstanding.

Maker and any endorsers, sureties or guarantors hereof jointly and severally waive presentment and demand for payment, protest and notice of protest and nonpayment, all applicable exemption rights, valuation and appraisal, notice of demand, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note and the bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and collateral securing payment hereof. Maker and any surety, endorser or guarantor hereof agree (a) that the time for any payments hereunder may be extended from time to time without notice and consent; (b) to the acceptance of further collateral; (c) to the release of any existing collateral for the payment of this Note; (d) to any and all renewals, waivers or modifications that may be granted by Payee with respect to the payment or other provisions of this Note; and/or (e) that additional makers, endorsers, guarantors or sureties may become parties hereto all without notice to them and without in any manner affecting their liability under or with respect to this Note. No extension of time for the payment of this Note shall affect the liability of Maker under this Note or any endorser or guarantor hereof even though Maker or such endorser or guarantor is not a party to such agreement.

Failure of Payee to exercise any of the options granted herein to Payee upon the happening of one or more of the events giving rise to such options shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event. The acceptance by Payee of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the options granted herein or in the Loan Agreement to Payee at that time or at any subsequent time or nullify any prior exercise of any such option without the express written acknowledgment of Payee.

Maker (and the undersigned representative of Maker, if any) represents that Maker has full power, authority and legal right to execute, deliver and perform its obligations pursuant to this Note and this Note constitutes the legal, valid and binding obligation of Maker.

All notices or other communications required or permitted to be given hereunder shall be given in the manner and be effective as specified in the Loan Agreement, directed to the parties at their respective addresses as provided therein.

This Note is governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by federal law. Invalidity of any provisions of this Note will not affect any other provision.

Pursuant to Section 11-57-210 of the Colorado Revised Statutes, as amended, this Note is entered into pursuant to and under the authority of certain provisions of the Supplemental Public Securities Act, being Title 11, Article 57, Part 2 of the Colorado Revised Statutes, as amended. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after delivery for value and shall conclusively impart full compliance with all provisions and limitations of said statutes, and this Note shall be incontestable for any cause whatsoever after delivery for value. This Note is also issued by virtue of and in full conformity with the Constitution of the State of Colorado; Part 2, Article 57, Title 11, C.R.S.; Article 1, Title 32, C.R.S; Part 4, Article 35, Title 31, C.R.S.; Part 1, Article 45.1, Title 37, C.R.S.; and all other laws of the State of Colorado thereunto enabling.

TO THE EXTENT PERMITTED BY LAW, MAKER HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN DENVER, COLORADO, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, WITH REGARD TO ANY ACTIONS, CLAIMS, DISPUTES OR PROCEEDINGS RELATING TO THIS NOTE, THE LOAN AGREEMENT, THE GROSS PLEDGED REVENUE, ANY OTHER FINANCING DOCUMENT, OR ANY TRANSACTIONS ARISING THEREFROM, OR ENFORCEMENT AND/OR INTERPRETATION OF ANY OF THE FOREGOING.

TO THE EXTENT PERMITTED BY LAW, MAKER HEREBY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE LOAN AGREEMENT, OR ANY OF THE OTHER FINANCING DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATIONS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED

THERE TO. MAKER REPRESENTS TO PAYEE THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

THE PROVISIONS OF THIS NOTE MAY BE AMENDED OR REVISED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY MAKER AND PAYEE. THERE ARE NO ORAL AGREEMENTS BETWEEN MAKER AND PAYEE WITH RESPECT TO THE SUBJECT MATTER HEREOF.

IN TESTIMONY WHEREOF, the Board of Directors of Poudre Tech Metropolitan District, acting by and through its Water Activity Enterprise, has caused this Note to be signed by the manual or facsimile signature of the President of the Board, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary thereof all as the date first set forth above.

[SEAL]

POUDRE TECH METROPOLITAN DISTRICT,  
ACTING BY AND THROUGH ITS WATER  
ACTIVITY ENTERPRISE, IN THE TOWN OF  
WINDSOR, COLORADO

By: \_\_\_\_\_  
President

ATTESTED:

By: \_\_\_\_\_  
Secretary or Assistant Secretary

[Signature Page to Promissory Note]

**EXHIBIT B**

**Principal Payment Schedule**

Payment Date	Principal
12/1/22	—
6/1/23	\$132,000.00
12/1/23	132,000.00
6/1/24	132,000.00
12/1/24	132,000.00
6/1/25	132,000.00
12/1/25	132,000.00
6/1/26	132,000.00
12/1/26	132,000.00
6/1/27	132,000.00
12/1/27*	5,412,000.00

\* Maturity Date. The then outstanding Loan shall be payable in full on such date.

**EXHIBIT C**

**FORM OF RECORD OF PROJECT ACCOUNT DISBURSEMENT**

**Poudre Tech Metropolitan District  
acting by and through its Water Activity Enterprise  
(in the Town of Windsor)  
Weld County, Colorado**

**Loan Agreement, dated as of June \_\_, 2022 and  
Related Water Revenue Refunding and Improvements Promissory Note, Series 2022  
in the Principal Amount of \$6,600,000**

The undersigned authorized representative of the Enterprise hereby sets forth the following information in connection with a disbursement from the Project Account under the above-referenced Loan Agreement, and in support thereof states:

1. Disbursement Date:

2. The amount disbursed from the Project Account on the Disbursement Date is \$\_\_\_\_\_.

3. The name and address of the person, firm, or corporation to whom payment is due or has been made is as follows:

\_\_\_\_\_  
\_\_\_\_\_

4. Payment is due to the above person for (describe nature of the obligation):

\_\_\_\_\_.

5. The above payment obligations have been or will be properly incurred, are or will be a proper charge against the Project Account, and have not been the basis of any previous withdrawal. The disbursement described herein will be used solely for the payment of Project Costs.

**IN WITNESS WHEREOF**, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**POUDRE TECH METROPOLITAN DISTRICT,  
ACTING BY AND THROUGH ITS WATER  
ACTIVITY ENTERPRISE, IN THE TOWN OF  
WINDSOR, COLORADO**

By: \_\_\_\_\_  
Authorized Signatory