



Municipal Subdistrict Special Board Meeting Agenda

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Public Comment:

Members of the public wishing to submit comments on agenda items may do so by visiting our website at <https://www.northernwater.org/> or by phone message to 970-292-2517.

Comments must be received by 7 a.m. on August 19. Written comments submitted by the deadline will be entered into the public record.

1. Preliminary Items

- 1.A. Call to Order: Roll Call and Verification of Quorum

Presenter: Chair Yanchunas

Action: None

- 1.B. Opportunity for Public Comment

Presenter: Chair Yanchunas

Action: None

- 1.C. Agenda Modification

Presenter: Brad Wind

Action: None

August 19, 2021

8:30 AM

1.D. Recommendation for Executive Session

Presenter: Brad Wind and Chris Pigg

Action: As Needed

2. Routine Items

2.A. Minutes of the July 29, 2021, Municipal Subdistrict Special Board Meeting

Presenter: Chair Yanchunas

Action: Motion to Approve

Minutes of the July 29, 2021, Municipal Subdistrict Special Board Meeting

3. Windy Gap Firming Project Water Activity Enterprise

3.A. Resolution MS-394-08-21 Amending Resolution MS-391-07-21 Relating to the Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution and any necessary related documents

Presenter: Jeff Drager, Stan Ladner and Michael Bradshaw, Bond Counsel, Butler Snow, LLP.

Action: Motion to Adopt

MS-394-08-21 - Amending Resolution to MS-391-07-21 WGFP WAE Bond Revenue Resolution

4. Information Items

4.A. Other Matters

Presenter: Brad Wind

Action: None

5. Executive Session

Matters that fall within C.R.S. § 24-6-402 (4) (a) through (g) may be discussed¹

¹ The Executive Session listed above may be cancelled at the discretion of the Board of Directors at the commencement of, or during, this meeting.

PRELIMINARY – SUBJECT TO CHANGE

MUNICIPAL SUBDISTRICT,
NORTHERN COLORADO WATER CONSERVANCY DISTRICT
MINUTES OF SPECIAL BOARD MEETING
HELD AT NORTHERN WATER HEADQUARTERS AND VIA ZOOM
July 29, 2021

1. PRELIMINARY ITEMS

A. Call to Order and Board Quorum Verification

The Board of Directors of the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict) met pursuant to call. Attending the meeting remotely via audio/visual conference call were: President Dennis Yanchunas, Vice President Bill Emslie, and Directors Mike Applegate, Sue Ellen Harrison, Don Magnuson, Rob McClary, Dave Nettles and John Rusch. Directors Jennifer Gimbel, Gene Manuello, Dale Trowbridge and Todd Williams were absent.

Staff attending the meeting remotely via audio/visual conference call were: General Manager Brad Wind, Engineering Division Director Jeff Drager and Operations Division Director Jerry Gibbens. Legal Counsel Bennett Raley also attended the meeting. See the attached list for additional staff and guests in attendance.

B. Public Comment

President Yanchunas requested public comment on non-agenda items. There were no public comments.

C. Agenda Modifications

President Yanchunas asked if there were any agenda modifications. Mr. Wind stated that staff recommended the addition of Agenda Item 2.A. Chimney Hollow Reservoir (CHR) Project Preconstruction Update.

D. Recommended Executive Session

President Yanchunas next asked for a discussion of a potential Executive Session. Mr. Wind stated that staff did not recommend any executive session.

2. WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

A. Chimney Hollow Reservoir Project Preconstruction Update

President Yanchunas next asked for an update on CHR Project preconstruction activities. Mr. Drager provided Directors with a brief update on the following CHR Project preconstruction activities: (1) the Larimer County Board of Commissioners recent approval of a CHR Project Use Permit; (2) status of a Clean Water Act Section 404 Permit for the CHR Project; (3) status of an Environmental Assessment (EA) pertaining to the Bureau of Land Management's (BLM) mineral rights at the CHR Project quarry; and (4) the U.S. Bureau of Reclamation's recent approval of a Nutrient Reduction Plan for the Windy Gap Firming Project (WGFP). A brief discussion followed.

B. Resolution MS-391-07-21 Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution

President Yanchunas next requested a discussion of Resolution MS-391-07-21, WGFP Water Activity Enterprise (WAE) Revenue Bond Resolution. Mr. Wind provided several brief introductory comments and then introduced Mr. Stan Ladner, Butler Snow, Bond Counsel for the Subdistrict. Mr. Ladner briefly discussed: (1) the resolutions and exhibits before Directors for the Board's consideration; (2) the length of time necessary to design, permit and construct a major water project; (3) financing (bond and/or cash) details of the 12 WGFP participants; and (4) a request for the Board to designate and appoint Mr. Wind to sign certain documents as part of the WGFP WAE bonding and financing process. Following a brief discussion, it was the consensus of the Board to designate and appoint Mr. Wind to sign all necessary documents as part of the WGFP WAE bonding and financing process.

Mr. Ladner next introduced Mr. Michael Bradshaw, Butler Snow, to the Board. Mr. Bradshaw referred Directors to copies of Resolution MS-391-07-21, which authorizes the WGFP WAE to issue bonds and make payments on those bonds. He discussed: (1) special obligation versus general obligation bonds; (2) Article I, Definitions and Statutory Authority; (3) Article II, General Provisions for Issuance or Incurrence of Obligations, Parity Debt and Obligation Anticipation Notes; (4) Article III, General Terms and Provision of Obligations; (5) Article IV, Redemption and Tender of Obligations; (6) Article V, Maintenance and Establishment of Funds and Accounts and Application Thereof; (7) Article VI, Particular Covenants and of Enterprise; (8) Article VII, Events of Default and Remedies; (9) Article VIII, Concerning the Trustee, Paying Agents and the Registrar; (10) Article IX, Supplemental Resolutions; (11) Article X, Amendments; and (12) Article XI, Miscellaneous.

A general discussion ensued. Mr. Bradshaw briefly reviewed and explained several red-lined changes to the documents, most of which were grammatical, with one substantive change. Following additional discussion, Director Applegate moved the Board adopt Resolution MS-391-07-21, WGFP Water Activity Enterprise (WAE) Revenue Bond Resolution as discussed and presented, including the red-lined changes reviewed by Mr. Bradshaw. Subdistrict Vice President Emslie seconded the motion and it passed unanimously.

Please see attached Resolution MS-391-07-21 attached as Exhibit A.

C. Resolution MS-392-07-21 Windy Gap Firming Project Water Activity Enterprise 2021 Supplemental Bond Resolution

Mr. Bradshaw continued with a review of Resolution MS-392-07-21, WGFP WAE Supplemental Bond Resolution, which authorizes the WGFP WAE to issue 2021 bonds and additional future bonds under additional future supplemental bond resolutions. He discussed: (1) Article I, Definitions and Statutory Authority; (2) Article II, Authorization of Series 2021 Bonds; (3) Article III, Disposition of Series 2021 Bond Proceeds; (4) Article IV, Tax Covenants; Reimbursement; and Defeasance; (5) Article V, Notices; (6) Exhibit A, Form of Series 2021 Bond; (7) Exhibit B, Form of Bond Purchase Agreement; (8) Exhibit C, Form of Preliminary Official Statement; (9) Preliminary Official Statement; (10) Official Statement; and (11) Continuing Disclosure Certificate.

A general discussion ensued. Mr. Bradshaw briefly reviewed and explained several red-lined changes to the documents, most of which were grammatical, with one substantive change. Following additional discussion, Vice President Emslie moved the Board adopt Resolution MS-392-07-21, WGFP WAE Supplemental Bond Resolution as discussed and presented, including the red-lined changes reviewed by Mr. Bradshaw. Director McClary seconded the motion and it passed unanimously.

Please see attached Resolution MS-392-07-21 attached as Exhibit B.

D. Agreement Establishing Windy Gap Firming Project Ecological Enhancement Donor Fund

President Yanchunas next requested a discussion of an *Agreement Establishing the WGFP Ecological Enhancement Donor Fund*. Mr. Drager discussed: (1) the draft, negotiated agreement as a creation of the Grand Foundation's administrative arm to oversee the \$15 million settlement from the federal court case involving Save the Colorado, et. al.; (2) the agreement as the mechanism for dispersing the settlement funds; (3) the agreement's description of the use of the settlement funds; and (4) staff's intent to request Subdistrict Board approval of the *Agreement Establishing the WGFP Ecological Enhancement Donor Fund* during the August 5, 2021, Board Planning Session.

Mr. Raley stated that the agreement is consistent with prior drafts of the agreement, and that plaintiffs and the Grand Foundation have agreed to allow a \$5 million initial payment instead of a \$1 million and \$4 million payment as originally stipulated. He also noted that the Grand Foundation Board will consider approving the agreement during its August 10, 2021, meeting. Mr. Drager stated that staff will review the agreement with WGFP participants during the August 3, 2021, Windy Gap Participants Committee meeting.

3. INFORMATION ITEMS

A. Other Matters

Mr. Wind briefly reviewed a July 28, 2021, meeting with Northern Water and Subdistrict WAE participants and Colorado-Big Thompson (C-BT) Project and Windy Gap Project allottees to present, discuss and obtain feedback on Northern Water's pending implementation of indirect cost allocations to all Northern Water and Subdistrict WAE participants. He noted that staff will provide Directors with a more in-depth review of the July 28 meeting during the August 5, 2021, Board Planning Session, including potential implications for the fiscal year (FY) 2022 Northern Water and Subdistrict budgets.

There being no further business to come before the Board, President Yanchunas thanked staff, legal counsel and guest presenters. He then adjourned the meeting.

ADDITIONAL STAFF AND GUESTS IN ATTENDANCE JULY 29, 2021

STAFF

Kelly Ippolito	Help Desk Technician
Chris Pigg	Records and Administrative Services Department Manager
Greg Silkensen	Communications Department Assistant Manager

GUESTS

Helen Atkeson	Hogan Lovells
Heather Banks	Platte River Power Authority
Michael Bradshaw	Butler Snow
Stan Ladner	Butler Snow
Bryan Stelmack	Stifel

Exhibit A for July 29, 2021 Municipal Subdistrict Minutes

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

RESOLUTION MS-391-07-21

REVENUE BOND RESOLUTION

ADOPTED JULY 29, 2021

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MS-392-07-21
REVENUE BOND RESOLUTION

BE IT RESOLVED by the Board of Directors of the Windy Gap Firming Project Water Activity Enterprise as follows:

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

Section 101. Definitions. The following terms shall, for all purposes herein, have the following meanings:

Account or Accounts shall mean each account or all of the accounts established in Article V of the Resolution.

Accreted Value shall mean with respect to any Capital Appreciation Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Obligations and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated based on a 360-day year of twelve (12) 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Accrued Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt (but excluding any debt service for any Subordinated Indebtedness or Subordinated Contract Obligations, including the Subordinated CWCB Loan) calculating the accrued Debt Service with respect to each Obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the next Debt Service Payment Date, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the next Debt Service Payment Date. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof.

Acts shall mean, collectively, the Sewer and Water Systems Act, the Water Activity Enterprise Act and the Water Conservancy Act.

Allotment means the quantity of capacity in the Project granted to each Allottee by such Allottee's Allotment Contract.

Allotment Contract means any contract between the Enterprise and an Allottee for an Allotment.

Allottee means each entity that holds an Allotment pursuant to an Allotment Contract.

Amortized Value, when used with respect to Authorized Investments purchased at a premium above or a discount below par, shall mean the value of such Authorized Investments computed by using an industry standard constant yield method selected by an Authorized Officer of the Enterprise.

Appreciated Value shall mean with respect to any Deferred Income Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Obligations, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of twelve (12) 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Authorized Investments shall mean and include any of the following, to the extent, at the time of the acquisition thereof, the same are legal for investment of the Enterprise's funds under the Acts:

- (a) U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the United States Government;
- (b) debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality, or government-sponsored enterprise (GSE), which include but are not limited to Fannie Mae, Freddie Mac, the Federal Farm Credit System, and the Federal Home Loan Bank;
- (c) U.S. dollar denominated debt obligations of a multilateral organization of governments;
- (d) U.S. dollar denominated corporate notes, bonds, or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity;
- (e) obligations issued or guaranteed by any state, territory, or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality, or other unit of local government of any U.S. state or territory rated in any of the top three Rating Categories;

- (f) mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise (GSE), including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs;
- (g) asset-backed securities (ABS) whose underlying collateral consists of loans, leases, or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans;
- (h) negotiable bank certificates of deposit, deposit notes, or other deposit obligations issued by a nationally or state-chartered bank, credit union, or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution;
- (i) non-negotiable interest-bearing time certificates of deposit, savings accounts, or deposit accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured or collateralized, if required by state or Federal law;
- (j) interest bearing time certificates of deposit, savings accounts, or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);
- (k) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Enterprise, or bankers' acceptances of depository institutions, including the Trustee or any of its affiliates;
- (l) U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust, or other entity, including both unsecured debt and asset-backed programs rated in the top short-term Rating Category by at least one Rating Agency;
- (m) banker's acceptances issued, drawn on, or guaranteed by a U.S. bank or branch of a foreign bank;
- (n) shares in open-end and no-load money market;
- (o) mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7;
- (p) repurchase agreements with any provider, which agreement is secured by any one or more of the securities described in clauses (a), (b) or (e) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in

clause (i) or (ii) of the definition thereof, as custodian, that is independent from the provider with whom the repurchase agreement is executed;

- (q) forward delivery agreements (“FDAs”) with any provider who has a rating (at the time the FDA is entered into) of at least A3 by Moody’s or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that, if any such provider is subsequently downgraded below Baa3 by Moody’s or below BBB- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, such FDA shall no longer qualify as an Authorized Investment;
- (r) guaranteed investment contracts or other structured investments (“GICs”) with any provider who has a rating (at the time the GIC is entered into) of at least A3 by Moody’s or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that any such GIC shall require that if the provider is subsequently downgraded below A3 by Moody’s or below A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, the provider shall secure its obligations by posting collateral or converting the GIC into a repurchase agreement; and
- (s) any other investment in which the Enterprise is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee a certificate to the Trustee designating the additional investment as an Authorized Investment.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the Enterprise of the particular obligations or of a recognized securities depository.

Authorized Officer shall mean (i) the President and the Vice President of the Enterprise, (ii) the General Manager and Secretary of the Enterprise, or successor positions regardless of title performing the same or similar functions and (iii) any other Person authorized by the Enterprise pursuant to a duly adopted resolution of the Enterprise to perform the act or sign the document in question.

Balloon Obligations shall mean Obligations designated as Balloon Obligations in a Supplemental Resolution and where 25% or more of the principal amount of such Obligations matures on the same date and such portion of the principal amount of such Obligations is not required to be amortized by payment or redemption prior to such date. If any Series of Obligations or any Parity Debt consists partially of Variable Interest Rate Obligations and partially of Obligations bearing interest at a fixed rate, the portion constituting Variable Interest Rate Obligations and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such Series of Obligations or Parity Debt constitutes Balloon Obligations.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and

loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Business Day shall mean any day of the year other than (i) a Saturday or a Sunday, (ii) any day on which Banks located in the City of New York, New York or the city in which the Principal Office of the Trustee is located or the State of Colorado are required or authorized by law or executive order to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

Capital Appreciation Obligations shall mean any Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Obligation in giving to the Enterprise or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Obligation shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Capital Costs shall mean the capital costs of the Enterprise related to the Project.

Certificate of Determination shall mean a certificate of an Authorized Officer, fixing the terms, conditions and other details of Obligations, Parity Debt, Credit Facilities, Subordinated Indebtedness or Subordinated Contract Obligations in accordance with the delegation of power to do so under a Supplemental Resolution and pursuant to the Supplemental Act.

Completion C&E means the Enterprise's costs in excess of Initial C&E, if any, that are necessary for the construction and completion of the Project with approximately 90,000 acre feet of usable water storage capacity to be funded by the Allotees pursuant to the Allotment Contracts.

Costs of Issuance shall mean the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction, charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, fees and charges of the Trustee and other Fiduciaries and agents, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution of documents, investor relations website fees, transportation and safekeeping of Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Credit Facilities and Qualified Swaps and other financial arrangements, costs and expenses of refunding such Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, and other costs, charges and fees, including those of the Enterprise, in connection with the foregoing.

Cost of Issuance Account shall mean the applicable Account by that name established in the Project Fund for a Series of Obligations pursuant to Section 502.

Counsel's Opinion or Opinion of Counsel or Opinion shall mean an opinion signed by an attorney or firm of attorneys of recognized standing (who may be outside counsel to the Enterprise) selected by the Enterprise.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Enterprise and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt outstanding, the sum of: (i) interest on the Obligations of such Series and the interest components of Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Obligations and Parity Debt that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Obligations and Parity Debt; *provided, however, that*, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later of* one year prior to such Principal Installment's due date or the date of issuance or incurrence of the related Obligation or Parity Debt; *provided further*, for purposes of calculating Debt Service Fund deposits and Maximum Annual Debt Service, and with respect to any Series of Obligations or any Parity Debt, the Enterprise may compute such sum based on the following adjustments:

(1) Interest on Variable Interest Rate Obligations may be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any Obligation or Parity Debt in respect of which the Enterprise has entered into a Qualified Swap may be based on:

(a) the fixed rate or rates of the Qualified Swap if the Enterprise has entered into what is generally referred to as a "floating-to-fixed" Qualified Swap (where the Enterprise pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Enterprise has entered into a Qualified Swap that is generally referred to as an "interest rate cap" (where the Enterprise receives a payment if a variable rate exceeds a certain amount); or

(c) the Estimated Average Interest Rate of the Qualified Swap if the Enterprise has entered into either what is generally referred to as a "fixed-to-floating" Qualified Swap (where the Enterprise pays a variable rate and receives a fixed rate) or a "floating-to-floating" Qualified Swap (where the Enterprise pays a variable rate and receives a different variable rate).

(3) If any Series of Obligations or any Parity Debt constitutes Balloon Obligations, then, for purposes of determining the annual amount payable on account of principal of and interest on such Series of Obligations or Parity Debt, such Series of Obligations or Parity Debt that are or would be Balloon Obligations shall be treated as if the principal amount of such Series of Obligations or Parity Debt were to be amortized in substantially equal annual installments of principal and interest over the lesser of a term of 30 years or the actual term of such Series of Obligations or Parity Debt; and the interest rate used for such computation shall be the rate quoted in the 30-year revenue bond index, or revenue bond index related to the actual term of such Series of Obligations or Parity Debt, as applicable, published by The Bond Buyer no more than two weeks prior to the date of calculation, or if that index is no longer published, another similar index selected by the Enterprise, or if the Enterprise fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as such Series of Obligations or Parity Debt on the date of issuance, or if there are no such Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States of America ranked by assets.

(4) If the Enterprise has irrevocably deposited Authorized Investments or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Authorized Investments and money may be deducted from Debt Service.

(5) If the Enterprise has, at any time, irrevocably called for redemption one or more Series of Obligations, including pursuant to a covenant to apply any portion of the Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Enterprise may take into account such redemption.

(6) With respect to Parity Reimbursement Obligations, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

Debt Service Fund shall mean the Fund by that name established in Section 502.

Debt Service Payment Date shall mean, with respect to any portion of Debt Service, the date on which the Debt Service shall be payable.

Debt Service Reserve Fund shall mean the Fund by that name established in Section 502.

Debt Service Reserve Requirement shall mean Maximum Annual Debt Service in any future Fiscal Year less any amounts anticipated to be released from the Debt Service Reserve Fund in such Fiscal Year.

Defeasance Security shall mean

(a) an Authorized Investment as specified in clause (a), (b), or (c) of the definition thereof, which is non-callable and non-prepayable; or

(b) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Series of Obligations authorized by such Supplemental Resolution, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by at least one Rating Agency.

Deferred Income Obligation shall mean any Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Obligations and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Deferred Income Obligation in giving to the Enterprise or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

District means the Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado created under and having the powers provided in the Water Conservancy Act.

Enterprise shall mean the Windy Gap Firming Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution and a water activity enterprise organized pursuant to the Water Activity Enterprise Act.

Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Obligations or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Obligations or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

Events of Default shall mean the events defined as such in Section 701.

Fiduciary or Fiduciaries shall mean the Trustee, any Registrar, any Paying Agent, any tender agent or any or all of them, as may be appropriate, or any Person appointed to act as a Fiduciary as provided in the Resolution.

Final Judgment shall mean any judgment or order of any court of competent jurisdiction, or of any arbitrator or panel of arbitrators, as to which all appeals have been exhausted.

Fiscal Year shall mean the then current annual accounting period of the Enterprise for its general accounting purposes, which period, as of July 29, 2021, is the twelve-month period

commencing on October 1 of each calendar year and ending on September 30 of the next calendar year.

Fund or Funds shall mean each fund or all of the funds established in or pursuant to Article V of the Resolution.

Future Extraordinary C&E means the Enterprise's costs of any individual repair, replacement, rehabilitation, improvement, or regulatory compliance activities incurred after Initial C&E and Completion C&E that are required to be undertaken for the continued safe operation of the Project and that, because of the large amount of such costs, cannot be paid (1) using the Operating Reserve Fund or (2) by the Allottees through an annual payment for Operating C&E.

Initial C&E means the Enterprise's initial estimated costs of construction and completion of the Project with approximately 90,000 acre feet of usable water storage capacity to be funded by the Allottees pursuant the Allotment Contracts.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Obligation, the date determined by Supplemental Resolution after which interest accruing on such Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Loan Allottee means an Allottee that, under the terms of its Allotment Contract, satisfies all or a portion of its obligations to pay Capital Costs of the Project through participation in an issuance of Obligations.

Maximum Annual Debt Service shall mean, as of any date of calculation, the amount of Debt Service for the current or any future Fiscal Year in which the greatest amount of Debt Service is required.

Obligation Anticipation Notes shall mean any such notes issued and delivered pursuant to Section 207, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Enterprise not to be paid, from the proceeds of the Obligations in anticipation of which such notes are being issued.

Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Enterprise payable from the Debt Service Fund, authorized by Section 201 and delivered pursuant to Section 202, or authorized pursuant to Section 207, but excluding Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

Operating C&E means any and all costs, exclusive of Initial C&E, Completion C&E, and Future Extraordinary C&E, incurred by the Enterprise (1) to administer, operate, maintain, repair, replace, rehabilitate, and improve the Project; (2) attributable to the delivery and storage of water in Chimney Hollow Reservoir that are not paid pursuant to an Allottee's Windy Gap Project allotment contract, including, without limitation, pumping costs, carriage costs, and power interference costs; and (3) to meet regulatory requirements associated with the Project.

Opinion of Bond Counsel shall mean an opinion signed by any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Enterprise.

Outstanding, when used with reference to Obligations or Obligations of a Series, shall mean, as of any date, Obligations or Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

- (a) Any Obligations canceled at or prior to such date;
- (b) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (c) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to Article III or Section 406 or Section 1005;
- (d) Obligations deemed to have been paid as provided in subsection 2 of Section 1101;
- (e) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and
- (f) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations excluded pursuant to Section 1111.

The principal component of any Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Enterprise thereunder in lieu of the related Obligation, regardless of the authorized amount of the principal component of such Parity Debt or the related Obligation and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Debt shall not by itself increase the Outstanding principal amount of Obligations.

Owner, or any similar terms, shall mean the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with Section 305.

Parity Debt shall mean any Parity Reimbursement Obligation, any Parity Swap Obligation or any other contract, agreement or other obligation of the Enterprise designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee; provided, however, that any such Parity Reimbursement Obligation, Parity Swap Obligation, or other contract, agreement or other obligation shall not constitute Parity Debt solely to the extent of any obligations to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Obligations may

include accelerated principal amortization provisions to the extent permitted by subsection 4 of Section 206.

Parity Reimbursement Obligation has the meaning provided in subsection 4 of Section 206.

Parity Swap Obligation has the meaning provided in subsection 6 of Section 206.

Paying Agent shall mean any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Person shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Principal Installments shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, as applicable, (a) the principal amount of Outstanding Obligations of such Series, due on the dates and in the amounts specified by a related Supplemental Resolution, reduced by the principal amount of such Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance (determined as provided in Section 510) of any Sinking Fund Installments due on any certain future date for Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Debt, the amount due thereunder on the dates and in the amounts established in accordance with Section 202 as a principal component of such Parity Debt payable on a parity with the Obligations.

Principal Office of the Trustee shall mean the designated corporate trust office of the Trustee.

Proceeds Account shall mean the applicable Account by that name established in the Project Fund for a Series of Obligations pursuant to Section 502.

Project means the Chimney Hollow Reservoir and related or ancillary features constructed, operated and maintained by the Enterprise for the purpose of providing storage and delivery of water for use pursuant to the Allotees pursuant to the Allotment Contracts.

Project Fund shall mean the Fund by that name established in Section 502.

Purchase Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

Put Obligations shall mean Obligations which by their terms may be tendered at the option of the Owner thereof or are subject to a mandatory tender other than at the election of the Enterprise, for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Enterprise with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Enterprise as may be designated or a notional principal amount relating to all or a portion of the principal, amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Enterprise for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Obligations or Variable Interest Rate Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

Qualified Swap Provider shall mean, subject to any applicable restrictions contained in the Act, an entity whose senior long-term obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, are rated not lower than the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean a nationally recognized statistical rating organization.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken hereunder; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Obligations.

Record Date, except as otherwise provided by Supplemental Resolution or a certificate of an Authorized Officer, shall mean the last Business Day preceding a payment date or other date on which an action is to be taken.

Redemption Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

Refunding Obligations shall mean all Obligations authenticated and delivered on original issuance pursuant to Section 204.

Registrar shall mean any registrar for the Obligations of any Series and its successor or successors and any Other Person which may at any time be substituted in its place pursuant to the Resolution.

Reimbursement Obligation has the meaning provided in subsection 4 of Section 206.

Resolution shall mean this Windy Gap Firming Project Enterprise Revenue Bond Resolution, as from time to time hereafter amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

Responsible Officer shall mean any officer assigned to the corporate trust office of the Trustee, or any other officer of the Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Revenue Anticipation Notes shall mean any note or notes the proceeds of which are used for Capital Costs and issued by the Enterprise (i) having a final maturity date of not more than two years from the date of issuance, (ii) authorized by the Enterprise only in anticipation of the receipt of reimbursements relating to Capital Costs that are anticipated to be sufficient to pay in full the principal of and any net interest, on such Revenue Anticipation Notes, (iii) secured in whole or in part by a lien prior to the lien and pledge of the Resolution on such reimbursements and (iv) meeting the requirements of subsection 3 of Section 205.

Revenue Fund shall mean the Revenue Fund by that name established in Section 502.

Revenues shall mean all payments received by the Enterprise from Loan Allottees pursuant to the Allotment Contracts between the Enterprise and the Loan Allottees and interest received on any moneys or securities held pursuant to the Resolution and paid into the Revenue Fund under the Resolution.

Securities Depository shall mean a recognized securities depository selected by the Enterprise to maintain a book-entry system in respect to all or any portion of a Series of Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series shall mean all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to Article III or Section 406 or Section 1005, regardless of variations in maturity, interest rate, or other provisions.

Sewer and Water Systems Act shall mean Part 4 of Title 31, Article 35 of the Colorado Revised Statutes, as amended.

Sinking Fund Installment shall mean, as of a particular date, any Sinking Fund Installment established pursuant to paragraph (m) of subsection 1 of Section 202.

Subaccount or Subaccounts shall mean each subaccount or all of the subaccounts established in or pursuant to Article V, as the case may be.

Subdistrict means the Municipal Subdistrict, Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado created under and having the powers provided in the Water Conservancy Act.

Subordinated Contract Obligation shall mean any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap or portion thereof which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee; and (c) any other contract, agreement or other obligation of the Enterprise designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable and secured in a manner permitted by Article V, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Contract Obligations shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Subordinated CWCB Loan means that certain drawdown loan issued to the Enterprise by the Colorado Water Conservation Board under an intergovernmental loan contract.

Subordinated Indebtedness shall mean any bond, note or other indebtedness for capital projects to be funded by Revenues authorized by Supplemental Resolution or other resolution of the Enterprise and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable and secured in a manner permitted by Article V of the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Subordinated Lien Loan Reserve Fund shall mean the Fund by that name established in Section 502.

Subordinated Lien Loan Reserve Requirement shall mean the amount provided in any resolution or loan documents relating to any Subordinated Indebtedness.

Supplemental Act means Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes, as amended.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Enterprise in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Taxable Obligations shall mean any Obligations which are not Tax-Exempt Obligations.

Tax-Exempt Obligations shall mean any Obligations the interest on which is intended by the Enterprise to be generally excluded from gross income for federal income tax purposes and

which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such Obligations.

Trust Estate shall mean, collectively, but subject to the terms and provisions of Section 501, all right, title and interest of the Enterprise in:

- (a) all Revenues;
- (b) the proceeds of the sale of the Obligations;
- (c) all Funds, Accounts and Subaccounts established by the Resolution (other than any rebate fund established pursuant to a tax certificate or agreement executed by the Enterprise in connection with a Series of Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof;
- (d) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Obligations by the Enterprise, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

Trustee shall mean the trustee appointed by the Enterprise pursuant to Section 801, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Valuation Date shall mean (i) with respect to any Capital Appreciation Obligations, the date or dates set forth in the Supplemental Resolution authorizing such Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (ii) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.

Variable Interest Rate shall mean a variable interest rate to be borne by any Obligation. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Obligations.

Variable Interest Rate Obligations shall mean Obligations which bear a Variable Interest Rate.

Water Activity Enterprise Act shall mean Title 37, Article 45.1 of the Colorado Revised Statutes, as amended.

Water Conservancy Act shall mean Title 37, Article 45 of the Colorado Revised Statutes, as amended.

Windy Gap Project means that project (including the acquisition and perfection of water rights) constructed by the Subdistrict for the diversion, carriage, and delivery of water from the Colorado River pursuant to that Amendatory Contract, 2014 Contract No. 15XX650003, entered into on December 19, 2014, between the Subdistrict, the District, and the United States of America for the purpose of utilizing the unused capacity of the facilities of the Colorado-Big Thompson Reclamation Project for the carriage of Windy Gap Project Water, and any subsequent amendments or successor contracts for the same purpose.

Section 102. Rules of Construction.

1. Words of one gender shall be deemed and construed to include correlative words of any other gender. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

2. Except as otherwise specified herein, all references in the Resolution to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Resolution, and the words herein, hereof, hereunder and other words of similar import refer to the Resolution as a whole and not to any particular Article, Section or subdivision of the Resolution.

3. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof (including any table of contents in the Resolution), shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of the Resolution or describe the scope or intent of any provisions hereof.

4. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

5. Except as otherwise specified herein, all references to resolutions, contracts or other agreements shall be deemed to include any amendments to such documents that are approved in accordance with the terms thereof and hereof.

6. Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature, which may be delivered and "signed" pursuant to facsimile or other electronic-mail transmission in accordance with applicable law and practice.

7. The word "or" is not exclusive.

8. The word "including" means including without limitation.

Section 103. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Acts.

Section 104. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Obligations and Parity Debt authorized to be issued hereunder by those who are Owners of the Obligations and Parity Debt from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Enterprise and the Owners from time to time of the Obligations and Parity Debt; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Enterprise shall be for the equal benefit, protection and security of the Owners of any and all of the Obligations and Parity Debt, all of which, regardless of the time or times of their authentication, issuance and delivery, or maturity, shall be of equal rank without preference, priority or distinction of any of the Obligations or Parity Debt over any other Obligations or Parity Debt, except as expressly provided in or permitted by the Resolution; provided, however, that the Resolution may be modified, amended or supplemented in accordance with its terms.

ARTICLE II
GENERAL PROVISIONS FOR ISSUANCE OR INCURRENCE OF
OBLIGATIONS, PARITY DEBT AND OBLIGATION ANTICIPATION NOTES

Section 201. Authorization of the Obligations.

1. The Resolution hereby authorizes Obligations of the Enterprise designated as "Revenue Obligations," which Obligations, if and when authorized by the Enterprise pursuant to one or more Supplemental Resolutions, may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution and not contrary to the Resolution as then in effect. The Obligations shall be special obligations of the Enterprise payable solely from the Trust Estate pledged to the payment thereof pursuant to subsection 1 of Section 501. The Obligations shall not constitute a general obligation debt or indebtedness of the State, the Enterprise, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitations or provisions, and neither the faith and credit nor the taxing power of any of the foregoing shall be pledged for the payment of any Obligations. The Enterprise does not have the legal authority to levy a tax. The obligations of the Loan Allotees to make payments to the Enterprise under the Allotment Contracts are special obligations of each Loan Allottee, payable solely from the revenues and other moneys derived by each Loan Allottee from its enterprise. The aggregate principal amount of the Obligations which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

2. The Obligations may, if and when authorized by the Enterprise pursuant to one or more Supplemental Resolutions, be issued in one or more Series or subseries, and the designations thereof, in addition to the name "Revenue Obligations", shall include such further or different designations in such title for the Obligations of any particular Series or subseries as the Enterprise may determine. Each Obligation shall bear upon its face the designation so determined for the Series or subseries to which it belongs.

3. Nothing in the Resolution shall be deemed to prevent the consolidation into a single Series or subseries for purposes of issuance and sale of Obligations otherwise permitted by the Resolution to be issued at the same time in two or more separate Series or subseries. In the event that separate Series or subseries are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution. Nor shall anything in the Resolution (except to the extent required by Supplemental Resolution) be deemed to prevent the separation into separate Series or subseries for purposes of issuance and sale Obligations otherwise permitted by the Resolution to be issued in one Series or subseries.

4. The Supplemental Act provides that a public entity, including the Enterprise, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Enterprise hereby elects to apply all of the Supplemental Act to any Obligations authorized to be issued pursuant to this Resolution.

5. Obligations may be issued for any lawful purpose of the Enterprise.

Section 202. General Provisions for Issuance of Obligations.

1. Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each Series or subseries as may be specified in such Supplemental Resolution. Obligations of any Series or subseries shall be authorized by a Supplemental Resolution which shall specify, among other things, the following matters (or the manner of determining such matters):

- (a) The authorized principal amount, designation and Series of such Obligations;
- (b) The purpose or purposes for which such Obligations are being issued;
- (c) The dates and the maturity dates of the Obligations of such Series;
- (d) If the Obligations of such Series are interest bearing Obligations, the interest rates of the Obligations of such Series and the interest payment dates therefor;
- (e) If the Obligations of such Series are Capital Appreciation Obligations, the Valuation Dates for such Obligations and the Accreted Value on each such Valuation Date;
- (f) If the Obligations of such Series are Deferred Income Obligations, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Obligations and the Appreciated Value on each such Valuation Date;
- (g) If the Obligations of such Series are Capital Appreciation Obligations or Deferred Income Obligations, the manner in which and the period during which principal and interest shall be deemed to accrue on such Obligations;
- (h) If the Obligations of such Series are Variable Interest Rate Obligations, the maximum interest rate, if any, or the method of calculating such maximum rate for such Obligations, and the provisions, if any, as to the calculation or change of Variable Interest Rates;
- (i) If the Obligations of such Series are Put Obligations, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;
- (j) If the Obligations of such Series are Balloon Obligations, a provision designating such Obligations as Balloon Obligations;
- (k) The denominations of, and the manner of dating, numbering and lettering, the Obligations of such Series;

- (l) The Paying Agents, if any, and the places of payment of the principal and Redemption Price, if any, of, and interest on, the Obligations of such Series;
- (m) The Redemption Prices, if any, and the redemption terms, if any, for the Obligations of such Series, provided that Obligations of any maturity for which Sinking Fund Installments shall be established pursuant to paragraph (m) of this subsection 1 shall in any event be redeemable, or payable at maturity, by application of the Sinking Fund Installments for such Obligations on the due dates of such Sinking Fund Installments;
- (n) The amount and due date of each Sinking Fund Installment, if any, for Obligations of like maturity of such Series;
- (o) Provisions necessary to authorize, in compliance with all applicable law, Obligations of such Series to be issued in the form of Obligations issued and held in book-entry form on the books of the Enterprise or any Fiduciary appointed for that purpose by the Enterprise and, in connection therewith, make such additional changes in the Resolution, not adverse to the rights of the Owners of the Obligations, as are necessary or appropriate to accomplish or recognize such book-entry form Obligations and specify and determine the matters and things relative to the issuance of such book-entry form Obligations as are appropriate or necessary;
- (p) To the extent applicable, the provisions relating to (i) any Credit Facility, Qualified Swap or other financial arrangement entered into in connection with the issuance of the Obligations of such Series and (ii) the obligations payable thereunder;
- (q) The amount, if any, to be deposited in the Project Fund or any Account therein;
- (r) The amount to be deposited in the Debt Service Reserve Fund such that the amount contained in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement for all Obligations and Parity Debt following the issuance of the Series of Obligations issued pursuant to the Supplemental Resolution;
- (s) If so determined by the Enterprise, provisions for the application of any money available therefor to the purchase, exchange or redemption of Obligations of such Series and for the order of purchase, exchange or redemption of such Obligations;
- (t) If so determined by the Enterprise, provisions for the sale of the Obligations of such Series;
- (u) The forms of the Obligations of such Series and of the Trustee's certificate of authentication if other than as provided in Section 310; and
- (v) Such other matters, not contrary to or inconsistent with the Resolution, as the Enterprise may deem advisable or necessary in connection with the authorization, issuance, sale, or delivery of such Series of Obligations.

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to the delegation under such Supplemental Resolution, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution.

2. The Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries) and shall be delivered by the Enterprise under the Resolution but only upon receipt by the Trustee, of:

(a) An Opinion or Opinions of Counsel to the effect that (i) the Enterprise has the right and power to authorize and enter into the Allotment Contracts, and (ii) the Allotment Contracts have been duly and lawfully authorized, executed and delivered by the Enterprise, are in full force and effect and (assuming due authorization, execution and delivery by, and validity and binding effect upon, the other parties thereto) are valid, binding and enforceable upon the Enterprise in accordance with their respective terms, and no other authorization for the Allotment Contracts is required; *provided*, that such Opinion(s) of Counsel may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization, arrangement, fraudulent conveyance or other similar laws relating to or affecting creditors' rights generally, and judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy;

(b) An Opinion of Bond Counsel in customary form to the effect that (i) the Enterprise has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Enterprise, is in full force and effect, and is valid and binding upon the Enterprise, and enforceable in accordance with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in Section 501; (iii) the Obligations are valid, binding and special and limited obligations of the Enterprise as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act, and such Obligations have been duly and validly authorized and issued in accordance with law, including the Acts as amended to the date of such Opinion, and in accordance with the Resolution; and (iv) if the Obligations are to be designated and issued as Tax-Exempt Obligations, that interest on such Obligations is excludable from gross income under federal income tax laws; *provided*, that such Counsel's Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations, and judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America;

(c) A copy of the Supplemental Resolution authorizing such Obligations, certified by an Authorized Officer;

(d) A written order of the Enterprise as to the delivery of the Obligations, signed by an Authorized Officer;

(e) Evidence of the funding of the Debt Service Reserve Fund in an amount not less than the Debt Service Reserve Requirement for all Obligations and Parity Debt following the issuance of such Obligations;

(f) Executed or certified copies of the Allotment Contracts with each of the Allotees specified on Schedule I (which may be one or more composite copies) relating to the Project;

(g) A copy of the resolution of each Allottee authorizing and approving, among other things, the execution and delivery of such Allottee's Allotment Contract;

(h) An opinion of counsel to each of the Allotees to the effect that the Allotment Contract between such Allottee and the Enterprise has been duly authorized, executed and delivered by such Allottee, is the valid and binding obligation of such Allottee and is enforceable in accordance with its terms, subject to standard assumptions and exceptions with respect to enforceability;

(i) A Closing Certificate, each in form acceptable to the Enterprise and Bond Counsel, executed by an authorized officer of each Allottee;

(j) If any Obligations are Variable Interest Rate Obligations or a Qualified Swap is being entered into that will result in a variable interest rate obligation of the Enterprise, a determination by an Authorized Officer of the Estimated Average Interest Rate;

(k) If any Obligations of such Series are Put Obligations, a determination by an Authorized Officer of the method or methods to be employed to provide for the purchase or redemption of all Put Obligations of such Series if the Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Obligations of such Series; and

(l) Such further documents and money as are required by the provisions of this Article II or Article VIII.

3. Obligations may be issued (a) to refund Outstanding Obligations or Parity Debt only if the issuance thereof complies with the provisions of subsection 2 of Section 203 or with the provisions of subsection 2 of Section 204, or (b) for any other purpose so long as the issuance thereof complies with the provisions of subsection 2 of Section 203.

4. If Obligations are to be listed on a domestic or foreign stock exchange, the Authorized Officers are hereby authorized to take all such actions as they deem necessary or appropriate to comply with the listing requirements of such exchange, including, without

limitation, the appointment of a member of such exchange as listing agent, the publication where required by such exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with such exchange.

Section 203. Special Provisions for Capital Cost Obligations.

1. The Obligations of one or more Series may at any time, or from time to time, be authenticated and delivered upon original issuance pursuant to this Section 203 to pay, or to provide for the payment of, all or part of the Capital Costs.

2. The Obligations of each such Series shall be authenticated and delivered by the Trustee upon receipt by the Trustee of a certificate of an Authorized Officer certifying that all Loan Allotees are current with respect to their annual payments under their respective Allotment Contracts.

Section 204. Special Provisions for Refunding Obligations.

1. In addition to refinancings permitted under subsection 3 of Section 202, one or more Series of Refunding Obligations (in an aggregate principal amount which will provide funds, together with other money available therefor, to accomplish such refunding) may be authenticated and delivered upon original issuance to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt.

2. The Obligations of each such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202 or this Section 204) of a certificate of an Authorized Officer stating that (a) after giving effect thereto and to the application of the proceeds thereof, the Debt Service with respect to such Obligations is less in each Fiscal Year than the Debt Service with respect to the Obligations or Parity Debt being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of such Obligations, and (b) all Loan Allotees are current with respect to their annual payments under their respective Allotment Contracts.

Section 205. Revenue Anticipation Notes.

1. Nothing in the Resolution shall prevent the Enterprise from authorizing or issuing Revenue Anticipation Notes. Prior to the issuance of Revenue Anticipation Notes, an Authorized Officer shall deliver a certificate to the Trustee certifying as to the reimbursements in anticipation of which such Revenue Anticipation Notes are being issued. Such note or notes shall contain or have endorsed thereon a designation by the Enterprise that such note or notes constitute Revenue Anticipation Notes under the Resolution or words of similar import, as may be determined by an Authorized Officer prior to the authentication thereof.

Section 206. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt.

1. The Enterprise may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Enterprise deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Article IX or Article X, including:

(a) So long as the Credit Facility is in full force and effect and payment on the Credit Facility is not in default, then (i) the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Obligations the payment of which such Credit Facility secures or (ii) in the alternative or with respect to particular matters, the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Obligations, in either case when the approval, consent or action of the Owners for such Obligations is required or may be exercised under the Resolution including Section 802 and following an Event of Default hereunder; provided, however, that no issuer of a Credit Facility shall be deemed to be the sole Owner of Outstanding Obligations pursuant to this provision in the event that the Credit Facility or Credit Facilities securing such Obligations provide only liquidity support.

(b) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations (or Purchase Price of any Outstanding Obligations to the extent the issuer of the Credit Facility has not been reimbursed) shall be paid under the provisions of the Credit Facility, all covenants, agreements and other obligations of the Enterprise to the Owners of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

3. The Enterprise may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

4. The Enterprise may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Enterprise, in the applicable Supplemental Resolution. The Enterprise may also, in an agreement with the issuer of such Credit Facility, agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the "**Reimbursement Obligation**"); provided, however, that no amounts shall be payable by the Enterprise under a Reimbursement Obligation for purposes of the Resolution, until amounts are paid under such Credit Facility by the issuer

thereof. As determined by Supplemental Resolution, any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation and accelerated principal amortization, (i) may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a “**Parity Reimbursement Obligation**”), but only to the extent that (prior to any acceleration of all Obligations, if permitted) any principal amortization requirements are either (A) commensurate with the amortization requirements for such related Obligations, without acceleration or (B) accelerated to no greater extent than to require repayment in equal principal installments over 5 or more years, or (ii) may constitute a Subordinated Contract Obligation, as determined by the Enterprise. Parity Reimbursement Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Credit Facility) (i) of any fees or expenses, (ii) pursuant to any indemnification provisions or (iii) pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than permitted by clauses (A) and (B) of the preceding sentence, and any such payments of the items specified in clauses (i), (ii) or (iii) of this sentence shall constitute Subordinated Contract Obligations.

5. Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in any applicable Supplemental Resolution.

6. In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Enterprise may, to the extent permitted pursuant by law, from time to time enter into Qualified Swaps. The Enterprise’s obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a “**Parity Swap Obligation**”), or may constitute a Subordinated Contract Obligation, as determined by the Enterprise. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

7. Except to the extent that an Authorized Officer directs that such amounts be deposited in any other Fund or Account pledged to the payment of Obligations, any amounts paid to the Enterprise under a Qualified Swap shall be deposited in the Debt Service Fund.

8. To the extent applicable and not readily apparent with respect to any Parity Debt, either the terms of such Parity Debt shall specify (or an Authorized Officer shall specify in writing) the interest and principal components of, or the scheduled payments corresponding to principal and interest under, such Parity Debt or the manner of determining the foregoing.

Section 207. Obligation Anticipation Notes. Whenever the Enterprise shall have, by Supplemental Resolution, authorized the issuance of a Series of Obligations, the Enterprise may by resolution authorize the issuance of Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Obligations, in a principal amount not exceeding the principal amount of the Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Obligation Anticipation Notes and any renewals of such Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Enterprise at or prior to issuance of any such series of Obligation Anticipation Notes: (i) the proceeds of any renewals of such Obligation Anticipation Notes issued to repay such Obligation Anticipation

Notes, (ii) the proceeds of the sale of the Series of Obligations in anticipation of which such Obligation Anticipation Notes are issued, (iii) amounts available to pay Subordinated Indebtedness, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution, including Section 501. In any case, such Obligation Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Obligations in anticipation of which they are issued. The proceeds of the sale of Obligation Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Obligations in anticipation of which such Obligation Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Resolution for such purposes or, if so provided in the resolution authorizing renewals of Obligation Anticipation Notes issued to pay outstanding Obligation Anticipation Notes, applied directly to such payment. Investment earnings from any amounts on deposit in any Fund or Account under the Resolution representing the proceeds of any Obligation Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Obligation Anticipation Notes.

ARTICLE III **GENERAL TERMS AND PROVISIONS OF OBLIGATIONS**

Except as otherwise provided by Supplemental Resolution, the Obligations shall be subject to the terms and provisions of this Article III.

Section 301. Medium of Payment; Form and Date.

1. The Obligations and Parity Debt shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts (or to the extent permitted by law, in any other coin or currency authorized pursuant to a Supplemental Resolution for related Obligations and Parity Debt).

2. Obligations shall be issued in the form of fully registered securities without coupons. Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form provided for in the Supplemental Resolutions pursuant to which such Obligations are issued with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Obligations, as evidenced by their execution of the Obligations. Any portion of the text of any Obligation may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Obligation, or as multiple pages (with or without such a reference). Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

3. Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Obligations.

Section 302. Legends. Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Enterprise.

Section 303. Execution and Authentication.

1. The Obligations shall be executed in the name of the Enterprise by the manual or facsimile signature of an Authorized Officer or in such other manner as may be authorized by law or specified in a Supplemental Resolution. In case any of the Authorized Officers who shall have signed any of the Obligations shall cease to be such officer before the Obligations so signed shall have been actually delivered, such Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Authorized Officers who signed such Obligations had not ceased to hold such offices. Any Obligation may be signed on behalf of the Enterprise by such Authorized Officers as at the actual time of the execution of such Obligation shall be duly authorized or hold the proper office in the Enterprise, although at the date of the Obligations such Authorized Officers may not have been so authorized or have held such office.

2. Obligations of each Series shall bear thereon a certificate of authentication, executed manually by the Trustee. Only such Obligations as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Obligation shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Obligation executed on behalf of the Enterprise shall be conclusive evidence that the Obligation so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits of the Resolution.

Section 304. Interchangeability of Obligations. Obligations, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of such Owner, be exchanged for an equal aggregate principal amount of Obligations of the same Series, maturity and interest rate of any other authorized denomination.

Section 305. Negotiability, Transfer and Registry. All the Obligations issued under the Resolution shall be negotiable, subject to the provisions for registration and registration of transfer contained in the Resolution and in the Obligations. So long as any of the Obligations shall remain Outstanding, the Enterprise shall maintain and keep, at the office of the Registrar, books for the registration and registration of transfer of Obligations; and, upon presentation thereof for such purpose at said office and under such reasonable regulations as it or the Registrar may prescribe, the Enterprise shall register or cause to be registered therein, and permit to be transferred thereon, the registration of any Obligation entitled to registration or registration of transfer. So long as any of the Obligations remain Outstanding, the Enterprise shall make all necessary provision to permit the exchange of Obligations at the office of the Registrar.

Section 306. Transfer of Obligations.

1. The transfer of each Obligation shall be registerable only upon the books of the Enterprise, which shall be kept by the Registrar, by the Owner thereof in person or by its attorney authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar executed by the Owner or its authorized attorney. Upon the registration of transfer of any such Obligation, the Enterprise shall issue in the name of the transferee a new Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Obligation.

2. The Enterprise and each Fiduciary may deem and treat the Person in whose name any Outstanding Obligation shall be registered upon the books of the Enterprise as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Obligation and for all other purposes, and all such payments so made to any such registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid, and neither the Enterprise nor any Fiduciary shall be affected by any notice to the contrary. The Enterprise agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, unless acting in bad faith or with negligence under the Resolution, in so treating such registered owner.

3. Prior to any transfer of an Obligation for which there is no depository providing a book-entry only system (including, but not limited to, the initial transfer outside such book-entry only system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 307. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Obligations or registering the transfer of Obligations is exercised, the Enterprise shall execute and the Registrar shall deliver Obligations in accordance with the provisions of the Resolution. All Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Registrar. For every such exchange or registration of transfer of Obligations, whether temporary or definitive, the Enterprise or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Section 308. Obligations Mutilated, Destroyed, Stolen or Lost. In case any Obligation shall become mutilated or be destroyed, stolen or lost, the Enterprise shall execute, and thereupon the Trustee and Registrar shall deliver, a new Obligation of like tenor, Series, maturity, interest rate and principal amount as the Obligation so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Obligation, upon surrender and cancellation of such mutilated Obligation, or in lieu of and substitution for the Obligation destroyed, stolen or lost, upon filing with the Trustee and Registrar evidence satisfactory to the Enterprise and the Trustee and Registrar that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Enterprise and the Trustee and Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Enterprise and the Trustee and Registrar may prescribe and paying such expenses as the Enterprise and Trustee and Registrar may incur. All Obligations so surrendered to the Registrar shall be canceled by it. If any such Obligation shall have matured, or if such Obligation shall have been called for redemption or a redemption date pertaining thereto shall have passed, instead of issuing a new Obligation the Enterprise may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Enterprise and the Trustee. Any such new Obligations issued pursuant to this Section in substitution for Obligations alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Enterprise, whether or not the Obligations so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Obligations issued under the Resolution, in any money or securities held by the Enterprise or the Fiduciary for the benefit of the Owners of Obligations.

Section 309. Book-Entry-Only System. The Enterprise may employ a book-entry-only system of registration with respect to any Obligations and may utilize the procedures regarding such registration set forth in this Section 309, as such procedures may be modified or superseded pursuant to the Supplemental Resolution authorizing such Obligations. Any provisions of the Resolution inconsistent with book-entry-only Obligations shall not be applicable to such book-entry-only Obligations.

Any Authorized Officer is hereby authorized to take all actions required for each Series of Obligations to be eligible under the rules and regulations of The Depository Trust Company ("DTC"), 55 Water Street, New York, New York, for investment and trading as uncertificated securities. DTC is hereby appointed as the initial Securities Depository for the Obligations, with Cede & Co., a nominee thereof, being the initial registered owner of the Obligations. In the event that any Securities Depository resigns or is removed, any Authorized Officer may select a substitute Securities Depository. The Enterprise and any Fiduciary, and any agent of the Enterprise or any Fiduciary, may treat any Securities Depository in whose name any Obligations is registered as the owner of such Obligation for all purposes under the Resolution. For so long as the Securities Depository is, the registered owner of the Obligations, procedures with respect to the transmission of notices and the transfer of ownership of, redemption of and payment of principal or Redemption Price, if any, of and interest on such Obligations so held shall be in accordance with arrangements among the Trustee, the Enterprise and the Securities Depository.

So long as the Obligations are registered in the name of the Securities Depository, the Enterprise and the Trustee shall have no responsibility or obligation to any Securities Depository participant, indirect participant or beneficial owner of the Obligations. Without limiting the immediately preceding sentence, the Enterprise and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of any Securities Depository or any Securities Depository participant or indirect participant with respect to any beneficial ownership interest in the Obligations, (ii) the delivery to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any notice with respect to the Obligations, including any notice of redemption or tender, or (iii) the payment to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any amount with respect to the principal of or Redemption Price or interest on the Obligations.

The Enterprise, in its sole discretion and without the consent of any other person, may terminate the services of any Securities Depository with respect to any Series of Obligations. Notice of such termination shall be given by the Enterprise to the Trustee prior to or simultaneously with such termination. In the event the book-entry-only system is discontinued with respect to the Obligations, principal and Redemption Price of and interest on the Obligations shall be paid as provided in the Resolution.

Consistent with DTC book-entry provisions, one or more typewritten certificates shall be prepared for each maturity of the Obligations of a Series and registered in the name of the Securities Depository. There shall be no physical distribution of bond or other certificates to beneficial owners of such Obligations. In the event that the Obligations do not qualify to be held by the Securities Depository or that either the Enterprise determines to discontinue the book-entry-only system or DTC determines to discontinue providing its service with respect to the Obligations and there is no successor Securities Depository, the bond or other certificates shall be delivered in the form required by the Resolution.

Unless otherwise directed by an Authorized Officer, "CUSIP" identification numbers will be imprinted on the Obligations, but such numbers shall not constitute a part of the contract evidenced by the Obligations and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Obligations. As a

convenience to the Owners of the Obligations, the Enterprise and the Trustee may use such CUSIP numbers in any notices to the Owners of the Obligations including any notices of redemption of the Obligations. Failure on the part of the Enterprise or the Trustee to use such CUSIP numbers in any notice to Owners of the Obligations shall not constitute an Event of Default or any similar violation of the Enterprise's contract with such Owners. The Enterprise will promptly notify the Trustee of any change in the CUSIP numbers.

Section 310. Form of Obligations. Subject to the provisions of the Resolution and except as otherwise provided pursuant to a Supplemental Resolution, each Series of Obligations shall be issued as fully registered securities. Any Authorized Officer executing and delivering any such Obligations may make such changes in the form thereof as deemed necessary or convenient by such Authorized Officer, including changes to conform with (i) the terms of sale, (ii) the provisions of the related Supplemental Resolution, (iii) the requirements of the related Securities Depository, provider of a Credit Facility or Rating Agency, (iv) industry practice or (v) federal or state regulatory requirements, and the execution (whether manual or by facsimile) and delivery of any such obligations shall be conclusive evidence of the approval of all terms thereof by such Authorized Officer.

ARTICLE IV **REDEMPTION AND TENDER OF OBLIGATIONS**

Section 401. Privilege of Redemption and Redemption Price. Except as otherwise provided in the Resolution or a Supplemental Resolution, Obligations subject to redemption pursuant to a Supplemental Resolution shall be subject to redemption only in accordance with this Article IV.

Obligations subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Resolution authorizing such Obligations.

Section 402. Redemption at the Election of the Enterprise; Tender to Related Entities. In the case of any redemption of Obligations at the election of the Enterprise, the Enterprise shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates and principal amounts thereof to be redeemed shall be determined by the Enterprise in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution). Such notice shall be given at least 30 days prior to the redemption date or such shorter or longer period as may be provided in the Supplemental Resolution or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 405 but subject to the second paragraph of Section 405, the Enterprise shall on or prior to the redemption date cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

To the extent provided by Supplemental Resolution the Enterprise may, in its sole discretion, purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Enterprise at a purchase price equal to the redemption price therefor. To exercise any such option, the Enterprise shall give the Trustee a written request exercising such option within the time periods specified in the related Supplemental Resolution as though such written request were a written request of the Enterprise for redemption, and the Trustee shall thereupon give the Owners of the Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Resolution as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such an option, the Enterprise shall pay the purchase price of the Obligations then being purchased to the Trustee in immediately available funds, and the Trustee shall pay the same to the sellers of such Obligations against delivery thereof. Following such purchase, the Trustee shall cause such Obligations to be registered in the name of the Enterprise or its nominee and shall deliver them to the Enterprise, or its nominee. Except to the extent otherwise directed by an Authorized Officer, no purchase of Obligations pursuant to such an option shall operate to extinguish the indebtedness of the Enterprise evidenced thereby.

Section 403. Redemption Otherwise Than at the Enterprise's Election. Whenever by the terms of the Resolution, Obligations are required to be redeemed otherwise than at the election

of the Enterprise, the Trustee shall select the Obligations to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article IV. The Trustee shall have no liability in making such selection.

Section 404. Selection of Obligations to Be Redeemed. In the event of redemption of less than all the Outstanding Obligations of like tenor, Series, maturity and interest rate, the Trustee shall select, as directed by the Enterprise (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair, the numbers of the Obligations to be redeemed and portions of any thereof to be redeemed in part. Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Obligation which is not redeemed is an authorized denomination). For the purposes of this Section 404, Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 405. Notice of Redemption. When the Trustee shall receive notice from the Enterprise of its election to redeem Obligations pursuant to Section 402, and when redemption of Obligations is required by the Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Enterprise, of the redemption of such Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, interest rate of the Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given not less than 30 days nor more than 60 days, or for such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed. Failure so to give any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Obligations. The Enterprise may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if

any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Unless otherwise provided by Supplemental Resolution, notices of redemption shall be sent by first class mail, postage prepaid.

Notice of redemption of any Series of Obligations shall also be sent by the Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

Section 406. Payment of Redeemed Obligations. Notice having been given in the manner provided in Section 405, the Obligations or portions thereof so called for redemption shall, subject to the second paragraph of Section 405, become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Obligations, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of an Obligation, the Enterprise shall execute and cause to be delivered, upon the surrender of such Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Obligation so surrendered, at the option of the owner thereof, Obligations of like tenor, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, money for the redemption of all the Obligations or portions thereof of any like tenor, Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Obligations or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue. If said money shall not be so available on the redemption date, such Obligations or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V
MAINTENANCE AND ESTABLISHMENT OF FUNDS AND
ACCOUNTS AND APPLICATION THEREOF

Section 501. The Pledge Effected by the Resolution.

1. There are hereby pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for, the Obligations and, on a parity basis, Parity Debt, in accordance with their terms and the provisions of the Resolution, all right, title and interest of the Enterprise in and to the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. The pledge created by subsection 1 of this Section 501 shall in all respects secure on a *pari passu* basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

3. The pledge created by subsection 1 of Section 501 shall be valid and binding from and after the date of issuance and delivery of the first Obligations and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Enterprise irrespective of whether such parties have notice thereof.

4. Subject to the provisions of subsection 1 of this Section 501 and except as provided in subsection 5 of this Section 501, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Enterprise to that end has been duly and validly taken.

5. Notwithstanding any other provision of the Resolution, the pledge of the Trust Estate, insofar as such Trust Estate includes reimbursements in anticipation of which Revenue Anticipation Notes shall at any time be issued, shall be subordinate to the pledge of any such reimbursements securing such Revenue Anticipation Notes.

6. Nothing contained in this Section 501 shall be construed as limiting any authority granted to the Enterprise elsewhere in the Resolution to issue or incur Obligation Anticipation Notes, Revenue Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Enterprise to issue any other bonds, notes or other obligations under the Acts secured by any other amount or funds other than the Trust Estate.

7. The Enterprise represents and warrants to the Trustee and the Owners of Obligations as follows:

(a) the pledge created by subsection 1 of Section 501 is authorized by the Acts and is made in full compliance with the provisions of the Acts;

(b) pursuant to the Acts and the Supplemental Act, such pledge shall take effect as provided in subsection 3 of Section 501 and irrespective of the date of receipt of Revenues by the Enterprise or the Trustee;

(c) pursuant to the Acts and the Supplemental Act, such pledge shall be effective against all third parties as provided in the Resolution without physical delivery of the Revenues to the Enterprise or the Trustee; and

(d) pursuant to the Acts and the Supplemental Act, the Resolution need not be recorded in any public office.

Section 502. Establishment of Funds, Accounts and Subaccounts.

1. The following Funds, with segregated accounts for each Loan Allottee and which shall be held and administered by the Trustee, are hereby established:

- (a) Revenue Fund;
- (b) Operating Fund;
- (c) Debt Service Fund;
- (d) Subordinated Lien Loan Fund;
- (e) Operating Reserve Fund;
- (f) Debt Service Reserve Fund; and
- (g) Subordinated Lien Loan Reserve Fund.

2. The Project Fund, with segregated accounts for each Loan Allottee and which shall be held and administered by the Enterprise, is hereby established.

3. Each such Fund shall initially consist of the Account and Subaccounts, if any, established or permitted by this Article V. Additional Funds, Accounts and Subaccounts may be established by the Enterprise in its discretion in addition to the Funds and Accounts established pursuant to this Article V; and the establishment of such Funds, Accounts or Subaccounts shall be evidenced by the delivery by Enterprise to the Trustee of a certificate of an Authorized Officer.

4. Amounts held at any time by the Enterprise or the Trustee in any of the Funds, Accounts, or Subaccounts initially established pursuant to this Article V or in any other Fund, Account or Subaccount established by the Enterprise pursuant to the provision of this Article V shall be held in trust separate and apart from all other funds.

Section 503. Project Fund and Application Thereof.

1. The Enterprise shall establish within the Project Fund a Costs of Issuance Account, a Proceeds Account and such other Accounts as the Enterprise deems necessary and desirable, and the Enterprise or any Authorized Officer of the Enterprise may establish within each such Account separate Subaccounts for each Series of Obligations.

2. The Enterprise shall pay into the Project Fund and each Account and Subaccount, if any, therein, such amounts as shall be provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes.

3. Amounts in each such Account and Subaccount, if any, shall, unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes, be applied solely to the payment of the purposes of the Obligations, including such Obligations in anticipation of which such Obligation Anticipation Notes are issued, in the manner and upon such conditions, if any, as the Enterprise may provide in such Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes; provided, however, that, subject to the provisions of the resolution authorizing Obligation Anticipation Notes relating to the application of the proceeds thereof, if on any interest payment date or Principal Installment due date, the amounts in the Debt Service Fund shall be less than Debt Service payable on such date, the Enterprise shall apply amounts from the Project Fund to the extent necessary to make up the deficiency.

Section 504. Revenue Fund, Capital Funding Revenues and Application Thereof. The Enterprise shall pay to the Trustee for deposit into the Revenue Fund all Revenues as soon as practicable after receipt thereof. Monies in the Revenue Fund shall be disbursed when received by the Enterprise to the following Funds in the following order of priority:

(a) to the Operating Fund, the full amount of the current Operating C&E attributable to all Loan Allotees;

(b) to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service on Obligations and Parity Debt; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Project Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt on the next Debt Service Payment Date;

(c) to the Subordinated Lien Loan Fund in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness, including the Subordinated CWCB Loan, or for payment of amounts due under any Subordinated Contract Obligation;

(d) to the Operating Reserve Fund, an amount necessary to replenish any prior draws made in respect of any and all Loan Allotees and to increase the amount on deposit therein to equal the aggregate of the following two years of Operating C&E as estimated by the Enterprise in accordance with the Allotment Contracts;

(e) to the Debt Service Reserve Fund, an amount necessary to replenish any prior draws made in order to pay Debt Service on any Obligations or Parity Debt and to increase the amount on deposit therein to equal the amount required to be on deposit therein;

(f) to the Subordinated Lien Loan Reserve Fund, an amount necessary to replenish any prior draws made in order to pay any Subordinated Indebtedness or Subordinated Contract Obligations, including the Subordinated CWCB Loan, and to increase the amount on deposit therein to equal the amount required to be on deposit therein under any Supplemental Resolution;

(g) to such other reserves as the Enterprise may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to the Allotment Contracts, an amount necessary to replenish any prior draws made in order to pay Operating C&E and to increase the amount on deposit therein to equal the amount determined by the Enterprise to be necessary to be on deposit therein; and

(h) transfer to such accounts held by the Enterprise as an Authorized Officer shall specify in writing to the Trustee.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) or transferred pursuant to clause (d) of this Section 504 shall be free and clear of the lien and pledge created by the Resolution.

Section 505. Debt Service Fund.

1. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such due date; and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

2. In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Trustee shall, upon the direction of the Enterprise, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution with itself as Trustee or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Obligations, or (c) deposit such amounts in any Fund, Account or Subaccount established under the Resolution; provided that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in

Section 1101, and (ii) at the time of, and giving effect to, such withdrawal and refunding, there shall exist no deficiency in any Fund, Account or Subaccount established under the Resolution.

3. If at any time the amount on deposit in the Debt Service Fund exceeds the amount then required to be on deposit therein, the Trustee shall, at the request of the Enterprise and subject to the provisions of the Supplemental Resolution governing any Subordinated Indebtedness then Outstanding, transfer to the Enterprise the amount of such excess free and clear of the lien and pledge of the Resolution.

Section 506. Debt Service Reserve Fund.

1. The Debt Service Reserve Fund shall be held in trust and administered by the Trustee.

2. Upon the issuance of each Series of Obligations, unless upon the delivery of such Obligations there shall then already be credited to the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Obligations then outstanding and the Series of Obligations then to be issued, the Supplemental Resolution authorizing the issuance of such Series of Obligations shall provide for payments into the Debt Service Reserve Fund from the proceeds of such Obligations or from any other moneys lawfully available therefor, such that the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement. The Debt Service Reserve Fund shall be for the benefit and security of the Obligations and related Parity Debt.

3. The balance of the Debt Service Reserve Fund shall be maintained at an amount equal to the Debt Service Reserve Requirement. Whenever, on the date that Debt Service is due on any Obligations or Parity Debt, there are insufficient moneys in the Debt Service Fund to make such payments, the Enterprise shall, without further instructions, apply so much as may be needed of the moneys in the Debt Service Reserve Fund to prevent default in the payment of such Debt Service, with priority to interest payments. Whenever by reason of any such application or otherwise the amount remaining to the credit of the Debt Service Reserve Fund is less than the amount then required to be in the Debt Service Reserve Fund, such deficiency shall be remedied in the amounts and at the times prescribed in Section 504 hereof.

4. If at any time the moneys on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, such excess shall be transferred from the Debt Service Reserve Fund to the Debt Service Fund to pay Debt Service on Obligations or to such other Fund or Account as may be directed by the Enterprise, subject to an Opinion of Bond Counsel to the effect that such application is permitted by applicable law and will not adversely affect any applicable exemption from federal income taxation of the interest on any Obligations.

5. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all Obligations secured thereby in accordance with their terms (including the maximum amount of principal or applicable sinking fund redemption price and interest which could become payable thereon), the applicable funds on deposit in such subaccount of the Debt Service Reserve Fund shall be transferred to the Debt

Service Fund and applied to the timely payment of principal or redemption price, if applicable, and interest on the outstanding Obligations secured thereby.

6. In the event of the refunding or defeasance of any Obligations secured by the Debt Service Reserve Fund, the Enterprise may withdraw from the Debt Service Reserve Fund all or any portion of the amounts accumulated therein and deposit such amounts with any escrow agent for the Obligations being refunded or defeased to be held for the payment of Debt Service on the Obligations being refunded or defeased; provided that such withdrawal shall not be made unless the amount thereafter remaining in such separate subaccount shall not be less than the remaining Debt Service Reserve Requirement.

Section 507. Subordinated Indebtedness; Subordinated Contract Obligations.

1. The Enterprise may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to subsection (c) of Section 504 or subsection 3 of Section 505; provided, however, that, except as provided in subsection 4 of this Section 506, (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Enterprise may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

2. Subordinated Indebtedness shall be issued for one or more of the capital purposes for which Obligations could be issued and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes.

3. The Enterprise shall have the right to covenant with the Owners from time to time of Subordinated Indebtedness and with Persons to whom Subordinated Contract Obligations run to add to the conditions, limitations and restrictions under which any additional Obligations may be issued or Parity Debt may be incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the owners of such obligations to declare the same nor to instruct such owners' trustee to declare the same to be immediately due and payable prior to the time that all Obligations and Parity Debt have become due and payable.

4. The Subordinated CWCB Loan previously incurred by the Enterprise constitutes Subordinated Indebtedness hereunder.

Section 508. Subordinated Loan Lien Reserve Fund.

1. The Subordinated Loan Lien Reserve Fund shall be held in trust and administered by the Trustee.

2. Upon the issuance of any Subordinated Indebtedness, unless upon the delivery of such Subordinated Indebtedness there shall then already be credited to the Subordinated Loan Lien

Reserve Fund an amount equal to the Subordinated Lien Loan Reserve Requirement for the Subordinated Indebtedness then outstanding and the Subordinated Indebtedness then to be issued, the Supplemental Resolution or other resolution authorizing the issuance of such Subordinated Indebtedness shall provide for payments into the Subordinated Loan Lien Reserve Fund from the proceeds of such Subordinated Indebtedness or from any other moneys lawfully available therefor, such that the amount on deposit in the Subordinated Loan Lien Reserve Fund is not less than the Subordinated Lien Loan Reserve Requirement. The Subordinated Lien Loan Reserve Fund shall be for the benefit and security of the Subordinated Indebtedness and related Subordinated Contract Obligations.

3. The balance of the Subordinated Lien Loan Reserve Fund shall be maintained at an amount equal to the Subordinated Lien Loan Reserve Requirement. Whenever, on the date that Debt Service is due on any Subordinated Indebtedness or Subordinated Contract Obligations, there are insufficient moneys in the Subordinated Lien Loan Fund to make such payments, the Enterprise shall, without further instructions, apply so much as may be needed of the moneys in the Subordinated Lien Loan Reserve Fund to prevent default in the payment of such Debt Service, with priority to interest payments. Whenever by reason of any such application or otherwise the amount remaining to the credit of the Subordinated Lien Loan Reserve Fund is less than the amount then required to be in the Subordinated Lien Loan Reserve Fund, such deficiency shall be remedied in the amounts and at the times prescribed in Section 504 hereof.

4. If at any time the moneys on deposit in the Subordinated Lien Loan Reserve Fund shall exceed the Subordinated Lien Loan Reserve Requirement, such excess shall be transferred from the Subordinated Lien Loan Reserve Fund to the Subordinated Lien Loan Fund to pay Debt Service on Subordinated Indebtedness or to such other Fund or Account as may be directed by the Enterprise, subject to an Opinion of Bond Counsel to the effect that such application is permitted by applicable law and will not adversely affect any applicable exemption from federal income taxation of the interest on any Obligations.

5. Whenever the amount in the Subordinated Lien Loan Reserve Fund, together with the amount in the Subordinated Lien Loan Fund, is sufficient to pay in full all Subordinated Indebtedness secured thereby in accordance with their terms (including the maximum amount of principal or applicable sinking fund redemption price and interest which could become payable thereon), the applicable funds on deposit in such subaccount of the Subordinated Lien Loan Reserve Fund shall be transferred to the Subordinated Lien Loan Fund and applied to the timely payment of principal or redemption price, if applicable, and interest on the outstanding Subordinated Indebtedness secured thereby.

6. In the event of the refunding or defeasance of any Subordinated Indebtedness secured by the Subordinated Lien Loan Reserve Fund, the Enterprise may withdraw from the Subordinated Lien Loan Reserve Fund all or any portion of the amounts accumulated therein and deposit such amounts with any escrow agent for the Subordinated Indebtedness being refunded or defeased to be held for the payment of Debt Service on the Subordinated Indebtedness being refunded or defeased; provided that such withdrawal shall not be made unless the amount thereafter remaining in such separate subaccount shall not be less than the remaining Subordinated Lien Loan Reserve Requirement.

Section 509. Investment of Funds.

1. Subject to the provisions of Section 1104, amounts in the Funds and Accounts established by Section 502 may be invested only in Authorized Investments and only when and as specifically directed in writing by an Authorized Officer.

2. The Trustee or the Enterprise shall sell any Authorized Investments held in any Fund, Account or Subaccount to the extent required for payments from such Fund, Account or Subaccount. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund, Account or Subaccount to the extent required to meet the requirements of such Fund, Account or Subaccount. Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and Subaccounts; investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Authorized Investment to the extent such amount exceeds any accrued interest paid on the purchase of such Authorized Investment shall be treated as interest earned on such Authorized Investment for purposes of this Section.

3. Nothing in the Resolution shall prevent any Authorized Investments acquired as investments of or security for any Fund, Account or Subaccount held under the Resolution from being held in book-entry form.

4. In making any investment in any Authorized Investments with money in any Fund or Account established under the Resolution, the Trustee or the Enterprise may combine such money with money in any other Fund or Account held by it, but solely for purposes of making such investment in such Authorized Investments.

5. Confirmations of investments made in accordance with the Resolution are not required to be issued by the Trustee for each month for which a monthly statement is issued.

Section 510. Satisfaction of Sinking Fund Installments.

1. Any amount accumulated in the Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Trustee to either (a) or (b) below as directed by the Enterprise (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series of Obligations for which such Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 15th day preceding the due date of such Sinking Fund Installment as follows:

(a) to the purchase of Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Obligations plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Enterprise shall direct; or

(b) to the redemption of Obligations for which such Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) of this subsection 1 of this Section 510.

All Obligations so purchased or redeemed shall be canceled by the Trustee prior to the 15th day preceding the due date of such Sinking Fund Installment.

2. Upon the purchase or redemption of any Obligation pursuant to subsection 1 of this Section 510, an amount equal to the principal amount of the Obligations so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Obligations, the Enterprise shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so to be purchased or redeemed, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

3. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Enterprise may deliver to the Trustee at least 15 days prior to the date of such Sinking Fund Installment, for cancellation, Obligations acquired by purchase or redemption, except Obligations acquired by purchase or redemption pursuant to the provisions of subsection 1 of this Section 510, of the maturity and interest rate entitled to such Sinking Fund Installment. All Obligations so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Obligations. Concurrently with such delivery of such Obligations, the Enterprise shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer, specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so delivered, (iii) the aggregate principal amount of the Obligations so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

4. The Trustee shall, upon receipt of the notice and in the manner required by the Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Obligations of the Series, interest rate and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Section 511. Cancellation and Disposition of Obligations. All Obligations that have been paid (whether at maturity or by acceleration, call for redemption, purchase by the Enterprise and presentation for cancellation, or otherwise) or delivered to the Trustee for cancellation shall be canceled and not reissued, except as otherwise provided in a Supplemental Resolution with respect to Put Obligations. Unless otherwise directed by the Enterprise, the Trustee shall treat canceled Obligations in accordance with its document retention policies. Notwithstanding any other provision of the Resolution, the Enterprise may, in its sole discretion, purchase any Obligations of the Enterprise for investment purposes and any such Obligations shall remain Outstanding unless and until presented for cancellation.

ARTICLE VI **PARTICULAR COVENANTS OF THE ENTERPRISE**

The Enterprise covenants and agrees with the Trustee and the Owners of Obligations as follows:

Section 601. Payment of Obligations and Parity Debt. The Enterprise shall duly and punctually pay or cause to be paid from the Trust Estate as provided in the Resolution the principal or Redemption Price, if any, of every Obligation and the interest thereon and all Parity Debt, at the dates and places, and in the manner provided in the Obligations and Parity Debt, according to the true intent and meaning thereof.

Section 602. Power to Issue Obligations and Effect Pledge. The Enterprise is duly authorized under the Acts and all applicable laws to create and issue the Obligations, adopt the Resolution and pledge the Trust Estate in the manner and to the extent provided in the Resolution. Except as provided herein with respect to Revenue Anticipation Notes, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Enterprise to that end has been duly and validly taken. The Obligations and the provisions of the Resolution are and will be the legally valid and binding special and limited obligations of the Enterprise as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and the Acts. The Enterprise shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners of Obligations under the Resolution against all claims and demands of all persons whomsoever.

Section 603. Extension of Payment of Obligations. The Enterprise shall not directly or indirectly extend or consent to the extension of the maturity of any of the Obligations or the time of payments of any claims for interest by the purchase or funding of such Obligations or claims for interest or by any other arrangement. In the event that the maturity of any of the Obligations or the time for payment of such claims for interest shall be extended, such Obligations or claims for interest shall not be entitled, in case of any Event of Default, to the benefit of the Resolution or to any payment out of the Trust Estate, except subject to the prior payment of the principal of all Obligations Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Obligations as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Enterprise (i) to issue refunding obligations as provided in the Resolution and such issuance shall not be deemed to constitute an extension of maturity of the Obligations, (ii) to issue Put Obligations and neither such issuance nor the operation of the provisions of such Put Obligations shall be deemed to constitute an extension of maturity of the Obligations, (iii) to apply any amount in any Fund held under the Resolution for such purpose to the purchase or redemption of Obligations or (iv) to issue securities having a maturity date, including any extension of maturity contemplated at the time of issuance, of no more than 270 days from the issue date.

Section 604. Offices for Servicing Obligations. Except as otherwise provided in the Resolution, the Enterprise shall at all times maintain one or more offices or agencies where Obligations may be presented for payment, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Enterprise in respect of the Obligations or of the Resolution. The Enterprise may appoint the Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Obligations and for the service upon the Enterprise of such notices, demands and other documents.

Section 605. Further Assurance. To the extent permitted by law, the Enterprise from time to time shall make, do, execute, adopt, acknowledge and deliver, and take all and every such further acts, deeds, conveyances, assignments, resolutions, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and interests in the Trust Estate or assigned, or intended so to be, or which the Enterprise may become bound to pledge or assign.

Section 606. Accounts and Reports.

1. The Enterprise shall keep proper books of record and account of its operations. Such books of account are to be audited at least annually by independent certified public accountants experienced in governmental accounting selected by the Enterprise. A copy of each audit report, annual balance sheet and income and expense statement shall be uploaded, linked or posted on the Enterprise's website and sent to any Owner filing with the Enterprise a written request therefor. The Enterprise may charge for such reports and other documents a reasonable fee to cover reproduction, handling and postage.

2. The Enterprise shall annually, within 210 days after the close of each Fiscal Year or at such other time required under applicable law or a subsequent contract with all or certain Owners (or, if not available by such date, when and if available), upload, link or post on the Enterprise's website, and otherwise as provided by law, a copy of an annual report for such year, accompanied by the opinion of the accountants specified in subsection 1 of this Section 606.

3. The Enterprise shall file with the Trustee and any provider of a Credit Facility (a) forthwith upon becoming aware of any Event of Default or default in the performance by the Enterprise of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of the Enterprise and specifying such Event of Default or default and (b) within 210 days after the end of each Fiscal Year commencing with the Fiscal Year ending after the Fiscal Year in which the Resolution is adopted, a certificate signed by an Authorized Officer of the Enterprise stating that, to the best knowledge and belief of such Authorized Officer, the Enterprise has kept, observed, performed and fulfilled each and every one of its covenants, agreements and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Enterprise under the Resolution or any Event of Default or other event which, with the giving of notice or the lapse of time or both as specified in the Resolution, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

Section 607. Payments by Allottees.

1. The Enterprise shall collect or cause to be collected and forthwith cause to be deposited in the Revenue Fund with the Trustee all amounts payable to the Enterprise by the Allotees under the Allotment Contracts, or otherwise payable to the Enterprise with respect to the Project or any part thereof. The Enterprise shall enforce the provisions of the Allotment Contracts, as well as any other contract or contracts entered into relating to the Project, and duly perform its covenants and agreements thereunder.

2. In the event that any Allotee fails to pay when due any amounts owed to the Enterprise under an Allotment Contract, the Enterprise shall promptly exercise its rights and remedies under the Allotment Contract.

Section 608. Segregation of Certain Funds. The Enterprise shall, at all times, comply with all terms and conditions of governmental financing programs mandating the segregation of federal or other governmental funds from other funds of the Enterprise and requiring the application of federal or other governmental funds for designated purposes.

Section 609. Indebtedness. Except as permitted by Section 206, the Enterprise shall not incur any indebtedness secured by a pledge of any of the Trust Estate (prior to the release thereof) which is due on demand, or indebtedness which provides the owners thereof the right to declare due and payable any payments thereunder (whether at the maturity of principal or on the due date of interest or upon redemption or prepayment) not otherwise due and payable, except in the event all Obligations and Parity Debt are then due and payable.

Section 610. Operation and Maintenance. The Enterprise shall at all times use its best efforts to operate, or cause to be operated, the Project properly and in a sound and economical manner and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. Nothing herein contained shall be construed to prevent the Enterprise from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the Project if, in the judgment of the Enterprise, it is advisable to lease, dispose of, or not to operate and maintain the same. The outsourcing of the operation or maintenance of any portion of the Project by lease, concession agreement or otherwise shall not be considered to be a cessation of operation or maintenance or a disposition or lease for purposes of this section if the Enterprise maintains ownership of the property. Further, the sale-leaseback or the lease-leaseback of any portion of the Project or other similar contractual arrangements, the effect of which is that the Enterprise, at the time of entering into such arrangements, reasonably expects to continue to have the ability to control such portion of the Project for use in its operations, shall not constitute a lease or disposition of such portion of the Project for purposes of this Section 610. The Enterprise shall file a notice of any disposition or lease not exempted by this section with the Trustee accompanied by a certification of the General Manager and Secretary of the Enterprise that the operation thereof is not essential to the maintenance and continued operation of the rest of the Project.

Section 611. Budgetary Provisions.

1. The Enterprise shall adopt and upload, link or post on the Enterprise's website when available for each Fiscal Year beginning after the adoption of the Resolution an annual operating budget. Each such budget for a Fiscal Year shall include the amount required to make the deposits for such Fiscal Year into the Debt Service Fund as set forth in Section 504.

2. The Enterprise shall set forth in each of its annual operating and capital budgets, and in each amendment of such budgets, appropriate provisions which acknowledge that the Revenues provided for in such budget or amendment are subject to the pledge and lien established by the Resolution.

Section 612. General.

1. The Enterprise shall do and perform or cause to be done and performed all acts and duties required to be done or performed by or on behalf of the Enterprise under the provisions of the Resolution, the Allotment Contracts and, to the extent material to the interests of Owners, the Acts.

2. Upon the date of authentication and delivery of any of the Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Obligations (and any related Parity Debt then being incurred) shall exist, shall have happened and shall have been performed, and the issuance of such Obligations (and any related Parity Debt then being incurred), together with all other indebtedness of the Enterprise, shall be within every debt and other limit prescribed by law.

Section 613. Insurance.

1. So long as any Obligations are Outstanding, the Enterprise shall at all times carry insurance with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Project as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business, all in accordance with the annual written recommendations of an independent insurance consultant selected by the Enterprise and who may not be the broker of such insurance.

2. The proceeds of any such insurance shall be payable to the Enterprise and shall be applied to its necessary or reasonable costs involved in the repair, replacement or reconstruction of the damaged property, and, if and to the extent not so applied, shall be applied to the retirement of any Obligations, Parity Debt, Subordinated Contract Obligations or Subordinated Indebtedness, as determined by the Enterprise. Pending such application, such proceeds may be invested by the Enterprise in Authorized Investments which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such investments shall be applied to the purposes described in this Section 613.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 701. Events of Default. Each of the following events is defined as and shall constitute a “default” under the Resolution:

1. There shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation after the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of 30 days;

2. There shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting an event specified in any other subsection of this Section 701, provided, however, that such failure or refusal shall have continued for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Enterprise by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and provided further, that if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Enterprise within such period and is being diligently pursued;

3. The Enterprise shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Enterprise and/or the rents, fees, charges or other revenues of the Transit System, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

4. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Enterprise in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Enterprise, and/or the rents, fares, charges or other revenues of the Transit System, or a decree or order for the dissolution, liquidation or winding up of the Enterprise and its affairs or a decree or order finding or determining that the Enterprise is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

5. The pledge created in Section 501 shall, at any time and for any reason, cease to be in full force and effect, or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than Owners of Obligation Anticipation Notes, Revenue Anticipation Notes and, to the extent provided in Section 506, the Owners of Subordinated Indebtedness or Subordinated Contract Obligations); and

6. The principal of any Parity Debt is declared due and payable immediately as the result of a default by the Enterprise in respect of such Parity Debt;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee (by notice in writing to the Enterprise), or the Owners of more than 50% in principal amount of the Obligations Outstanding (by notice in writing to the Enterprise and the Trustee), may declare the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of more than 50% in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, all overdue installments of interest upon the Obligations, together with interest on such overdue installments of interest to the extent permitted by law, and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Enterprise under the Resolution (except the principal of, and interest accrued since the next preceding interest payment date on, the Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Enterprise or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of more than 50% in principal amount of the Obligations Outstanding, by written notice to the Enterprise and to the Trustee, shall rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself to declare the Obligations due and payable, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of more than 50% in principal amount of the Obligations Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent therein.

Section 702. Powers of Trustee.

1. In the event that any Event of Default specified in Section 701 shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

- (a) bring suit upon the Obligations against the Enterprise;
- (b) by action or suit, require the Enterprise to account as if it were the trustee of an express trust for the Owners of the Obligations; or
- (c) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

2. Subject to the provisions of Sections 701 and the foregoing provisions of this Section 702, the remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice as may be expressly required herein.

3. The Trustee shall, in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

4. The Enterprise covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Enterprise and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Enterprise will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

Section 703. Priority of Payments After Default. In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, after making provision for the payment of any expenses necessary, in the opinion of the Trustee, to protect the interest of the Owners of the Obligations, and for the payment of the charges, expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, including reasonable fees of counsel, shall be applied as follows:

1. Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

2. If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

ARTICLE VIII

CONCERNING THE TRUSTEE, PAYING AGENTS AND THE REGISTRAR

Section 801. Trustee; Appointment and Acceptance of Duties. On or prior to the delivery of any Obligations, the Enterprise shall appoint a Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Enterprise a written acceptance thereof.

Section 802. Duties, Liabilities and Rights of the Trustee.

(a) Prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge, and after the curing or waiver of any Event of Default which may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied covenants or obligations shall be read into the Resolution against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Resolution; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Resolution.

(b) In case an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs.

(c) No provision of the Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection (c) shall not be construed to limit the effect of subsection (a) of this Section 802;

(2) the Trustee is not and shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not and shall not be liable with respect to any action taken or omitted to be taken by it in good faith (i) in accordance with the direction of the Owners of the applicable percentage of Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy

available to the Trustee, or (ii) which it believes to be authorized or within its rights or powers under the Resolution;

(4) no provision of the Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any personal or financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, for which it has not received a satisfactory indemnity;

(5) the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(6) the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Trustee shall have received written notice from an Owner or the Enterprise or have actual knowledge; provided that the Trustee shall be deemed to have actual knowledge of any failure to pay principal or Redemption Price of or interest on Obligations when due;

(7) the Trustee shall not be under any obligation to take any action that is discretionary hereunder;

(8) neither the Trustee nor any of its directors, officers, employees or agents shall be personally liable for any action taken, suffered or omitted by the Trustee in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon the Trustee by the Resolution;

(9) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder; and

(10) the Trustee may request that the Enterprise deliver a certificate of an Authorized Officer setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant hereto, which certificate may be signed by any Person authorized to sign such a certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(d) Whether or not expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 802.

(e) In the event that the Trustee is also acting as Paying Agent or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to the Resolution shall also be afforded to the Paying Agent and Registrar.

Section 803. Paying Agents and Registrars; Appointment and Acceptance of Duties.

1. The Trustee is hereby appointed the Registrar and a Paying Agent with respect to the Obligations. The Enterprise may at any time or from time to time appoint one or more other Paying Agents and Registrars in the manner and subject to the conditions set forth in Section 813 for the appointment of a successor Paying Agent or Registrar. The Enterprise may be appointed a Paying Agent or Registrar.

2. Each Paying Agent and Registrar other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Enterprise and to the Trustee a written acceptance thereof.

Section 804. Responsibilities of Fiduciaries. The recitals of fact contained in the Resolution and in the Obligations shall be taken as the statements of the Enterprise and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Obligations issued hereunder or in respect of the security afforded by the Resolution, or for any information in any preliminary or final official statement in connection with the issuance of any Obligations or any financial statement required to be delivered or filed in connection with any Obligations, or for the recording, re-recording, filing or re-filing of any financing or continuation statement or other document or instrument, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Obligations or the application of the proceeds thereof or the application of any money paid to the Enterprise. No Fiduciary shall be under any responsibility or duty with respect to the application of any money paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution, or for any losses, fees, taxes or other charges incurred upon the purchase or sale or redemption of any securities purchased for or held in any Fund under the Resolution, including any losses incurred by reason of having to sell securities prior to their maturity date, except in each case for its own willful misconduct, negligent action or negligent failure to act.

Section 805. Evidence on Which Fiduciaries May Act.

1. Each Fiduciary shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel of its selection, who may or may not be counsel to the Enterprise, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, omitted to be taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless

other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Enterprise to any Fiduciary shall be sufficiently executed if executed in the name of the Enterprise by an Authorized Officer.

Section 806. Compensation. The Enterprise shall pay to each Fiduciary from time to time such compensation as shall be agreed to in writing between the Fiduciary and the Enterprise for all services rendered under the Resolution (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution. To the extent permitted by law, the Enterprise further agrees to indemnify and save each Fiduciary and its officers, directors, agents, and employees harmless against any and all liabilities, losses, damages, claims or expenses which it may incur in the acceptance, exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith. The obligations of this Section 806 shall survive the discharge of the Resolution. No obligation of the Enterprise to make any payment to any Fiduciary shall have the benefit of any lien on or pledge or assignment of the Trust Estate.

A Fiduciary shall notify the Enterprise promptly of any claim for which it may seek indemnity. The Enterprise shall defend the claim and the Trustee shall cooperate in the defense. The Fiduciary may have separate counsel and the Enterprise shall pay the reasonable fees and expenses of such counsel.

Section 807. Certain Permitted Acts. Any Fiduciary may become the owner of any Obligations or any other obligations of the Enterprise, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law and pursuant to the Resolution, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations or the Owners of any other obligations of the Enterprise or to effect or aid in any reorganization growing out of the enforcement of the Obligations or any other obligations of the Enterprise or the Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Obligations then Outstanding.

Section 808. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Enterprise and mailing notice thereof to the Owners of the Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon the later of (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Enterprise or the Owners of Obligations as provided in Section 810 and shall have qualified therefor.

Section 809. Removal of Trustee. The Trustee may be removed at any time upon thirty (30) days' notice by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Obligations held by or for the account of the Enterprise. In addition, so long as no Event of Default shall have occurred and be continuing hereunder and the Trustee is not pursuing any right or remedy available to it pursuant to the Resolution, the Trustee may be removed by the Enterprise at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Enterprise or the Owners of Obligations as provided in Section 810 and shall have qualified therefor.

Section 810. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding, excluding any Obligations held by or for the account of the Enterprise, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Enterprise and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of Obligations as aforesaid, the Enterprise, by a duly executed written instrument signed by an Authorized Officer of the Enterprise, shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Obligations as authorized in this Section 810. The Enterprise shall mail notice of any such appointment made by it to all Owners within 20 days after such appointment. Any successor Trustee appointed by the Enterprise shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Obligations.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 810, within 45 days after the Trustee shall have given to the Enterprise written notice as provided in Section 808 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Obligation may, at the expense of the Enterprise, apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section 810 in succession to the Trustee shall be a Bank that is organized under the laws of any state or is a national banking association organized under the laws of the United States of America, and having a capital and surplus aggregating at least \$100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Section 811. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Enterprise, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Enterprise, or of the successor Trustee, and, upon the payment of all of its charges hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Enterprise be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Enterprise. Any successor Trustee shall promptly notify the Registrar and the Paying Agents of its appointment as Trustee.

Section 812. Merger or Consolidation. Any Person into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its municipal corporate trust business, provided such Person shall be a Bank that is organized under the laws of any state of the United States or is a national banking association organized under the laws of the United States of America, and having a capital and surplus aggregating at least \$100 million, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 813. Resignation or Removal of Paying Agent or Registrar and Appointment of Successor.

1. Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Enterprise, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Enterprise. Any successor Paying Agent or Registrar shall be appointed by the Enterprise, with the approval of the Trustee, and (subject to the requirements of Section 604) shall be a Bank that is organized under the laws of any state of the United States of America or is a national banking association organized under the laws of the United States of America and having a capital and surplus aggregating at least \$100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any money held by it as Paying Agent to its successor, or if there

be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

3. In the event of the resignation or removal of any Registrar, such Registrar shall transfer and deliver all records, certificates and documents held by it as Registrar to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar, the Trustee shall act as such Registrar.

Section 814. Adoption of Authentication. In case any of the Obligations contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Obligations and deliver the Obligations so authenticated; and in case any of such Obligations shall not have been authenticated, any successor Trustee may authenticate such Obligations in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Obligations or in the Resolution.

Section 815. Continuing Disclosure Agreements. The Trustee shall be entitled to the same rights and the same degree of indemnification in its execution and performance of each continuing disclosure agreement entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, as it is under the Resolution.

ARTICLE IX **SUPPLEMENTAL RESOLUTIONS**

Section 901. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, without the consent of or notice to any Owner, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, or, if adopted prior to the appointment of a Trustee pursuant to Section 801, upon its adoption, shall be fully effective in accordance with its terms:

1. To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the issuance and delivery of the Obligations, or the issuance or entering into of other evidences of indebtedness;
2. To add to the covenants and agreements of the Enterprise in the Resolution, other covenants and agreements to be observed by the Enterprise which are not contrary to or inconsistent with the Resolution as theretofore in effect;
3. To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Enterprise which are not contrary to or inconsistent with the Resolution as theretofore in effect;
4. To surrender any right, power or privilege reserved to or conferred upon the Enterprise by the Resolution;
5. To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary

or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;

6. To authorize Obligation Anticipation Notes in accordance with Section 207 and, in connection therewith, specify and determine the matters and things referred to in Section 207, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect;

7. To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution of any additional security other than that granted or pledged under the Resolution;

8. To make amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Enterprise to insure that the Debt Service Reserve Fund functions in the manner contemplated in this Resolution;

9. To make amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Enterprise to insure that the Subordinated Lien Loan Reserve Fund functions in the manner contemplated in this Resolution;

10. To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in paragraphs (4) and (6) of Section 206, and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and Subaccounts established pursuant to Section 502 for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and shall grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations in Section 1002 and Article X herein;

11. To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;

12. To modify any of the provisions of the Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Obligations affected thereby and Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Obligations delivered on original issuance after the date of the adoption of such Supplemental Resolution and of the Obligations issued in exchange therefor or in place thereof;

13. To authorize the granting of additional funding sources as security for any given Obligations without making such additional funding sources available as security for all succeeding Obligations issued under the Resolution consistent with any limitations applicable to such additional funding sources in existence at the time of issuance of the affected Obligations;

14. To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations, issued or to be issued, from state income taxation;

15. To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Enterprise determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

16. To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Enterprise so determines, to add hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

17. To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;

18. At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Enterprise deems necessary or appropriate;

19. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

20. To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event any of the Acts are amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Enterprise or any other Related Entity in the Resolution or the form of Obligations; or

21. With Rating Confirmation, to make any other modification or amendment of the Resolution, which the Enterprise shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations. In making any determination under this paragraph 19 of this Section 901, the Enterprise may conclusively rely upon an Opinion of Counsel or opinions of other experts or professionals.

Section 902. Supplemental Resolutions Effective With Consent of Owners of Obligations. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of Article IX hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Enterprise and upon compliance with the provisions of said Article IX, shall become fully effective in accordance with its terms as provided in said Article IX.

Section 903. General Provisions.

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X hereof. Nothing contained in this Article IX or in Article X shall affect or limit the right or obligation of the Enterprise to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 901 may be adopted by the Enterprise without the consent of any of the Owners, but shall become effective only on the conditions, to the extent and at the time provided in said Section. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Enterprise and enforceable in accordance with its terms; provided, however, that the concurrent delivery of an Opinion of Bond Counsel required by subsection 2(a) of Section 202 shall satisfy this requirement.

3. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

ARTICLE X AMENDMENTS

Section 1001. Mailing. Any provision in this Resolution for the mailing of a notice or other paper to Owners shall be fully complied with if it is mailed postage prepaid to each Owner of any affected Obligation then Outstanding at such Owner's address, if any, appearing upon the registry books of the Enterprise, and to the Trustee; or, in each case, to such parties by facsimile, e-mail or other means to the extent permitted by applicable law and arrangements.

Section 1002. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and Obligations of the Enterprise and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this Section. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Obligations, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written consent thereto. For the purposes of this Section, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Enterprise and all Owners of Obligations. The Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of the Resolution and the Trustee shall have no duty or obligation to take any action hereunder unless and until it has received such opinion. Notwithstanding anything in this Section or the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued hereunder shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Obligations is offered and sold.

Section 1003. Consent of Owners of Obligations. The Enterprise at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1002 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Enterprise to the Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Obligations specified in Section 1002 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Enterprise in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Enterprise and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Owners as hereinafter in this Section 1003 provided. Any such consent, including any consent provided by the initial purchaser of an Obligation from the Enterprise, shall be binding upon the Owner of the Obligations giving such consent and, anything in Section 1102 to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such Subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Enterprise and the Trustee a written statement that the Owners of such required percentages of Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Enterprise on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Obligations and will be effective as provided in this Section 1003, may be given to Owners of Obligations by the Enterprise by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1003 provided). The Enterprise shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 1003 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Enterprise, the Fiduciaries and the Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Enterprise during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 1004. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Enterprise and of the Owners of Obligations may be modified or amended in any respect upon the adoption and filing by the Enterprise of a Supplemental Resolution and the consent of the Owners of all of the Obligations then Outstanding, such consent to be given as provided in Section 1003 except that no notice to Owners of Obligations shall be required; provided, however, that no such modification or amendment shall

change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written consent thereto of such Fiduciary in addition to the consent of the Owners of Obligations.

Section 1005. Notation on Obligations. Obligations issued and delivered after the effective date of any action taken as in Article IX or this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Enterprise and the Trustee as to such action, and in that case upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of its Obligation for such purpose at the corporate trust office of the Trustee, suitable notation shall be made on such Obligation by the Trustee as to any such action. If the Enterprise or the Trustee shall so determine, new Obligations so modified as in the opinion of the Trustee and the Enterprise to conform to such action shall be prepared, authenticated and delivered. Upon demand of the Owner of any Obligations then Outstanding and the surrender of such Obligations, there shall be authenticated and exchanged therefor, new Obligations having the same terms, other than the noted modification, as the Obligations surrendered.

ARTICLE XI MISCELLANEOUS

Section 1101. Defeasance.

1. If the Enterprise shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Enterprise, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Enterprise to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Enterprise, execute and deliver to the Enterprise all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Enterprise all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Enterprise shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Enterprise shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Notwithstanding the foregoing, in the event that all or a portion of any Obligations or portions thereof are to be discharged as a result of there being irrevocably deposited with the Trustee Defeasance Securities, the lien of this Resolution with respect to such Obligations or portions thereof will not be released and discharged until the Enterprise and the Trustee have received a verification of the sufficiency of funds held to discharge such Obligations or portions thereof from an independent certified public accountant. Neither Defeasance Securities nor money deposited with the Trustee pursuant

to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any money on deposit with the Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Enterprise as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. Notwithstanding any other provision hereof, the Enterprise may at the time of defeasance elect to retain the right to redeem or require the tender of any obligations deemed paid pursuant to subsection 2 of this Section 1101. The Trustee shall, at the direction of the Enterprise, select the Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.

3. Anything in the Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Enterprise, be repaid by the Fiduciary to the Enterprise, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Enterprise for the payment of such principal, Redemption Price, or interest, respectively. Before being required to make any such payment to the Enterprise, the Fiduciary shall, at the expense of the Enterprise, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Enterprise.

Section 1102. Evidence of Signatures of Owners of Obligations and Ownership of Obligations.

1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Owners of Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners of Obligations in Person or by their attorneys-in-fact appointed in writing or by such electronic or other means as may be recognized pursuant to applicable law. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Obligations shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or its attorney-in-fact of such instrument may be proved by the certificate of a signature guarantor, or of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of its authority;

(b) The ownership of Obligations and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

2. Any request or consent by the Owner of any Obligation shall bind all future Owners of such Obligation in respect of anything done or suffered to be done by the Enterprise or any Fiduciary in accordance therewith.

Section 1103. Money Held for Particular Obligations. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of Obligations entitled thereto.

Section 1104. General Regulations as to Money and Funds.

1. Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

2. All amounts of the Enterprise held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Enterprise in its name, on demand or time deposit, in such Banks as shall be selected by the Enterprise. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Enterprise may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks or other means of withdrawals consistent with industry practices on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution.

3. Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Enterprise and acceptable to such Fiduciary, on time deposit. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

Section 1105. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Enterprise, any other Fiduciary, and any

Owners of at least 5% aggregate principal amount of Obligations and their agents and their representatives, any of whom may make copies thereof.

Section 1106. Parties Interest Herein. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any Person, other than the Enterprise, the Fiduciaries, the Owners of Obligations and the Owners of Parity Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Enterprise shall be for the sole and exclusive benefit of the Enterprise, the Fiduciaries, the Owners of Obligations and the Owners of Parity Debt.

Section 1107. No Recourse on the Obligations. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Obligations or Parity Debt or for any claim based thereon or on the Resolution against any member, officer, or employee of the Enterprise or any Person executing the Obligations.

Section 1108. Successors and Assigns. Whenever in the Resolution the Enterprise is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Enterprise shall bind and ensure to the benefit of its successors and assigns whether so expressed or not.

Section 1109. Business Days. Except as otherwise provided pursuant to a Supplemental Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if made or done on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.

Section 1110. Severability of Invalid Provisions. If any term or provision of the Resolution shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforceable to the fullest extent permitted by law.

The invalidity of any one or more phrases, sentences, clauses or Sections of the Resolution shall not affect the remaining portions of the Resolution, or any part hereof.

Section 1111. Exclusion of Obligations. Obligations owned or held by or for the account of the Enterprise shall not be deemed Outstanding for the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, and the Enterprise shall not be entitled with respect to such Obligations to give any such consent or to take, or direct the taking of, any such action. At the time of any such consent or action, the Enterprise shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, describing all Obligations so to be excluded.

Section 1112. Effective Date. The Board of Directors finds that the proper and timely performance of its functions requires that this resolution be, and it hereby is, effective immediately.

CERTIFICATE

I, Bradley D. Wind, do hereby certify that the above is a true and correct copy of a Resolution adopted by the Board of Directors of the Windy Gap Firming Project Water Activity Enterprise at a special meeting of the Board of Directors held in Berthoud, Colorado, on July 29, 2021.

Brady B. Clark
Secretary

PRESENTED AND ADOPTED: JULY 29, 2021

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

**MS-392-07-21
2021 SUPPLEMENTAL BOND RESOLUTION**

Supplementing

**Revenue Bond Resolution
Adopted July 29, 2021**

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MS-392-07-21
2021 SUPPLEMENTAL BOND RESOLUTION
Supplementing

Revenue Bond Resolution
Adopted July 29, 2021

BE IT RESOLVED by the Board of Directors (the “Board”) of **WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE** (the “Enterprise”), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01 Supplemental Resolution. This 2021 Supplemental Bond Resolution (the “Supplemental Resolution”) is supplemental to, amends, and is adopted in accordance with Article II, Article IX and Article X of, Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution adopted on July 29, 2021 (the “Resolution”).

SECTION 1.02 Definitions.

1. All capitalized terms which are used but not otherwise defined in this Supplemental Resolution shall have the same meanings, respectively, as such terms are given by Section 101 of the Resolution.

2. In this Supplemental Resolution:

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Series 2021 Bonds” shall mean the Senior Revenue Bonds, Series 2021, authorized by Article II of this Supplemental Resolution.

SECTION 1.03 Authority for this Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Acts and the Resolution.

ARTICLE II

AUTHORIZATION OF SERIES 2021 BONDS

SECTION 2.01 Authorized Principal Amount, Designation, Purpose and Series. Pursuant to the Acts, the Supplemental Act and the provisions of the Resolution, and in order to finance Capital Costs, Obligations entitled to the benefit, protection and security of the provisions

of the Resolution are hereby authorized to be issued in an aggregate principal amount not exceeding \$225,000,000.

Such Obligations authorized by this Supplemental Resolution shall be designated as, and shall be distinguished from the Obligations of all other Series by the title, "Senior Revenue Bonds, Series 2021," pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution. Notwithstanding any other provision hereof, to the extent provided in one or more Certificates of Determination, such Series 2021 Bonds may be issued in one or more Series or subseries, on the same or on different dates, with such further or different designations as set forth in such Certificates of Determination. The Series 2021 Bonds shall be issued as Tax-Exempt Obligations.

SECTION 2.02 Dates, Maturities, Principal Amounts and Interest. The Series 2021 Bonds, except as otherwise provided in the Resolution, shall be dated the date or dates determined in the related Certificate of Determination and shall bear interest from such date or dates. The Series 2021 Bonds shall mature on the date or dates and in the year or years and principal amount or amounts, and shall bear interest at the rate or rates per annum, or in the manner determined in the related Certificate of Determination, provided that the net effective rate on the Series 2021 Bonds shall not exceed 4.00%.

SECTION 2.03 Interest Payments. The Series 2021 Bonds shall bear interest from their date or dates and be payable on such date or dates as may be determined pursuant to the related Certificate of Determination. Except as otherwise provided in the related Certificate of Determination, interest on the Series 2021 Bonds shall be computed on the basis of twelve 30-day months and a 360-day year.

SECTION 2.04 Denominations, Numbers and Letters. Unless otherwise provided in the related Certificate of Determination, the Series 2021 Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2021 Bonds shall be lettered as provided in the related Certificate of Determination, and shall be numbered from one consecutively upwards.

SECTION 2.05 Places of Payment and Paying Agent. Except as otherwise provided in the related Certificate of Determination, principal and Redemption Price of the Series 2021 Bonds shall be payable to the registered owner of each Series 2021 Bond when due upon presentation of such Series 2021 Bond at the principal corporate trust office of BOKF, NA, Inc., which is hereby appointed as Trustee for the Series 2021 Bonds. Except as otherwise provided in the related Certificate of Determination, interest on the registered Series 2021 Bonds will be paid by check or draft mailed on the interest payment date by BOKF, NA, as Paying Agent, to the registered owner at the owner's address as it appears on the registration books or, at the option of any Owner of at least one million dollars (\$1,000,000) in principal amount of the Series 2021 Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner thereof upon written notice from such Owner to the Trustee, at such address as the Trustee may from time to time notify such Owner, containing the wire transfer address (which shall be in the continental United States) to which such Owner wishes to have such wire directed, if such written notice is received not less than twenty (20) calendar days prior to the related interest payment date (such notice may refer to multiple interest payments).

SECTION 2.06 Sinking Fund Redemptions. The Series 2021 Bonds, if any, determined in the related Certificate of Determination shall be subject to redemption in part, by lot, on each date in the year or years determined in the Certificate of Determination at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on each such date the principal amount of such Series 2021 Bonds.

SECTION 2.07 Redemption Terms. The Series 2021 Bonds may be subject to redemption prior to maturity, at the option of the Enterprise, upon notice as provided in Article IV of the Resolution, at any time as a whole or in part (and by lot within a maturity if less than all of a maturity is to be redeemed), from maturities designated by the Enterprise on and after the date and in the years and at the Redemption Prices (expressed as a percentage of principal amount) determined in the related Certificate of Determination, plus accrued interest up to but not including the redemption date.

SECTION 2.08 Delegation to an Authorized Officer.

1. Pursuant to the Supplemental Act, there is hereby delegated to each Authorized Officer, subject to the limitations contained in this Supplemental Resolution, the following powers with respect to the Series 2021 Bonds:

(a) to determine the principal amount of the Series 2021 Bonds, and any original issue discount or premium with respect to any of the Series 2021 Bonds, to be issued to accomplish the purposes authorized by Section 2.01 of this Supplemental Resolution which principal amount shall not exceed the principal amount permitted by Section 2.01 of this Supplemental Resolution;

(b) to determine the maturity date and principal amount of each maturity of the Series 2021 Bonds and the amount and due date of each Sinking Fund Installment if any; provided, however, that the Series 2021 Bonds shall not mature later than July 15, 2052;

(c) to determine the date or dates which the Series 2021 Bonds shall be dated and the interest rate or rates of the Series 2021 Bonds or the manner of determining such interest rate or rates; provided, however, that the net effective rate with respect to the Series 2021 Bonds (as determined by an Authorized Officer of the Enterprise which determination shall be conclusive) shall not exceed the net effective rate permitted by Section 2.02 of this Supplemental Resolution;

(d) if applicable, to determine the purchase price for the Series 2021 Bonds to be paid by the Underwriters referred to in the Bond Purchase Agreement described in Section 2.09 of this Supplemental Resolution, which price may include such original issue discount and original issue premium as shall be determined in the related Certificate of Determination;

(e) to take all actions required for the Series 2021 Bonds to be eligible under the rules and regulations of The Depository Trust Company (“DTC”) for investment and trading as uncertificated securities, to execute and deliver a standard form of letter of representation with DTC and, notwithstanding any provisions to the contrary contained in

this Supplemental Resolution, to include in the related Certificate of Determination such terms and provisions as may be appropriate or necessary to provide for uncertificated securities in lieu of Series 2021 Bonds issuable in fully registered form;

(f) to determine the Redemption Price or Redemption Prices, if any, and the redemption terms, if any, for the Series 2021 Bonds; provided, however, that the Series 2021 Bonds shall be subject to redemption prior to maturity at the option of the Enterprise no later than July 15, 2033; provided further, that with respect to the Series 2021 Bonds redeemable at the election of the Enterprise, the Redemption Price shall not be greater than one hundred and three percent (103%) of the principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest thereon up to but not including the date of redemption;

(g) to determine the advisability, as compared to an unenhanced transaction, of obtaining a policy of bond insurance or a surety bond as a Credit Facility, to select a provider thereof and to determine and accept the terms and provisions and price thereof, to determine such other matters related thereto as in the opinion of the Authorized Officer executing the related Certificate of Determination shall be considered necessary or appropriate and to effect such determinations by entering into any reasonable contractual arrangements required by such Credit Facility provider; provided, however, that such Authorized Officer estimates, based upon the advice of the Enterprise's financial advisor, PFM Financial Advisors LLC, that the interest savings on the Series 2021 Bonds to be realized by purchasing such Credit Facility shall be greater than the premium paid for the purchase of such Credit Facility;

(h) to make such changes in or from the form of this Supplemental Resolution as may be necessary or desirable in order to cure any ambiguities, inconsistencies or other defects; and

(i) to determine such other matters specified in or permitted by (i) Sections 202 and 203 of the Resolution, as applicable, or (ii) this Supplemental Resolution.

2. Any Authorized Officer is hereby authorized to proceed with the offering and sale of the Series 2021 Bonds when that Authorized Officer deems such offering and sale advisable and to pay any Costs of Issuance associated with such offering and sale from the proceeds of the Series 2021 Bonds.

3. Any Authorized Officer shall execute one or more Certificates of Determination evidencing the determinations made pursuant to subsection 1 of this Section 2.08 and any such Certificate of Determination shall be conclusive evidence of the determinations of such Authorized Officer, as stated therein. Any Certificate of Determination shall be delivered to the Trustee prior to the authentication and delivery of the Series 2021 Bonds by the Trustee. Determinations set forth in the Certificate of Determination shall have the same effect as if set forth in this Supplemental Resolution.

SECTION 2.09 Sale of Series 2021 Bonds. Each Authorized Officer is hereby authorized to sell and award the Series 2021 Bonds to the underwriters (the "Underwriters") then approved by the Enterprise and referred to in the Bond Purchase Agreement (the "Bond Purchase

Agreement”), which Bond Purchase Agreement shall be substantially in the form attached hereto as Exhibit B, with such revisions to reflect the terms and provisions of the Series 2021 Bonds as may be approved by the Authorized Officer executing the Bond Purchase Agreement, and with such other changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic. Each Authorized Officer is hereby authorized to agree to the selection of the representative of the Underwriters as referred to in the Bond Purchase Agreement and to execute and deliver the Bond Purchase Agreement for and on behalf and in the name of the Enterprise with such changes, omissions, insertions and revisions as may be approved by the Authorized Officer executing the Bond Purchase Agreement, said execution being conclusive evidence of such approval and concurrence in the selection of the representative of the Underwriters.

Each Authorized Officer is hereby authorized to make public and to authorize the use and distribution by said Underwriters or other appropriate parties of a preliminary official statement (the “Preliminary Official Statement”) in connection with the public offering of the Series 2021 Bonds, in substantially the form attached hereto as Exhibit C, with such changes, omissions, insertions and revisions as such officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic. The Enterprise authorizes any of said officers to deliver a certification to the effect that such Preliminary Official Statement, together with such other documents, if any, described in such certificate, was deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as applicable.

Each Authorized Officer is hereby authorized to make public and to authorize distribution of a final Official Statement in substantially the form of the Preliminary Official Statement, but reflecting the provisions of the Certificate of Determination, together with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, to sign such Official Statement and to deliver such Official Statement to the purchasers of the Series 2021 Bonds, such execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

Each Authorized Officer is hereby authorized to execute and deliver for and on behalf and in the name of the Enterprise, to the extent determined by such Authorized Officer to be necessary or convenient, a Continuing Disclosure Agreement, substantially in the form attached as Exhibit D to the Form of Preliminary Official Statement, with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic (the “Continuing Disclosure Agreement”), said execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

The proceeds of the good faith deposit, if any, received by the Enterprise from the Underwriters under the terms of the Bond Purchase Agreement may be invested by the Enterprise pending application of the proceeds of such good faith deposit for the purposes provided in Section 2.01 of this Supplemental Resolution at the time of the issuance and delivery of such Series 2021 Bonds.

Each Authorized Officer is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts necessary or proper, including the indemnification of the Underwriters and other service providers as provided for in such documents and instruments for carrying out the Bond Purchase Agreement, the Continuing Disclosure Agreement, the terms of any Credit Facility, and the issuance, sale and delivery of the Series 2021 Bonds and for implementing the terms of the Series 2021 Bonds, and in accordance with the requirements of the Code, and the transactions contemplated hereby or thereby, including ongoing payments for debt service, Trustee and other applicable fees and services.

When reference is made in this Supplemental Resolution to the authorization of an Authorized Officer to do any act, such act may be accomplished by any of such officers individually.

SECTION 2.10 Forms of Series 2021 Bonds and Trustee's Authentication Certificate. Subject to the provisions of the Resolution, the form of registered Series 2021 Bonds and the Trustee's certificate of authentication shall be substantially in the form attached hereto as Exhibit A including, if necessary, any changes to comply with the requirements of DTC or the provisions of this Supplemental Resolution or any Certificate of Determination.

SECTION 2.11 Election to Apply Supplemental Act to the Series 2021 Bonds. The Supplemental Act provides that a public entity, including the Enterprise, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Enterprise hereby elects to apply all of the Supplemental Act to the Series 2021 Bonds. The Series 2021 Bonds shall be issued under the authority of the Supplemental Act and shall so recite as provided herein. Pursuant to the Supplemental Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of the Series 2021 Bonds after their delivery for value.

ARTICLE III

DISPOSITION OF SERIES 2021 BOND PROCEEDS

SECTION 3.01 Disposition of Series 2021 Bond Proceeds. The proceeds of the sale of the Series 2021 Bonds, other than accrued interest, if any, shall be deposited, simultaneously with the issuance and delivery of the Series 2021 Bonds, at one time or from time to time in one or more Series or subseries, in each case in amounts as determined in any Certificate of Determination as follows:

1. in the Project Fund to be applied to the payment of all or any part of the Capital Costs; and
2. in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement for the Series 2021 Bonds; and
3. the balance of such proceeds, exclusive of accrued interest, shall be deposited in the Costs of Issuance Account and applied to the payment of Costs of Issuance.

Unless otherwise provided in a Certificate of Determination, the accrued interest, if any, and any capitalized interest, received on the sale of the Series 2021 Bonds shall be deposited in the Debt Service Fund.

ARTICLE IV

TAX COVENANTS; REIMBURSEMENT; AND DEFEASANCE

SECTION 4.01 Tax Covenants Relating to the Series 2021 Bonds. The Enterprise covenants that, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 Bonds issued as Tax-Exempt Obligations, the Enterprise will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Code necessary to maintain such exclusion. In furtherance of this covenant, the Enterprise agrees to comply with such written instructions as may be provided by Bond Counsel. In furtherance of the covenant contained in the preceding sentence, the Enterprise agrees to continually comply with the provisions of any "Arbitrage and Use of Proceeds Certificate" executed by the Enterprise in connection with the execution and delivery of any Series 2021 Bonds issued as Tax-Exempt Obligations, as amended from time to time.

Notwithstanding any other provision of the Resolution to the contrary, upon the Enterprise's failure to observe, or refusal to comply with, the above covenant (a) the Owners of the Series 2021 Bonds, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Owners or the Trustee under Section 702 of the Resolution, and (b) neither the Owners of the Obligations of any Series or holders of any Parity Debt (other than the Series 2021 Bonds or the Trustee acting on their behalf), nor the Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to the Owners, the Parity Debt holders or the Trustee under the Resolution based upon the Enterprise's failure to observe, or refusal to comply with, the above covenant.

The provisions of the foregoing covenants set forth in this Section shall not apply to any Series 2021 Bonds, including any subseries thereof, which the Enterprise determines pursuant to the applicable Certificate of Determination to issue as Taxable Obligations.

SECTION 4.02 Defeasance. In the event the Enterprise shall seek, prior to the maturity or redemption date thereof, to pay or cause to be paid, within the meaning and with the effect expressed in the Resolution, all or less than all Outstanding Series 2021 Bonds issued as Tax-Exempt Obligations and the provisions of Section 4.01 hereof shall then be of any force or effect, then, notwithstanding the provisions of Article XI of the Resolution, the Series 2021 Bonds issued as Tax-Exempt Obligations which the Enterprise then seeks to pay or cause to be paid shall not be deemed to have been paid within the meaning and with the effect expressed in Section 1101 of the Resolution unless (i) the Enterprise has confirmed in writing that the Owners of the Series 2021 Bonds issued as Tax-Exempt Obligations which the Enterprise then seeks to pay or cause to be paid will continue, after such action, to have the benefit of a covenant to the effect of the covenant of the Enterprise contained in Section 4.01 hereof or (ii) there shall have been delivered to the Trustee an Opinion of Bond Counsel to the effect that non-compliance thereafter with the applicable provisions of the Code will not affect the then current treatment of interest on the Series

2021 Bonds issued as Tax-Exempt Obligations in determining gross income for Federal income tax purposes.

ARTICLE V

NOTICES

SECTION 5.01 Notices. Unless otherwise specified in the Resolution, any notice required or permitted to be given under or in connection with the Resolution shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by Electronic Means confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such delivery by Electronic Means, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the addresses or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties:

The Enterprise: Windy Gap Firming Project Water Activity Enterprise
220 Water Avenue
Berthoud, Colorado 80513
Attention: General Manager and Secretary
Telephone: 800-369-7246
Email: bwind@northernwater.org

The Trustee: BOKF, NA
c/o BOK Financial
1600 Broadway, 4th Floor
Denver, Colorado 80202
Attention: Corporate Trust/Keith Papantonio
Telephone: 303-864-7236
Email: Ctdenver@bokf.com

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Resolution and related financing documents and delivered using Electronic Means; provided, however, that the Enterprise shall provide to the Trustee an incumbency certificate listing those of its Authorized Officers with the authority to provide such Instructions (“Authorized Funds Transfers Officers”) and containing specimen signatures of such designated Authorized Funds Transfers Officers, which incumbency certificate shall be amended by the Enterprise whenever a person is to be added or deleted from the listing. If the Enterprise elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Enterprise understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Funds Transfers Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Funds Transfers Officer. The Enterprise shall be responsible for ensuring that only such Authorized Funds Transfers Officers designated hereunder transmit such Instructions to

the Trustee and that the Enterprise and all such Authorized Funds Transfers Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Enterprise. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Enterprise agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Enterprise; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In order to timely close on the Series 2021 Bonds, this Supplemental Resolution shall be effective immediately.

CERTIFICATE

I, Bradley D. Wind, do hereby certify that the above is a true and correct copy of a Resolution adopted by the Board of Directors of the Windy Gap Firming Project Water Activity Enterprise at a special meeting of the Board of Directors held in Berthoud, Colorado, on July 29, 2021.

Tracy D. W. B.
Secretary

EXHIBIT A

FORM OF BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Enterprise or its agent for registration of transfer, exchange or payment, and any certificate issued is registered by the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

As provided in the Resolution referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolution to the contrary, a portion of the principal amount of this Bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this Bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolution.

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE SENIOR REVENUE BONDS SERIES 2021

REGISTERED NO. 21R-_____	DOLLARS \$ _____		
<u>INTEREST RATE</u> _____ %	<u>MATURITY DATE</u> _____, 20____	<u>DATED DATE</u> [DATE], 2021	<u>CUSIP</u> _____
Registered Owner: CEDE & CO.			
Principal Sum: Dollars			

The WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE (herein called the "Enterprise"), a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution and a water activity enterprise organized pursuant to the provisions of Title 37, Article 45.1 of the Colorado Revised Statutes (the "Water Activity Enterprise Act"), as amended, acknowledges itself indebted to, and for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date set forth above, but solely from the Trust Estate defined below, upon presentation and surrender of this Bond at the office of [PAYING AGENT], as Paying Agent (the "Paying Agent"), designated for such payment, the Principal Sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public

and private debts, and to pay to the Registered Owner hereof interest on such Principal Sum, such payment to be made by the Paying Agent, but solely from the Trust Estate, from the Dated Date set forth above or such later date to which interest has been paid, at the Interest Rate per annum set forth above, payable on [DATE] 1, 202[], and semi-annually thereafter on the first days of [] and [] in each year, until the Enterprise's obligation with respect to the payment of such Principal Sum shall be discharged. Interest on the Series 2021 Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest will be paid by check mailed on the interest payment date by the Paying Agent to the Registered Owner at its address as it appears on the registration records or, at the option of any Owner of at least one million dollars (\$1,000,000) in principal amount of the Series 2021 Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner, provided such Owner has notified the Trustee (as hereinafter defined) in writing of such Owner's wire transfer address (which shall be in the continental United States) at least 15 days prior to the relevant payment date. *In the event that any payment date is not a business day, payment will be made on the next business day with the same force and effect as if made on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.*

This Bond is a special and limited obligation of the Enterprise and is one of a duly authorized issue of obligations of the Enterprise issued under and pursuant to the Water Activity Enterprise Act, Part 4 of Title 31, Article 35 of the Colorado Revised Statutes, as amended (the "Sewer and Water Systems Act"), and Title 37, Article 45 of the Colorado Revised Statutes, as amended (the "Water Conservancy Act," and together with the Water Activity Enterprise Act and the Sewer and Water Systems Act, the Acts"), the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes, as amended, and under and pursuant to a resolution of the Enterprise adopted on _____, 2021, entitled "Revenue Bond Resolution," as supplemented and amended (the "Resolution"), and particularly as supplemented by a Supplemental Bond Resolution of the Enterprise adopted on _____, 2021 (the "Supplemental Resolution"). This Bond is one of a series of Bonds designated as "Senior Revenue Bonds, Series 2021" (herein called the "Series 2021 Bonds"), issued in the aggregate principal amount of \$_____ under said Resolution. All capitalized terms used but not otherwise defined have the respective meanings ascribed by the Resolution.

Copies of the Resolution, as supplemented and amended, are on file at the office of the Enterprise and at the designated corporate trust office of [TRUSTEE], which as of the Dated Date is located in [ADDRESS], as Trustee under the Supplemental Resolution, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Acts and the Supplemental Act is hereby made for a complete description of the pledge and covenants securing the Series 2021 Bonds, the nature, extent and manner of enforcement of, and limitations with respect to, such pledge, the rights and remedies of the registered owners of the Series 2021 Bonds with respect thereto, and the terms and conditions upon which the Series 2021 Bonds are issued and may be issued thereunder.

This Bond is a special and limited obligation of the Enterprise, secured by a pledge, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, of all right, title and interest of the Enterprise in the "Trust Estate," being (i) all Revenues, (ii) the proceeds of the sale of the

Obligations, (iii) all Funds, Accounts and Subaccounts established by the Resolution (other than the Liquidity Fund and any rebate fund established pursuant to a tax certificate or agreement executed by the Authority in connection with the Series 2021 Bonds), including the investments, if any, thereof, and (iv) all funds, moneys and securities and any and all other rights and interest in property, whether tangible or intangible, from time to time hereafter received by the Trustee as additional security under the Resolution.

To the extent provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

The events specified in the Resolution as such shall constitute Events of Default and the Trustee and the Owners shall have the rights and remedies provided by the Resolution.

To the extent provided in the Resolution, Parity Debt, secured on a parity with the Bonds with respect to all right, title and interest of the Enterprise in the Trust Estate may be issued or entered into by the Enterprise. The aggregate principal amount of Parity Debt which may be issued or entered into under the Resolution is not limited except as provided in the Resolution.

To the extent and in the manner permitted by the terms of this Resolution, modification or amendment of the Resolution and of the rights and obligations of the Enterprise and of the Owners of the bonds may be made by a Supplemental Resolution, in certain instances without the written consent of the Owners of the Bonds. Reference is made to the Resolution for the terms and provisions thereof relating to amendments and supplements.

The registration of this Bond is transferable as provided in the Resolution, only upon the books of the Enterprise kept for that purpose, at the above mentioned office of the Trustee by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or the duly authorized attorney, and thereupon a new registered Series 2021 Bond (or a Series 2021 Bond in the same aggregate principal amount, interest rate and maturity) shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Enterprise and each Fiduciary, including the Trustee and any Paying Agent, may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or any Redemption Price hereof and interest due hereon and for all other purposes.

The Series 2021 Bonds are issued by means of a book-entry-only system, with no physical distribution of bond certificates to be made except as provided in the Resolution. One or more bond certificates for each maturity, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry-only system will evidence positions held in the Series 2021 Bonds by the

Securities Depository's participants; beneficial ownership of the Series 2021 Bonds, in the principal amount of \$5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Enterprise and the Trustee will recognize the Securities Depository Nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of and any Redemption Price and interest on this Bond, notices and voting. Transfers of principal, interest and any Redemption Price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any Redemption Price payments to beneficial owners of the Series 2021 Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. Neither the Enterprise nor the Trustee will be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of and any Redemption Price and interest on this Bond shall be made in accordance with existing arrangements among the Trustee, the Enterprise and the Securities Depository. In the event the Series 2021 Bonds are no longer held in book-entry-only form, the Series 2021 Bonds would be issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

The Series 2021 Bonds are [not subject to optional redemption prior to maturity, except that the Series 2021 Bonds maturing on or after 1, 20 shall be] subject to redemption prior to maturity in whole or in part in any authorized denomination, on any date [on or after 1, 20], at the option of the Enterprise, at the redemption price of [100% of the principal amount thereof], together with interest accrued to the redemption date.

[The Series 2021 Bonds maturing on 1, 20 , are subject to mandatory sinking fund redemption on and after 1, 20 , as follows.

INSERT SINKING FUND SCHEDULE]

This Bond is payable upon redemption at the above-mentioned office or agency of the Paying Agent. Notice of redemption shall be given no less than thirty (30) days nor more than sixty (60) days before the redemption date, to the Registered Owners of any Series 2021 Bonds or portions of Series 2021 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry records of the Enterprise, and otherwise all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have given as aforesaid, then the Series 2021 Bonds or portions thereof so called for redemptions shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid up to but not including the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Series 2021 Bonds or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid up to but not including the redemption date, and, from and after the redemption date interest on such Series 2021 Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Any redemption notice or other notice required by the Resolution shall be sent only to the Securities Depository Nominee, initially Cede

& Co., as nominee of DTC, and will not be published so long as the Series 2021 Bonds are held in book-entry-only form.

[The Supplemental Act provides that neither the Directors of the Enterprise nor any person executing the Series 2021 Bonds shall be liable personally on the Series 2021 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.]

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issue of the Series 2021 Bonds, together with all other indebtedness of the Enterprise, is within every debt and other limit prescribed by law.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, the **WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE** has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Authorized Officer as of the Dated Date.

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution, as supplemented by the 2021 Supplemental Bond Resolution, each adopted on _____, 2021, by the Windy Gap Firming Project Water Activity Enterprise.

[TRUSTEE]

By: _____
Authorized Officer

Date of Authentication: [DATE], 20____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(PLEASE TYPE OR TYPEWRITE NAME, SOCIAL SECURITY NUMBER AND ADDRESS OF TRANSFEREE)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney
to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature Guarantee should be made by a
Guarantor Institution participating in the
Securities Transfer Agents Medallion
Program or in such other guarantee program
acceptable to the Trustee. The signature of
this assignment must correspond with the
name as it appears upon the face of the
within bond in every particular, without
alteration or enlargement or any change
whatever.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

[to be attached]

**Windy Gap Firming Project Water Activity Enterprise
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021**

PURCHASE CONTRACT

August __, 2021

Windy Gap Firming Project
Water Activity Enterprise
220 Water Avenue
Berthoud, Colorado 80513
Attention: President

Ladies and Gentlemen:

The undersigned, Goldman Sachs & Co. LLC (the "Representative"), as representative for itself and Stifel, Nicolaus & Company, Inc. (collectively, the "Underwriters"), offers to enter into the following agreement (this "Purchase Contract") with Windy Gap Firming Project Water Activity Enterprise (the "Enterprise") which, upon the Enterprise's acceptance of this offer, will be binding upon the Enterprise and upon the Underwriters. This offer is made subject to the Enterprise's written acceptance hereof on or before 5:00 P.M., Colorado time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) delivered to the Enterprise at any time prior to the acceptance hereof by the Enterprise. Terms used herein and not defined shall have the meanings assigned to them in the Official Statement (as defined in Section 3). The Representative represents that it has full authority to take such action as it may deem advisable in respect of all matters pertaining to this Purchase Contract and that the Representative has been duly authorized to execute this Purchase Contract.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Enterprise, and the Enterprise hereby agrees to sell and deliver to the Underwriters, \$ _____ aggregate principal amount of its Windy Gap Firming Project Water Activity Enterprise, Windy Gap Firming Project Senior Revenue Bonds, Series 2021 (the "Bonds"). The Bonds shall be dated their date of delivery and shall mature on _____ 1 of the years and in the principal amounts and bear interest at the rates (payable on _____ 1 and _____ 1 in each year, commencing _____ 1, 202_____), as set forth on Schedule I hereto. The Bonds shall be subject to redemption prior to their maturity as shown on Schedule II hereto. The purchase price for the Bonds shall be \$ _____ (representing the par amount of the Bonds, plus original issue premium of \$ _____, and less Underwriters' discount of \$ _____).

2. The Bonds. The Bonds shall be issued and secured pursuant to the authorities granted by Title 37, Article 45 of the Colorado Revised Statutes, as amended, the provisions of Title 37, Article 45.1 of the Colorado Revised Statutes, as amended, and Part 4 of Title 31, Article 35 of the Colorado Revised Statutes, as amended (collectively, the "Act"), and the Windy Gap Firm Project Water Activity Enterprise Revenue Bond Resolution, adopted July __, 2021, as amended and supplemented, and particularly as supplemented by the Windy Gap Firm Project Water Activity Enterprise 2021 Supplemental Bond Resolution adopted July __, 2021 (collectively referred to as the "Resolution"). BOK Financial Securities, Inc. is the Trustee under the Resolution (the "Trustee"). The Bonds shall be secured by the Trust Estate, including the Revenues, as provided in the Resolution and shall be as described in the Official Statement. The Enterprise shall provide annual updates of certain financial information and operating data contained in the Official Statement and notice of certain specified events with respect to the Bonds pursuant to that certain Continuing Disclosure Agreement relating to the Bonds (the "Continuing Disclosure Agreement"), to be effective upon the delivery of the Bonds.

The Bonds are being issued to provide funds, together with certain other available amounts, to (i) fund a portion of the costs of acquisition, construction, maintenance, repair, replacement, rehabilitation and improvement of the Windy Gap Firming Project; (ii) fund a reserve fund for the Bonds; and (iii) pay costs of issuance relating to the Bonds (all as more particularly described in the Official Statement).

3. Delivery of Official Statement. The Enterprise has heretofore delivered to the Underwriters a Preliminary Official Statement, dated _____, 2021 relating to the Bonds (as supplemented or amended, the "Preliminary Official Statement"), that the Enterprise has deemed final as of its date in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Enterprise shall deliver or cause to be delivered to the Underwriters, within seven (7) business days from the date hereof and, in any event, in sufficient time to accompany any customer confirmations requesting payment, an official statement relating to the Bonds, dated the date of this Purchase Contract, approved for distribution by the Enterprise in the form of the Preliminary Official Statement, as amended to conform to the terms of this Purchase Contract and to reflect the reoffering terms of the Bonds and with such other changes as shall have been approved by the Enterprise and agreed to by the Representative (the "Official Statement"). The Enterprise shall deliver the Official Statement in such reasonable quantities as the Underwriters may request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Representative agrees to deliver a copy of the Official Statement to the MSRB in accordance and to otherwise comply with all applicable MSRB rules. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Enterprise and the Representative.

4. Offering; Determination of Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not in excess of the initial, respective public offering prices or at yields not lower than the initial, respective yields shown or derived from information shown on the inside cover of the

Official Statement. The Underwriters reserve the right to change such initial offering prices after such offering as they shall deem necessary in connection with the marketing of the Bonds.

(b) The Underwriters agree to assist the Enterprise in establishing the issue price of the Bonds and shall execute and deliver to the Enterprise at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit F, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Enterprise and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) The Enterprise will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. Schedule I attached hereto sets forth, as of the date of this Purchase Contract, the maturities of the Bonds for which the 10% test has been satisfied (the "10% Test Maturities") and the price or prices at which the underwriters have sold such 10% Test Maturities to the public.

(d) The Underwriters confirm that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Underwriters are a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) "maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities,

(2) "public" means any person other than an underwriter or a related party,

(3) "underwriter" (when used with a lower case "u") means (A) any person that agrees pursuant to a written contract with the Enterprise (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(4) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(5) "sale date" means the date of execution of this Purchase Contract by all parties.

5. Use and Preparation of Documents. The Enterprise hereby authorizes the use (including in designated electronic format as permitted by applicable MSRB rules) by the Underwriters of the Official Statement (including any supplements or amendments thereto) and, subject to any restrictions on the disclosure of their contents contained therein, the Basic Documents (as defined in Section 6(c)), and the information therein contained, in connection with the public offering and sale of the Bonds. The Enterprise hereby ratifies and approves the use (including electronic delivery) by the Underwriters prior to the date hereof of the Preliminary Official Statement and the Resolution in connection with the public offering of the Bonds.

6. Representations, Warranties and Agreements. The Enterprise hereby represents, warrants and agrees as follows:

(a) The Enterprise is a government-owned business within the meaning of Article X, §20(2)(d) of the Colorado Constitution owned by the Municipal Subdistrict Northern Colorado Water Conservancy District (the "Subdistrict") and a water activity enterprise organized pursuant to the provisions of Title 37, Article 45.1 of the Colorado Revised Statutes, as amended (the "Water Activity Enterprise Act");

(b) The Enterprise exercises the authorities granted by the Act;

(c) The Enterprise has full legal right, power and authority (i) to enter into this Purchase Contract and to issue, sell and deliver the Bonds to the Underwriters as provided herein; (ii) to carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Continuing Disclosure Agreement and the Official Statement; and (iii) to carry out and consummate the transactions contemplated by the Allotment Contracts identified in the Official Statement (the Allotment Contracts, the Continuing Disclosure Agreement and the Resolution being herein collectively referred to as the "Basic Documents"); the Basic Documents have all been duly authorized by all necessary action on the part of the Enterprise and are in full force and effect; the Enterprise has complied, or will on the Closing Date be in compliance in all respects, with the terms of the Act and the Basic Documents and with the obligations in connection with the issuance of the Bonds on its part contained in the Bonds and this Purchase Contract; the Basic Documents and this Purchase Contract each constitute, or upon their execution and delivery, will constitute, the legal, valid and binding agreements or obligations of the Enterprise, and in the case of the Allotment Contracts constitute the legal, valid and binding agreements of the corresponding Allottees, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by limitations on legal remedies against government-owned businesses in the State of Colorado; and payments by each Allottee under its Allotment Agreement will constitute an operating expense of the water or electric utility system, as applicable, of such Allottee;

(d) By all necessary official action, the Enterprise has duly adopted the Resolution, has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement to be distributed in connection with the offering, sale and distribution of the Bonds and has duly authorized and approved (i) the execution and delivery of the Bonds, this Purchase Contract and the Basic Documents, (ii) the performance by the Enterprise of the obligations in connection with the issuance of the Bonds on its part contained in the Bonds, this Purchase Contract and the Basic Documents, and (iii) the consummation by it of all other transactions contemplated by this Purchase Contract and the Basic Documents in connection with the issuance of the Bonds; the Bonds, when issued and delivered to the Underwriters in accordance with the Resolution and this Purchase Contract, will constitute legal, valid and binding obligations of the Enterprise, enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by limitations on legal remedies against government-owned businesses in the State of Colorado;

(e) The Enterprise is not, and will not be, in any material adverse respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the United States or any state thereof or any agency or instrumentality of either or any applicable judgment or decree or any loan agreement, resolution, bond, note, resolution, agreement (including, without limitation, any of the Basic Documents) or other instrument to which the Enterprise is a party or to which the Enterprise or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a

default or event of default under any such instrument, in any case where such breach or default would materially adversely affect (i) the marketability of the Bonds or the market prices thereof, or (ii) the Enterprise or its ability to perform its obligations under this Purchase Contract and the Basic Documents; the execution and delivery of the Bonds, this Purchase Contract and the Basic Documents, and compliance with the provisions on the Enterprise's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, resolution, bond, note, resolution, agreement or other instrument to which the Enterprise is a party or to which the Enterprise or any of its property or assets is otherwise subject, the result of which would materially adversely affect the Enterprise's ability to meet its obligations under the Bonds, this Purchase Contract or the Basic Documents or the validity or enforceability thereof, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Enterprise or under the terms of any such law, provision, regulation or instrument, except as provided by the Bonds and the Resolution;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Enterprise of its obligations in connection with the issuance of the Bonds under this Purchase Contract or the Resolution have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Enterprise of its respective obligations under this Purchase Contract and the Basic Documents have been duly obtained, except those which need not be obtained until a future date;

(g) The Bonds when issued will conform to the descriptions thereof contained in the Preliminary Official Statement (except for the omission of certain information permitted to be omitted therefrom in accordance with Rule 15c2-12) and Official Statement under the captions "INTRODUCTION" and "DESCRIPTION OF THE SERIES 2021 BONDS"; the Resolution will conform to the descriptions thereof contained in the Preliminary Official Statement and Official Statement under the captions "INTRODUCTION," "DESCRIPTION OF THE SERIES 2021 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and contained in APPENDIX B thereto; the Allotment Contracts will conform to the descriptions thereof contained in the Preliminary Official Statement and Official Statement under the captions "INTRODUCTION" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and contained in APPENDIX C thereto; and the Act conforms to the descriptions thereof contained in the Preliminary Official Statement and Official

Statement under the captions "INTRODUCTION" and "THE WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE";

(h) The Bonds, when issued, authenticated and delivered in accordance with the Resolution and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Enterprise, entitled to the benefits of the Resolution; and upon such issuance and delivery, the Resolution will provide, for the benefit of the owners from time to time of the Bonds, the legally valid and binding pledge of and lien and security interest it purports to create;

(i) Between the date of this Purchase Contract and the Closing Date, the Enterprise will not, without the prior written consent of the Underwriters, offer or issue any notes, bonds or other obligations for borrowed money, or incur any material liabilities, direct or contingent, with respect to the Windy Gap Firming Project, except in the course of normal business operations of the Enterprise or except for such borrowings as may be described in or contemplated by the Official Statement or otherwise disclosed in writing to the Underwriters, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Enterprise;

(j) As of the date hereof, except for the litigation described or referred to in the Preliminary Official Statement and Official Statement under the caption "LITIGATION," there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or, to the best knowledge of the officer of the Enterprise executing this Purchase Contract, threatened against the Enterprise (nor to the best knowledge of such officer is there any such action, suit, proceeding, inquiry or investigation pending or threatened against any Allottee), affecting the existence of the Enterprise or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues of the Enterprise pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge of and lien on the Revenues or other funds and accounts to be established pursuant to the Resolution, or contesting or affecting as to the Enterprise the validity or enforceability of the Act, the Bonds, this Purchase Contract or any Basic Document, or contesting the tax-exempt status of interest on the Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Enterprise or any authority for the issuance of the Bonds or the execution and delivery or adoption, as applicable, by the Enterprise of this Purchase Contract or any Basic Document, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby, or which would result in a material adverse change in the financial condition of the Enterprise or which would materially adversely affect the storage capacity or water supply of the Windy Gap Firming Project; nor, to the best knowledge of the Enterprise, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Act or the authorization, execution, delivery or performance by the Enterprise of the Bonds, any Basic Document or this Purchase Contract;

(k) The Enterprise will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Enterprise shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(l) As of its date and at the time of the Enterprise's acceptance hereof, the Preliminary Official Statement (as supplemented and amended, if applicable), except for the omission of certain information permitted to be omitted therefrom in accordance with Rule 15c2-12, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) At the time of delivery thereof to the Underwriters and (unless an event occurs of the nature described in paragraph (o) of this Section 6) at all times subsequent thereto to and including the Closing Date, the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(n) If the Official Statement is supplemented or amended pursuant to paragraph (o) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(o) If between the date of this Purchase Contract and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 15) any event shall occur or be discovered by the Enterprise affecting the Enterprise or the Allotees which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Enterprise shall notify the Underwriters thereof (and shall provide to the Underwriters such information concerning such event as the Underwriters may reasonably request) and, if in the opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Enterprise will at its expense prepare and furnish to the Underwriters a reasonable number of copies of such supplement to, or

amendment of, the Official Statement, in a form and in a manner approved by the Representative;

(p) The Enterprise will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement;

(q) The Enterprise has not previously entered into any written continuing disclosure contract or agreement under Rule 15c2-12; and

(r) Any certificate signed by an official of the Enterprise authorized to do so in connection with the transactions described in this Purchase Agreement and delivered pursuant to Section 8(e) shall be deemed a representation by the Enterprise to the Underwriters as to the statements made therein.

7. Closing. At 9:00 a.m., Colorado time, on August __, 2021 or at such earlier or later time or date as shall be mutually agreed upon by the Enterprise and the Representative (such time and date being herein referred to as the "Closing Date"), the Enterprise will, subject to the terms and conditions hereof, sell and deliver the Bonds to or for the account of the Underwriters in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 by Federal funds wire or certified or official bank check or checks in Federal funds immediately available in New York, New York to the order of the Enterprise. Sale, delivery and payment as aforesaid shall be made at the offices of Butler Snow LLP, 1801 California Street, Suite 5100, Denver, Colorado, or such other place as shall have been mutually agreed upon by the Enterprise and the Representative, except that the Bonds shall be delivered through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as shall have been mutually agreed upon by the Enterprise and the Representative, in fully registered, book-entry eligible form (which may be typewritten) and registered in the name of Cede & Co. as nominee of DTC.

8. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the Enterprise contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered on or prior to the Closing Date and upon the performance by the Enterprise of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Enterprise of its obligations to be performed hereunder and under such documents and instruments on or prior to the Closing Date, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the Enterprise contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) As of the Closing Date, the Act and each of the Basic Documents shall be in full force and effect in accordance with their respective terms and, shall not have been

amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative;

(c) As of the Closing Date, all necessary official action of the Enterprise and of the other parties thereto relating to this Purchase Contract and the Basic Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect, except in any such case as may have been agreed to by the Representative;

(d) As of the Closing Date, there shall not have occurred any change in or affecting particularly the Enterprise or the Allotees, the Bonds or the status of operation, required permits, licenses or approvals relating to the Windy Gap Firming Project, as the foregoing matters are described in the Official Statement, which in the opinion of the Representative materially impairs the investment quality or marketability of the Bonds;

(e) On or prior to the Closing Date, the Underwriters shall have received a copy of each of the following documents:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the Enterprise by its President, Vice President or _____;

(2) A copy of each of the Basic Documents as executed by the parties thereto;

(3) An approving legal opinion, dated the Closing Date and addressed to the Enterprise, of Butler Snow LLP, Bond Counsel for the Enterprise, substantially in the form included in the Official Statement as Appendix D thereto;

(4) Opinions, dated the Closing Date and addressed to the Underwriters, of Butler Snow LLP, Bond Counsel and Disclosure Counsel for the Enterprise, substantially in the forms attached hereto as Exhibit A;

(5) An opinion, dated the Closing Date and addressed to the Underwriters, of Trout Raley as counsel to the Enterprise, substantially in the form attached hereto as Exhibit B;

(6) A certificate, dated the Closing Date, signed by the President, Vice President or _____ of the Enterprise, substantially in the form attached hereto as Exhibit C;

(7) Certificates, dated the Closing Date, signed by an authorized representative of each of the Allotees with respect to certain matters, including, with respect to the information pertaining to certain of them contained in the Preliminary Official Statement and Official Statement, such certificates being substantially in the forms attached hereto as Exhibit D;

(8) An opinion, dated the Closing Date and addressed to the Underwriters, of Hogan Lovells US LLP, counsel for the Underwriters, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, (ii) based upon the participation of such firm in the preparation of the Preliminary Official Statement and the Official Statement, as the case may be, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nothing has come to the attention of the attorneys in such firm rendering legal services in connection with such representation that caused them to believe that the Preliminary Official Statement, as of its date and as of August __, 2021, or the Official Statement as of its date and as of the Closing Date (excluding from the Preliminary Official Statement and the Official Statement the financial statements, other financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the information concerning DTC and the book-entry only system, the discussions of permits, licenses and approvals required for the construction and operation of any projects of the Authority or the Allottees and the status thereof (including the Windy Gap Firming Project), the description of any litigation, any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion with respect to the Allottees, and Appendix A thereto, and, with respect to the Preliminary Official Statement, information permitted to be omitted therefrom pursuant to Rule 15c2-12, as to all of which no opinion is expressed), contained or contains an untrue statement of material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) assuming the due authorization and adoption of the Continuing Disclosure Agreement by the Enterprise and the enforceability thereof, the Continuing Disclosure Agreement satisfies clause (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide annual updates of certain Official Statement information and certain event notices to the MSRB at the times and in the manner required by such Rule;

(9) A transcript of all proceedings relating to the authorization and issuance of the Bonds certified by the Secretary or an Assistant Secretary of the Enterprise, including the Continuing Disclosure Agreement;

(10) A letter from counsel to each of the Allottees, dated the Closing Date and addressed to the Underwriters, in the forms attached hereto as Exhibit E, including, with respect to the applicable Allottees, an opinion to the effect that the statements as to legal matters related to such Allottees in Appendix A to the Preliminary Official Statement and Official Statement are true, correct and complete in all material respects and do not omit any material fact which in the opinion of such counsel, should be included or referred to therein so as to make the information or statements made therein not misleading;

(11) An opinion, dated the Closing Date and addressed to the Enterprise and the Underwriters, of counsel to the Trustee, in form and substance acceptable to the Enterprise and the Representative, to the effect that the Trustee is duly authorized to execute, deliver and perform its obligations under the Resolution, and the Resolution is valid, binding and enforceable against the Trustee in accordance with its terms; and

(12) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Enterprise's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Enterprise on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

(f) The Bonds shall have been rated at least "____" by Moody's Investors Services, Inc. and "____" by S&P Ratings, Inc.; and such ratings shall not have been suspended, revoked or downgraded.

(g) The Enterprise shall have received all Cash Allottee contributions except that contributions in the amount of \$20 million shall have been received from the City and County of Broomfield ("Broomfield") and the City Council of Broomfield shall have adopted a resolution authorizing and directing that the payment of the remaining contribution due from Broomfield be made to the Enterprise under the Allotment Contract no later than September __, 2021.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative; provided, however, the opinions and certificates referred to in clauses (3), (4), (5), (6) and (7) of paragraph (e) of this Section, inclusive, shall be deemed satisfactory provided they are substantially in the respective forms attached as an Appendix to the Official Statement or as Exhibits to this Purchase Contract.

If the Enterprise shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligation of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Enterprise shall be under any further obligation hereunder, except that the respective obligations of the Enterprise and the Underwriters set forth in Sections 10 and 20 hereof shall continue in full force and effect.

9. Termination. The Underwriters shall have the right to terminate their obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by the Underwriters notifying the Enterprise of its election to do so if, after the execution hereof and prior to the Closing Date:

- (i) an event or circumstance, including any action taken or statement made by an Allottee, shall occur or be discovered which makes untrue or incorrect in any material respect, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein in the light of the circumstances under which they were made not misleading in any material respect and, in either such event, (a) the Enterprise refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriters or (b) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative, to materially adversely affect the market prices or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or
- (ii) legislation shall be enacted by the State of Colorado or by the United States, recommended to the legislature of the State of Colorado by the Governor or to the Congress for passage by the President of the United States, or favorably reported for passage to either house of the legislature of the State of Colorado or either house of the Congress by any committee of any such house to which such legislation has been referred for consideration, or a decision shall be rendered by any court of the State of Colorado or the United States of competent jurisdiction, or a ruling or regulation (final, temporary or proposed) shall be issued on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States, affecting the tax-exempt status of the Enterprise or the interest on its bonds or its notes (including the Bonds) for federal or State of Colorado income tax purposes which, in the reasonable judgment of the Representative, materially adversely affects the market prices or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or
- (iii) any action shall have been taken by (a) the Securities and Exchange Commission or by a court of competent jurisdiction which would require registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Resolution under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds or the effect of which is that the issuance, offering or sale of the Bonds as contemplated would be in violation of the federal securities laws as amended and in effect; or (b) any court or by any governmental authority suspending the offering or sale of the Bonds or the use of the Official Statement or any amendment or supplement thereto; or
- (iv) there shall have been (a) a declaration of war or engagement in or escalation of military hostilities by the United States or any act of terrorism or (b) any other calamity or crisis (or material escalation in any calamity or crisis) in the financial markets of the United States or elsewhere, which in the reasonable judgment of the Representative, materially adversely affects the market prices or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(v) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or Colorado or a material disruption in commercial banking or securities settlement or clearance services shall have occurred which, in the reasonable judgment of the Representative, materially adversely affects the market prices or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have (a) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations, or (b) materially increased restrictions now in force with respect to the charge to the net capital requirements of the Underwriters or broker dealers which, in the reasonable judgment of the Representative, materially adversely affects the market prices or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(vii) there shall have been a downgrading, suspension or withdrawal of any rating on the Bonds, or any rating on the Bonds shall have been placed on "credit watch" or "negative outlook" or similar qualification.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the Enterprise shall pay, any expenses incident to the performance of the Enterprise's obligations hereunder including, but not limited to: (i) the cost of preparation and printing of the Resolution, the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Butler Snow LLP, Bond Counsel and Disclosure Counsel for the Enterprise and the fees and expenses of Trout Raley, as counsel to the Enterprise; (iv) the fees and disbursements, if any, of the Trustee; (v) the fees and disbursements of PFM Financial Advisors LLC for its services as financial advisor to the Enterprise with regard to the Windy Gap Firming Project; (vi) the fees and disbursements of any engineers, accountants and other experts, consultants or advisers retained by the Enterprise or providing letters, opinions or reports to the Enterprise or the Underwriters pursuant to this Purchase Contract, if any; (vii) fees, if any, for bond ratings; (viii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; and (ix) the fees and disbursements of Hogan Lovells US LLP, as counsel to the Underwriters. In addition, the Enterprise agrees to pay for any expenses incurred by the Enterprise's employees and representatives which are in connection with this Purchase Contract, including, but not limited to, meals, transportation and lodging of those employees and the Underwriters.

(b) The Underwriters shall pay their own expenses including but not limited to the fees and disbursements of any attorneys retained by the Underwriters, including fees incurred in

connection with the execution, delivery and enforcement of the obligations of the Enterprise pursuant to this Purchase Contract (other than as described in clause (a)(ix) above) and any fees of DTC and CUSIP Global Services. Such expenses may, with the consent of the Enterprise, be included in the expense component of the Underwriters' discount.

(c) Notwithstanding the foregoing, if the Underwriters or the Enterprise shall bring an action to enforce any part of this Purchase Contract against the other, each party shall bear its attorneys' fees and costs incurred in connection with such action.

11. Notices. Any notice or other communication to be given to the Enterprise under this Purchase Contract may be given by delivering the same in writing at the Enterprise's address set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Goldman Sachs & Co. LLC, 555 California Street, Floor 45, San Francisco, CA 94104 Attention: Joseph Natoli.

12. Parties in Interest. This Purchase Contract is made solely for the benefit of the Enterprise and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Enterprise's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

13. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance by the President, the Vice President or _____ of the Enterprise and shall be valid and enforceable at the time of such acceptance.

14. Headings. The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

15. End of Underwriting Period. The term "end of the underwriting period" referred to in Section 6(o) of this Purchase Contract shall mean the later of such time as (i) the Enterprise delivers the Bonds to the Underwriters or (ii) the Underwriters do not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriters give notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date. Any notice delivered pursuant to this Section 15 shall be delivered in writing to the Enterprise at or prior to the Closing Date, and shall specify a date, other than the Closing Date (or such other date previously specified by notice delivered pursuant to this Section 15), to be deemed the end of the underwriting period. In no event, without the prior agreement of the Enterprise, shall the end of the underwriting period be a date more than 30 days after the Closing Date.

16. Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

17. Representation By Counsel; Drafting. The Underwriters and the Enterprise each acknowledge that they have been represented by counsel in negotiating and drafting this Purchase Contract. Each provision of this Purchase Contract shall be construed with the

recognition that both parties participated in the drafting of the same. Thus, any rule of construction that requires this Purchase Contract to be construed against the drafting party shall not be applicable.

18. Governing Law. This Purchase Contract shall be construed in accordance with the laws of the State of Colorado. Any action arising hereunder shall be filed and maintained in the City and County of Denver, Colorado.

19. Severability. If any provision of this Purchase Contract shall be held to be invalid, illegal or unenforceable in any respect, then such provision shall be deemed severable from the remaining provisions contained in this Purchase Contract and such invalidity, illegality or unenforceability shall not affect any other provision of this Purchase Contract.

20. Arm's Length Commercial Transaction. The Underwriters and the Enterprise acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the Enterprise, on the one hand, and the Underwriters, on the other hand, (ii) in connection with such transaction and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and has been acting solely as a principal and not as a municipal advisor, a financial advisor, or a fiduciary of the Enterprise, and may have financial and other interests that differ from those of the Enterprise, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Enterprise with respect to the offering of the Bonds or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters, or any affiliate of the Underwriters, have provided or is currently providing services or advice to the Enterprise on other matters), (iv) the only obligations the Underwriter have to the Enterprise with respect to the transactions contemplated hereby are expressly set forth in this Purchase Contract, and (v) the Enterprise and the Underwriters have consulted with their respective legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The Underwriters are not acting as a Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended) in connection with the matters contemplated by this Purchase Contract.

21. Compensation. The Underwriters acknowledge and agree that (1) the compensation received by the Underwriters in connection with this Purchase Contract was determined pursuant to an arm's length transaction as specified in Section 20 above, is reasonable, and is consistent with transactions of a similar nature, taking into account the terms and conditions of the Bonds, and with an obligor similarly situated to the Enterprise, taking into account the security and sources of payment on the Bonds, the risk profile of the Enterprise, structuring, market, and other transaction factors and other terms inherent in the Bonds; (2) no other compensation received for such services was received from sources other than proceeds of the Bonds; and (3) such compensation only covers services in connection with the issuance of the Bonds and this Purchase Contract.

22. Entire Agreement; Amendments. This Purchase Contract constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Purchase Contract and the process leading thereto. This Purchase Contract shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

Very truly yours,

**GOLDMAN SACHS & CO. LLC,
as Representative for Goldman Sachs &
Co. LLC and Stifel, Nicolaus &
Company, Inc.**

By: _____
Authorized Representative

Accepted:

**WINDY GAP FIRMING PROJECT
WATER ACTIVITY ENTERPRISE**

By: _____
Title: _____

[Signature Page to Purchase Contract]

SCHEDULE I

**\$
Windy Gap Firming Project Water Activity Enterprise
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021**

Maturity Schedule

Due 1*	Principal Amount	Interest Rate	Yield	Price
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[* All of the Maturities are 10% Test Maturities.]

SCHEDULE II

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or before _____ 1, ____ are not subject to redemption prior to maturity. The Bonds maturing on and after _____ 1, ____ are subject to redemption prior to maturity, at the option of the Authority, from any source of available funds, in whole or in part at any time on and after _____ 1, ____ , at a redemption price equal to the principal amount of the Bonds or portions thereof to be redeemed, without premium, together with accrued interest to the redemption date.

EXHIBIT A

**Opinions to the Underwriters of
Butler Snow LLP**

[Letterhead of Butler Snow LLP]

[Closing Date]

[Supplemental Bond Counsel Opinion and Disclosure Counsel Opinion to be attached]

EXHIBIT B

Opinion to the Underwriters of Counsel to the Enterprise

[Letterhead of Trout Raley]

[Closing Date]

[To be attached]

EXHIBIT C
FORM OF CERTIFICATE OF THE ENTERPRISE

[To be attached]

EXHIBIT D

FORM OF CERTIFICATE
TO BE DELIVERED BY ALLOTTEES

[To be attached]

EXHIBIT E
FORM OF OPINION OF COUNSEL TO ALLOTTEES

[To be attached]

EXHIBIT F
FORM OF UNDERWRITERS' ISSUE PRICE CERTIFICATE
ISSUE PRICE CERTIFICATE

\$ _____
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

The undersigned, Goldman, Sachs & Co. LLC, as Representative for itself and Stifel, Nicolaus & Company, Inc. (collectively, the "Underwriters"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the Windy Gap Firming Project Water Activity Enterprise (the "Issuer").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) ***Sale Date*** means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August __, 2021.

(e) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the undersigned's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by

Butler Snow LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned has executed this certificate on this day of
_____, 2021.

GOLDMAN SACHS & CO. LLC,
as Representative of the Underwriters

By: _____
Name: _____
Title: _____

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES

\$ _____

Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

Maturity Schedule

Due	Principal Amount	Interest Rate	Yield	Price
1*	\$	%	%	

[* All of the Maturities are General Rule Maturities.]

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

[to be attached]

59448856.v1

PRELIMINARY OFFICIAL STATEMENT DATED JULY [], 2021

NEW ISSUE—FULL BOOK-ENTRY ONLY

Ratings: Moody's "—" S&P: "—" (See "RATINGS" herein.)

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Series 2021 Bonds (defined below) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") to the date of delivery of the Series 2021 Bonds, and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code. Bond Counsel is further of the opinion that, under existing law, interest on the Series 2021 Bonds excludable from Colorado taxable income and Colorado alternative minimum taxable income. For a more complete description, see "TAX MATTERS" herein.

\$[]*
Windy Gap Firming Project Water Activity Enterprise
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

Dated: Date of Delivery

Due: July 1 as shown on the inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Windy Gap Firming Project Senior Revenue Bonds, Series 2021 (the "Series 2021 Bonds") are being issued by the Windy Gap Firming Project Water Activity Enterprise (the "Enterprise") pursuant to the Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution, adopted July 29, 2021 (as supplemented and amended from time to time, the "Resolution"). BOKF, NA, Denver, Colorado, is the Trustee under the Resolution (the "Trustee"). The Series 2021 Bonds are being issued to provide funds, together with certain other available amounts, to (i) fund a portion of the costs of construction, mitigation, maintenance, repair, replacement, rehabilitation, and improvement of the hereinafter described Firming Project; (ii) fund a reserve fund for the Series 2021 Bonds; and (iii) pay costs of issuance relating to the Series 2021 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Windy Gap Firming Project (the "Firming Project") is a new water storage project primarily consisting of the construction of Chimney Hollow Reservoir in Larimer County, Colorado. The Firming Project is owned by the Enterprise. The Enterprise has allotted 100% of the capacity of the Firming Project pursuant to Allotment Contracts with twelve (12) participating municipal enterprises or municipalities, acting through an enterprise (the "Allottees"). Certain Allottees have elected to fund their portion of the construction costs of the Firming Project through an upfront cash contribution (as further described herein, the "Cash Allottees"), while certain other Allottees have elected to fund their portion of the construction costs of the Firming Project through participation in the issuance of the Series 2021 Bonds and the hereinafter described Subordinate CWCB Loan (as further described herein, the "Loan Allottees").

The Series 2021 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2021 Bonds. Individual purchases of the Series 2021 Bonds will be made in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof. Interest on the Series 2021 Bonds is payable on January 15 and July 15 of each year, commencing January 15, 2021. Principal of, and interest on, the Series 2021 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of such principal and interest, DTC is obligated to remit such payments to its DTC participants for subsequent disbursement to the beneficial owners of the Series 2021 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2021 Bonds are subject to optional redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2021 BONDS" herein.

The Series 2021 Bonds are special, limited obligations of the Enterprise payable solely from and secured solely by a pledge and assignment of revenues of the Enterprise derived from payments under Allotment Contracts with the Loan Allottees and their respective assignees and by a pledge of the special funds established by the Resolution to the extent provided therein. Such revenues are pledged to the payment of the Series 2021 Bonds after payment of operating and maintenance expenses, as provided in the Resolution. Each Loan Allottee has agreed to make its share of such payments solely from its system revenues, and such payments constitute operating expenses of the Loan Allottees' respective systems, payable in advance of payment of any debt obligations of such Loan Allottee. The payment obligations of the Loan Allottees under the Allotment Contracts are not contingent upon the operation of the Firming Project or the performance or nonperformance by any party of any agreement for any cause whatsoever. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" herein.

The Enterprise has reserved the right to issue additional parity obligations under the Resolution and may in the future enter into additional parity obligations on the terms and conditions and for the purposes stated in the Resolution.

The obligations of the Loan Allottees to make payments to the Enterprise under the Allotment Contracts are special obligations of each Loan Allottee, payable solely from the revenues and other moneys derived by each Loan Allottee from its enterprise. The Series 2021 Bonds do not constitute a general obligation debt or indebtedness of the State of Colorado, the Enterprise, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitations or provisions, and neither the faith and credit nor the taxing power of any of the foregoing is pledged for the payment of the Series 2021 Bonds. The Enterprise does not have the legal authority to levy a tax.

The Series 2021 Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Butler Snow LLP, Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the

Enterprise by its Counsel, Trout Raley, Denver, Colorado, and for the Underwriters by Hogan Lovells US LLP, Denver, Colorado. Butler Snow LLP, as Disclosure Counsel to the Enterprise, will deliver an opinion regarding certain matters to the Enterprise and the Underwriters. PFM Financial Advisors LLC, Los Angeles, California, is serving as Municipal Advisor to the Enterprise in connection with the issuance of the Series 2021 Bonds. It is expected that the Series 2021 Bonds will be available for delivery through the facilities of DTC in New York, New York by Fast Automated Securities Transfer (FAST) on or about August 19, 2021.

Goldman Sachs & Co. LLC

Stifel, Nicolaus & Company, Incorporated

Dated: _____, 2021

Maturity Schedule

\$[____]*
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

Due [____] 1	Principal Amount*	Interest Rate	Price or Yield	CUSIP [†] Number
2022	\$	%	%	
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				

*Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Enterprise and are included solely for the convenience of the holders of the Series 2021 Bonds. None of the Enterprise, its Municipal Advisor or the Underwriters is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Series 2021 Bonds or as indicated above. The CUSIP number for a specific bond is subject to being changed after the issuance of the bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such bonds.

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

BOARD OF DIRECTORS

Dennis Yanchunas	President and Subdistrict Board Chairman
Bill Emslie	Vice President and Subdistrict Vice Board Chairman
Mike Applegate	Director
John Rusch	Director
Jennifer Gimbel	Director
David Nettles	Director
Don Magnuson	Director
Dale Trowbridge	Director
Todd Williams	Director
Sue Ellen Harrison	Director
Gene Manuello	Director
Rob McClary	Director

MANAGEMENT

Bradley Wind – General Manager and Secretary
Jeff Drager – Director of Engineering
Ester Vincent – Director of Environmental Services
Jerry Gibbens – Director of Operations

BOND AND DISCLOSURE COUNSEL

Butler Snow LLP
Denver, Colorado

TRUSTEE AND PAYING AGENT

BOKF, NA
Denver, Colorado

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Enterprise or the Underwriters to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2021 Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

This Preliminary Official Statement is in a form deemed final by the Enterprise for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information permitted to be omitted pursuant to Rule 15c2-12(b)(1).

The information set forth herein has been furnished by the Enterprise and certain of the Allottees and includes information obtained from other sources that are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Enterprise or any Allottees since the date hereof.

The Underwriters have provided the following two paragraphs for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2021 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "predict," "expect," "forecast," "anticipate," "intend," "believe," "estimate," "budget," "model" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Enterprise does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website. The Enterprise also maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2021 Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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**Official Statement
relating to**

\$[_____]*
Windy Gap Firming Project Water Activity Enterprise
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2021 Bonds (as defined herein) to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement or in the hereinafter-referenced Resolution or Allotment Contracts. See also APPENDIX B – FORM OF THE RESOLUTION and APPENDIX C – FORM OF ALLOTMENT CONTRACTS.

The Windy Gap Firming Project Water Activity Enterprise

The Municipal Subdistrict, Northern Colorado Water Conservancy District (the “Subdistrict”), owns the Windy Gap Firming Project Water Activity Enterprise (the “Enterprise”), which is a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution and a water activity enterprise organized pursuant to the provisions of Title 37, Article 45.1 of the Colorado Revised Statutes, as amended (the “Water Activity Enterprise Act”). The Enterprise exercises the authorities granted by Title 37, Article 45 of the Colorado Revised Statutes, as amended (the “Water Conservancy Act”), the Water Activity Enterprise Act and Part 4 of Title 31, Article 35 of the Colorado Revised Statutes, as amended (the “Sewer and Water Systems Act,” and together with the Water Activity Enterprise Act and the Water Conservancy Act, the “Acts”). This Official Statement (which includes the cover page, the table of contents and the appendices attached hereto) is furnished by the Enterprise to provide information concerning the Firming Project described herein and the \$[_____]* aggregate principal amount of Windy Gap Firming Project Senior Revenue Bonds, Series 2021 (the “Series 2021 Bonds”), to be issued by the Enterprise as described herein.

The Northern Colorado Water Conservancy District

The Northern Colorado Water Conservancy District (“Northern Water”) is the parent district of the Subdistrict and is a separate political subdivision and a quasi-municipal corporation of the State of Colorado (the “State”) created by decree of the District Court of Weld County, Colorado, on September 20, 1937, pursuant to the Water Conservancy Act. The Water Conservancy Act empowers Northern Water, or any duly created subdistrict such as the Subdistrict, to acquire water; to obtain rights-of-way for certain water works; to contract with the United States or otherwise; to provide for construction of water facilities; to assume contractual or bonded indebtedness; to administer, operate and maintain physical works; to conserve, control, allocate and distribute water supplies for supplemental use; and to derive the revenues needed to accomplish its purposes. The Series 2021 Bonds are not obligations of Northern Water and Northern Water is not liable for their payment.

* Preliminary, subject to change.

The Municipal Subdistrict, Northern Colorado Water Conservancy District

The Subdistrict is a separate political subdivision and quasi municipal corporation of the State and was created by decree of the District Court of Weld County, Colorado on July 6, 1970. It was organized in 1970 for the principal purpose of developing a water supply for use by the Cities of Boulder, Fort Collins, Greeley, Longmont and Loveland and the Town of Estes Park, Colorado, or their assignees. Today the Subdistrict provides a water supply to the following seventeen (17) public entities: Platte River Power Authority, City of Longmont, City and County of Broomfield, City of Greeley, City of Loveland, City of Boulder, City of Louisville, Town of Erie, Little Thompson Water District, Superior Metropolitan District No. 1, City of Fort Lupton, Town of Frederick, Town of Firestone, Town of Estes Park, City of Lafayette, Town of Berthoud, and the Central Weld County Water District. The Subdistrict owns the hereinafter described Windy Gap Project (the “Windy Gap Project”), which provides such water supply and consists primarily of a dam to divert water from the Colorado River during periods of high flows, and a pumping plant and pipeline to transport the diverted water to the Colorado-Big Thompson Project, a federal reclamation project (the “C-BT Project”), for storage and subsequent distribution to the seventeen (17) entities named above. The Series 2021 Bonds are not obligations of the Subdistrict, and the Subdistrict is not liable for their payment.

Authority for Issuance; Purpose

The Series 2021 Bonds are being issued pursuant to the provisions of the Acts and the Enterprise’s Windy Gap Firming Project Bond Resolution, adopted July 29, 2021 (as supplemented and amended from time to time, the “Resolution”). BOKF, NA, Denver, Colorado, is the Trustee under the Resolution (the “Trustee”).

The Series 2021 Bonds are being issued to provide funds, together with certain other available amounts, to (i) fund a portion of the costs of construction, mitigation, maintenance, repair, replacement, rehabilitation, and improvement of the hereinafter described Firming Project; (ii) fund a reserve fund for the Series 2021 Bonds; and (iii) pay costs of issuance relating to the Series 2021 Bonds. In addition to the proceeds of the Series 2021 Bonds, the Enterprise will use upfront cash payments from Cash Allotees and proceeds from an Intergovernmental Loan Contract (the “Subordinate CWCB Loan Contract”) with the State, acting through the Colorado Department of Natural Resources Colorado Water Conservation Board (the “CWCB”), to pay a portion of the costs of the Firming Project. See “PLAN OF FINANCE.”

The Cash Allotees have elected to make upfront cash payments to the Enterprise in satisfaction of their obligations to pay their pro rata share of construction costs of the Firming Project. The City of Loveland, the City of Longmont, the City of Fort Lupton, and the Central Weld County Water District will provide the Enterprise with a total of \$125,425,919.68, representing the total amount of such Cash Allotees’ pro rata share of construction costs of the Firming Project by August 6, 2021. The City and County of Broomfield has already provided the Enterprise with \$20,000,000.00 of its cash payment and has agreed to fund the remaining \$154,368,120.32 of its cash payment following the issuance of its revenue bonds, which are expected to be issued not later than September 20, 2021. See “PLAN OF FINANCE” and “INVESTMENT CONSIDERATIONS – Receipt of Cash Payments From Cash Allotees.”

The Enterprise has reserved the right to issue additional parity bonds under the Resolution and may in the future enter into other parity obligations on the terms and conditions and for the purposes stated in the Resolution.

The Firming Project

The Enterprise owns the Firming Project, which is a new water storage project primarily consisting of the construction of Chimney Hollow Reservoir in Larimer County, Colorado (the “Firming Project”). The water supply for the Firming Project comes from the existing water rights and facilities of the Windy Gap Project, including the Windy Gap Reservoir, that divert water from the Colorado River and are located across the continental divide in Grand County, Colorado. Water will be conveyed from the Windy Gap Reservoir to Chimney Hollow Reservoir through the use of existing Windy Gap Project facilities and existing C-BT Project facilities. Water will be stored in Chimney Hollow Reservoir for future release and delivery to the hereinafter defined Allottees. See “WINDY GAP FIRMING PROJECT.”

The Allottees

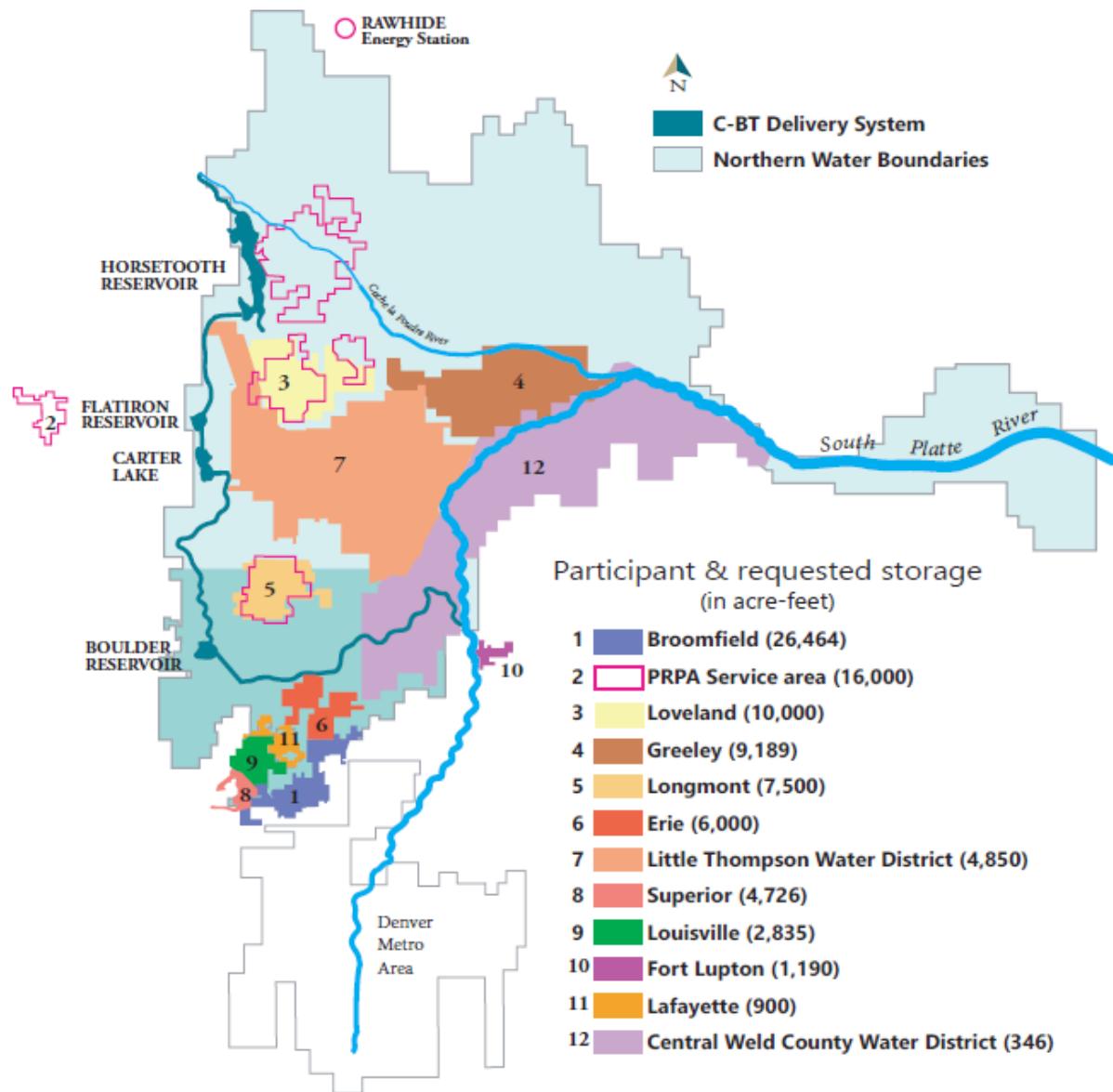
The Enterprise has entered into Allotment Contracts (the “Allotment Contracts”) with twelve (12) participating municipal enterprises or municipalities, acting through an enterprise (each an “Allottee,” and collectively, the “Allottees”), allotting each such Allottee a certain quantity of capacity in the Firming Project in exchange for each Allottee’s commitment to provide its respective share of the construction and operation and maintenance costs of the Firming Project. The Allotment Contracts allow each entity to pay its share of construction costs (Initial C&E as defined in the Allotment Contracts), through either an upfront cash contribution, or through participation in the Enterprise’s pooled financing program, which includes participation in the issuance of the Series 2021 Bonds and the hereinafter defined Subordinate CWCB Loan. The City and County of Broomfield, the City of Loveland, the City of Longmont, the City of Fort Lupton, and the Central Weld County Water District (the “Cash Allottees”) have each elected to fund their portion of the construction costs of the Firming Project through an upfront cash contribution. Platte River Power Authority, the City of Greeley, the Town of Erie, the Little Thompson Water District, the Superior Metropolitan District No. 1, the City of Louisville, and the City of Lafayette (the “Loan Allottees”) have each elected to fund their portion of the construction costs of the Firming Project through participation in the issuance of the Series 2021 Bonds and the Subordinate CWCB Loan.

<u>Allottee</u>	<u>WGFP Allotment (WGFP Units)</u>	<u>WGFP Participation Percentage</u>	<u>Cash Allottee Units</u>	<u>Loan Allottee Units</u>
Broomfield	26,464	29.40%	26,464	
Platte River Power Authority	16,000	17.78%		16,000
Loveland	10,000	11.11%	10,000	
Greeley	9,189	10.21%		9,189
Longmont	7,500	8.33%	7,500	
Erie	6,000	6.67%		6,000
Little Thompson Water District	4,850	5.39%		4,850
Superior	4,726	5.25%		4,726
Louisville	2,835	3.15%		2,835
Fort Lupton	1,190	1.32%	1,190	
Lafayette	900	1.00%		900
<u>Central Weld County Water District</u>	<u>346</u>	<u>0.38%</u>	<u>346</u>	<u>—</u>
Totals	90,000	100.00%	45,500	44,500

The following page contains a map of the Allottees.

Chimney Hollow Reservoir Project

Participant Boundaries



Rev. 11/2/2020

See "PLAN OF FINANCE," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – The Allotment Contracts," and APPENDIX C – FORM OF ALLOTMENT CONTRACTS.

Security and Sources of Payment for the Series 2021 Bonds

The principal of and interest on the Series 2021 Bonds are payable solely from and secured solely by a pledge and assignment of Revenues (on parity with certain other obligations as hereinafter described) and certain other moneys as described herein. The Revenues consist primarily of payments to be made to the Enterprise by the Loan Allottees pursuant to the Allotment Contracts between the Enterprise and each of the Loan Allottees. Each Loan Allottee has agreed to fix rates, charges, or assessments so that it will at all times have sufficient money to pay its obligations under its Allotment Contract and has confirmed such payments shall be treated as operating expenses of its respective enterprise, payable in advance of payments of any debt obligations of such enterprise. The payment obligations of the Loan Allottees under the Allotment Contracts are not contingent upon the operation of the Firming Project or the performance or nonperformance by any party of any agreement for any cause whatsoever.

The Series 2021 Bonds are special revenue obligations of the Enterprise payable solely from the amounts received by the Enterprise from the Loan Allottees under the Allotment Contracts. The obligations of the Loan Allottees to make payments to the Enterprise under the Allotment Contracts are special obligations of each Loan Allottee, payable solely from the revenues and other moneys derived by each Loan Allottee from its enterprise. The Series 2021 Bonds do not constitute a general obligation debt or indebtedness of the State, the Enterprise, the Subdistrict, Northern Water, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitations or provisions, and neither the faith and credit nor the taxing power of any of the foregoing is pledged for the payment of the Series 2021 Bonds. The Enterprise does not have the legal authority to levy a tax.

The Allotment Contracts

General. The Enterprise has allotted 100% of the capacity in the Firming Project, expressed in WGFP Units, to the Allottees pursuant to the Allotment Contracts. Pursuant to the Allotment Contracts, each Allottee is entitled to an allotment of a certain number of WGFP Units. A "WGFP Unit" means 1/90,000th of the usable water storage and conveyance capacity in the Firming Project, and there are 90,000 total WGFP Units. Each Allottee is obligated under its Allotment Contract to pay its pro rata share of construction costs of the Firming Project and ongoing operating and maintenance expenses of the Firming Project, and each Loan Allottee is obligated under its Allotment Contract to pay its pro rata share of Financing Costs (as hereinafter defined) of any obligations issued by the Enterprise, including the Series 2021 Bonds and the Subordinate CWCB Loan. The payment obligations of the Loan Allottees under the Allotment Contracts are not contingent upon the operation of the Firming Project or the performance or nonperformance by any party of any agreement for any cause whatsoever. All such ongoing operating and maintenance expenses payment obligations and Financing Costs payment obligations constitute operating expenses of the respective enterprises of the Allottees, payable solely from their respective enterprise revenues. As operating expenses of their respective enterprises, the payment obligations of the Allottees under their respective Allotment Contracts are payable prior to the payment of debt service on the revenue bonds of their respective enterprises (see APPENDIX A—LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS). See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Allotment Contracts" and APPENDIX C—FORM OF ALLOTMENT CONTRACTS.

WGFP Participation Percentages. The quotient of the number of WGFP Units held by an Allottee divided by the total number of WGFP Units represents an Allottee's Participation Percentage as depicted in the previous table.

Debt Service Costs. Under their respective Allotment Contracts, the Loan Allottees are solely responsible for their share of payment of debt service on any obligations issued by the Enterprise under the Resolution, including the Series 2021 Bonds and the Subordinate CWCB Loan, as well as the payment of any administrative fees and expenses related to any such obligations and the funding and replenishment of any reserves established for any such obligations (collectively, the "Financing Costs"). A Loan Allottee's Financing Participation Percentage is the quotient of such Loan Allottee's Capital C&E Funding Obligations that are to be paid through the issuance of the Series 2021 Bonds, including such Loan Allottee's share of the costs of issuance of the Series 2021 Bonds and the funding of the reserve fund for the Series 2021 Bonds, and the Subordinate CWCB Loan divided by the total amount of all such Capital C&E Funding Obligations to be paid by all Loan Allottees through the issuance of the Series 2021 Bonds and the Subordinate CWCB Loan. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Loan Allottees."

If a Loan Allottee fails to timely pay its share of Financing Costs and does not cure such failure prior to the last business day of January of the succeeding calendar year as provided in the Allotment Contract, then any of the non-defaulting Loan Allottees may voluntarily "step-up" to make up all or part of the defaulted payments. If not all defaulted payments are covered by Loan Allottees who choose to voluntarily make step-up payments, then all of the non-defaulting Loan Allottees, including all Loan Allottees who voluntarily made step-up payments, shall be assessed pro rata, based on their respective Financing Participation Percentages, to make up the defaulted payments and must make all future annual payments for that pro rata portion of the defaulting Loan Allottee's Allotment. Notwithstanding the foregoing, for each non-defaulting Loan Allottee, mandatory step-up in any single year shall not exceed thirty five percent (35%) of such Loan Allottee's total share of Financing Costs for that year. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Allotment Contracts – *Loan Allottee Step-Up*."

If any Loan Allottee defaults on its obligation to pay its pro rata share of Financing Costs and fails to cure such default prior to the last business day of January of the succeeding calendar year, then such Loan Allottee shall forfeit all or a portion of its allotment of WGFP Units under its Allotment Contract, which would include any water stored in the Firming Project at that time, and which such forfeited WGFP Units shall be reallocated pursuant to the terms of the Allotment Contract. "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Allotment Contracts."

Operation and Maintenance Costs. Each Allottee has agreed to pay, on or before the last business day of each January, an amount equal to such Allottee's Participation Percentage of the total amount of all operation and maintenance costs for the Firming Project estimated by the Enterprise for the then-current calendar year, which the Enterprise shall deposit in the Operating Fund. In addition to the Operating Fund, the Enterprise has established an Operating Reserve Fund to provide for the payment of operation and maintenance costs for the Firming Project if the moneys contained in the Operating Fund are insufficient to make such payments. The Operating Fund and the Operating Reserve Fund shall be funded with payments from the Allottees under the Allotment Contracts. The Operating Reserve Fund shall be maintained such that the amount of money in the fund shall equal the aggregate of two years of operation and maintenance costs for the Firming Project, as estimated by the Enterprise based on a five-year rolling average (except in the first five years of the Operating Reserve Fund's existence, during which time the Enterprise will estimate based on available information) and taking into consideration the Enterprise's reasonable expectations as to future operation and maintenance costs. Each Allottee has agreed to pay, on or before the last business day of each January, an amount equal to such Allottee's

Participation Percentage of the total amount needed such that the amount on deposit in the Operating Reserve Fund will equal the aggregate of the following two years of operation and maintenance costs for the Firming Project as estimated by the Enterprise. The Enterprise anticipates that it will begin to incur operation and maintenance costs for the Firming Project following completion of the Firming Project. Allotees will therefore be required to fund the Operating Fund and the Operating Reserve Fund by January 31, 2025. If any Allotee defaults on its obligation to pay its pro rata share of operation and maintenance costs for the Firming Project and fails to cure such default prior to the last business day of January of the succeeding calendar year, such Allotee shall forfeit its allotment of WGFP Units under its Allotment Contract, which such WGFP Units shall be reallocated pursuant to the terms of the Allotment Contract. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Allotment Contracts.”

Certain Information; Summaries and References to Documents

In preparing this Official Statement, the Enterprise has relied upon information relating to the Allotees provided to the Enterprise by the Allotees. This Official Statement also includes summaries of the terms of the Series 2021 Bonds, the form of the Resolution, the form of the Allotment Contracts, and certain documents, agreements and arrangements relating to the Firming Project. The summaries of and references to all documents, agreements, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, agreement, statute, report or instrument. Capitalized terms not defined herein shall have the meanings as set forth in the respective documents.

PLAN OF FINANCE

Proceeds of the Series 2021 Bonds are expected to be used, together with certain other available amounts, to (i) fund a portion of the costs of construction, mitigation, maintenance, repair, replacement, rehabilitation, and improvement of the Firming Project; (ii) fund a reserve fund for the Series 2021 Bonds; and (iii) pay costs of issuance relating to the Series 2021 Bonds.

In addition to the Series 2021 Bonds, the Enterprise has entered into the Subordinate CWCB Loan Contract with the State, acting through the CWCB, pursuant to which the CWCB has agreed to make a drawdown loan (the “Subordinate CWCB Loan”) to the Enterprise in an amount not to exceed \$90,000,000, \$89,108,910.89 of which will be available to be drawn by the Enterprise for the purpose of financing a portion of the construction costs of the Firming Project. The Enterprise has irrevocably pledged to CWCB the Revenues in such amount as is necessary to make each annual payment due under the Subordinate CWCB Loan Contract, but CWCB has expressly acknowledged that such pledge of the Revenues to repay the Subordinate CWCB Loan is subordinate and junior to the Series 2021 Bonds and any obligations issued by the Enterprise in the future to pay for Completion C&E and Future Extraordinary C&E as those terms are defined in the Allotment Contracts. Loan Allotees are responsible for making payments under their respective Allotment Contracts that also include amounts equal to their respective Financing Participation Percentages of the Subordinate CWCB Loan. Interest and fees are only assessed on Subordinate CWCB Loan funds if, and when, drawn. The Enterprise anticipates expending proceeds of the Series 2021 Bonds prior to making any draws on the Subordinate CWCB Loan. See “WINDY GAP FUNDING PROJECT – Design and Construction of the Project.”

Platte River Power Authority, the Town of Erie, the Little Thompson Water District, the Superior Metropolitan District No. 1, the City of Louisville, and the City of Lafayette (the “90-10 Allotees”) have each elected to have 90% of their individual Financing Costs with respect to the Series 2021 Bonds amortized on a level debt service basis over the period of years 1 to 20 of the 30-year amortization of the Series 2021 Bonds, with the remaining 10% of their individual Financing Costs with respect to the Series

2021 Bonds amortized on a level debt service basis in years 21 to 30 of the 30-year amortization of the Series 2021 Bonds. The City of Greeley (the “30-year Loan Allottee”) has elected to have 100% of its individual Financing Costs with respect to the Series 2021 Bonds amortized on a 30-year level debt service basis. Notwithstanding the foregoing, each 90-10 Loan Allottee has acknowledged that this arrangement does not change such 90-10 Loan Allottee’s Financing Participation Percentage under its Allotment Contract in any way except in respect to the payment of its Financing Costs with respect to the Series 2021 Bonds and that such 90-10 Allottee will still be responsible for step-up amounts, if any, payable in years 21 to 30, in the full amount based on such Financing Participation Percentage. Notwithstanding the foregoing, each Loan Allottee will have 100% of its individual Financing Costs with respect to the CWBC Loan amortized on a 30-year level debt service basis.

The Cash Allottees have elected to make upfront cash payments to the Enterprise in satisfaction of their obligations to pay their pro rata share of construction costs of the Firming Project. The City of Loveland, the City of Longmont, the City of Fort Lupton, and the Central Weld County Water District will provide the Enterprise with a total of \$125,425,919.68, representing the total amount of such Cash Allottees’ pro rata share of construction costs of the Firming Project by August 6, 2021. The City and County of Broomfield has already provided the Enterprise with \$20,000,000.00 of its cash payment and has agreed to fund the remaining \$154,368,120.32 of its cash payment following the issuance of its revenue bonds, which are expected to be issued not later than September 20, 2021. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Allotment Contracts – Payment of Obligations” for information on the amount and timing to the Cash Allottees upfront cash payments. See also “INVESTMENT CONSIDERATIONS – Receipt of Cash Payments From Cash Allottees.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the Series 2021 Bonds, the Subordinate CWCB Loan and the Cash Allottees’ Cash Payments are shown below:

Sources:

Principal Amount of Series 2021 Bonds.....	\$
[Net] Original Issue [Premium][Discount] on Series 2021 Bonds	
Subordinate CWCB Loan ⁽¹⁾	
Cash Allottees’ Cash Payments ⁽²⁾	
<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	
Total Sources	\$
<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	

Uses:

Deposit to Project Fund ⁽¹⁾	\$
Deposit to Cash Allottees’ Escrow Funds	
Costs of Issuance ⁽³⁾	
<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	
Total Uses	\$
<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>	

⁽¹⁾ As noted above, a total of \$89,108,910.89 is available to be drawn on the Subordinate CWCB Loan. The Enterprise anticipates expending proceeds of the Series 2021 Bonds prior to making any draws on the Subordinate CWCB Loan. Proceeds of the Subordinate CWCB Loan are deposited in the Project Fund when drawn.

⁽²⁾ Except for the City and County of Broomfield, which has provided \$20,000,000.00 of its cash payment, all Cash Allottees will make their entire upfront cash payments to the Enterprise August 6, 2021. The City and County of Broomfield has agreed to fund the remainder of its upfront cash payment no later than September 20, 2021. See “PLAN OF FINANCE.” See also “INVESTMENT CONSIDERATIONS – Receipt of Cash Payments from Cash Allottees.”

⁽³⁾ Includes, among other things, Underwriters' discount, Trustee's fees, Bond and Disclosure Counsel fees, Underwriters' counsel fees, rating agencies' fees, Municipal Advisor fees and other costs relating to the Series 2021 Bonds.

DEBT SERVICE REQUIREMENTS

Set forth in the following table are the debt service requirements for the Series 2021 Bonds.

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be issued in the aggregate principal amount indicated on the cover page of this Official Statement, will be dated their date of delivery, will bear interest at the respective rates per annum, and will mature on July 15 in the respective years and in the respective principal amounts, all as set forth on the inside cover page of this Official Statement. The Series 2021 Bonds will be issued as fully registered bonds in denominations of \$5,000 principal amount and any integral multiple thereof. Interest on the Series 2021 Bonds will be payable semiannually on January 15 and July 15 of each year, commencing January 15, 2021.

The Series 2021 Bonds when initially issued will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). So long as DTC, or its nominee Cede & Co., is the registered owner of the Series 2021 Bonds, all payments of principal of and interest on the Series 2021 Bonds will be made directly to DTC. Disbursement of such payments to the Direct Participants and Indirect Participants (each as defined below) will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners (as defined below) of the Series 2021 Bonds will be the responsibility of the DTC participants as more fully described herein. See “BOOK-ENTRY ONLY SYSTEM” below.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as a nominee of DTC, references herein to the Series 2021 Bondholders or the Owners of Series 2021 Bonds shall mean Cede & Co. (which shall be the registered owner of the Series 2021 Bonds as shown on the registry books of the Enterprise kept for that purpose at the Corporate Trust Offices of the Trustee, acting as Bond Registrar) and shall not mean the Beneficial Owners of the Series 2021 Bonds.

Redemption Provisions

Optional Redemption of the Series 2021 Bonds. The Series 2021 Bonds maturing on or before July 15, 20__ are not subject to redemption prior to maturity. The Series 2021 Bonds maturing on and after July 15, 20__ are subject to redemption prior to maturity, at the option of the Enterprise, from any source of available funds, in whole or in part at any time on and after July 15, 20__, at a redemption price equal to the principal amount of the Series 2021 Bonds or portions thereof to be redeemed, without premium, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of the Series 2021 Bonds. The Series 2021 Bonds maturing on or July 15, 20__, are subject to mandatory sinking fund redemption prior to maturity, in part, on July 15 of the respective years and in the respective principle amounts set forth below, at a redemption price equal to the principal amount of Series 2021 Bonds, plus accrued interest to the date of redemption.

Series 2021 Bonds Maturing July 15, 20__

<u>Redemption Date (July 15)</u>	<u>Principal Amount</u>
20__	\$
20__	

20

20 [†]

Final Maturity[†]

Selection of Series 2021 Bonds to be Redeemed. Whenever by the terms of the Resolution Series 2021 Bonds are to be redeemed at the direction of the Enterprise, the Enterprise shall select the maturity or maturities of Series 2021 Bonds to be redeemed. If less than all of the Series 2021 Bonds of a maturity are called for prior redemption, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem appropriate; provided, however, that the portion of any Series 2021 Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and in selecting portions of such Series 2021 Bonds for redemption, the Trustee shall treat each such Series 2021 Bond as representing that number of Series 2021 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such Series 2021 Bonds to be redeemed in part by \$5,000.

Notice of Redemption. The Trustee shall give notice of the redemption of Series 2021 Bonds to the respective Owners of the Series 2021 Bonds called for redemption. Notice of such redemption shall be given by first-class mail, postage prepaid, to the Owners of the Series 2021 Bonds designated for redemption at their addresses appearing on the bond registration books, not less than 30 days nor more than 60 days prior to the Redemption Date. The failure by the Trustee to give notice to any Owner or the failure of any Owner to receive notice of redemption or any defect in such notice shall not affect the validity of the proceedings for the redemption of Series 2021 Bonds.

Effect of Redemption. Notice having been given in the manner provided in the Resolution, and moneys sufficient therefor having been deposited by the Enterprise with the Trustee, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Series 2021 Bonds, or portions thereof, shall be paid at the redemption price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Series 2021 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Series 2021 Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Series 2021 Bonds or portions thereof shall continue to bear interest at the same rate as they would have borne had they not been called for redemption and such failure to pay the redemption price shall not constitute an event of default under the Resolution.

BOOK-ENTRY ONLY SYSTEM

General

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to DTC's Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such web site is not incorporated herein by reference.

Purchases of the Series 2021 Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions (if applicable), defaults and proposed amendments to the Resolution. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Enterprise as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Series 2021 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Enterprise or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or the Enterprise, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (if applicable) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Enterprise or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Enterprise or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2021 Bonds certificates are required to be printed and delivered.

The Enterprise may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2021 Bonds certificates will be printed and delivered.

The foregoing description concerning DTC and DTC's book-entry system is based solely on information furnished by DTC. No representation is made herein by the Enterprise or the Underwriters as to the accuracy or completeness of such information, and the Enterprise and the Underwriters take no responsibility for the accuracy or completeness thereof.

Discontinuation of the Book-Entry Only System

In the event that DTC determines not to continue to act as securities depository by giving notice to the Enterprise and the Trustee, and discharges its responsibilities with respect thereto under applicable law and there is not a successor securities depository, or the Enterprise determines that it is in the best interest of the Beneficial Owners of the Series 2021 Bonds that they be able to obtain certificates, the Trustee will execute, transfer and exchange Series 2021 Bonds as requested by DTC and will deliver new Series 2021 Bonds in fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof in the names of Beneficial Owners or DTC Participants.

In the event the book-entry system is discontinued, the following provisions would apply: (i) principal amount of and premium (if applicable) payable with respect to the Series 2021 Bonds will be payable upon surrender thereof at the principal corporate trust office of the Trustee (as paying agent for the Series 2021 Bonds); (ii) interest on Series 2021 Bonds will be payable by check mailed to the respective registered owner thereof as of the applicable record date at such owner's address as shown on the registration books of the Enterprise kept for that purpose at the corporate trust office of the Trustee, acting as Bond Registrar, except that in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Series 2021 Bonds, however, interest will be paid in immediately available funds by wire transfer upon such owner's written request to the Trustee received at least 10 days prior to the applicable record date; (iii) the transfer of any Series 2021 Bond will be registrable only upon the books of the Enterprise, which shall be kept for such purposes at the principal corporate trust office of the Trustee, as Bond Registrar, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series 2021 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee; (iv) Series 2021 Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Series 2021 Bonds of other authorized denominations of the same tenor, maturity and interest rate by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series 2021 Bond for cancellation; (v) the Trustee or the Enterprise may require the bondowner requesting any transfer or exchange to pay any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange; and (vi) the Trustee (as Bond Registrar for the Series 2021 Bonds) will not be required to register the transfer of, or exchange any Series 2021 Bonds called for redemption or any Series 2021 Bonds during the period of 15 days next preceding any selection of Series 2021 Bonds to be redeemed.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

Pledge Effected by the Resolution

The Resolution provides that the Series 2021 Bonds shall be special, limited obligations of the Enterprise payable as to principal or redemption price of, and interest thereon, solely from and secured solely by (i) the proceeds of the sale of the Series 2021 Bonds, (ii) the Revenues (as defined below), and (iii) all amounts on deposit in any Fund or Account established by the Resolution (except for such Funds and Accounts that the Resolution provides are not a source of payment for the Series 2021 Bonds and other than any moneys held by the Trustee or the Enterprise to pay any rebate amount owed to the federal government) including the investments, if any, thereof, and the same are pledged and assigned pursuant to the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, as security for the payment of the Series 2021 Bonds, and the interest thereon, and premium, if any, with respect thereto, and as security for the performance of any other obligations of the Enterprise under the Resolution, all in accordance with the provisions of the Series 2021 Bonds and the Resolution.

“Revenues” under the Resolution are all payments received by the Enterprise from Loan Allottees pursuant to the Allotment Contracts between the Enterprise and the Loan Allottees and interest received on any moneys or securities held pursuant to the Resolution and paid into the Revenue Fund under the Resolution.

Loan Allottees are required to make payments under the Allotment Contracts whether or not the Firming Project is permitted, undertaken, completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction, or curtailment of operation of the Firming Project or of water or storage contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the

Enterprise or any other Loan Allottee under its Allotment Contract or any other agreement. If and to the extent a Loan Allottee transfers all or a part of its allotment associated with any WGFP Financing under the terms of its Allotment Contract, such Loan Allottee shall remain liable for its obligations to pay the Enterprise for the WGFP Financing associated with the transferred allotment in the event and to the extent not paid by the transferee acquiring such allotment.

The Series 2021 Bonds are special revenue obligations of the Enterprise payable solely from the amounts received by the Enterprise from the Loan Allottees under the Allotment Contracts. The obligations of the Loan Allottees to make payments to the Enterprise under the Allotment Contracts are special obligations of each Loan Allottee, payable solely from the revenues and other moneys derived by each Loan Allottee from its enterprise. The Series 2021 Bonds do not constitute a general obligation debt or indebtedness of the State, the Enterprise, the Subdistrict, Northern Water, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitations or provisions, and neither the faith and credit nor the taxing power of any of the foregoing is pledged for the payment of the Series 2021 Bonds. The Enterprise does not have the legal authority to levy a tax.

See APPENDIX B – FORM OF THE RESOLUTION for further discussion of certain of the terms and provisions of the Resolution.

Loan Allottees

Platte River Power Authority, the City of Greeley, the Town of Erie, the Little Thompson Water District, the Superior Metropolitan District No. 1, the City of Louisville, and the City of Lafayette have each elected to fund their portion of the construction costs of the Firming Project through participation in the issuance of the Series 2021 Bonds. Under their respective Allotment Contracts, the Loan Allottees are solely responsible for the payment of the Financing Costs. The quotient of a Loan Allottee's construction costs that are to be paid through the Series 2021 Bonds and the Subordinate CWCB Loan divided by the total amount of construction costs to be paid by all Loan Allottees through the Series 2021 Bonds represents a Loan Allottee's Financing Participation Percentage. The payment obligations of the Loan Allottees under the Allotment Contracts are not contingent upon the operation of the Firming Project or the performance or nonperformance by any party of any agreement for any cause whatsoever.

The 90-10 Allottees have each elected to have 90% of their individual Financing Costs amortized on a level debt service basis over the period of years 1 to 20 of the 30-year amortization of the Series 2021 Bonds, with the remaining 10% of their individual Financing Costs amortized on a level debt service basis in years 21 to 30 of the 30-year amortization of the Series 2021 Bonds. The 30-year Loan Allottee has elected to have 100% of its individual Financing Costs amortized on a 30-year level debt service basis, beginning in [2026]. Notwithstanding the foregoing, each 90-10 Loan Allottee has acknowledged that this arrangement does not change such 90-10 Loan Allottee's Financing Participation Percentage under its Allotment Contract in any way except in respect to the payment of its Financing Costs with respect to the Series 2021 Bonds and that such 90-10 Allottee will still be responsible for step-up amounts, if any, payable in years 21 to 30, in the full amount based on such Financing Participation Percentage.

The following table sets forth the initial Financing Participation Percentages of each of the Loan Allottees:

<u>WGFP Loan Allottee</u>	<u>WGFP Units Attributable to WGFP Financing</u>	<u>WGFP Financing Participation Percentage</u>
Platte River Power Authority*	16,000	35.96%
Greeley*	9,189	20.65%
Erie*	6,000	13.48%
Little Thompson Water District*	4,850	10.90%
Superior*	4,726	10.62%
Louisville	2,835	6.37%
<u>Lafayette</u>	<u>900</u>	<u>2.02%</u>
Totals	44,500	100.00%

If a Loan Allottee fails to timely pay its share of Financing Costs in any year and does not cure such failure as provided in the Allotment Contract, then any of the non-defaulting Loan Allottees may “step-up” to make up all or part of the defaulted payments. If not all defaulted payments are covered by Loan Allottees who choose to voluntarily make step-up payments, then all of the non-defaulting Loan Allottees, including all Loan Allottees who voluntarily made step-up payments, shall be assessed pro rata, based on their respective Financing Participation Percentages, to make up the defaulted payments and must make all future annual payments for that pro rata portion of the defaulting Loan Allottee’s Allotment. Notwithstanding the foregoing, for each non-defaulting Loan Allottee, mandatory step-up in any single year shall not exceed thirty-five percent (35%) of such Loan Allottee’s total share of Financing Costs for such year. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Allotment Contracts – *Loan Allottee Step-Up*.”

Loan Allottees’ Rate Covenants

Pursuant to the Allotment Contracts, each Loan Allottee has covenanted, to the fullest extent permitted by law, to fix rates, charges, or assessments so that such Loan Allottee will at all times have sufficient money to meet its obligations under its Allotment Contract. Furthermore, each Loan Allottee has confirmed (1) that payments of its pro rata share of operation and maintenance costs of the Project and Financing Costs (i) constitute special obligations of such Allottee, payable solely from the revenues and other moneys derived by such Allottee from its enterprise, and (ii) shall be treated as expenses of operating such enterprise; and (2) that there are either (i) no liens, charges or encumbrances on the revenues and other moneys derived by such Allottee from its enterprise, or (ii) no liens, charges or encumbrances on the revenues and other moneys derived by such Allottee from its enterprise that include priority of payments with respect thereto that are prior to the payment of the expenses of operating such enterprise, including amounts under its Allotment Contract.

Flow of Funds

The Allotment Contracts and the Resolution direct the Enterprise to establish the following Funds, with segregated accounts for each Loan Allottee, each of which Funds and subaccounts is held by the Trustee under the terms of the Resolution: (i) Project Fund; (ii) Revenue Fund; (iii) Operating Fund;

* For information concerning the Loan Allottees with a WGFP Financing Participation Percentage exceeding 10% and their respective enterprise systems, see APPENDIX A – LOAN ALLOTTEES WITH THE LARGEST ALLOTMENT hereto.

(iv) Debt Service Fund; (v) Subordinated Lien Loan Fund; (vi) Operating Reserve Fund; (vii) Debt Service Reserve Fund; and (viii) Subordinated Lien Loan Reserve Fund.

Pursuant to the Allotment Contracts and/or the Resolution, all Revenues received by the Trustee are to be deposited promptly in the Revenue Fund. Monies in the Revenue Fund shall be disbursed when received by the Enterprise to the following Funds in the following order of priority:

(1) To the Operating Fund, the full amount of the current operation and maintenance costs attributable to all Loan Allotees;

(2) To the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the accrued debt service on the Series 2021 Bonds; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Project Fund from the proceeds of the Series 2021 Bonds for the payment of interest on the Series 2021 Bonds on the next interest payment date;

(3) To the Subordinated Lien Loan Fund, an amount necessary to pay the debt service for such period on all subordinated lien borrowings, including the Subordinate CWCB Loan;

(4) To the Operating Reserve Fund, an amount necessary to replenish any prior draws made in respect of any and all Loan Allotees and to increase the amount on deposit therein to equal the aggregate of the following two years of operation and maintenance costs of the Project as estimated by the Enterprise;

(5) To the Debt Service Reserve Fund, an amount necessary to replenish any prior draws made in order to pay debt service on the Series 2021 Bonds and to increase the amount on deposit therein to equal the amount required to be on deposit therein under any supplemental resolution;

(6) To the Subordinated Lien Loan Reserve Fund, an amount necessary to replenish any prior draws made in order to pay any subordinated lien borrowings, including the Subordinate CWCB Loan, and to increase the amount on deposit therein to equal the amount required to be on deposit therein under any supplemental resolution;

(7) To such other reserves as the Enterprise may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to the Allotment Contracts, an amount necessary to replenish any prior draws made in order to pay Operating C&E and to increase the amount on deposit therein to equal the amount determined by the Enterprise to be necessary to be on deposit therein; and

(8) to such accounts held by the Enterprise as an Authorized Officer shall specify in writing to the Trustee.

See also APPENDIX B – FORM OF THE RESOLUTION.

Debt Service Reserve Fund

Pursuant to the Resolution, the Enterprise is required to maintain in the Debt Service Reserve Fund an amount at least equal to the Debt Service Reserve Requirement for any Obligations then outstanding and the Series of Obligations then to be issued. Debt Service Reserve Requirement means the maximum annual debt service in any future Fiscal Year less any amounts anticipated to be released from

the Debt Service Reserve Fund in such Fiscal Year. The Debt Service Reserve Fund will be funded with proceeds of the Series 2021 Bonds. Whenever the amount in the Debt Service Fund is insufficient to pay all interest or principal falling due on the Series 2021 Bonds, the Enterprise is required to make up any deficiency by transfers from available amounts in the Liquidity Fund, if any. Whenever, after compliance with the immediately preceding sentence, on the date that such interest or principal is due on the Series 2021 Bonds, there are insufficient moneys in the Debt Service Fund to make such payment, the Trustee shall, without further instructions, apply so much as may be needed of the moneys in the Debt Service Reserve Fund to prevent default in the payment of such interest or principal, with priority to interest payments.

If at any time the moneys on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, such excess shall be transferred from the Debt Service Reserve Fund to the Debt Service Fund to pay Debt Service on the Series 2021 Bonds or to such other Fund or Account as may be directed by the Enterprise, subject to an opinion of Bond Counsel to the effect that such application is permitted by applicable law and will not adversely affect the exemption from federal income taxation of the interest on the Series 2021 Bonds.

Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all Series 2021 Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund redemption price and interest which could become payable thereon), the applicable funds on deposit in such subaccount of the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and applied to the timely payment of principal or redemption price, if applicable, and interest on the outstanding Series 2021 Bonds.

In the event of the refunding or defeasance of any of the Series 2021 Bonds, the Enterprise may withdraw from the Debt Service Reserve Fund all or any portion of the amounts accumulated therein and deposit such amounts with any escrow agent for the Series 2021 Bonds being refunded or defeased to be held for the payment of Debt Service on the Series 2021 Bonds being refunded or defeased; provided that such withdrawal shall not be made unless the amount thereafter remaining in such separate subaccount shall not be less than the remaining Debt Service Reserve Requirement.

Liquidity Fund

The Allotment Contracts require that each Loan Allottee shall, on a due date or due dates set by the Enterprise in its discretion and noticed to the Loan Allottees, deposit with the Enterprise an amount equal to the product of such Loan Allottee's Financing Participation Percentage multiplied by 30% of the Maximum Annual Debt Service on obligations of the Enterprise, including the Series 2021 Bonds and the Subordinate CWCB Loan, which such funds the Enterprise shall deposit in segregated accounts for each Loan Allottee within the Liquidity Fund. The Liquidity Fund is held and administered by the Enterprise, is not a part of the Trust Estate pledged to the payment of the Series 2021 Bond, and will not be funded prior to the issuance of the Series 2021 Bonds. The Enterprise anticipates requiring Loan Allottees to fund the Liquidity Fund in the amounts required under the Allotment Contracts by January 31, 2023. To the extent the accounts in the Liquidity Fund have been funded, with respect to any Loan Allottee in Default with respect to its Financing Costs, the Enterprise shall on the first business day after the grace period with respect to such Default runs apply such Loan Allottee's Liquidity Fund to cover that Loan Allottee's defaulted payment.

Subordinate CWCB Loan

In addition to the Series 2021 Bonds, the Enterprise has entered into the Subordinate CWCB Loan Contract with the State, acting through the CWCB, pursuant to which the CWCB has agreed to

make the Subordinate CWCB Loan to the Enterprise in an amount not to exceed \$90,000,000, \$89,108,910.89 of which will be available to be drawn by the Enterprise for the purpose of financing a portion of the costs of the Firming Project. The Enterprise has irrevocably pledged to CWCB the Revenues, in such amount as is necessary to make each annual payment due under the Subordinate CWCB Loan Contract, but CWCB has expressly acknowledged that such pledge of the Revenues to repay the Subordinate CWCB Loan is subordinate and junior to obligations of the Enterprise issued as senior lien indebtedness, including the Series 2021 Bonds as well as any bonds that may be issued by the Enterprise in the future to pay for Completion C&E and Future Extraordinary C&E as those terms are defined in the Allotment Contracts. Interest and fees are only assessed on Subordinate CWCB Loan funds if, and when, drawn. The Enterprise anticipates expending proceeds of the Series 2021 Bonds prior to making any draws on the Subordinate CWCB Loan. See “WINDY GAP FUNDING PROJECT – Design and Construction of the Project.

Under the terms of the Subordinate CWCB Loan Contract, the Enterprise is required to establish and maintain a debt service reserve fund and to deposit an amount equal to one-tenth (0.10) of an annual payment into such debt service reserve fund on the due date of its first annual loan payment and annually thereafter for the first ten years of repayment of the Subordinate CWCB Loan. In the event that the Enterprise applies funds from such debt service reserve fund to repayment of the Subordinate CWCB Loan, the Enterprise is required to replenish the debt service reserve fund within ninety (90) days of withdrawal of the funds. The debt service reserve fund requirement is in effect until the Subordinate CWCB Loan is paid in full.

The Subordinate CWCB Loan Contract includes standard terms and conditions that allows an early termination of the Subordinate CWCB Loan Contract if the State determines that the Subordinate CWCB Loan Contract ceases to further the public interest of the State as determined by its Governor, General Assembly, or Courts. A public interest determination is not equivalent to a State right to terminate for convenience. An early termination would limit the funds available for disbursement but would not accelerate debt repayment on any funds already disbursed. As of the date hereof, the Enterprise staff involved in the issuance of the Series 2021 Bonds is not aware of any instance where the State has previously terminated a similar contract for such reason.

Allotment Contracts

General. The Enterprise has allotted 100% of the capacity in the Firming Project, expressed in WGFP Units, to the Allottees pursuant to the Allotment Contracts. Pursuant to the Allotment Contracts, each Allottee is entitled to an allotment of a certain number of WGFP Units. A “WGFP Unit” means 1/90,000th of the usable water storage and conveyance capacity in the Firming Project, and there are 90,000 total WGFP Units. Each Allottee is obligated under its Allotment Contract to pay its pro rata share of construction costs of the Firming Project and ongoing operating and maintenance expenses of the Firming Project, and each Loan Allottee is obligated under its Allotment Contract to pay its pro rata share of Financing Costs of any obligations issued by the Enterprise including the Series 2021 Bonds and the Subordinate CWCB Loan. In accordance with the Resolution, payments made by the Loan Allottees under the Allotment Contracts secure the payment of debt service on the Series 2021 Bonds. The payment obligations of the Loan Allottees under the Allotment Contracts are not contingent upon the operation of the Firming Project or the performance or nonperformance by any party of any agreement for any cause whatsoever. In the event a Loan Allottee fails to make a payment under its Allotment Contract, the non-defaulting Loan Allottees are required to make step-up payments to cover any shortfall in Revenues, subject to certain limitations as discussed below.

Term of Allotment Contracts. The term of each Allotment Contract is perpetual unless terminated pursuant to its terms, provided that provisions relating to any financings, such as the Series 2021 Bonds, shall be in effect so long as any such financing is outstanding.

Covenant to Maintain Sufficient Rates. Each Loan Allottee has covenanted in its Allotment Contract, to the fullest extent permitted by law, to fix rates, charges, or assessments so that such Loan Allottee will at all times have sufficient money to meet its obligations under its Allotment Contract.

Nature of Allottee Payment Obligations. Pursuant to each Allotment Contract, the Allottee is required to make payments required by its Allotment Contract whether or not the Project is permitted, undertaken, completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction, or curtailment of operation of the Project in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Enterprise or any other Allottee under its Allotment Contract or any other agreement.

Payment of Obligations. Under each Allotment Contract, the Allottee has agreed to pay its Capital C&E Funding Obligations through an upfront cash contribution, participation in an Enterprise financing, such as the Series 2021 Bonds and the Subordinate CWCB Loan, or a combination thereof. Additionally, under each Allotment Contract, the Allottee has agreed to pay all of its portion of Operating Costs & Reserves.

Loan Allottees. Each Loan Allottee has agreed to pay, on or before the last business day of January of each calendar year, the sum of the following:

(1) An amount equal to the product obtained by multiplying such Loan Allottee's Participation Percentage by the total amount of all Operating C&E estimated by the Enterprise to become due in the then current calendar year;

(2) Subject to the 90-10 arrangement discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Loan Allottees," an amount equal to the product obtained by multiplying Loan Allottee's Financing Participation Percentage by the total amount of principal of and interest to become due, on or prior to January 14 of the following calendar year, on all Enterprise financings;

(3) Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Operating Reserve Fund;

(4) An amount equal to the product obtained by multiplying Loan Allottee's Participation Percentage by the total amount needed to increase the amount on deposit in the Operating Reserve Fund to equal the aggregate of the following two years of Operating C&E as estimated by the Enterprise;

(5) Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Debt Service Reserve Fund;

(6) An amount equal to the product obtained by multiplying Loan Allottee's Financing Participation Percentage by the total amount needed to increase the amount on deposit in the Debt Service Reserve Fund to equal the amount required to be on deposit therein under the Resolution;

(7) Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Subordinated Lien Loan Reserve Fund;

(8) An amount equal to the product obtained by multiplying Loan Allottee's Financing Participation Percentage by the total amount needed to increase the amount on deposit in the Subordinated Lien Loan Reserve Fund to equal the amount required to be on deposit therein under the Resolution;

(9) Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccounts in such other reserves as the Enterprise may determine are necessary to establish and maintain in relation to Operating C&E, if any;

(10) An amount equal to the product obtained by multiplying Loan Allottee's Participation Percentage by the total amount needed to increase the amount on deposit in such other reserves as the Enterprise may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to the Allotment Contract to equal the amount determined by the Enterprise Board to be necessary to be on deposit therein;

(11) An amount equal to Loan Allottee's obligation to contribute funds into the Liquidity Fund; and

(12) Any amount due from Loan Allottee pursuant to Voluntary Step Up or Mandatory Step Up requirements under the Allotment Contract.

Cash Allottees. Each Cash Allottee has agreed to provide its Capital C&E Funding Cash Payment to the Enterprise. Cash Allottee deposit amounts and timing are indicated in the table below:

<u>Cash Allottee</u>	<u>Capital C&E Funding Obligation</u>	<u>Anticipated Deposit Date</u>
Broomfield	\$174,368,120.32	September 20, 2021*
Loveland	65,888,800.00	August 6, 2021
Longmont	49,416,600.00	August 6, 2021
Fort Lupton	7,840,767.20	August 6, 2021
Central Weld County Water District	2,279,752.48	August 6, 2021

See "INVESTMENT CONSIDERATIONS – Receipt of Cash Payments From Cash Allottees."

When received by the Enterprise, all cash contributions from Cash Allottees shall be held in an Escrow Fund established under an Escrow Agreement between each Cash Allottee and the Enterprise. Pursuant to the terms of each Escrow Agreement, the Enterprise shall disburse amounts from the Escrow Fund on a periodic basis for the payment of amounts due and owing on account of the Cash Allottee's Capital C&E Funding Obligations, and such periodic disbursements from the Escrow Fund shall occur simultaneously with disbursements from the funds and accounts funded with proceeds provided by all other Allottees, whether through the provision of Capital C&E Funding Cash Payments or through participation in the Series 2021 Bonds, and each disbursement from the Escrow Fund shall be in an amount where the ratio of such amount to the total disbursements for Capital C&E Funding Obligations for such period is equal to the Cash Allottee's pro-rata share of Capital C&E Funding Obligations

* On June 18, 2021, the City and County of Broomfield made an initial deposit of \$20,000,000.00. As indicated in the table, the remaining \$154,368,120.32 is anticipated to be deposited no later than September 20, 2021, following the issuance by Broomfield of its revenue bonds.

attributable to its Capital C&E Funding Cash Payment at the time of any such disbursement. Each Cash Allottee has agreed to fund its portion of Operating Costs & Reserves by paying to the Enterprise, on or before the last business day of January of each calendar year, the following amounts:

(1) An amount equal to the product obtained by multiplying such Cash Allottee's Participation Percentage by the total amount of all Operating C&E estimated by the Enterprise to be incurred by the Enterprise in the then-current calendar year, which the Enterprise shall deposit in the Operating Fund to be drawn upon in proportion to such Cash Allottee's Participation Percentages to pay for Operating C&E as they are incurred;

(2) Any amount needed to replenish any draws theretofore made on such Cash Allottee's subaccount in the Operating Reserve Fund, which the Enterprise shall deposit in the Operating Reserve Fund;

(3) An amount equal to the product obtained by multiplying such Cash Allottee's Participation Percentage by the total amount needed to increase the amount on deposit in the Operating Reserve Fund to equal the aggregate of the following two years of Operating C&E as estimated by the Enterprise, which the Enterprise shall deposit in the Operating Reserve Fund to be drawn upon when the moneys contained in such Cash Allottee's subaccount in the Operating Fund are insufficient to make payments on Operating C&E; and

(4) An amount equal to the product obtained by multiplying such Cash Allottee's Participation Percentage by the total amount needed to replenish and maintain such other reserves as the Enterprise may determine are necessary to establish and maintain in relation to Operating C&E, if any.

Initial C&E. Each Allottee is obligated under its Allotment Contract to fund Initial C&E, which such Initial C&E is estimated to be \$600 million and which includes the cost of construction, engineering services during construction, construction management, owner's cost of construction, owner's contingency, property and easement acquisition, and mitigation and enhancement costs.

Completion C&E. If the Enterprise determines that the Allottees' payment of their respective Capital C&E Funding Obligations to fund Initial C&E will be depleted and Completion C&E must be incurred to complete construction of the Firming Project, then the Enterprise shall give notice as soon as reasonably practicable to the Allottees of the need to pay additional Capital C&E Funding Obligations, the estimated total amount of Completion C&E to be incurred, and whether the Enterprise will undertake an additional financing for the Completion C&E. If the Enterprise offers the option to participate in an additional financing, then the Allottees shall, within ninety (90) days of such notice, elect in writing to the Enterprise to pay Capital C&E Funding Obligations for such Completion C&E through Capital C&E Funding Cash Payments, participation in the financing, or a combination thereof. If no such election is made by any Allottee, such Allottee shall be obligated to pay its Capital C&E Funding Obligations for such Completion C&E through participation in the financing.

Future Extraordinary C&E. If the Enterprise determines that Future Extraordinary C&E must be incurred, then the Enterprise shall give notice as soon as reasonably practicable to the Allottees of the need to pay additional Capital C&E Funding Obligations and the estimated total amount of Future Extraordinary C&E to be incurred. The Enterprise Board, in consultation with the Allottees, shall set a timeline for the Allottees to elect in writing to pay the Capital C&E Funding Obligations for such Future Extraordinary C&E through Capital C&E Funding Cash Payments, participation in a financing, or a combination thereof, and for the Allottees to make such payments of their respective Capital C&E Funding Obligations for such Future Extraordinary C&E to the Enterprise. If no such election is made by

any Allottee, such Allottee shall be obligated to pay its Capital C&E Funding Obligations for such Future Extraordinary C&E through participation in a financing.

Event of Default. An event of Default shall occur upon any breach of an Allotment Contract, including, without limitation:

- (a) The failure of a Cash Allottee to pay when due amounts payable for Initial C&E.
- (b) The failure of a Loan Allottee to pay when due amounts payable for an Enterprise financing, including the Series 2021 Bonds.
- (c) The failure of an Allottee to pay its pro rata share of Operating Costs and Reserves.
- (d) The violation of the Acts or the rules and regulations of the Enterprise, as may be established or amended from time to time.

Notice of Default. Upon a Default, the Enterprise in the case of a Default by an Allottee, or any Allottee in the case of a Default by the Enterprise, shall give the defaulting party and all other Allottees written notice of the Default on or before the first business day of March following the Default.

Use of WGFP Allotment While in Default. Beginning on the day notice of Default is received and continuing for so long as the defaulting Allottee is in Default, the defaulting Allottee may place water into storage in its Allotment but shall have no rights to take water out of storage from or otherwise use any water stored therein; provided, however, that if the defaulting Allottee is in Default for violation of a rule or regulation of the Enterprise and such rule or regulation authorizes an Allottee to take water out of storage from or otherwise use any water stored in its Allotment during the term of any Default for violation of the rule or regulation, those terms of the rule or regulation shall control. The defaulting Allottee may continue to use and exercise its rights in the Project during any time it is in Default. Water in storage under the defaulting Allottee's Allotment shall continue to be assessed evaporative and other losses during any period of Default. The Subdistrict may continue to use the Allotment of the defaulting Allottee for storage of Prepositioned C-BT Project Water; however, other Allottees shall have no right to use the Allotment of the defaulting Allottee for the term of the Default. Upon the defaulting Allottee's cure of its Default, the defaulting Allottee's rights to use its Allotment and any water stored therein shall be restored, subject to any operational limitations that may exist.

Cure. For events of Default other than Defaults by Cash Allottees with respect to Capital C&E Funding Cash payments, Defaults by Loan Allottees with respect to Enterprise financing payments, including the Series 2021 Bonds, and Defaults by Allottees with respect to payments of and into Operating Costs & Reserves, any Allottee or the Enterprise, as the case may be, shall have 60 days from receipt of a Notice of Default to cure a Default by performance or acceptance by the non-defaulting party of an alternate means of or plan for cure of the Default.

An Allottee has until the last business day of January of the succeeding calendar year to cure any Default with respect to its Capital C&E Funding Obligations. A Loan Allottee cures such a Default by reimbursing the Liquidity Fund, plus a late fee penalty of five percent (5%), and by reimbursing any other expenses incurred by the Enterprise or any other Allottee as a result of such Default. A Cash Allottee cures such a Default by paying the defaulted Capital C&E Funding Cash Payment and reimbursing any expenses incurred by the Enterprise or any other Allottee as a result of such Default. If such Allottee timely cures such a Default, then no part of such Allottee's Allotment shall be forfeited and reallocated.

An Allottee may cure a Default with respect to its Operating Costs & Reserves payments by paying, on or before the last business day of January of the succeeding calendar year, an amount equal to (1) any Operating C&E then due or in Default; (2) a late-fee penalty of 1.5% of the amount of Operating C&E in Default for each month in Default after the grace period terminates, which shall be deposited into the Operating Reserve Fund in addition to any other amounts owed to such fund; and (3) any other expenses incurred by the Enterprise or any other Allottee as a result of such Default. Alternatively, an Allottee may cure such a Default by obtaining the Enterprise's acceptance, on or before the last business day of January of the succeeding calendar year, of an alternate means of or plan for cure of the Default and thereafter fully performing under such alternate means of or plan for cure.

Penalties and Reallocation of Allotment Upon Final Default of Capital C&E Funding Obligations and Operating Costs & Reserves payments. If an Allottee does not timely cure a Default of Capital C&E Funding Obligations and/or Operating Costs & Reserves payments, then Final Default shall be deemed to have occurred and all or a portion of such Allottee's Allotment, including any water at that time stored in the Firming Project, shall be permanently forfeited and reallocated as set forth in the Allotment Contracts.

Loan Allottee Step-Up. By March 15 following any Final Default, any Loan Allottee may voluntarily step up to (1) make all or part of the defaulted payment (including replenishment of the Liquidity Fund), and (2) assume the obligation for all future annual debt service and Operating C&E payments for that portion of a defaulting Loan Allottee's obligation. If two or more Loan Allottees volunteer to step up, then each will assume a pro rata portion (based on their respective Financing Participation Percentages), or agreed upon amount, of the defaulted payment.

If not all defaulted payments are covered by Loan Allottees who choose to voluntarily step up, then for any portion of the defaulted payment not voluntarily assumed, the mandatory step-up process is initiated on the first business day of April, and all Loan Allottees, including all Loan Allottees who voluntarily stepped up, shall be assessed pro rata, based on the Financing Participation Percentages of the Loan Allottees not then in Default, to make up the defaulted payment (plus late fees and other expenses) by payment to the Enterprise on or before the first business day of July and must make all future annual payments for that pro rata portion of the defaulting Loan Allottee's WGFP Allotment; provided, however, that for each non-defaulting Loan Allottee, mandatory step-up in any single year shall not exceed thirty five percent (35%) of the Loan Allottee's pro rata share of Financing Costs for that year.

See APPENDIX C— FORM OF ALLOTMENT CONTRACTS for a further description of the Allotment Contracts.

Parity Liens and Additional Indebtedness

Pursuant to the terms of the Resolution, the Enterprise is prohibited from creating a pledge of or lien on the Revenues that is superior to the pledge that secures the Series 2021 Bonds. However, the Enterprise may create a pledge of or lien on the Revenues that is on parity with the pledge that secures the Series 2021 Bonds, and in that connection incur additional indebtedness, provided that certain conditions set forth in the Resolution are satisfied.

Capital Cost Obligations. One or more Series of Obligations payable from the Revenues may be issued to pay, or to provide for the payment of, all or part of Capital Costs. Such Obligations are to be issued upon receipt by the Trustee of a certificate of an Authorized Officer certifying that all Loan Allottees are current with respect to their annual payments under the Allotment Contracts.

Refunding Obligations. One or more Series of Refunding Obligations may be issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt. Such Obligations are to be issued upon receipt by the Trustee of a certificate of an Authorized Officer stating that all Loan Allottees are current with respect to their annual payments under the Allotment Contracts.

THE WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

The Firming Project is owned and operated by the Enterprise. The Enterprise is owned by the Subdistrict. The Subdistrict also owns the Windy Gap Project, which provides a water supply to the hereinafter described Windy Gap Project Participants. The Subdistrict is a subdistrict of Northern Water, which owns and operates portions of the federal C-BT Project. C-BT Project facilities are used for the storage and delivery of Windy Gap Project Water.

Northern Colorado Water Conservancy District

Northern Water is the parent district of the Subdistrict and is a separate political subdivision and a quasi-municipal corporation of the State created by decree of the District Court of Weld County, Colorado, on September 20, 1937, pursuant to the Water Conservancy Act. Among other things, the Water Conservancy Act empowers Northern Water, or any duly created subdistrict such as the Subdistrict, to acquire water; to obtain rights of-way for certain water works; to contract with the United States or otherwise; to provide for construction of water facilities; to assume contractual or bonded indebtedness; to administer, operate and maintain physical works; to conserve, control, allocate and distribute water supplies for supplemental use; and to derive the revenues needed to accomplish its purposes. The Series 2021 Bonds are not obligations of Northern Water and Northern Water is not liable for their payment.

The total area of Northern Water is nearly 1,500,000 acres, and it includes portions of Boulder, Broomfield, Larimer, Weld, Morgan, Logan, Washington and Sedgwick Counties in Colorado. Approximately 615,000 acres of land within Northern Water's boundaries are irrigated from water supplies originating in the four principal tributaries of the South Platte River and the South Platte River itself and from supplemental water supplies diverted from the headwaters of the Colorado River by Northern Water and others. The current population of Northern Water is approximately 1,021,000.

The governing body of Northern Water is a Board of twelve (12) Directors appointed for four-year terms by the presiding State District Court Judges of each of the four judicial districts located wholly or partly within the boundaries of Northern Water. Directors may be reappointed to the Board. Northern Water's officers are elected by the Board of Directors at its annual reorganizational meeting each October. The Manager of Northern Water is appointed by and serves at the pleasure of the Board of Directors. See "THE WINDY GAP FIRMING PROJECT ENTERPRISE" for a list of directors and officers of Northern Water, the Subdistrict and the Enterprise. In addition to the directors and officers, there are approximately 160 full-time employees engaged in the operation, maintenance, planning, engineering, financial and administrative functions of Northern Water.

Northern Water was created to supplement and stabilize the water supply to drought-affected farm and urban areas of northern Colorado's South Platte River Basin. Northern Water's primary mission is to deliver a supplemental water supply to water users located within Northern Water's boundaries, which it does in large part through operation of the C-BT Project, which involves the diversion and delivery of transmountain water from the Colorado River Basin and water native to the South Platte River Basin to users within Northern Water's boundaries. In 1938, Northern Water entered into an agreement with the United States for the construction by the United States Bureau of Reclamation ("Reclamation")

of the congressionally authorized C-BT Project and for the repayment of construction costs by Northern Water to the United States. Construction of the C-BT Project started in 1938 and by the spring of 1956 the last major water distribution feature was completed. Since that time, Northern Water has been providing supplemental water supplies, amounting to approximately 212,570 acre feet annually, to agricultural, municipal, domestic and industrial users in the South Platte River Basin who have entered into water allotment contracts with Northern Water. Northern Water also engages in water management and planning activities, endangered species recovery programs, water quality activities and other environmental programs for the purpose of meeting present and future water supply needs of water users within its boundaries. Northern Water operates educational and water conservation programs, such as its agricultural irrigation management service, turf and landscape water use efficiency demonstration programs, public educational programs and publications on water planning and management.

Administrative Management

Bradley D. Wind is the General Manager and Secretary of Northern Water. Bradley Wind was promoted to general manager in 2018, the sixth general manager in the history of Northern Water. Mr. Wind oversees all District operations, finances, and personnel under the direction and supervision of the Board. He has worked at Northern Water since 1994, serving as an engineer and deputy manager of operations. Wind has several degrees from Colorado State University - a bachelor's in civil engineering and agricultural engineering, and a master's in business administration. He also has a master's in agricultural engineering from the University of California at Davis.

Gerald A. (“Jerry”) Gibbens is the Director of Operations of Northern Water. Jerry Gibbens has bachelor's and master's degrees in civil engineering from Colorado State University. He is a registered professional engineer in Colorado and Wyoming. Mr. Gibbens has served as the Director of Operations since 2018, where he oversees five departments that perform the day-to-day operations and maintenance of water and facilities infrastructure for Northern Water, the Subdistrict, and associated Enterprises. Additionally, he serves as the Treasurer for the Board of Directors. In his ten years with Northern Water, prior to his current role, he worked on a variety of projects, including the Northern Integrated Supply Project, Colorado River Basin hydrologic modeling and policy-level planning, water resources planning and operations, watershed and forest health, and financial budgeting and planning. Prior to joining Northern Water, he was employed in consulting where he worked in water resources, environmental permitting and irrigation planning and design throughout the western United States and internationally.

Jeff Drager is the Director of Engineering of Northern Water. Jeff Drager has a bachelor's degree in civil engineering from Colorado State University and a master's in water resources engineering from Stanford University. He is a registered professional engineer in Colorado and California. Drager has worked at Northern Water since 1995 where he has served as project manager for the Firming Project. He has also served as project manager for other water supply projects in Colorado and California as both a consultant and owner's representative. In addition to continued project management for the Firming Project, Mr. Drager currently oversees Northern Water's Engineering Division, which includes the Project Management, Water Resources, Water Rights, and Real Estate departments.

Esther Vincent is the Director of Environmental Services of Northern Water. Esther Vincent completed her master's degree in civil engineering in 1999 from the Grenoble Institute of Technology in France. She is a registered professional engineer in Colorado and has been with Northern Water since 1999. Vincent has experience with water quality, watershed management, water supply planning, environmental permitting, regulations and water conservation. She oversees Northern Water's water quality, water efficiency and flow monitoring programs, environmental compliance and environmental data management systems. She has served on the boards of the Grand County Water Information

Network, the Big Thompson Watershed Forum and the Colorado WaterWise Council, and is an alumna of the Water Education Colorado Water Leaders program.

Kristyn Unrein is the Financial Services Manager of Northern Water. Kristyn Unrein received her bachelor's degree in accounting from the University of Northern Colorado in 2004. She holds a Certified Government Financial Manager designation and has been with Northern Water since 2019. Unrein has experience in public auditing, grant and disaster recovery financial management, budget management, cost reimbursement agreements, and federal audit compliance. She oversees Northern Water's Financial Services Department, which includes ten staff members responsible for budgets, procurement, accounting, analytics, and reporting. She has served on the St. Vrain Valley School District Finance & Audit Committee, Town of Mead Finance Committee, and is an active member of the Government Finance Officers Association and Colorado Government Finance Officers Association.

Northern Water's prior Director of Finance and Administration retired from Northern Water as of June 30, 2021. Northern Water has not yet appointed a new Director of Finance and Administration. Gerald "Jerry" Gibbons, Northern Water's Director of Operations will serve as the temporary Director of Finance and Administration until a permanent replacement is identified.

The Municipal Subdistrict

The Subdistrict was organized as a subdistrict of Northern Water by decree of the District Court of Weld County, Colorado, on July 6, 1970, pursuant to the Water Conservancy Act. Under the Water Conservancy Act, a subdistrict thus formed is a separate and independent conservancy district with the same powers and legal standing as its parent district.

The Board of Directors of the Subdistrict is, by statute, the same as the board of Northern Water. It has been the practice of the Subdistrict to elect a different slate of officers from those chosen by Northern Water. The administrative staff of Northern Water serves as the staff of the Subdistrict.

The Windy Gap Firming Project Water Activity Enterprise

The Subdistrict owns the Enterprise, which is a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution and a water activity enterprise organized pursuant to the Water Activity Enterprise Act. The Enterprise exercises the authorities granted by the Water Conservancy Act, the Water Activity Enterprise Act and the Sewer and Water Systems Act. The staff of Northern Water serves as the staff of the Enterprise.

Directors and Officers of the Enterprise

<u>Name</u>	<u>Position with Subdistrict</u>	<u>Position with Northern Water</u>	<u>Expiration of Term as Director (September 28)</u>	<u>Principal Occupation</u>
Mike Applegate	Director	President and Board Chairman	2023	Engineer
John Rusch	Director	Vice President and Board Vice Chairman	2021	Water Resources Consultant

<u>Name</u>	<u>Position with Subdistrict</u>	<u>Position with Northern Water</u>	<u>Expiration of Term as Director (September 28)</u>	<u>Principal Occupation</u>
Dennis Yanchunas	President and Subdistrict Board Chairman	Director	2024	Retired Securities Broker
Bill Emslie	Vice President and Subdistrict Board Chairman	Director	2021	Retired Electrical Engineer and Farmer
Jennifer Gimbel	Director	Director	2024	Attorney
David Nettles	Director	Director	2022	Water Engineer
Don Magnuson	Director	Director	2022	Retired Ditch Company General Manager and Agricultural Enterprises
Dale Trowbridge	Director	Director	2023	Ditch Company General Manager
Todd Williams	Director	Director	2021	Water Resources Engineer
Sue Ellen Harrison	Director	Director	2022	Attorney
Gene Manuello	Director	Director	2022	Irrigation District President
Rob McClary	Director	Director	2023	Farmer

Other Projects of Northern Water and the Subdistrict

Campus Development Project. Northern Water has begun its Campus Development Project which includes expanding its Berthoud headquarters, and a new west slope Granby Campus. Groundbreaking of Phase I of the Berthoud headquarters campus expansion and its Granby Campus both occurred in Spring 2021. Construction is financed through a Certificates of Participation, Series 2021 (the “COPs”) sold in July 2021. The COPs are not secured by any encumbrance, mortgage or other pledge of property of Northern Water or the Board.

Southern Water Supply Project. Northern Water, through its Southern Water Supply Project Water Activity Enterprise, has completed the construction of 110 miles of pressurized, buried pipeline conveying C-BT Project and Windy Gap Project Water to areas located within Northern Water’s and Subdistrict boundaries. Allotees that are also participating in the Southern Water Supply Project (SWSP)

include Broomfield, Central Weld County Water District, Erie, Fort Lupton, Longmont, Louisville, Platte River, and Superior Metropolitan District No. 1. Other participants in the Southern Water Supply Project (SWSP), include Berthoud, Fort Morgan, Hudson, Little Thompson Water District, and Morgan County Quality Water District.

Construction on the first phase of the pipeline, from Carter Lake to Broomfield, began in 1993. The last 41-mile section from Platteville to Morgan County was finished in 1999. Total project construction costs were \$68 million. Due to participants' increasing water demands, particularly during the higher-demand summer months, a West Longmont pump station was added in 2003 and an additional pump station at Broomfield followed two years later. Construction of a third pump station (Eastern Pump Plant) began in 2020 and will be complete in 2021.

The first phase of the project made provisions in the allotment contract and easements for a second pipeline in the future. The Southern Water Supply Project II provides water to Boulder, Left Hand Water District, Berthoud, and Longs Peak Water District. Construction of this phase began in 2018 and was completed in 2020. The 20-mile pipeline had a construction of \$38 million and a total cost of \$44 million.

Pleasant Valley Pipeline. Northern Water, through its Pleasant Valley Pipeline Water Activity Enterprise, completed construction of the Pleasant Valley Pipeline in 2004. The buried welded steel pipeline conveys untreated water diverted from the Poudre River to the City of Fort Collins Water Treatment Facility and the Soldier Canyon Filter Plant, which are located below the Soldier Canyon Dam on Horsetooth Reservoir. The 8.5-mile long pipeline is 67 inches in diameter and is designed to convey up to 180 cfs by gravity from the North Poudre Supply Canal north of Fort Collins to the two water treatment plants, which in turn provide treated water to the City of Fort Collins, East Larimer County Water District, Fort Collins-Loveland Water District, and the North Weld County Water District. Deliveries of Poudre River water are made from April through October.

From November through March of each year, the flow direction in the pipeline is reversed and up to 45 cfs of water is delivered by gravity from Horsetooth Reservoir (Soldier Canyon Dam outlet) to the City of Greeley's Bellvue Water Treatment Plant located adjacent to the Pleasant Valley Pipeline north of the town of Bellvue. The pipeline is operated in conjunction with the pipeline participants and the North Poudre Irrigation Company, which operates the North Poudre Supply Canal. Northern Water personnel are responsible for maintenance of the pipeline and associated equipment. The pipeline was completed in 2004 with a construction cost of \$25 million and total cost of \$31 million.

Projects of Northern Water and the Subdistrict Under Development

Northern Integrated Supply Project (NISP). Northern Water, through its Northern Integrated Supply Project Water Activity Enterprise, is developing the Northern Integrated Supply Project ("NISP"), which will bring two reservoirs and 40,000 acre-feet of additional water supply to Northern Colorado for 15 of the region's water providers. NISP will incorporate an array of environmental and wildlife mitigation and enhancement measures and bring additional recreational opportunities to the region. Allotees who are also NISP Participants include Erie, Central Weld County Water District, Fort Lupton, and Lafayette.

The project includes building two new reservoirs. Glade Reservoir, northwest of Fort Collins, will store water diverted from the Cache la Poudre River. Galeton Reservoir, northeast of Greeley, will provide storage for water collected from the South Platte River. NISP will also include five pump plants and multiple pipelines to deliver water to project participants, as well as for water exchanges with two local irrigation companies. NISP has been decades in the making as an endeavor of this size and scope

takes years of planning, preparation, study and analysis. Current construction estimates for the two reservoirs, approximately 80 miles of pipeline, and appurtenance structures is approximately \$1.5 billion. Construction may begin as soon as 2023 and last approximately seven years.

Colorado River Connectivity Channel. The impact of the existing Windy Gap Project was studied in connection with negotiations related to permits and approvals for the Firming Project. Impacts of Windy Gap Reservoir on Colorado River connectivity were identified as an area for potential environmental enhancements. The Subdistrict, which owns and operates the Windy Gap Project, agreed that if the Firming Project is constructed and sufficient funding is available, it will decrease the footprint of Windy Gap Reservoir and construct a connecting channel around the reservoir capable of passing water, fish, and sediment that will reconnect portions of the Upper Colorado and Fraser Rivers affected by Windy Gap Reservoir. Construction is presently expected primarily to occur in 2022 and 2023 and is currently estimated to cost approximately \$22 million. Multiple invested stakeholders are assisting to ensure a successful project, including Trout Unlimited, Colorado Parks and Wildlife, Colorado Water Conservation Board, Grand County, the Colorado River District and the Upper Colorado River Alliance.

Further Information

Copies of Northern Water's and the Subdistrict's most recent audited annual financial report are available at 220 Water Ave., Berthoud, Colorado 80513 and at northernwater.org. Northern Water maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2021 Bonds.

THE WINDY GAP FIRMING PROJECT

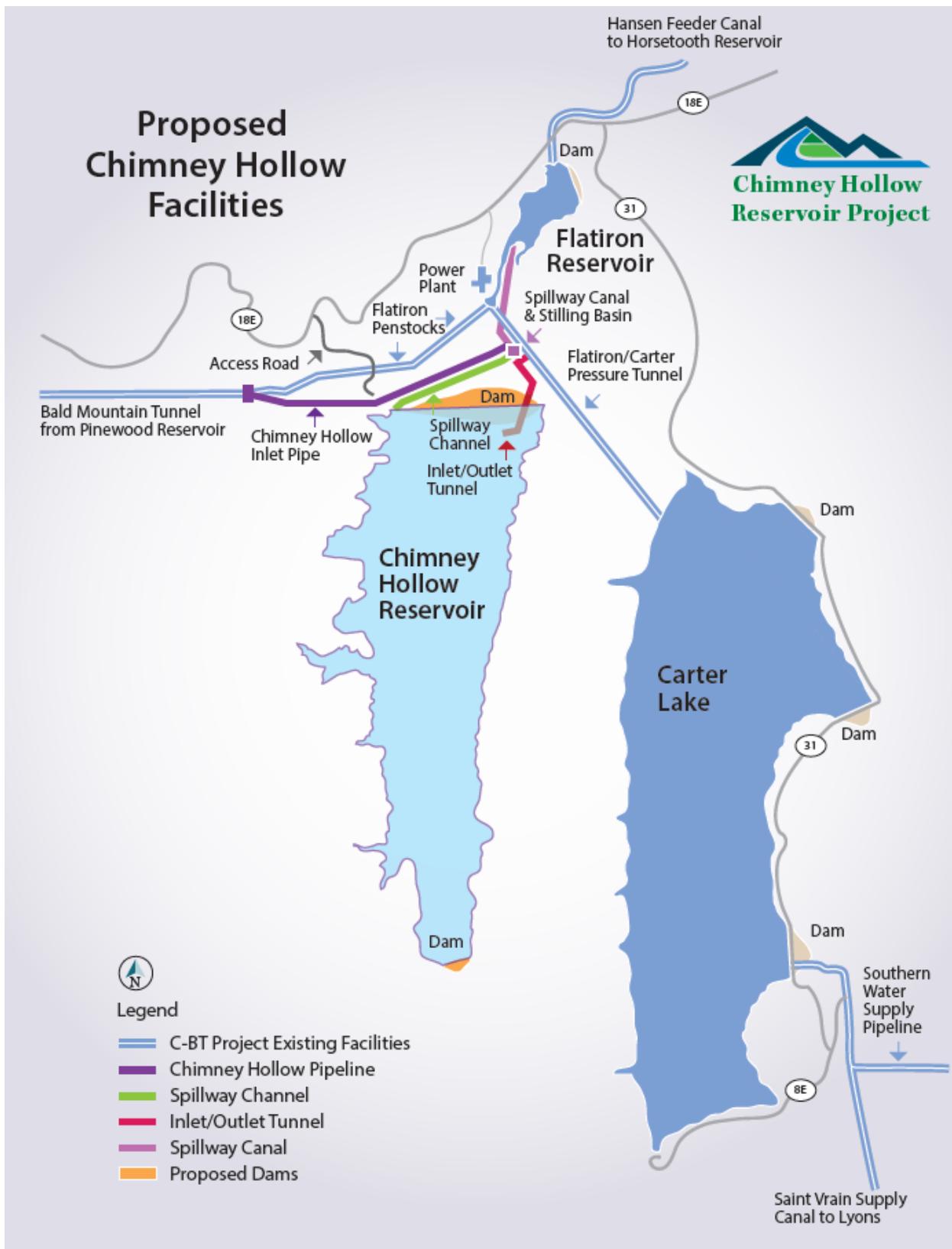
General Description and Background

The Firming Project is a new water storage project that will add storage capacity for Windy Gap Project Water. The Firming Project primarily consists of the construction of Chimney Hollow Reservoir in Larimer County, Colorado. Windy Gap Project Water that will be stored in the Firming Project is diverted by the Windy Gap Project from the Colorado River into and through the C-BT Project to Chimney Hollow Reservoir. Windy Gap Project Water stored in the Firming Project will be released from Chimney Hollow Reservoir into C-BT Project facilities for delivery to Allotees.

The following page contains a map that shows the proposed Chimney Hollow facilities.

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Proposed Chimney Hollow Facilities



The Subdistrict was formed in July 1970 to plan, finance, build, and operate the Windy Gap Project. Following completion and approval of an Environmental Impact Statement, acquisition of 23 permits and licenses, and months of negotiations and a final agreement, Windy Gap Project construction began in July 1981 and was completed in 1985. The Windy Gap Project is located near the Town of Granby on Colorado's West Slope. The project consists of a diversion dam on the Colorado River, the 445-acre-foot Windy Gap Reservoir, the Windy Gap Pump Plant, and a six-mile pipeline to Lake Granby. Windy Gap Project Water is pumped and stored in Lake Granby, part of the C-BT Project, before it is delivered to water users via the C-BT Project system. The use of the C-BT Project infrastructure for the storage and delivery of Windy Gap Project Water is authorized by the Amendatory Contract, 2014 Contract No. 15XX650003, entered into on December 19, 2014, between the Subdistrict, Northern Water, and the United States of America for the purpose of utilizing the unused capacity of the facilities of the C-BT Project for the carriage of Windy Gap Project Water (as amended from time to time, the "Carriage Contract"). Windy Gap Project Water has been allotted by the Subdistrict to Windy Gap Project Participants. The existing Windy Gap Project operations require unused storage and delivery capacity in the C-BT Project which is not always available in wet years with a high snowmelt runoff. Windy Gap Project operations also require divertible water from the Colorado River which is not always available in dry years with a low snowmelt runoff.

The C-BT Project is a federal reclamation project. The C-BT Project, which includes Lake Granby, is jointly operated, maintained, and funded by Reclamation and Northern Water. The C-BT Project collects, stores, and delivers more than 200,000 acre-feet of supplemental water each year to an area that includes approximately 1,021,000 million residents and 615,000 acres of irrigated farmland in Northeastern Colorado. Nearly all C-BT Project water comes from snowmelt in the Upper Colorado River basin, located in Rocky Mountain National Park and Grand County. Snowmelt and runoff are stored in Lake Granby and Willow Creek Reservoir.

The Firming Project Purpose and Need

The Windy Gap Project was originally planned to divert an estimated long-term annual average of 56,000 acre feet (AF) of water from the Colorado River. The Windy Gap Project, as currently constructed, has not reliably provided this estimated yield due to its junior water rights, lack of capacity (conveyance and storage) in the C-BT Project, and demands to date not requiring the full yield of the Windy Gap Project. The potential need for additional storage capacity was identified during the original development of the Windy Gap Project. The Firming Project will provide 90,000 acre-feet of new storage capacity that is estimated to increase the reliability of 30,000 acre-feet of the Allottees' Windy Gap Project Water supplies.

Studies show that this new storage causes yields from the Windy Gap Project to be more reliable by allowing diversions in wet years when unused capacity is not available in the C-BT Project and allows Allottees to take deliveries in dry years when divertible Colorado River water supplies may be limited.

Not all of the owners of Windy Gap Project Water units are participating in the Firming Project. The City of Boulder and the Town of Estes Park are not participating in the Firming Project because they have other storage for their Windy Gap Project Water or other water supplies that currently meet their needs. Berthoud, Firestone, and Frederick recently purchased allotments of Windy Gap Project units and are not Allottees. The Middle Park Water Conservancy District, which receives water from the Windy Gap Project under a separate contractual arrangement, is not a Windy Gap Project Participant or an Allottee.

Description of the Firming Project Facilities

Chimney Hollow Reservoir. The Chimney Hollow Reservoir is the primary component of the Firming Project and will be a new off-channel reservoir that will create approximately 90,000 acre-feet of storage and have a surface area of approximately 740 acres. Storage space will be dedicated to the Allottees for storage of their Windy Gap Project Water. Water will be conveyed to Chimney Hollow Reservoir via a new 7,500-foot pipeline that will be connected to existing East Slope C-BT Project facilities. Connections between Chimney Hollow Reservoir and existing Carter Lake and Flatiron Reservoir would allow delivery of water to Allottees using existing C-BT Project infrastructure.

The Chimney Hollow Reservoir site is in Larimer County about 8 miles southwest of Loveland, Colorado, and will be located just west of the existing Carter Lake Reservoir and south of Flatiron Reservoir, both of which are a part of the C-BT Project system. The reservoir will be built in a hogback valley along an intermittent drainage at an elevation of about 5,600 feet.

Dam and Spillway. The Chimney Hollow Dam will be a 355-foot tall zoned, rockfill dam with a hydraulic asphalt concrete (“HAC”) core and will impound about 90,000 AF of water. Appurtenances to the dam include an approximately 3,700-foot-long spillway on the west abutment to convey a peak discharge of about 930 cfs designed to meet the Colorado Division of Water Resources Dam Safety Branch Rules and Regulations for Dam Safety and Dam Construction (2017), subsequently updated with the Rules and Regulations for Dam Safety and Dam Construction (2020), to account for a potential 2-degree Fahrenheit increase in atmospheric temperatures resulting from climate change. Additionally, an approximately 36-foot-high saddle dam will be constructed on the southern end of the reservoir. The saddle dam will be a zoned rockfill dam with a clay core.

Conveyance. Water will be conveyed to the East Slope via existing C-BT Project facilities as far as the upper end of the Flatiron Penstocks. Water will be conveyed to Chimney Hollow Reservoir using about 7,500-feet of new 72-inch buried pipelines connecting the Chimney Hollow Reservoir’s Inlet/Outlet (I/O) structure to the existing Bald Mountain Tunnel and Carter Lake Pressure Conduit and a valve house consisting of energy dissipation facilities to control flow and pressure into and out of the reservoir. The combined reservoir I/O structure will be constructed in the east abutment of the dam and will consist of a 65-foot-tall reinforced concrete tower. Water will be conveyed from the I/O structure to the valve house through a 2,000-foot long, concrete lined tunnel and valve chamber and a 72-inch diameter steel conduit that extends from the I/O structure through the tunnel to the valve house. The I/O structure will operate without the need for pumps as it will allow for gravity flow both into and out of the reservoir. The valve house will be a prefabricated steel building founded on a thick reinforced concrete mat that will also act as a thrust block. The valve house will include a control room, overhead crane, multiple valves and pipelines of various sizes, most of which are designed for a hydraulic head of approximately 1000-feet, and reinforced concrete thrust blocks. The larger valves will include two 72-inch butterfly valves, two 54-inch sleeve valves to dissipate energy, two 54-inch butterfly valves, one 60-inch plunger valve to dissipate energy, and one 60-inch butterfly valve. The system will also include multiple smaller valves, flow meters, and a pressure relief system.

Access, Borrow Areas, and Power. Primary access to Chimney Hollow Reservoir will be from a new gravel road extending from the existing Larimer County Road 18E (Pole Hill Road) to the west abutment of Chimney Hollow Dam. This access road will provide access for construction, maintenance, and public recreation access after the reservoir is completed. Construction access to the saddle dam on the southern end of the reservoir will be from a new permanent maintenance gravel road that will extend along the steep terrain on the west side of the reservoir. This maintenance road will be closed to public vehicles.

Construction materials including rockfill, riprap, filters, and aggregates for both dams will primarily be obtained from a new quarry within the reservoir's footprint. Granite bedrock along the west rim of the reservoir will be used as rockfill in the dam shell and fine-grained material in the central part of the reservoir for use as low permeability material will be used in the core of the saddle dam.

Power supply to the reservoir and conveyance facilities will come from the Poudre Valley Rural Electrical Authority (PVREA).

Design and Construction of the Project

Design for the Firming Project was completed over the period from 2016 to 2020. The Enterprise selected Stantec Consulting Services Inc. as the Engineer of Record for the Firming Project. The main dam at Chimney Hollow Reservoir will have a HAC core as its impermeable barrier and is known as an asphaltic core rockfill dam ("ACRD"). The design team realized early in the design process that there was not enough low-permeability on-site materials to design a traditional clay core rockfill dam. An alternatives analysis was completed, and the Stantec recommended an ACRD design based on construction costs, anticipated dam performance, construction schedule, risk for potential cost increases, and risks associated with utilizing offsite borrow materials, among other things. This will be the second ACRD built in the United States; there are nearly 200 ACRDs built worldwide over the last 70 years.

The Enterprise selected an independent Project Review Board ("PRB") consisting of experts to provide third-party review of the design including a written report with comments. The PRB includes experts in dam construction including an engineering geologist, dam geotechnical engineers, a hydraulic structures engineer, and a leading ACRD expert from Austria who was the lead author on the International Commission on Large Dams ("ICOLD") design bulletin on Asphalt Concrete Cores for Embankment Dams. The Chimney Hollow design was also reviewed and approved by the Colorado Division of Water Resources, Department of Dam Safety ("DWR"). Both the PRB and DWR concurred with Stantec's recommendation for an ACRD.

Black & Veatch Corporation ("B&V") was selected to provide third-party construction management in 2018. B&V participated in the design review for the purpose of construction administration and constructability.

The Enterprise administered a competitive, best-value, construction procurement for the Firming Project in 2019. Barnard Construction Company, Inc. ("Barnard") was selected as the general contractor for the Firming Project, largely based on its extensive experience with successful and modern dam construction. Over the last four decades, Barnard has worked on more than 80 dams, reservoirs, and dikes, from new construction to raising dams or conducting emergency repairs. As the HAC technology and construction is a specialized field without U.S.-based experience, Barnard subcontracted with Walo as a specialized sub-contractor. Walo is a Swiss based firm specializing in HAC construction and were one of the HAC contractors pre-qualified by the Enterprise prior to bidding. Walo has experience successfully installing HAC cores including recently completing the Skjerkevatn & Heddersvika dams in Aseral, Norway where they served as the specialized sub-contractor.

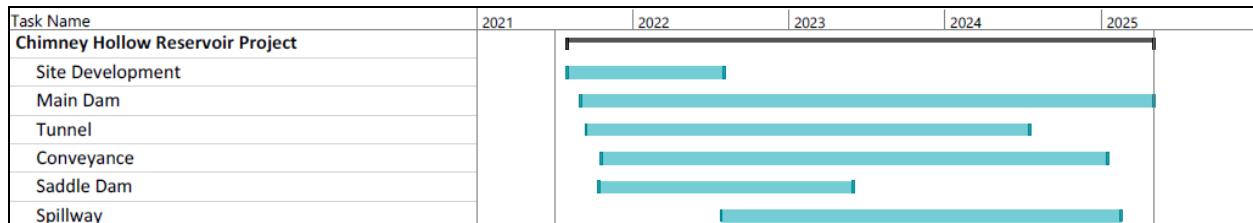
The construction contract includes terms typical for large scale heavy civil works. Beltzer Bangert & Gunnell Construction Lawyers was brought onto the Enterprise's team to provide construction contracting consultation services. The construction contract uses traditional hard-bid construction terms for lump sum and unit price pay items and includes provisions for construction milestones with liquidated damages, bonding and insurance, retainage, and escrow of proposal documents.

The Enterprise and Barnard have agreed to participate in a formal partnering process facilitated by Ventura Consulting Group. The purpose of the partnering process is to assist the parties to maintain cooperative communication to encourage risk management, value engineering, and the resolution of conflicts at the lowest responsible management level. Additionally, the contract sets forth that a three-person dispute resolution board (“DRB”) will be obtained. The purpose of the DRB is to facilitate the efficient and timely resolution of disputes between the Enterprise and Barnard. The DRB will issue non-binding advisory opinion to aid the parties in avoiding and resolving disputes.

The Enterprise provided Barnard with an Administrative Notice to Proceed (“ANTP”) in December 2019. The ANTP allowed for pre-construction activities including submittal review and approvals, permitting, select early material procurement, and building of on-site construction office complex. The Notice to Proceed (NTP) for full construction is scheduled to be given to Barnard in August 2021.

The first activities of construction will be site development including mobilization and roads. As the schedule below shows, construction activities will be performed concurrent with the other construction activities, but the main dam is primarily the critical path for construction as it is the first construction activity to begin and will be the last to end. Foundation preparation of the main dam will last approximately one year, followed by a year of grouting activity. Construction of the 355-ft tall embankment will take approximately two years. Construction time with milestones and liquidated damages is defined in the construction contract and requires final completion within 48 months. It is estimated that after a 4-year construction period, it will take 3 years to fill the reservoir. Actual time to fill the reservoir is dependent on reservoir demands and hydrologic conditions.

The general construction timeline for the Firming Project follows:



Permits, Licenses and Approvals

The Firming Project was reviewed and approved under federal law by Reclamation and the United States Army Corps of Engineers. The federal review and approval process included compliance with the National Environmental Policy Act (“NEPA”), and other federal laws. The Firming Project has also obtained or met state and local approvals and requirements, including commitments that will result in significant mitigation, enhancements and protections for fish, wildlife and the environment. The federal permitting process has been completed. Additional approvals related to permit terms and conditions will be required prior to the commencement of construction and operation, and other requirements regarding permit terms and conditions are ongoing for the life of the Firming Project. The Final Environmental Impact Statement (EIS) was completed in November 2011, Reclamation’s Record of Decision and resulting approvals for the Firming Project were issued in December 2014, and the United States Army Corps of Engineers’ Record of Decision and resulting Clean Water Act Section 404 Permit were issued in 2017.

In 2017, Save the Colorado, Save the Poudre: Poudre Waterkeeper, WildEarth Guardians, Living Rivers, Waterkeeper Alliance, and Sierra Club (the “Petitioners”) filed suit in U.S. District Court for the

District of Colorado against Reclamation and the Army Corps of Engineers challenging the validity of their respective federal approvals for the Firming Project. (Civil Action No. 17-cv-02563-TMT, United States District Court for the District of Colorado). This challenge included assertions that the federal approvals did not meet the requirements of the federal Administrative Procedures Act, NEPA and the Clean Water Act. The Subdistrict, Colorado Department of Natural Resources, and the City and County of Broomfield intervened in the case as Intervenor-Defendants in support of the validity of the federal approvals for the Firming Project. On December 10, 2020, the federal District Court issued an Order rejecting each of the Petitioners' claims and affirming the agencies' approvals of the Firming Project. Among other things, the federal District Court found that the definition of "purpose and need" for the Firming Project, and the analyses of data, alternatives, environmental impacts and cumulative impacts by the federal agencies, met the requirements of NEPA. The Petitioners filed a notice of appeal to the Tenth Circuit Court of Appeals on February 8, 2021. Case No. 21-1036 (10th Circuit) (Appeal of Case No. 17-cv-2563). On April 21, 2021, the Enterprise entered into a settlement agreement with the Petitioners that resulted in the dismissal of the appeal on April 22, 2022. The settlement provides \$15,000,000 for funding additional environmental enhancements in Grand County, Colorado, in the area affected by the Windy Gap Project, but does not affect the construction, operation, or yield of the Firming Project. At this time, there is no pending litigation concerning or that would affect construction of the Firming Project.

Both the PRB and State of Colorado, Division of Water Resources, Department of Dam Safety approved the design work per transmittal on February 4, 2020. Reclamation also provided an independent review of the design, focused on the conveyance and interconnections to the C-BT Project system. Reclamation provided a letter stating that they accepted the design on April 7, 2020.

Other major permits the Firming Project received include the USFWS Biological Opinion for Endangered Species Act Compliance (Feb 2010), Colorado Fish and Wildlife Mitigation Plan (June 2011), Colorado Fish and Wildlife Enhancement Plan (June 2011), 1041 Permit from Grand County (Dec 2012), Colorado Department of Public Health and Environment (CDPHE) 401 water quality certification (2016), and U.S. Army Corps of Engineers 404 Permit (June 2017).

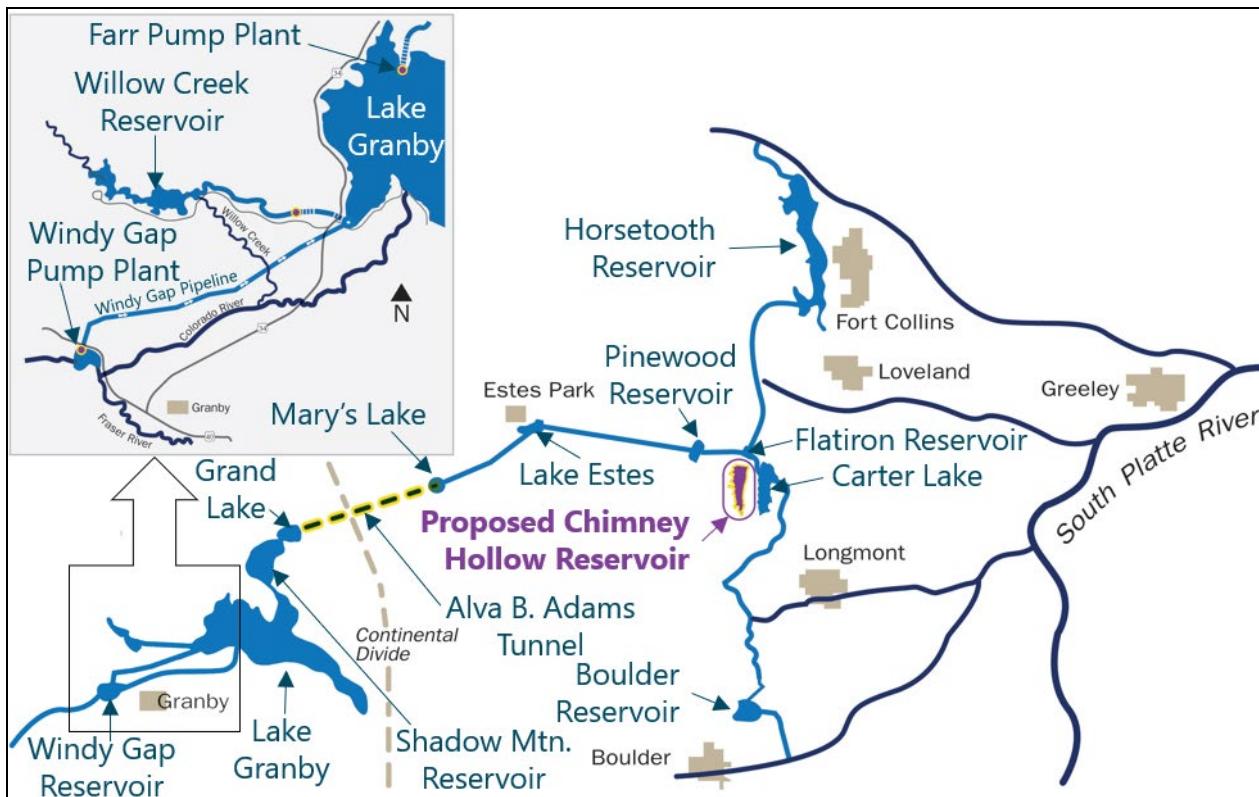
Barnard is responsible for acquiring additional temporary construction permits.

The Enterprise and Reclamation have developed a draft SUP for construction of the Firming Project that will be finalized prior to start of construction.

Operation of the Firming Project

The water supply that will be stored in the Firming Project is provided by the hereinafter defined Windy Gap Project Water Rights. Windy Gap Project Water is conveyed to Chimney Hollow Reservoir through the C-BT Project infrastructure through a series of pumps, pipelines, reservoirs, and canals as further described below.

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The Windy Gap Pump Plant pumps water from Windy Gap Reservoir through a 6-mile pipeline into the C-BT Project, and C-BT Project facilities are used to deliver Windy Gap Project Water to the Firming Project. From Lake Granby, water is pumped through the Farr Pump Plant to the Granby Pump Canal, and then flows into Shadow Mountain Reservoir and through a connecting channel to Grand Lake. At Grand Lake water enters the 13.1-mile Alva B. Adams Tunnel where it gravity flows across the continental divide beneath Rocky Mountain National Park. For delivery into Chimney Hollow Reservoir, the water first flows through Mary's Lake, Lake Estes, and Pinewood Reservoir before entering the Bald Mountain Tunnel. New pipelines will enable the Allottees to direct their water into Chimney Hollow Reservoir for storage. Each Allottee has storage space in Chimney Hollow Reservoir proportional to its WGFP Allotment.

Stored water will be released into the C-BT Project system for delivery to each Allottee as their needs require. Delivery to each Allottee will use the same infrastructure currently in place to deliver C-BT Project and Windy Gap Project Water to each specific Allottee's delivery point.

Management of the Project

The Enterprise will own and operate the Firming Project and will develop operational guidelines with input from the Allottees.

Insurance

Northern Water and the Subdistrict carry third-party insurance coverage for all aspects of its business activities including liability, property, boiler and machinery, and workers compensation. In addition, Northern Water's Inter-District Service Fund has a reserve established for comprehensive and collision type insurance claims for vehicles. Northern Water will update coverage when construction of the Firming Project is complete to cover those facilities.

The Enterprise holds coverage for Firming Project design including a \$10 million Owner's Protective Professional Indemnity (OPPI) coverage. Stantec holds a \$20 million professional liability coverage and Black & Veatch holds a \$5 million professional liability coverage.

The construction contract documents require Barnard to bond for the project including payment and performance bonds and labor and material payment bonds, each in the amount of one-hundred percent of the contract sum. Additionally, Barnard shall provide a two-year Warrantee Bond, in an amount equal to ten percent of the contract sum. Barnard is required to obtain the following insurance coverages prior to the commencement of the work:

- Workers' compensation insurance in Colorado Statutory Limits;
- Employers' liability insurance of at least \$1,000,000 per occurrence and in the aggregate;
- Commercial general liability insurance, including contractual liability coverage, with coverage limits of not less than \$2,000,000 per occurrence for bodily injury and property damage, \$4,000,000 general aggregate, \$4,000,000 products and completed operations aggregate and \$2,000,000 personal and advertising injury limit;
- Business or commercial automobile liability insurance with a combined single limit of \$1,000,000 per accident;
- Excess/umbrella liability with coverage limits of at least \$100,000,000 per occurrence and in the aggregate;
- Pollution liability with coverage of \$5,000,000 per occurrence and in the aggregate;
- Builder's risk with coverage for the completed value or equivalent policy to sufficient cover the total value of the entire Firming Project on a replacement cost basis, provided flood and earthquake may be subject to an annual aggregate sublimit of not less than \$50,000,000;
- Professional liability policy with coverage limits of at least \$5,000,000 per claim and aggregate; and
- Jones Act, and the Longshore & Harbor Workers' Compensation Act, as required.

Annual Operating Budget

Annual operating costs of the Firming Project will be funded by the Allotees. Annual operating expenses of the Firming Project are currently estimated to be about \$2 million. This cost is relatively low because this largely only covers the cost of operating the reservoir and potential costs for interruption of power generation in the C-BT Project under certain operational scenarios. Cost of operating the Windy Gap Project are paid separately.

LOAN ALLOTTEES

The Loan Allotees are Platte River Power Authority, the City of Greeley, the Town of Erie, the Little Thompson Water District, the Superior Metropolitan District No. 1, the City of Louisville, and the City of Lafayette. Platte River Power Authority owns and operates an electric generation and transmission system for the wholesale distribution of electricity to certain municipalities in the State. Each of the other Loan Allotees owns and operates a water system for the distribution of water to its retail customers. For

information concerning the Loan Allotees with a Financing Participation Percentage exceeding 10% and their respective enterprise systems, see APPENDIX A—LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS.

INVESTMENT CONSIDERATIONS

The purchase of the Series 2021 Bonds involves special risks and the Series 2021 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of the Series 2021 Bonds and could affect the market price of the Series 2021 Bonds to an extent that cannot be determined at this time. The following does not purport to be an exhaustive or definitive listing of risks and other considerations which may be relevant to investing in the Series 2021 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future.

General

The payment of principal of and interest on the Series 2021 Bonds is secured solely by a pledge of the Revenues and certain funds under the Resolution. The realization of the Revenues sufficient to enable the Allotees to make payments under the Allotment Contracts is subject to, among other things, the capabilities of management of the Allotees, the ability of the Allotees to provide utility services to their users, and the ability of the Allotees to establish and maintain fees and charges sufficient to provide the required debt service coverage as well as pay for operation and maintenance costs.

Among other matters, drought, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of revenues realized by the Allotees and ultimately the ability of the Allotees to make payments under the Allotment Contracts.

Special Limited Obligations

The Series 2021 Bonds are special revenue obligations of the Enterprise payable solely from the amounts received by the Enterprise from the Loan Allotees under the Allotment Contracts. The obligations of the Loan Allotees to make payments to the Enterprise under the Allotment Contracts are special obligations of each Loan Allottee, payable solely from the revenues and other moneys derived by each Loan Allottee from its enterprise. The Series 2021 Bonds do not constitute a general obligation debt or indebtedness of the State, the Enterprise, the Subdistrict, Northern Water, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitations or provisions, and neither the faith and credit nor the taxing power of any of the foregoing is pledged for the payment of the Series 2021 Bonds. The Enterprise does not have the legal authority to levy a tax.

No Mortgage or Lien Interests Secure the Series 2021 Bonds

The Series 2021 Bonds are not secured by any encumbrance, mortgage or other pledge of property of the Enterprise, the Subdistrict, Northern Water or any Allottee, except for the Revenues and any moneys pledged in the future for payment of the Series 2021 Bonds. For a discussion of existing liens on the Net Revenues, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS.”

Receipt of Cash Payments From Cash Allottees

As of the time of the sale of the Series 2021 Bonds, the Enterprise expects to have received the Cash Allottees' cash payments except for the City of and County of Broomfield, which deposited \$20,000,000.00 of its \$174,368,120.32 in escrow on June 18, 2021. Broomfield anticipates issuing revenue bonds no later than September 20, 2021 to provide for the remainder of its cash payment. On July 13, the Broomfield City Council adopted Ordinance No. 2157 authorizing the issuance of such revenue bonds, and a public hearing and second and final reading relating to such Ordinance are scheduled for August 10, 2021. The Enterprise estimates that the cash in Broomfield's escrow will fund Broomfield's share of costs through the end of 2021.

If Broomfield does not deliver its funds on time, Broomfield will be in default under and subject to the forfeiture provisions of its Allotment Contract. Without Broomfield's full payment, the Enterprise will not have sufficient funds to complete the Firming Project as currently contemplated, and the Enterprise would make a determination of whether it would raise additional funds through the sale of Broomfield's forfeited allotment in the Firming Project or whether it would scale back the Firming Project. See also "INVESTMENT CONSIDERATIONS – Construction Risk."

Construction Risk

Completion of the Firming Project, to the extent it has not been constructed, involves many risks common to large construction projects, such as shortages of materials and labor, work stoppages, labor disputes, litigation, environmental problems and compliance, errors and omissions by architects, engineers and contractors, significant increases in material costs, weather, accidents, contractor or subcontractor defaults, defective workmanship and permitting and approvals, any of which could lead to delays or cost overruns. A specific inherent risk to a dam and reservoir project is its geotechnical risk. With large and complex projects, it is not possible to fully characterize 100% of the subsurface or site geohazards. To minimize and mitigate this risk, the Enterprise has utilized engineering consultants with specific experience in all aspects of dam and reservoir design. The engineers have evaluated the nature of the Chimney Hollow valley by advancing geotechnical borings, excavating test pits and test trenches, and performing geophysical testing to develop an understanding of the engineering characteristics of the subsurface. The engineers also performed sitewide geological and geotechnical mapping to evaluate, characterize, and quantify site geohazards. These characteristics were incorporated into the basis of design of the dams and reservoir, however due to the geotechnical unknowns, it is possible to still find unexpected subsurface conditions which may impact project design or material volumes.]

If plans regarding construction of the Firming Project result in construction costs that exceed the amount available to pay such costs, the construction plans would have to be modified to lower construction costs, and there is a risk that construction of the Firming Project would not be completed as planned and in a timely fashion. Additionally, if Broomfield fails to deliver the remainder of its cash payment, the timing of construction, or scale of the Firming Project may be impacted. See "INVESTMENT CONSIDERATIONS – Receipt of Cash Payments from Cash Allottees."

The Allottees' obligations to pay amounts due under the Allotment Contracts are not dependent on whether Windy Gap Project Water is stored in or delivered from the Firming Project.

Water Supply Relevant to the Firming Project

Colorado, like most states in the American Southwest, is an arid state that has limited water supplies that vary over time due to variations in weather and climate. Capturing and storing water in

reservoirs in wet years for use in subsequent dry years is an important component of the water supply strategy in Colorado and other similar states. The Firming Project provides water storage capacity for use by Allottees to store Windy Gap Project Water. If Windy Gap Project Water is not available at the time of completion of construction of the Firming Project, the Chimney Hollow Reservoir will be filled with C-BT Project water under the concept of “pre-positioning,” and Windy Gap Project Water will be substituted for the pre-positioned C-BT Project water when it becomes available. The Firming Project allows the Allottees to increase the reliability of approximately 30,000 acre-feet of their Windy Gap Project Water supplies, but does not create a new water supply. While not a direct comparison, C-BT Project water currently has a market price of approximately \$85,000 per acre-foot. Windy Gap Project Water that is stored in the Firming Project has legal characteristics similar to, and in some aspects more favorable than, C-BT Project water.

Windy Gap Project Water is diverted from the Colorado River. The availability of Windy Gap Project Water for storage in the Firming Project is affected by the physical supply available for diversion from the Colorado River by the Windy Gap Project (discussed below in “Climate” and “Drought”), the amount of water that is legally available for diversion by the Windy Gap Project under Colorado law that allocates the available supply between competing demands within Colorado (discussed below in “Windy Gap Project Water and Water Rights”), and the amount of water that is available for use in Colorado under the 1922 Colorado River Compact (the “1922 Compact”), the 1948 Upper Colorado River Compact (the “1948 Compact”) and other related federal laws and guidelines commonly referred to as the “Law of the Colorado River” (discussed below in “Interstate Compacts and the Law of the Colorado River”). Although the Colorado River has been in severe drought conditions since 2001, the Windy Gap Project has provided water for use by Windy Gap Project Participants during the period 2001-2021 when the Colorado River basin has been in severe drought conditions. The discussion of water supply data in this section uses different time periods for the calculation of averages or other data because official records do not use a standard time period for these purposes. In some contexts consideration of a longer time period may be appropriate, and in other contexts consideration of the most recent drought period may be appropriate.

Severe drought conditions may continue in the future in the Colorado River basin. It is anticipated that in August 2021 the Secretary of the Interior will make a determination of a “Shortage Condition” pursuant to the “Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead” issued in 2007. A determination of a Shortage Condition affects the apportionment of Colorado River water to Arizona, California and Nevada for the following year. A declaration of a Shortage Condition does not affect the apportionment of water to or use of water by Colorado, New Mexico, Utah or Wyoming for the following year. Under current law, the authority of the Secretary of the Interior to make a determination of a Shortage Condition is limited to the Lower Division states of Arizona, California and Nevada. Future hydrologic conditions for the specific watershed that provides a water supply to the Windy Gap Project may be more or less favorable than exist in the Colorado River basin. If drought conditions continue, there may be years when the Windy Gap Project does not provide a water supply for storage in the Firming Project because of a reduction in the physical supply of water available for diversion by the Windy Gap Project, demands for water by other water users in Colorado that have a “senior” or higher priority to the use of the available supplies under Colorado law, or limitations on the diversion of water by the Windy Gap Project pursuant to the 1922 Compact, the 1948 Compact, or other aspects of the Law of the Colorado River.

It is not possible to predict with certainty whether, when or to what extent any or all of the aforementioned factors will actually affect the water supply provided by the Windy Gap Project. Additionally, it is difficult to predict the amount of precipitation that will actually be physically available in future years in the specific watersheds that provide a water supply for the Windy Gap Project, the timing of snowmelt and resulting runoff in those specific watersheds in future years, and whether the

water supply that is physically available at a particular time cannot be diverted by the Windy Gap Project because it belongs to a “senior” or higher priority water right under Colorado law. Whether, when and to what extent a continuation of drought conditions in the Colorado River basin will result in limitations on the diversion of water by the Windy Gap Project pursuant to the 1922 Compact, the 1948 Compact or other aspects of the Law of the Colorado River is dependent on multiple interrelated factors. These interrelated factors include the amount of water in the Colorado River basin in future years, resolution of legal disputes between the seven Colorado River basin states relating to the interpretation and implementation of the 1922 Compact and aspects of the Law of the Colorado River relating to the operation of Lake Powell and Lake Mead, and resolution of potential legal disputes between four of the seven Colorado River basin states relating to the interpretation and implementation of the 1948 Compact.

Drought conditions in the Colorado River basin that adversely affect the water supply provided by the Windy Gap Project for storage in the Firming Project may or may not cause a material adverse effect on the water supply systems of the Allottees. Each of the Allottees has a different water supply portfolio, and most have access to permanent or temporary rights to water derived from the South Platte River basin, which is not a part of the Colorado River basin. Subject to satisfying certain regulatory and other pre-conditions, it may be possible for an Allottee to store water from South Platte River sources in the Firming Project in the future. Consequently, there is not a direct correlation between a reduction in the Windy Gap Project Water derived from Colorado River basin sources and the water supply actually used by the Allottees in a particular year or revenues available to the Allottees that will be used to repay amounts due under the Allotment Contracts. **The Allottees’ obligations to pay amounts due under the Allotment Contracts are not dependent on whether Windy Gap Project Water is stored in or delivered from the Firming Project.**

Climate. Climate in the Colorado River basin has always in the past and will always in the future change or vary. Climate change that results in varying levels of drought will occur in the future in the Colorado River basin, regardless of whether climate changes are caused by a repeat of historic climatic conditions, factors such as human caused impacts on climate, or a combination of both. Models that attempt to predict future climate conditions for the purpose of predicting water supply conditions are complex and have varying levels of reliability, particularly when applied at a small geographic scale. The United States Bureau of Reclamation submits periodic reports to Congress that analyze “projected risks to water supplies in the West using the best available science...”. These reports include chapters specific to river basins, including the Colorado River Basin.* The 2021 Colorado River Basin Report states that there is a trend towards reduced precipitation in the Colorado River basin. If this trend continues over time it will result in reduced flows in the Colorado River basin. However, these reports do not currently provide reliable climate predictions specific to the portion of the Colorado River watershed that supplies water to the Windy Gap Project. Known current trends that may be considered to be climatic in nature but are not based on complex modeling include recorded increased average temperatures in the Colorado River basin. Increased temperatures may have a number of adverse effects on water supply, including changes in evaporation, evapotranspiration, soil moisture, vegetation growth, dust deposition on snowpack, wildfire events, the distribution of the annual water supply between rainfall and snow, the amount, timing and rate of runoff from snowmelt, and the demand for water by water rights that are senior in priority to the Windy Gap Project Water Rights.

Drought. There are at least three general variables that determine the impact of a drought on a particular water supply – geographic extent, amount of reduction in the natural water supply at a particular location, and the temporal duration of a drought at a particular location. The Colorado River basin has at times in the past, is now, and will at times in the future that cannot be predicted, be in drought conditions. The current drought in the Colorado River basin as a whole has been characterized by the

* <https://www.usbr.gov/climate/secure/docs/2021secure/basinreports/ColoradoBasin.pdf>.

Department of the Interior as “one of the most severe” in the past 1200 years.”* Colorado River basin flows into Lake Powell for the period 2001-2020 have averaged 82 percent of the flows for the period 1964-2020. Colorado River basin flows into Lake Powell during 2020 were 54 percent of the average for the period 1981-2010, and flows in 2021 are predicted to be 31 percent of the average for the period 1981-2010. Current predictions of water storage levels in Lake Mead and Lake Powell, which are the two primary water storage reservoirs on the Colorado River mainstem, include scenarios in the next few years where storage amounts in these reservoirs may be near or fall below record low storage amounts.

The specific portion of the Colorado River watershed that provides water to the Windy Gap Project has not experienced the same level of drought conditions as have existed in the Colorado River basin since 2001.† Colorado River flows for the period 2001-2021 in the specific watersheds that provide water to the Windy Gap Project have been 99 percent of the average for the period 1955-2020 and individual years during that period have ranged from 41 to 187 percent of average for the period 1955-2020. In 2021, Colorado River flows in the watersheds that provide water to the Windy Gap Project are forecast to be 70% percent of the average for the period 1955-2020 and the Windy Gap Project has diverted over 15,000 acre feet in 2021.

Windy Gap Project Water and Water Rights. The Windy Gap Project diverts water from the headwaters of the Colorado River in Grand County, Colorado for storage and conveyance in and through the C-BT Project, which includes Lake Granby. The Windy Gap Project has water rights that have been confirmed by judicial decrees pursuant to Colorado Law. Pursuant to these decrees, the Subdistrict owns water rights for the following Windy Gap Project components: Windy Gap Reservoir; Windy Gap Pump, Pipeline, and Canal; Windy Gap Pump, Pipeline, and Canal, First Enlargement; and Windy Gap Pump, Pipeline, and Canal, Second Enlargement (the “Windy Gap Project Water Rights”). In addition, on April 30, 2021, the Subdistrict filed Case No. 21CW3075 in the relevant state court for the correction of errors in certain legal descriptions for Windy Gap Project structures pursuant to a state statute that provides a means for correction of errors in the legal descriptions in decreed water rights. The process for a case of this nature under Colorado law is that an “Application” is filed to open the case, and potential opponents then have two months to file an “objection”, or be adverse, to the application. Three entities filed an objection in this case. All three entities have stipulated to the entry of a decree by the court that grants the relief sought by the Subdistrict. While not certain, the current expectation is that the proposed decree will be approved without a trial or other adverse proceedings.

Water is legally available for diversion under the Windy Gap Project Water Rights when it can be diverted without causing injury to “senior” or higher priority water rights in the Colorado River basin in Colorado. In dry years the amount of water legally available for diversion from the Colorado River by the Windy Gap Project Water Rights may be reduced or there may not be any water legally available for diversion by the Windy Gap Project Water Rights. In wet years space to store Windy Gap Project Water in Lake Granby may be limited or may not exist. A lack of storage space in Lake Granby means that Windy Gap Project Water previously stored in Lake Granby may be released to make space for C-BT Project water. Released Windy Gap Project Water is no longer available for delivery to Windy Gap Project Participants, and additional Windy Gap Project Water cannot be pumped by the Windy Gap Project for storage in Granby Reservoir in that water year. The Firming Project provides additional storage capacity for Windy Gap Project Water for future use in dry and wet years, and would have allowed the Windy Gap Project to avoid the loss of most, if not all, of the Windy Gap Project Water that was released because of a lack of storage space in Lake Granby.

* <https://www.doi.gov/water/owdi.cr.drought/en/>.

† Different periods of time are used for the comparison of flows in the Colorado River basin as a whole versus the watersheds that provide water to the Windy Gap Project because of differences in data sets.

The Windy Gap Project became operational in 1985. For the period 1985-2021, the Windy Gap Project diverted a total of 488,500 acre-feet of water into storage, diverted water into storage in 24 years of that 37-year period, and delivered Windy Gap Project Water to Windy Gap Project Participants in 36 years of that 37-year period. In some years C-BT Project water was delivered to Windy Gap Project Participants “in lieu” of Windy Gap Project Water. In-lieu deliveries must be paid back with either Windy Gap Project Water or C-BT Project water in a future year. The Windy Gap Project was built in significant part to serve future demands. Diversions of Windy Gap Project Water for the period 1985-2021 include times when the full capacity of the Windy Gap Project was not utilized because the anticipated increase in demand for water by Windy Gap Project Participants had not yet occurred. However, population and economic growth in the area has increased in recent years. For the period 1985-2021 average annual diversions are 13,200 acre feet, and a maximum of 63,700 acre feet was pumped in 2003. Although the Colorado River basin has been in drought conditions since 2001, for the period 2001-2021 the Windy Gap Project diverted a total of 356,500 acre-feet of water into storage, diverted water into storage in 14 years of that 21 year period, and delivered Windy Gap Project Water to Windy Gap Project Participants in every year of that 21-year period. For the period 2001-2021 average annual diversions are 17,000 acre feet, and a maximum of 63,700 acre feet was pumped in 2003. Additional water was physically and legally available at other times since 1985, but was not diverted based on actual orders for water by Windy Gap Project Participants or the lack of available storage space in Granby Reservoir. Additional water would have been diverted by the Windy Gap Project since 1985 if the storage that will be provided by the Firming Project had been available.

Interstate Compacts and the Law of the Colorado River. The use of water in the Colorado River basin is subject to a complex set of interstate compacts, an international treaty between the United States and the Republic of Mexico, and the Law of the Colorado River. The 1922 Compact allocates Colorado River water among the Lower Division States of Arizona, California, and Nevada and the Upper Division States of Colorado, New Mexico, Utah, and Wyoming. Water use in the Upper Division States is also subject to the 1948 Compact. The Upper Colorado River Commission (“UCRC”) is an agency that was created by the 1948 Compact. The 1948 Compact includes provisions that relate to the relative responsibility and authority of the UCRC and of each of the Upper Colorado River Division States under the 1922 Compact and the 1948 Compact. If the requirements of the 1922 Compact or the 1948 Compact are not met in the future, water uses in Colorado, including the Windy Gap Project, may be adversely affected – a “Compact Enforcement Event.”

The 1922 Compact provides, among other things, that “The States of the Upper Division will not cause the flow of the river at Lee Ferry to be depleted below an aggregate of 75,000,000 acre-feet for any period of ten consecutive years reckoned in continuing progressive series...”. The UCRC Annual Report for Water Year 2020 states that “The progressive 10-year total at Lee Ferry was 92,509,400 acre-feet from 2011 to 2020 ...”.* While Water Year 2021 has not yet ended, the anticipated Water Year 2021 flows will result in a progressive 10-year total for the period 2012 to 2021 of approximately 88,150,000 acre-feet. The Upper Division states have fully complied with the requirements of the 1922 Compact and 1948 Compacts. A Compact Enforcement Event may occur in the future if continued drought conditions cause the progressive 10-year total at Lee Ferry to fall below 75,000,000 acre-feet. It is also possible that litigation or other official actions related to the 1922 Compact, 1948 Compact, or other aspects of the Law of the Colorado River may affect the diversion of water in Colorado, including by the Windy Gap Project, before the progressive 10-year total flow falls below 75,000,000 acre-feet.

The Colorado River basin states have worked cooperatively with the Department of the Interior since the mid-1990’s to address issues related to drought in the Colorado River basin. The UCRC 2020

* See <http://www.ucrcommission.com/wp-content/uploads/2021/06/UCRC-WY2020-Annual-Report-Final-June-10-2021.pdf> (“UCRC 2020 Report”).

Report includes a summary of recent efforts in this regard. Notable examples include the 2007 “Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead”, and the Drought Contingency Plan adopted by the states in 2019 (see Colorado River Drought Contingency Plan Authorization Act, Pub. L. 116-14, 133 Stat. 850 (Apr. 16, 2019)) that provides a framework for the Colorado River basin states to address drought issues in the basin. If severe drought conditions continue in the future and the Colorado River basin states and the Department of the Interior do not reach agreement on additional measures, the United States Supreme Court is the most likely forum for resolution of disputes between the states regarding the 1922 Compact, 1948 Compact and other aspects of the Law of the Colorado River that deal with the allocation of water between Colorado River basin states.

The Subdistrict has in the past and will in the future be actively involved in numerous planning efforts, studies and the ongoing discussions that are occurring between the Upper and Lower Basin States, the Federal Government, and other stakeholders on issues involving drought in the Colorado River. Subdistrict representatives serve on the UCRC Legal and Engineering Committees. The Subdistrict is also actively involved in discussions within Colorado regarding strategies to address Colorado River drought conditions.

Risks Related to Customer Sales and Usage

The Allottees’ sales and revenues are related to customer usage which is influenced by demand for electricity in the case of Platte River Power Authority and water in the case of all other Allottees. Customer usage is affected by a number of factors outside the control of the Allottees, such as weather, energy efficiency, demand-side management, distributed generation, and economic and demographic conditions such as population, job and income growth, housing starts and the overall level of economic activity. Technological advances utilizing energy efficiency end-use devices and other improvements or applications of technology could lead to declines in per capita utility consumption. Over the past several years, average customer usage for electricity has remained stable or declined slightly while average customer usage for water has declined. While many of the Allottees’ costs are variable and will fluctuate with variance in commodity use, fixed cost recovery is embedded in the Allottees’ base (and fixed) rate components. The inconsistency between a fixed cost component and a variable revenue structure can cause budgeting and financial instability and uncertainty. The Allottees have historically addressed these variances by periodic base rate adjustments and utilizing its cash reserves as necessary.

General Factors Affecting Development Within the Enterprise’s Service Area

All development and construction activity, as well as growth of the Allottees’ customer bases and the revenues generated therefrom, could be affected significantly by general economic conditions. Development in the Allottees’ service areas also may be affected by factors such as local government policies with respect to land development, the financial condition of developers operating in the area, interest rates, the availability of mortgage funds, adequate regional transportation facilities, and other political, legal, and business conditions. See APPENDIX A—LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS.

Operational Risks

The Firming Project and the Allottees’ utility system(s) operations are subject to various local, state and federal environmental laws, regulations and permits. Compliance with such laws and regulations will likely require significant capital outlays. In long-range forecasts, the Enterprise and each of the Allottees have included expenses for such capital outlays of which they are aware, or which they reasonably anticipate incurring. The expenses for certain Loan Allottees are discussed in APPENDIX A –

LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS. The impact and cost of any proposed legislative and regulatory initiatives on the Enterprise and/or any of the Allottees are under evaluation, but the costs of compliance with such proposed legislation and initiatives are not yet known and therefore cannot be quantified at this time.

Risks Related to COVID-19 (Coronavirus)

As of the date of this Official Statement, the Enterprise has not experienced any materially adverse impacts on its operations or financial status caused by COVID-19. The Enterprise believes this result is due to actions taken by management and employees to reduce the spread of COVID-19 and the essentiality of the services provided by Northern Water, the Subdistrict, and its enterprises. With respect to Enterprise operations, safety precautions have been put in place and a significant number of employees have largely been able to successfully work remotely since March 2020. A majority of the staff has now returned to work at their normal duty stations. Accordingly, the Enterprise believes it would be prepared to efficiently respond to changes in staffing should any COVID-19-related needs arise.

The Enterprise is closely monitoring the impact of COVID-19 on its operations and ultimately, the underlying financial impact on its revenues. It is unknown how extensive the spread of COVID-19 will be in the Enterprise's service area or the State, or how long the current restrictions will remain in place, and these things may change rapidly. Although the Enterprise does not anticipate any material impacts caused by COVID-19, it is not possible to ultimately predict whether current economic conditions will continue or worsen, the duration of such changing conditions, or how future short-term and long-term economic conditions will affect the Enterprise's finances in general.

Please refer to APPENDIX A – LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS for information regarding the current and potential impact of the COVID-19 outbreak on the operations and finances of the respective enterprises of the Allottees. The financial information and operating data contained in APPENDIX A – LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS are in relation to dates and periods prior to the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the current financial condition or future prospects of the Enterprise and the respective enterprises of the Allottees.

Cyber and Data Security

The Enterprise, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Enterprise faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "Systems Technology"). There have been cyber-attack attempts on the Enterprise's Systems Technology in the past, but not any resulting in a material compromise of the system, data loss or breach that the Enterprise has identified.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Enterprise's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

No assurances can be given that the Enterprise's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Enterprise's Systems Technology and cause disruption to the Enterprise and/or its services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Enterprise to material litigation and

other legal risks, which could cause the Enterprise to incur material costs related to such legal claims or proceedings. Northern Water employs a Chief Information Security Officer and will continue to assess cyber threats and protect its data and systems, with a conscious effort to prioritize based on potential impact of issues and the likelihood of those issues manifesting into an incident. Northern Water is in the process of updating and compiling cyber and data security policies and provisions and expects to have such policies and procedures adopted and implemented by December 31, 2021. However, any such policy cannot prevent all exposure to cybersecurity risks.

Northern Water in the past used SolarWinds software to monitor network and application performance. SolarWinds was the subject of a well-publicized cyber-attack in 2020. While Northern Water no longer uses SolarWinds software, it continues to investigate whether that cyber-attack caused any issues specifically relating to the safeguarding and protection of Northern Water's data, information, and assets, but to date has not identified any such issues. Northern Water has taken precautions to minimize vulnerabilities related to the SolarWinds cyber-attack and is not aware of any continued risks associated with the cyber-attack, although no assurances can be given at this time that no cybersecurity risks remain as a result of this cyber-attack.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any sections discussing expected or interim financial results of the Enterprise for 2020 or amounts budgeted for 2021 (or future fiscal years) contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "plan," "project," "predict," "expect," "forecast," "anticipate," "intend," "believe," "estimate," "budget," "model" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the Series 2021 Bonds.

Risks Regarding Fluctuations in Allotees' Enterprise Revenues

The revenues derived from the Allotees' water or, in the case of Platte River Power Authority, wholesale electricity sales, as applicable, are subject to significant fluctuation primarily due to weather. For example, in 2014 and 2015 water revenues experienced significant shortfalls as a result of wetter and cooler than normal weather. In addition, customers continue to use less water each year in response to drought conditions, watering restrictions, indoor conservation/efficiency, and increased water rates. Some customer behavior may result in permanent change, such as when lawns are abandoned or replaced with xeriscaping.

The annual fluctuations in water revenues are exacerbated by the fixed nature of the Allotees' costs as the fixed cost of providing water does not vary considerably when the amount of water delivered to customers varies. The infrastructure intensive water systems are generally built to meet peak day-to-annual demands which also includes fire flows, reliability and redundancy requirements, and increasingly stringent regulatory requirements. Moreover, the rate structures used to recover the cost of service are designed to encourage water efficiency and conservation and are, therefore, variable in nature because the vast majority of revenue comes from highly variable commodity use. The inconsistency between a fixed cost structure and a variable revenue structure causes annual budgeting and financial instability and uncertainty.

It is not possible to predict what impacts, if any, weather will have on the Allottees' enterprise revenues in the future.

Changes in Law

Various State laws and constitutional provisions limit revenues and spending of the State and local governments, including the Enterprise and the Allottees, and generally govern the operation of the Enterprise and the Allottees. State laws, constitutional provisions and federal laws and regulations also apply to the obligations created by the issuance of the Series 2021 Bonds. There can be no assurance that there will not be changes in interpretation of or additions to the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the Enterprise and the Allottees.

Statutory and Regulatory Impact

Laws and regulations governing conservation, transmission, treatment and delivery of water are enacted and promulgated by government agencies on the federal, State and local levels. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed, these costs will likely increase. In addition, claims against the Enterprise or any Allottee for violations of regulations with respect to its facilities and services could be significant. Such claims would be payable from the water revenues of the Enterprise or such Allottee or from other legally available sources of the Enterprise or such Allottee. Federal and state laws and regulations also impact operation of the Project through the regulation of water quality and imposition of requirements for appropriation of water. The constraints imposed by environmental laws and regulations can potentially limit the current water yield or further expansion of existing water projects as well as prohibit new project development. The financial impact of these constraints on the Project is not yet known and therefore cannot be quantified at this time.

Additional Parity Obligations

The Enterprise is permitted by the Resolution, subject to certain restrictions and limitations, to issue Additional Parity Obligations payable from and secured by the Revenues on a parity basis with the lien thereon of the Series 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT — Additional Obligations Payable from the Revenues — Additional Parity Obligations."

Investment of Funds

All funds and accounts held under the Resolution are required to be invested in Permitted Investments as provided under the Resolution. See APPENDIX B – FORM OF THE RESOLUTION attached hereto for a summary of the definition of Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by public agencies, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Resolution could have a material adverse effect on the security of the Series 2021 Bonds.

Limitations on Remedies

As described herein, the Series 2021 Bonds are payable solely from and secured as to the payment thereof in accordance with their terms and the terms of the Resolution solely by the proceeds of the sale of Series 2021 Bonds, the Revenues and the other moneys and securities pledged and assigned

therefor pursuant to the Resolution. The Series 2021 Bonds are not secured by any interest in, or mortgage upon, the physical assets comprising the Project or any part thereof.

The enforceability of the rights and remedies of the owners of the Series 2021 Bonds and the Trustee, and the obligations incurred by the Enterprise and the Allotees under the Resolution and the Allotment Contracts, may be subject to the following, among other things: the limitations on legal remedies against public agencies in the State; the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; principles of equity which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal government or the State, if initiated, could subject the owners of the Series 2021 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited since the utilities of the Allotees serve an essential public purpose.

If an Event of Default should occur under the Resolution, the Trustee and the Owners of the Series 2021 Bonds have no ability to accelerate the maturity of the Series 2021 Bonds. This means that even after an Event of Default occurs, the Series 2021 Bonds may be paid according to their regularly scheduled due dates. This may result in delays or reductions in payments on the Series 2021 Bonds compared to what would happen if the Trustee could accelerate the maturity of the Series 2021 Bonds, and could cause the market value of the Series 2021 Bonds to decline after an Event of Default.

Secondary Market

No assurance can be given that a secondary market for the Series 2021 Bonds will be maintained by the Underwriters or by any other entity. Prospective purchasers of the Series 2021 Bonds should therefore be prepared to bear the risk of the investment represented by the Series 2021 Bonds to maturity.

COLORADO CONSTITUTIONAL AMENDMENT

In 1992, Colorado voters approved the Taxpayer's Bill of Rights ("TABOR"), that constitutes Article X, Section 20 of the State Constitution. TABOR imposes various limits and requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a), above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or

on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that “[w]hen [a governmental unit’s] annual... revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, [the voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency.” The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

Enterprise Exemption. A governmental entity that qualifies as an “enterprise” is exempt from the provisions of TABOR. TABOR defines the term “enterprise” as a government owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all State and local governments combined. Qualification as an enterprise is determined annually. If an activity that qualified as an enterprise in one year no longer qualifies in a subsequent year, the revenue and spending of the activity will be subject to TABOR’s fiscal year spending limits in the subsequent year (the limit will be adjusted for the revenue and spending of the Enterprise during the previous year).

LITIGATION

At the time of delivery of the Series 2021 Bonds, an authorized officer of the Enterprise will certify that, to the knowledge of such officer, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or federal) restraining or enjoining the issuance, sale or delivery of the Series 2021 Bonds or the collection of Revenues, or in any way questioning or affecting (i) the proceedings under which the Series 2021 Bonds are to be issued, (ii) the validity of any provision of the Series 2021 Bonds or the Resolution, (iii) the pledge by the Enterprise under the Resolution, (iv) the validity or enforceability of the Allotment Contracts, (v) the legal existence of the Enterprise or the title to office of the present officials of the Enterprise, or (vi) the authority of the Enterprise to operate the Project.

TAX MATTERS

General Matters. In the opinion of Butler Snow LLP, Denver, Colorado, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021 Bonds (including any original issue discount properly allocable to the owner of a Series 2021 Bond) is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined Section 55(b)(2) of the Code. The opinion described above assumes the accuracy of certain representations and compliance by the Enterprise with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2021 Bonds. Failure to comply with such requirements could cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021 Bonds. The Enterprise has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021 Bonds.

Bond Counsel also is of the opinion that, under existing law, interest on the Series 2021 Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income.

The accrual or receipt of interest on the Series 2021 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2021 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2021 Bonds.

Original Issue Discount. The Series 2021 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the "adjusted issue price" of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Series 2021 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond.

A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2021 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2021 Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

A copy of the form of opinion of Bond Counsel relating to the Series 2021 Bonds is included in APPENDIX D.

PROSPECTIVE PURCHASERS OF THE SERIES 2021 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2021 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2021 BONDS.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings, Inc., have assigned the Series 2021 Bonds the credit ratings of "[] (negative outlook)" and "[] (stable)," respectively. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2021 Bonds.

Each credit rating should be evaluated independently of any other rating. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. A credit rating reflects only the view of the organization furnishing the same and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same.

The above described ratings are not a recommendation to buy, sell or hold the Series 2021 Bonds. There is no assurance that any such rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the rating agency furnishing such rating, if in the judgment of such rating agency, circumstances so warrant. The Enterprise undertakes no responsibility to oppose any such revision or withdrawal. Any downward revision or withdrawal of a credit rating may have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

The Series 2021 Bonds will be purchased for reoffering by Goldman Sachs & Co. LLC and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"), at an aggregate purchase price of \$[____], representing the sum of the purchase price of the Series 2021 Bonds (equal to the par amount of the Series 2021 Bonds, less an underwriters' discount of \$[____] and [plus][less] [net] original issue [premium][discount] of \$[____]). The Underwriters will be obligated to purchase all of the Series 2021 Bonds if any of the Series 2021 Bonds are purchased.

The Underwriters may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing Series 2021 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

CERTAIN RELATIONSHIPS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the Enterprise, Northern Water, the Subdistrict and one or more of the Allotees in connection with such activities. The Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the Enterprise, Northern Water and the Subdistrict for which they received or will receive customary fees and expenses.

In the various course of their various business activities, the Underwriters and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Enterprise, Northern Water and the Subdistrict (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Enterprise, Northern Water and the Subdistrict.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the authorization and issuance of the Series 2021 Bonds are subject to the approval of Butler Snow LLP, Bond Counsel. The form of opinion Bond Counsel propose to render with respect to the Series 2021 Bonds is attached as APPENDIX D hereto. Certain legal matters with respect to the Enterprise will be passed upon by its Counsel, Trout Raley, Denver, Colorado. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado. Butler Snow LLP, as Disclosure Counsel to the Enterprise, will deliver an opinion regarding certain matters to the Enterprise and the Underwriters.

MUNICIPAL ADVISOR

The Enterprise has retained PFM Financial Advisors LLC, Los Angeles, California, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Series 2021 Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor is contingent upon the issuance and delivery of the Series 2021 Bonds.

CONTINUING DISCLOSURE FOR THE SERIES 2021 BONDS

Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, the Enterprise, for the benefit of the registered and beneficial owners of the Series 2021 Bonds, will undertake, simultaneously with the issuance of the Series 2021 Bonds, to provide certain financial information and operating data (the “Annual Report”) relating to the Enterprise and the Loan Allotees with the largest Financing Participation Percentages described in APPENDIX A hereto. The Enterprise will further undertake to provide notices of the occurrence of certain enumerated events with respect to the Series 2021 Bonds, if material. The Annual Report is to be provided not later than nine (9) months following the end of the Enterprise’s fiscal year, commencing with the Enterprise’s fiscal year ending September 30, 2021. The Annual Report is to be filed by or on behalf of the Enterprise with the Municipal Securities Rulemaking Board (“MSRB”) through the MSRB’s Electronic Municipal Market Access (“EMMA”) system. The notices of such material events will also be filed by or on behalf of the Enterprise with the MSRB through the EMMA system. The specific nature of the information to be contained in the Annual Report and the notices of events is set forth in the form of the Continuing Disclosure Certificate which is included in its entirety in APPENDIX E hereto. The Enterprise’s continuing disclosure undertaking has been made in order to assist the Underwriters in complying with SEC Rule 15c2-12. The Enterprise has not previously entered into any continuing disclosure undertakings.

Pursuant to its respective Allotment Contract, the Enterprise and each Allotee have agreed to adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to allow the Enterprise to comply with reporting obligations. Certain Loan Allotees have entered into prior continuing disclosure undertakings (collectively, the “Prior Undertakings”) in connection with the issuance of various other series of tax-exempt bonds issued prior to the issuance of the Series 2021 Bonds. Certain of such Loan Allotees obligated under their respective Prior Undertakings failed to file or timely file the following items required by such Prior Undertaking. Below is a summary of such failures as it relates to those Loan Allotees discussed in APPENDIX A:

[CONFIRM WITH LOAN ALLOTTEES]

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the Enterprise. This Official Statement is hereby duly approved by the Enterprise as of the date on the cover page hereof.

WINDY GAP FIRMING PROJECT WATER
ACTIVITY ENTERPRISE

By: _____ /s/ [NAME]
President

APPENDIX A

LOAN ALLOTTEES WITH THE LARGEST ALLOTMENTS

Information contained in this APPENDIX A is presented as general background data. The 2021 Bonds are payable solely from and secured by certain Revenues and any other amounts pledged therefor pursuant to the Resolution. The taxing power of the State of Colorado the or any political subdivision thereof is not pledged to the payment of the 2021 Bonds. For additional information regarding security for the 2021 Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS." Audited financial information for each Loan Allottee can be found under the heading "AUDITED FINANCIAL Statements" within the Appendix for each Loan Allottee. Capitalized terms not otherwise defined in this Appendix A shall have the meanings ascribed to them in the body of this Official Statement.

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APPENDIX A-1
PLATTE RIVER POWER AUTHORITY
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PLATTE RIVER POWER AUTHORITY

General

Platte River Power Authority (“Platte River”) was formed as a joint action power authority in 1975 under a contract among the municipalities of Estes Park, Fort Collins, Longmont and Loveland (the “Municipalities”). Platte River’s mission is to safely provide reliable, environmentally responsible and financially sustainable energy and services to the Municipalities while driving utility innovation. Platte River is a generation and transmission utility operating in the wholesale market and does not serve retail customers. The electric utility retail distribution systems of the Municipalities are the main beneficiaries of Platte River’s electric operations. Platte River’s electric power and energy system sells surplus electricity not needed by the Municipalities to other electric utilities in the region and provides transmission service.

Platte River’s predecessor was initially established by the Municipalities in January 1966 as a nonprofit corporation and began revenue-producing operations in July 1973. Revenue-producing operations were initially limited to purchasing energy from the U.S. Bureau of Reclamation and reselling it to the Municipalities.

In 1975, the Colorado General Assembly adopted legislation allowing any combination of cities and towns that own and operate electric systems to establish by contract a separate governmental entity, known as a “power authority,” to effect the development of electric energy in whole or in part for the benefit of their inhabitants. Platte River was established by the Municipalities as a power authority and a separate governmental entity and political subdivision of the state of Colorado on June 17, 1975, through an “Organic Contract.” Under the Organic Contract, Platte River became the successor to the nonprofit corporation, entitled to all rights and privileges and subject to all obligations and liabilities of the corporation. In 2019, the Organic Contract’s term was extended through December 31, 2060, and thereafter until terminated by any Municipality following not less than twelve (12) months’ written notice to the other Municipalities of its intention to terminate.

Platte River originally entered into Contracts for the Supply of Electric Power and Energy (collectively, the “Electric Power Contracts”) with each of the Municipalities on September 5, 1974. In December 1974, the Larimer County District Court entered a declaratory judgment concluding that the Electric Power Contracts had been duly executed and delivered by each of the Municipalities and constituted valid and legally binding obligations of each of the Municipalities in accordance with their terms. The Electric Power Contracts are amended and extended at routine intervals, most recently in May 2019, and extend through December 2060 and thereafter until terminated by a party following not less than 12 months’ written notice. Platte River did not consider it necessary to seek declaratory judgments for the contract extensions.

The Electric Power Contracts are identical in all significant respects. Under each Electric Power Contract, Platte River agrees to sell and deliver to the contracting Municipality, and the Municipality agrees to take and pay for all electric power and energy that the Municipality requires for the operation of its municipal electric system to the extent that Platte River has power and energy available, with three exceptions: (1) each Municipality retains the right to continue to generate power and energy to the extent of the capacity of its generating facilities in service on

September 5, 1974; (2) each Municipality may own and operate new generation resources with a total rated capacity no greater than 1,000 kW or one percent of the peak load of that Municipality, whichever is greater; and (3) each Municipality may purchase from net metered customers, provided that for customers who have entered into agreements with entities that own and operate solar generation located on the customer's property, the solar generation may supply no more than 120% of the annual average consumption of electricity by the customer at that site.

Each Electric Power Contract provides that the obligation of the Municipality to pay Platte River for all electric power and energy furnished to the Municipality is a special obligation of the Municipality payable solely from revenues to be received from the sale of electric power and energy to electric utility customers during the term of the Electric Power Contract. The special obligation is not a lien, charge, or liability against the Municipality or against its property or funds other than revenues to be received from the sale of electric power and energy to the Municipality's electric utility customers while the Electric Power Contract remains in effect. Each Municipality agrees to maintain rates for electric power and energy furnished to its electric utility customers that will, after payment of all costs of operation and maintenance, return to the Municipality sufficient revenue to meet its obligations to Platte River under its Electric Power Contract.

For additional financial information regarding Platte River, see the financial statements submitted by Platte River under the heading "FINANCIAL INFORMATION OF PLATTE RIVER."

Governance and Management

Platte River is governed by an eight-member Board of Directors (the "Board"). The Board includes the mayor (or a member of the governing body designated by the mayor) of each Municipality. The other four members are appointed to four-year staggered terms by the governing bodies of each of the Municipalities and are selected for judgment, experience, and expertise that make them particularly qualified to serve on the Board.

Platte River operates under the direction of a general manager/chief executive officer who serves at the pleasure of the Board. The senior leadership team is comprised of the general manager/chief executive officer, chief financial officer/deputy general manager, chief operating officer, general counsel and chief strategy officer. Platte River's senior leadership team has substantial experience in the utility industry.

No Litigation Related to the Series 2021 Bonds

There is no litigation pending or, to Platte River' knowledge, threatened against Platte River in any way questioning or affecting the WGFP or the Series 2021 Bonds. From time to time, Platte River is involved in litigating condemnation, personnel claims, contract claims and other miscellaneous actions arising in the ordinary course of its electric utility operations, but Platte River does not anticipate that the outcomes of any of these types of litigation will, in the aggregate, materially adversely affect the results of its operations.

Service Area

The area served by Platte River and the Municipalities is situated just east of the Front Range of the Colorado Rocky Mountains and north of Denver. This region was historically devoted to agriculture, ranching, education, and tourism. Over the last three decades, substantial economic development has resulted from an influx of industries attracted by the natural beauty and skilled work force found in the region. Included among the industries are brewing and beverage, information and computer technology, medical technology, food processing, and warehousing and product distribution.

The following table provides the historical population information concerning the Municipalities:

Table A1-1
Historical Population of Municipalities

<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2019</u>
245,766	289,157	302,973	333,483	351,428

Source: United States Department of Commerce, Bureau of the Census (2000,2010), Municipalities (2005) and Colorado State Demography Office (2015,2019).

Platte River Electric System Facilities

The Rawhide Energy Station consists of: (a) Rawhide Unit 1, a 280 MW (net capacity) coal-fired generating facility, cooling reservoir and coal-handling facilities; (b) Rawhide Units A, B, C, D and F, five natural gas combustion turbines and related natural gas transmission and processing facilities; (c) related electric transmission facilities; (d) solar generation totaling 52 MW; and (e) 2 MWh of battery storage. The Rawhide site is located about 20 miles north of Fort Collins. Rawhide Unit 1 began commercial operation March 31, 1984. Rawhide Units A, B, C and D began commercial operations in 2002 and 2003. Rawhide Unit F began commercial operation in 2008. The station is connected to the transmission system by two double-circuit 230 kV transmission lines.

Rawhide Units A, B, C and D are General Electric Model EA natural gas combustion turbine generating units, which have a combined year-round capacity rating of 260 MW. Rawhide Unit F is a General Electric Model 7FA natural gas combustion turbine with a capacity rating of 128 MW.

On June 16, 2020, Platte River announced it will close Rawhide Unit 1 by 2030, 16 years before its planned retirement date.

Craig Unit 1 is rated at 427 MW and Craig Unit 2 is rated at 410 MW net capacity, of which Platte River's share is 151 MW (total from both units). Craig Units 1 and 2 are part of the Yampa Project, which also includes a water storage reservoir and related transmission facilities. Located on the Yampa River in northwestern Colorado, Craig Units 1 and 2 are four miles southwest of the town of Craig, Colorado. Craig Units 1 and 2 will close by December 31, 2025 and September 30, 2028, respectively.

Platte River's long-term power contracts with Western Area Power Administration ("WAPA") provide for federal hydroelectric power to be supplied from two sources: (1) the Colorado River Storage Project ("CRSP"), and (2) the Loveland Area Projects ("LAP"). A new LAP contract was signed in 2015 extending the contract through September 2054. A new CRSP contract was signed in 2017 extending the contract through September 2057. During 2020, WAPA resources provided approximately 19% of the annual energy Platte River supplied to the Municipalities. CRSP accounts for 82% of the WAPA deliveries; LAP accounts for the balance.

Wind generation resources include 303 MW provided under long-term power purchase agreements. Solar generation includes 52 MW with 2 MWh of battery storage provided under long-term power purchase agreements.

Platte River owns and operates approximately 263 circuit miles of 115 kV and 230 kV transmission lines. Electric service is provided through 27 substations, which are either wholly owned by Platte River or jointly owned with the Municipalities. In addition, Platte River participates with neighboring utilities in the ownership of approximately 522 circuit miles of 230 kV and 345 kV transmission lines and related substation facilities.

Permits, Licenses and Other Regulations

Federal Title V Operating Permit. Platte River operates Rawhide Unit 1 (coal) and Rawhide Units A, B, C, D and F (natural gas) under Federal Title V operating permits administered by the state of Colorado under 5 CCR 1001-5, Part C. Platte River is in compliance with all Title V operating permit requirements. Platte River renewed its Title V Operating Permit for Rawhide Unit 1 in the first half of 2021.

State and Federal Greenhouse Gas Regulation. Greenhouse gas emission regulation is one of the most significant issues facing the electric utility industry, including Platte River. Platte River currently relies heavily on base-load coal-fired generation. During 2020, approximately 41.5% of the energy Platte River provided to the Municipalities was generated by coal units. Over the last several years Platte River has been actively working to diversify its generation resources, and plans to retire all coal generation by December 31, 2029.

At the state level, the Colorado General Assembly adopted several ambitious air quality statutes in recent years, including Senate Bill 19-096 ("SB19-096"), Senate Bill 19-236 ("SB19-236"), House Bill 19-1261 ("HB19-1261"), and House Bill 21-1266 ("HB21-1266"), which are discussed further below.

SB19-096: Collection of Long-Term Climate Change Data. SB19-096 requires the Colorado Air Quality Control Commission ("Air Commission"), part of the Colorado Department of Public Health and Environment ("Health Department"), to collect greenhouse gas emissions data from emitting entities and generate reports, including forecasting future emissions. SB19-096 also requires the Health Department to update a statewide inventory of greenhouse gas emissions by sector and to post the inventory online through 2030.

SB19-236: Sunset Colorado Public Utilities Commission. SB19-236 requires a qualifying retail utility (generally an investor-owned utility) to submit a clean energy plan to the Colorado Public Utilities Commission ("Utilities Commission") as part of its resource acquisition planning,

and to seek the Utilities Commission’s approval of its plans to address the clean energy targets established in the bill. Any other electric utility may voluntarily submit a clean energy plan, which will trigger the “safe harbor” provision in HB-1261 (discussed below). As defined in SB19-236, a clean energy plan reduces the utility’s carbon dioxide emissions associated with electricity sales by 80% from 2005 levels by 2030, and seeks to provide its customers with energy generated from 100% clean energy resources by 2050.

HB19-1261: Climate Action Plan to Reduce Pollution. HB19-1261 establishes statewide goals to reduce 2025 greenhouse gas emissions by at least 26%, 2030 greenhouse gas emissions by at least 50%, and 2050 greenhouse gas emissions by at least 90%, compared to a 2005 baseline. It also specifies that the Air Commission must consider various criteria when promulgating greenhouse gas regulations, including the costs and benefits of compliance and the equitable distribution of benefits, opportunities to encourage clean energy in transitioning communities, and enhanced resilience to climate impacts.

Along with the greenhouse gas goals, HB19-1261 provides a “safe harbor” that prohibits the Air Commission from requiring an electric utility to reduce emissions more than is required in an approved clean energy plan filed with the Utilities Commission. A clean energy plan voluntarily filed with the Utilities Commission will be approved (and trigger the safe harbor) if the plan demonstrates an 80% reduction by 2030. A cooperative or municipal utility’s choice to voluntarily file a clean energy plan will not make the utility subject to the Utilities Commission’s jurisdiction. Platte River intends to file a clean energy plan, which will include retiring Rawhide Unit 1, to achieve at least an 80% reduction by 2030.

Air Commission staff have signaled in stakeholder meetings that meeting the aggressive greenhouse gas emissions reduction goals will require a greater reduction of greenhouse gases from the electric utility sector than from other sectors over which it lacks effective regulatory control. Platte River remains engaged in stakeholder outreach processes to advocate for regulatory approaches that align with its Board-approved Resource Diversification Policy.

HB21-1266: Environmental Justice Act. In addition to creating an environmental justice action task force to recommend and promote strategies for incorporating environmental justice and equity into how state agencies discharge their responsibilities, HB21-1266 also:

- Establishes a fee per ton of greenhouse gas emissions, in the form of carbon dioxide equivalent, as reported in the most recent Air Pollution Emission Notice. Fee revenue may be used for outreach and engagement with disproportionately impacted communities as well as paying for an environmental justice ombudsperson, which was also established by this bill.
- Establishes deadlines for electric utilities voluntarily submitting a clean energy plan that demonstrates at least an 80% reduction in greenhouse gas emissions over 2005 levels.
- Requires Colorado’s Air Pollution Control Division to report to the legislature every odd-numbered year, beginning in 2023, on recommended future Air Commission rules or policies to meet emissions reduction goals.

At the federal level, on January 19, 2021, the U.S. Court of Appeals for the D.C. Circuit decided to vacate Affordable Clean Energy Rule (“ACE Rule”) and remand it back to

Environmental Protection Agency (“EPA”). The ACE Rule was promulgated by the previous administration and would have implemented technology-based standards aimed at reducing emissions. Platte River anticipates that the new administration will draft new regulations for existing sources under the Clean Air Act.

FERC Jurisdiction. Through a number of rulemakings beginning in the mid-1990s, the Federal Energy Regulatory Commission (“FERC”) mandated open access transmission service, functional unbundling of transmission and merchant services, and standardized transmission planning, as well as broad reliability and security (physical and cyber) requirements implemented through the North American Electric Reliability Corporation (“NERC”) and regional reliability councils.

Some of these FERC initiatives apply to political subdivisions of state government—entities that were previously, in most respects, exempt from FERC jurisdiction. For example, FERC-approved mandatory electric reliability standards administered by NERC apply to Platte River and the Municipalities. FERC regulations require each owner, operator, and user of the bulk power system to register with NERC and comply with applicable reliability standards. Platte River is registered with NERC in the Western Electricity Coordinating Council (“WECC”) region as a Transmission Operator, Planning Coordinator, Planning Authority, Transmission Planner, Transmission Service Provider, Transmission Owner, Resource Planner, Generation Owner, and Generation Operator. Platte River is therefore subject to compliance monitoring and enforcement for these functions under the requirements of applicable FERC-approved reliability standards.

Platte River is required to submit periodic self-certifications to WECC to demonstrate compliance, and WECC conducts on-site compliance audits every three years. Platte River is legally responsible for any sanctions, penalties, and mitigation plans resulting from noncompliance. WECC’s most recent audit of Platte River, in 2018, did not result in any noncompliance findings subject to sanctions, and Platte River has no outstanding self-reports subject to penalties.

Renewable Portfolio Standards. Colorado adopted a renewable portfolio standard in 2004 (later replaced with a renewable energy standard). The renewable energy standard does not apply to Platte River directly but does apply to municipal electric utilities serving 40,000 or more customers. Fort Collins and Longmont are currently subject to the renewable energy standard, while Loveland may meet the customer threshold in the next several years.

The initial renewable energy standard required that, by 2020, 10% of the retail energy sold by covered municipal utilities be from qualified renewable sources. Platte River has added more than 50 MW of new solar facilities and 225 MW of new wind generation, with 150 MW of additional solar facilities anticipated to come online by 2023. Platte River has adequate resources to meet the applicable renewable energy standard obligations for all Municipalities.

Coal Combustion Residuals. The final rule for the Disposal of Coal Combustion Residuals from Electric Utilities (“Residuals Rule”) was published in the Federal Register on April 17, 2015. This rule contains comprehensive requirements for the safe disposal of combustion residuals, primarily coal ash, from coal-fired power plants. On March 1, 2018 the EPA issued proposed revisions to the 2015 Residuals Rule. The proposed revisions would give state regulatory programs

flexibility to establish equivalent standards considering site-specific conditions. But the State of Colorado recently indicated that it intends to continue to regulate coal combustion residuals under its existing solid waste regulations.

Platte River updated its operational plan to comply with both the requirements of the Residuals Rule and Colorado solid waste regulations. Monofill upgrades planned for 2022 include an enhanced cap, liner, and leachate management system. Groundwater impacts from legacy sections of the monofill are being closely monitored, and reports are publicly available. In 2020 Platte River closed three waste impoundments that previously contained coal combustion residuals by removing all waste material, liner, and related infrastructure.

Federal and State Actions for Regional Haze. Under the federal Clean Air Act, the state of Colorado must evaluate regional haze in the front range every ten years to determine if reasonable progress is being made to improve visibility. As part of this process, the state requires emitters of nitrogen oxides (NOx, a principal contributor to haze) and other emissions to analyze technologies that could be employed to reduce those emissions. Platte River worked with the Health Department to develop a list of potential controls and assess their emission reduction potential, cost, and other factors, including the fact that Rawhide Unit 1 will be retired by December 31, 2029. These estimates reflect a shorter useful life for additional controls and higher cost per ton of NOx reduction than continuing operation past the retirement date. On December 16, 2020 the Air Commission adopted new rules that will make Platte River's voluntary retirement date mandatory and federally enforceable under the regional haze program. Retiring Rawhide Unit 1 will enable Platte River to avoid expensive new environmental controls while helping Colorado meet its regional haze goals.

Water Rights

The process of electric generation requires a supply of water for various purposes. The quantity needed varies for different generation types. Currently Platte River uses water at the Rawhide Energy Station for both cooling water and process water. Water conservation is a key element of plant operations—all the water used onsite is recycled as much as possible and used in other plant processes. The entire Rawhide Energy Station site is a zero-discharge facility, meaning effluent for cooling and other plant process water is used to extinction. The water for the Rawhide Energy Station must be fully consumable and reusable water. A reliable water source is essential for existing and future electric generation operations at the Rawhide Energy Station.

Platte River is a participant in the Windy Gap Project, which delivers water from the west slope of Colorado to the Front Range. Platte River owns a contract allocation of 110 units (out of a total of 480 units) of the Windy Gap Project.

In addition to its Windy Gap allotment, Platte River holds two junior water rights on the Cache La Poudre River which, when in priority, allow Platte River to pump Poudre River water credits to Rawhide in its 24-inch pipeline, via exchange. Below are the specifics of the rights.

Table A1-2
Platte River Water Rights

Flow rate (cubic feet per second, cfs)¹	Flow rate conversion to acre-feet (af)/day	Date of adjudication
1.60 cfs	≈ 3.17 af/day	Dec. 31, 1982
15.19 cfs	≈ 30.08 af/day	Dec. 1, 1977

The following table provides the historical water usage by Platte River:

Table A1-3
Historical Water Usage of Platte River

	2000	2005	2010	2015	2020
Water use (acre feet)	4,886	4,904	3,709	3,591	3,360
Water demand/obligations (acre feet)	5,385	5,340	5,349	4,808	4,748
Available water supply (acre feet)					
Direct flows (acre feet)	7,394	1,731	7,210	8,640	5,183
Windy Gap pumped and deliverable (acre feet)	0	12,396	2,027	0	0

Electric Deliveries

The following table presents a summary of electric deliveries for Platte River for the five most recent fiscal years:

Table A1-4
Electric Deliveries
For Fiscal Years Ended December 31, 2016 through 2020

Fiscal Year	Total kWh	Increase/(Decrease)
2016	4,095,086,395	0.7%
2017	4,193,118,326	2.4%
2018	4,119,420,225	(1.8)%
2019	4,221,947,080	2.5%
2020	4,684,992,718	11.0%

¹ One cubic foot per second (cfs) equals 1.98 acre-feet/day

Electric Sales Revenues

The following table shows annual electric sales revenues for Platte River for the five most recent fiscal years:

Table A1-5
Electric Sales Revenues
For Fiscal Years Ended December 31, 2016 through 2020

<u>Fiscal Year</u>	<u>Sales Revenues</u>	<u>Increase/(Decrease)</u>
2016	\$200,983,123	2.9%
2017	208,552,100	3.8%
2018	216,817,265	4.0%
2019	223,471,329	3.1%
2020	234,573,174	3.0%

Electric System Rates and Charges

The wholesale rates for electric service provided to the Municipalities under the Electric Power Contracts are established by Platte River's Board. The Electric Power Contracts provide that the Board must review the rates no less frequently than once each calendar year, and will, if necessary, revise the rates such that they will produce revenues that, when combined with the revenues of Platte River from all other sources, will be sufficient (but only sufficient) to: (1) meet the cost of operation and maintenance (including, without limitation, replacements, insurance, taxes, and administrative and general overhead expense, as well as payments under its Allotment Contract) of the electric generating plants, transmission system and related facilities of Platte River; (2) meet the cost of any power and energy purchased by Platte River for resale under the Electric Power Contracts and the cost of transmission service; (3) make payments of principal and interest on all indebtedness and revenue bonds of Platte River and provide an earnings margin adequate to enable Platte River to obtain revenue bond financing on favorable terms; and (4) provide for the establishment and maintenance of reasonable reserves.

Effective January 1, 2020, Platte River implemented a new rate structure. The rate structure changes include an owner charge, an unbundled, seasonal demand charge for generation, a demand charge for transmission, and a separate energy charge for dispatchable fixed and variable costs, as well as intermittent (i.e., renewable wind and solar) variable costs. The premium intermittent energy charge is a continuation of a legacy program preserved to mitigate the financial impacts to the Municipalities of transitioning to the new rate structure.

Table A1-6
Schedule of Rates and Fees

<u>Charge</u>	<u>Billing</u>	Non-Summer <u>2021</u>	Summer <u>2021</u>
Municipality	\$/month per Municipality allocation	\$10,546	\$10,546
Transmission demand	\$/kW-mo of non-coincident billing demand	6.14	6.14
Generation demand	\$/kW-mo of coincident billing demand	4.45	5.90
Fixed cost energy	\$/MWh for all energy supplied	14.62	14.62
Dispatchable variable cost energy	\$/MWh for all dispatchable energy supplied	15.11	15.11
Intermittent energy	\$/MWh for Municipality's allocated share of intermittent energy	30.88	30.88

The summer season is June through September of each year. The non-summer season is January through May and October through December.

The following tables show the history of wholesale electric rate/charge/fee increases/decreases and presently anticipated plans to maintain, increase or decrease wholesale electric rates/charges/fees:

Table A1-7
History of Wholesale Electric Rate/Charge/Fee Increases/Decreases

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2.0%	2.5%	4.5%	3.0%	2.0%	2.0%	0.0%	1.5%

Table A1-8
Future Plans to Maintain, Increase or Decrease Wholesale Electric Rates/Charges/Fees

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Wholesale municipal rate increase	3.2%	3.2%	3.2%	3.2%

In addition to the wholesale rates for electric service provided to the Municipalities, Platte River also charges others for surplus sales for resale, wheeling and other revenues. Sales for resale can include capacity, long-term, seasonal, monthly, hourly spot market and other market sales to other wholesale electric providers. For the fiscal year ending December 31, 2020, the average sales for resale price charged was \$26.17/MWh. Wheeling revenues represent payments from other

parties for the use of Platte River's transmission system. Other revenues include interest income, fiber and tower leases, fiber administration fees and other miscellaneous revenues.

Platte River's water resource assets may present opportunities to generate revenue via lease or sale agreements. Revenues generated vary based on market conditions and are negotiated independently for each transaction. These agreements may include, but are not limited to: Windy Gap unit sales and leases; Windy Gap reusable effluent leases; Windy Gap water leases; Southern Water Supply Pipeline outlet capacity sales and leases; and Cache la Poudre water rights sales and leases.

Collection Procedures

Platte River invoices each Municipality monthly, with payment due within 15 days after billing. If a Municipality's bill has been delinquent for 15 days or longer, Platte River may discontinue service after giving at least 15 days' written notice to the Municipality. Neither party will be considered in default if it cannot perform its obligations (other than payment obligations) under the Electric Power Contract due to uncontrollable forces.

Future Electric System Improvements

Platte River's current five-year capital plan, 2022 through 2026, projects expenditures totaling approximately \$85.3 million, including \$5.6 million of 2021 budgeted expenditures that are not anticipated to be spent in 2021 and will be carried over to 2022. Platte River's 2021 capital expenditures budget is \$127.4 million, including \$90.7 million for the Firming Project.

The expenditures in the five-year capital plan are based on current financial projections and are anticipated to be funded in cash generated from operations.

The five-year capital plan is developed to outline future investment in capital projects. Capital planning is an ongoing effort as needs change. The capital plan is therefore reviewed and updated three times a year along with financial projections. The capital plan is the basis for each budget year. Production projects focus on plant equipment improvements, including equipment replacements or enhancements during scheduled maintenance outages, dust collection system replacements, monofill upgrade, water pipeline replacements and fire protection system replacements. Production projects also include environmental, water and fuel handling upgrades. Transmission projects focus on transformer replacements, transmission line replacement and include coordinating and planning Municipality requests for substation work. Future general plant projects include replacing information technology equipment, fiber optic cable and equipment replacements, security improvements and implementing strategic software solutions including energy trading software, an enterprise resource planning system that will benefit the entire organization and a new energy management system.

The five-year capital plan also includes \$9 million of expenditures to construct a new substation. The cost includes modifications to existing transmission line structures. This 230kV substation will facilitate the delivery of additional renewable resources, allowing Platte River to increase noncarbon energy delivered to the Municipalities.

MUNICIPAL ELECTRIC SYSTEMS SUPPLIED BY PLATTE RIVER

General

The electric distribution systems supplied by Platte River were established by their respective Municipalities in the first half of the 20th century: Longmont in 1911, Loveland in 1925, Fort Collins in 1935, and Estes Park in 1945. Each Municipality has the authority to generate, distribute and sell electric power within its municipal limits and in adjacent service areas, if any, which have been certificated to it by the Utilities Commission. A 1991 Colorado Supreme Court decision allows municipalities to compete for customers in recently annexed territory, as an alternative to condemnation and mandatory payment to the previous supplier.

Electric System Properties

Each of the Municipalities independently owns and operates its own electric system and distributes electric power and energy at retail to residential, commercial and industrial customers and for municipal and public use within its service area. The electric system properties are operated and maintained by the electric departments of each Municipality consistent with normal utility practices, including financial records maintained substantially in accordance with the Uniform System of Accounts prescribed by FERC.

Under the Electric Power Contracts, the Municipalities have assigned Platte River the responsibility of operating and maintaining their 115 kV facilities, and the planning, construction, ownership, operation, and maintenance of all future transmission facilities needed to supply power and energy to each Municipality, as well as for interconnections with other utilities in the region.

Estes Park. The Estes Park municipal electric system purchases essentially all of its power requirements from Platte River. During the calendar year 2020, Estes Park purchased 132,105,911 kWh, a decrease of 3.4% from 2019. An annual peak demand of 26,850 kW occurred in December 2020.

Fort Collins. The Fort Collins municipal electric system purchases essentially all of its power requirements from Platte River and is Platte River's largest customer. During calendar year 2020, Fort Collins purchased 1,487,176,212 kWh, a decrease of 1.9% over 2019. An annual peak demand of 296,397 kW occurred in August 2020.

Longmont. The Longmont municipal electric system purchases essentially all of its power requirements from Platte River. During calendar year 2020, Longmont purchased 834,112,539 kWh, an increase of 2.1% over 2019. An annual peak demand of 186,223 kW occurred in July 2020. Longmont owns and operates a 500-kW hydroelectric plant.

Loveland. The Loveland municipal electric system purchases essentially all of its power requirements from Platte River. During calendar year 2020, Loveland purchased 712,082,314 kWh, a decrease of 0.9% compared to 2019. An annual peak demand of 160,528 kW occurred in July 2020. Loveland operates a solar facility with a capacity of 3.0 MW. Platte River purchases 0.445 MW of the output of the solar facility.

Rates and Comparative Power Costs

Rates charged by the Municipalities are generally lower than those of neighboring utilities.

Table A1-9
Comparison of Estimated Monthly Electric Charges
As of March 2021

<u>March 2021^(a)</u> Municipalities	<u>Residential</u> (700 kWh)	<u>Small commercial</u> (2,000 kWh, 10kW)	<u>Large commercial</u> (45,000 kWh, 130 kW)	<u>Industrial</u> (1,900,000 kWh, 3,000 kW)
Estes Park	\$105	\$272	\$5,146	\$ -- ^(b)
Fort Collins (summer) ^(c)	84	228	4,593	140,120
Fort Collins (winter) ^(c)	73	209	4,434	133,913
Longmont	70	186	4,009	128,992
Loveland (summer) ^(c)	89	255	4,988	151,649
Loveland (winter) ^(c)	79	232	4,205	143,760
Neighboring utilities				
Xcel Energy (summer) ^(c)	80	197	4,474	130,131
Xcel Energy (winter) ^(c)	84	272	4,753	133,459
Poudre Valley R.E.A.	90	219	5,302	112,012
United Power	96	241	4,795	147,150
Avg. neighboring utility	90	231	4,903	130,319

(a) Data source: Colorado Association of Municipal Utilities (CAMU). Exclusive of state and local sales taxes. The Municipalities are exempt from sales taxes in the state of Colorado. KWh amounts represent average usage per customer in service category.

(b) There are no customers classified as industrial in Estes Park.

(c) Fort Collins, Loveland, and Xcel Energy have seasonal electric retail rates. Rates depicted for the "summer" are taken from the July 2020 CAMU survey summary.

Municipal Electric Systems Supplied by the Authority – Classification of Customers Supplied by the Municipalities

The Municipalities serve residential and commercial, as well as several large industrial customers. The combined retail energy sales to the principal customer classes of the Municipalities for 2020 are shown in the following table.

Table A1-10
Customer Classification
Year ended December 31, 2020

Customer classification	MWh	% of energy sold
Residential	1,197,459	38.8%
Commercial ^(b)	1,228,801	39.8%
Industrial ^(b)	646,782	21.0%
Other	<u>11,487</u>	<u>0.4%</u>
Total	3,084,529	100.0%

(a) Unaudited data compiled from reports of the Municipalities.

(b) Municipalities no longer provide breakout of commercial with small and large classifications. For purposes of this report, commercial and industrial customers are defined by each Municipality's own standards.

Largest Customers Served by the Municipalities

For 2020, the Municipalities' ten largest customers represented approximately 20% of total aggregate annual energy sales of the Municipalities and no single customer accounted for more than 4.4% of the Municipalities' total aggregate annual energy sales.

Historical Operating Results of the Electric Systems of the Municipalities

The following table shows historical operating results for the electric systems of the Municipalities, as compiled by Platte River.

Table A1-11
Historical Operating Results of the Electric Systems of the Municipalities
(For the Years Ended December 31)

	2016	2017	2018	2019	2020
<u>Estes Park</u>					
Annual customers	10,544	10,564	10,671	10,727	10,773
Annual MWh	126,471	124,640	125,815	132,587	126,288
Operating revenues	\$14,275,339	\$16,388,208	\$17,030,788	\$19,707,845	\$19,247,242
Operating expenses	<u>13,887,865</u>	<u>14,606,480</u>	<u>14,975,248</u>	<u>14,821,165</u>	<u>15,414,672</u>
Operating income	387,474	1,781,728	2,055,540	4,886,680	3,832,570
Non-operating revenues (expenses)	<u>(175,248)</u>	<u>967,251</u>	<u>103,708</u>	<u>(183,193)</u>	<u>(656,082)</u>
Net income before contributions & transfers	212,226	2,748,979	2,159,248	4,703,487	3,176,488
Capital contributions & transfers	<u>(526,146)</u>	<u>(1,281,226)</u>	<u>411,422</u>	<u>(1,766,380)</u>	<u>(1,719,515)</u>
Change in net position	<u>(\$313,920)</u>	<u>\$1,467,753</u>	<u>\$2,570,670</u>	<u>\$2,937,107</u>	<u>\$1,456,973</u>
Total net position	<u>\$20,205,127</u>	<u>\$21,672,880</u>	<u>\$23,810,112^(a)</u>	<u>\$26,747,219</u>	<u>\$28,860,694^(a)</u>
Power/communications revenue bonds outstanding	\$3,950,000	\$3,655,000	\$3,350,000	\$30,030,000	\$29,660,000
<u>Fort Collins</u>					
Annual customers	71,016	72,523	74,585	75,656	76,821
Annual MWh	1,512,170	1,507,202	1,524,792	1,490,944	1,465,197
Operating revenues	\$126,881,465	\$130,655,363	\$133,263,480	\$136,967,822	\$141,822,844
Operating expenses	<u>132,030,675</u>	<u>133,082,559</u>	<u>140,904,093</u>	<u>139,410,672</u>	<u>139,305,023</u>
Operating income	<u>(5,149,210)</u>	<u>(2,427,196)</u>	<u>(7,640,613)</u>	<u>(2,442,850)</u>	<u>2,517,821</u>
Non-operating revenues (expenses)	<u>385,830</u>	<u>700,684</u>	<u>(446,870)</u>	<u>(573,397)</u>	<u>(3,035,291)</u>
Net income before contributions & transfers	<u>(4,763,380)</u>	<u>(1,726,512)</u>	<u>(8,087,483)</u>	<u>(3,016,247)</u>	<u>(517,470)</u>
Capital contributions & transfers	<u>6,378,283</u>	<u>5,255,483</u>	<u>7,472,927</u>	<u>2,997,660</u>	<u>2,827,524</u>
Change in net position	<u>\$1,614,903</u>	<u>\$3,528,971</u>	<u>(\$614,556)</u>	<u>(\$18,587)</u>	<u>\$2,310,054</u>
Total net position	<u>\$202,702,015</u>	<u>\$206,479,763^(a)</u>	<u>\$205,865,207</u>	<u>\$205,846,620</u>	<u>\$208,156,674</u>
Electric/broadband revenue bonds outstanding	\$6,980,000	\$5,270,000	\$129,635,000	\$129,635,000	\$129,635,000
<u>Longmont</u>					
Annual customers	38,475	39,217	40,175	41,337	42,047
Annual MWh	781,817	784,188	784,178	791,039	807,680
Operating revenues	\$68,768,327	\$76,895,890	\$80,634,329	\$83,577,493	\$90,625,718
Operating expenses	<u>70,544,205</u>	<u>72,969,855</u>	<u>77,261,914</u>	<u>79,362,058</u>	<u>82,146,199</u>
Operating income	<u>(1,775,878)</u>	<u>3,926,035</u>	<u>3,372,415</u>	<u>4,215,435</u>	<u>8,479,519</u>
Non-operating revenues (expenses)	<u>297,284</u>	<u>397,736</u>	<u>(913,898)</u>	<u>(702,474)</u>	<u>(680,261)</u>
Net income before contributions & transfers	<u>(1,478,594)</u>	<u>4,323,771</u>	<u>2,458,517</u>	<u>3,512,961</u>	<u>7,799,258</u>
Capital contributions & transfers	<u>3,276,071</u>	<u>3,353,720</u>	<u>3,623,901</u>	<u>2,514,173</u>	<u>(88,191)</u>
Change in net position	<u>\$1,797,477</u>	<u>\$7,677,491</u>	<u>\$6,082,418</u>	<u>\$6,027,134</u>	<u>\$7,711,067</u>
Total net position	<u>\$66,338,978</u>	<u>\$74,016,469</u>	<u>\$79,142,280^(a)</u>	<u>\$85,169,414</u>	<u>\$92,880,481</u>
Electric/broadband revenue bonds outstanding	\$38,035,000	\$43,055,000	\$40,175,000	\$37,165,000	\$34,025,000
<u>Loveland</u>					
Annual customers	36,091	36,576	37,185	37,645	38,284
Annual MWh	702,369	705,323	723,565	702,630	685,364
Operating revenues	\$60,070,433	\$63,851,915	\$66,856,859	\$69,049,073	\$70,983,703

Operating expenses	<u>58,164,662</u>	<u>61,040,560</u>	<u>64,226,039</u>	<u>66,112,953</u>	<u>67,704,824</u>
Operating income	<u>1,905,771</u>	<u>2,811,355</u>	<u>2,630,820</u>	<u>2,936,120</u>	<u>3,278,879</u>
Non-operating revenues (expenses)	<u>77,229</u>	<u>(3,222,277)</u>	<u>182,615</u>	<u>(571,677)</u>	<u>(2,275,976)</u>
Net income before contributions & transfers	<u>1,983,000</u>	<u>(410,922)</u>	<u>2,813,435</u>	<u>2,364,443</u>	<u>1,002,903</u>
Capital contributions & transfers	<u>9,013,940</u>	<u>9,042,089</u>	<u>5,849,325</u>	<u>7,421,456</u>	<u>6,023,210</u>
Change in net position	<u>\$10,996,940</u>	<u>\$8,631,167</u>	<u>\$8,662,760</u>	<u>\$9,785,899</u>	<u>\$7,026,113</u>
Total net position	<u><u>\$151,507,025</u></u>	<u><u>\$160,138,192</u></u>	<u><u>\$168,800,952</u></u>	<u><u>\$176,086,851^(a)</u></u>	<u><u>\$183,112,964</u></u>
Electric and communication bonds outstanding	-	-	-	\$85,015,000	\$85,015,000

(a) Restated beginning net assets: Estes Park in 2018 to \$21,239,442 and in 2020 to \$27,403,721, Fort Collins in 2017 to \$202,950,792, Longmont in 2018 to \$73,059,862, and Loveland in 2019 to \$166,300,952.

FINANCIAL INFORMATION OF PLATTE RIVER

Budgetary Process

Platte River is a political subdivision of the state of Colorado and is subject to Colorado budget law. Colorado law and Platte River's financial policy require an annual budget that is balanced, in that it has sufficient projected revenues and available resources to equal anticipated expenditures. The budget is developed in alignment with Platte River's strategic initiatives and financial framework using information based on the load forecast of the Municipalities, production cost model, personnel and department budgets, joint facilities budgets and capital project budgets. The statutory deadline for submission of Platte River's annual budget to its Board is October 15 of each year. Following a Board work session and public hearing, any necessary adjustments are made. The final budget is adopted during the December Board meeting and then filed with the State. The budget document can be found on Platte River's website and at Platte River's headquarters.

Financial Statements

The most recent independent auditor's report and financial statements of Platte River prepared by BKD, LLP, independent certified public accountants, are available through the website of Plate River at:

https://www.prpa.org/wp-content/uploads/2021/04/PRPA_Annual-Report-2020_FINAL.pdf

and are hereby incorporated by reference as part of this APPENDIX A-1. The independent auditor's letter concludes that the independent auditor's report and financial statements present fairly, in all material respects, the financial position of the business-type activities of Platte River as of December 31, 2020, and 2019, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The summary operating results contained under the caption “-Operating Results” are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including notes.

Operating Results

The following table is a summary of operating results of Platte River for the last five fiscal years. These results have been derived from Platte River's financial statements.

Table A1-12
Comparative Statements of Revenues, Expenses and Changes in Net Position
(Dollars in Thousands)]

	2016	2017^(g)	2018^(g)	2019	2020
Operating revenue					
Sales to Municipalities ^(a)	\$185,214	\$189,579	\$196,411	\$197,974	\$196,002
Sales for resale and other	<u>20,079</u>	<u>23,718</u>	<u>25,703</u>	<u>31,211</u>	<u>44,747</u>
Total operating revenues	<u>205,293</u>	<u>213,297</u>	<u>222,114</u>	<u>229,185</u>	<u>240,749</u>
Operating expenses					
Purchased power ^(b)	33,270	35,421	41,140	38,441	48,029
Fuel ^(c)	46,361	47,708	42,279	45,401	41,571
Operations and maintenance ^(d)	57,481	63,869	55,740	60,877	63,348
Administrative and general ^(e)	17,366	21,514	17,289	19,286	20,604
Distributed energy resources ^(e)	-	-	7,864	9,136	9,560
Depreciation and amortization	<u>27,220</u>	<u>26,013</u>	<u>23,399</u>	<u>21,810</u>	<u>33,042</u>
Total operating expenses	<u>181,698</u>	<u>194,525</u>	<u>187,711</u>	<u>194,951</u>	<u>216,154</u>
Operating income	<u>23,595</u>	<u>18,772</u>	<u>34,403</u>	<u>34,234</u>	<u>24,595</u>
Nonoperating revenues (expenses)					
Interest income	1,084	1,746	2,988	3,610	2,479
Other income	846	626	507	450	821
Distribution to Municipalities	-	-	-	-	(1,000)
Interest expense	(8,523)	(7,459)	(6,536)	(5,962)	(5,570)
Allowance for funds used during construction	1,137	903	821	-	-
Net increase (decrease) in fair value of investments	<u>(174)</u>	<u>(459)</u>	<u>174</u>	<u>1,211</u>	<u>667</u>
Total nonoperating revenues (expenses)	<u>(5,630)</u>	<u>(4,643)</u>	<u>(2,046)</u>	<u>(691)</u>	<u>(2,603)</u>
Income before contributions	<u>17,965</u>	<u>14,129</u>	<u>32,357</u>	<u>33,543</u>	<u>21,992</u>
Contributions of assets to Municipalities ^(f)	(191)	(137)	(137)	-	-
Change in net position	<u>17,774</u>	<u>13,992</u>	<u>32,220</u>	<u>33,543</u>	<u>21,992</u>
Net position at beginning of year	<u>498,663</u>	<u>513,847</u>	<u>527,839</u>	<u>560,059</u>	<u>593,602</u>
Net position at end of year	<u>\$516,437</u>	<u>\$527,839</u>	<u>\$560,059</u>	<u>\$593,602</u>	<u>\$615,594</u>

- (a) Sales to the Municipalities for 2016, 2017, 2018, 2019 and 2020 include a 4.5%, 3.0%, 2.0%, 2.0% and 0.0% average wholesale rate increase, respectively.
- (b) Includes Western Area Power Administration (“WAPA”) allocation, wind purchases, solar purchases, joint dispatch purchases and other purchases for outage assistance, resale, to meet load and minimum reserve requirements.
- (c) Fuel costs include coal and transportation costs for Rawhide Unit 1 and Craig Units 1 & 2, and natural gas and transportation costs for Rawhide combustion turbines A, B, C, D and F.
- (d) Includes operations and maintenance expenses for Rawhide Unit 1, Craig Units 1 & 2, Rawhide combustion turbines A, B, C, D and F, transmission system, Windy Gap Project (including related 2016 debt service) and system operations expenses.
- (e) Distributed energy resources were included in Administrative and general in 2016-2017.
- (f) Reflects a return of capital for the fiber optic network ring around each municipality, which became fully depreciated in 2018.
- (g) Years 2017 and 2018 were restated due to implementing a change in accounting principle. Net position at beginning of year 2017 and operating expenses for 2018 were adjusted.

Operating Revenue Trends

Operating revenues in 2020 increased \$11.6 million over 2019. Sales to the Municipalities decreased \$1.9 million from 2019 primarily as the result of a decrease in Municipalities’ energy deliveries of 0.9%. While there was no average wholesale rate increase, 2020 was the first year of a new unbundled and transparent wholesale rate structure. Surplus sales revenue increased \$13.5 million over 2019 primarily as a result of new short-term and long-term sales contracts.

Operating Expense Trends

Operating expenses in 2020 increased \$21.2 million over 2019. Purchased power costs increased \$9.6 million over 2019. The increase was due primarily to the commercial operation of the Roundhouse Wind Energy Center and increased generation of existing wind and solar facilities. Purchases made under the joint dispatch agreement (JDA) also increased purchased power and offset baseload generation. Fuel expense decreased \$3.8 million from 2019. All coal units were run at lower capacity factors to take advantage of lower cost energy under the JDA. Natural gas expense was higher than 2019 primarily due to higher generation for surplus sales made from the combustion turbine units. Depreciation and amortization expense increased \$11.2 million over 2019 primarily due to acceleration of expenses as a result of early retirement announcements for all three coal-fired units.

Outstanding Long-Term Indebtedness

As of June 1, 2021, Platte River has outstanding under its Bond Resolution an aggregate principal amount of \$149,745,000 in Power Revenue Bonds.

The following table shows the bond debt service requirements for the outstanding Power Revenue Bonds. Debt service payment amounts are for the years in which they accrue, not for the years in which they are paid.

Table A1-13
Outstanding Long Term Indebtedness

<u>Year ended</u> Dec. 31	<u>Series II</u> bond service	<u>Series JJ</u> bond service	<u>Taxable</u> <u>Series KK</u> bond service	<u>Total power</u> bond service
2021	\$747,800	\$16,355,363	\$893,326	\$17,996,489
2022	312,000	16,358,821	1,116,270	17,787,091
2023	-	16,361,050	1,422,304	17,783,354
2024	-	16,363,717	1,424,414	17,788,131
2025	-	16,329,592	1,422,506	17,752,098
2026	-	16,339,175	1,422,052	17,761,227
2027	-	16,301,467	1,422,610	17,724,077
2028	-	16,273,869	1,415,360	17,689,229
2029	-	9,136,583	1,412,204	10,548,787
2030	-	4,033,833	1,411,151	5,444,984
2031	-	4,039,375	1,412,563	5,451,938
2032	-	4,042,271	2,248,200	6,290,471
2033	-	4,045,187	2,844,795	6,889,982
2034	-	4,049,813	2,846,358	6,896,171
2035	-	4,055,646	2,844,201	6,899,847
2036	-	1,690,938	2,841,902	4,532,840
2037	-	-	<u>1,184,006</u>	<u>1,184,006</u>
Total	\$1,059,800	\$165,776,700	\$29,584,222	\$196,420,722

Investment Policy

As a governmental entity in the State of Colorado, Platte River is required to follow Colorado law when investing. Platte River maintains an approved investment policy statement (“IPS”). The purpose of the IPS is to provide a framework for managing Platte River’s assets. Per the IPS, Platte River must invest and manage assets as a prudent investor would, by considering the purposes, cash requirements and terms of the various funds. In satisfying this standard, the chief financial officer/deputy general manager must exercise reasonable care, skill and caution. Investment and management decisions will be evaluated not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to Platte River. The primary objectives of investment activities are safety, liquidity and yield.

Platte River's general power bond resolution and Colorado Revised Statutes, sections 24-75-601.1 and 24-75-603, identify the securities in which Platte River may legally invest. These securities must have maturities that enable Platte River to meet operating, bond service, and capital needs. The IPS lists permitted investments that are consistent with the Colorado law.

Insurance

Platte River maintains several different types of insurance including auto liability, commercial crime, cyber liability, directors' and officers' liability, fiduciary liability, excess liability, medical professional, property, employee health, and workers' compensation. The aggregate property casualty limits are \$200 million. Platte River self-insures the first one million dollars of general liability exposure with an excess liability policy of \$35 million per occurrence and \$70 million aggregate. The cyber liability policy limit is \$50 million. Platte River carries directors' and officers' liability insurance of \$10 million.

Pension Benefits

Platte River's regular employees hired before September 1, 2010, are covered by the Platte River Power Authority Defined Benefit Plan ("Plan"), a single-employer, defined benefit pension plan administered by Platte River. Employees hired after August 31, 2010 are covered by Platte River's 401(a) defined contribution plan. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Platte River does not provide other postemployment benefits to Plan members and beneficiaries. Benefit provisions of the Plan are determined and authorized by the Board.

The Plan's funding policy is intended to fund current service costs as they accrue, plus an additional funding charge if the market value of the assets is less than 100% of the actuarial present value of accumulated Plan benefits. The annual required contributions are determined using a frozen-initial-liability method. For the years ended December 31, 2020 and 2019, the money-weighted rate of return on defined benefit pension plan investments, net of investment expense, was 6.6% and 13.5%, respectively, which such lower rate of return is the reason for the larger contribution in 2020 set forth in the table below.

Information prepared by Platte River's actuaries for financial reporting appears below. This information was prepared for financial reporting purposes only and it may not be suitable for use in any other context, and Platte River's actuaries accept no responsibility for other use.

Table A1-14
Platte River's Plan Contributions
(Dollars in Thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$2,912	\$6,220	\$4,578	\$3,649	\$7,593
Platte River Contribution	\$2,912	\$6,220	\$4,578	\$3,649	\$7,593

APPENDIX A-2
THE CITY OF GREELEY, COLORADO,
Acting by and through its Water Enterprise

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**THE CITY OF GREELEY, COLORADO,
Acting by and through its Water Enterprise**

General

The Water Enterprise (hereinafter, “Greeley Water”) of the City of Greeley, Colorado (the “City”), is an independent water enterprise contained within the City municipal government. Greeley Water provides water and wastewater service to all of the City and is a wholesale water provider for three neighboring communities.

Governance and Management

Greeley Water is led by a director (the “Director”) who is appointed by the City Manager (the “City Manager”). Greeley Water’s Water and Sewer Board (the “Board”) is appointed by Council of the City (the “City Council”) and its members serve five-year terms, with no term limits. The City Manager, as well as the Mayor and Finance Director of the City, sit on the Board as non-voting members. The Board is responsible for setting rates for its water customers. The Board recommends Greeley Water’s budget to the City Manager and then the City Manager proposes the budget to the City Council. After City Council approves the City’s budget, the Board sets rates to support Greeley Water’s budget. This governance structure ensures that City Council has the opportunity to weigh in on the capital and operating activities that impact water and sewer rates, but it limits the political influence in the rate setting process by having the Board adopt rates.

No Litigation Related to the Series 2021 Bonds

No litigation is pending or threatened against Greeley Water in connection with the Firming Project nor the Series 2021 Bonds.

Service Area

Greeley Water is the water service provider for all of the City as well as small numbers of retail customers along its transmission lines and outside the City boundaries. Greeley Water is also a wholesale water provider for three neighboring communities (Evans, Milliken, and Windsor). Those communities provide their water resources to Greeley Water to treat and then deliver to interconnects to their distribution systems.

The following table provides the historical population information concerning the City:

**Table A2-1
Historical Population of the City**

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>
Population	76,930	88,108	93,167	101,428

Water Rights

The City has a diverse water rights portfolio, owning water rights in four river basins: the Colorado River, Big Thompson River, Poudre River, and Laramie River. The City's ownership includes agricultural ditch company shares in the Greeley-Loveland Irrigation Company, Greeley Irrigation Company, Water Supply and Storage Company, Tunnel Water Company, New Cache system, Larimer and Weld system, and North Poudre Irrigation system. The City owns six reservoirs in the Poudre Basin totaling 13,322 acre-feet and two gravel pit complexes, Overland Trails Ponds and Poudre Ponds, which total ~ 5,000 acre-feet. Greeley also has ownership in the Colorado-Big Thompson and Windy Gap projects, as well as a surface direct flow off the Poudre, bringing the City's total firm yield to ~40,000 acre-feet.

Greeley Water System Facilities

Greeley Water's facilities are extensive. Greeley Water has six reservoirs which stretch nearly to Cameron Peak and are spread out through the Cache la Poudre basin. Greeley Water also has two water treatment plants. The Bellvue Plant is located at the mouth of the Poudre River Canyon and is the Greeley Water's year-round plant. It has a capacity of 35 million gallons per day. Treated water from the Bellvue plant is delivered to the City through multiple transmission lines that travel over 30 miles to Greeley Water's distribution system. The Boyd Plant is located at the southern end of Boyd Lake and has a capacity of 38 million gallons per day. It is Greeley Water's peaking plant and it is operational during the irrigation season. Treated water from Boyd is delivered through approximately 20 miles of transmission lines to Greeley Water's distribution system. Greeley Water's distribution system contains nearly 500 miles of pipe and has 70 million gallons of treated water storage. There are over 28,000 water accounts, both inside and outside the City.

Permits, Licenses and Other Regulations

Greeley Water requires any new connection to the water system to either receive a building permit or pay all related tap fees through its cashiers if no building permit is issued. Generally, new connections will occur through the development review process that is overseen by the City's Community Development Department. Greeley Water is an ancillary reviewer within the City's development review process. Greeley Water's development review staff ensure that all of the City's water system design criteria are met and fees are paid before new connections occur.

The City's water supply and treatment operations are affected by numerous regulatory requirements, primarily those imposed by federal laws such as the Safe Drinking Water Act and the Clean Water Act. The City is in compliance with all current drinking water and water quality standards, but Greeley Water anticipates that new regulations would continue to require ongoing rehabilitation and improvements of its treatment facilities.

The operation of Greeley Water is subject to substantial environmental regulation under both state and federal law. Although Greeley Water believes it is in compliance with all material regulations affecting its water system, there can be no assurance that future compliance with such requirements would not frustrate otherwise feasible projects or result in increased capital and operation expenses of the water system.

The following table provides the historical water usage by the City:

Table A2-2
Historical Water Usage of the City

	2000	2005	2010	2015	2020
Water service area population	95,258	115,614	122,323	133,252	142,580
Water use (acre feet)	27,276	26,764	46,272	46,464	41,920
Available water supply (ac-ft.)	73,950	57,639	88,798	83,452	67,878
Direct flows (ac-ft./yr)	9,050	9,050	9,050	9,050	9,050
Raw Water Storage (ac-ft.)	12,862	12,862	13,209	13,209	13,209
CBT units	22,270	22,480	22,539	22,565	22,812
Ditch stock (ac-ft.)	9,876	21,180	20,593	34,947	20,062

Water Deliveries

The following table presents a summary of water deliveries for the City for the five (5) most recent fiscal years:

Table A2-3
Water Deliveries
For Fiscal Years Ended December 31, 2016 through 2020

Fiscal Year Ended	Total (kgal)	% Increase/(Decrease)
2016	8,122,591	3.78%
2017	7,949,424	(-2.13%)
2018	8,268,173	4.01%
2019	7,987,344	(-3.40%)
2020	8,697,786	8.89%

Water Sales Revenues

The following table shows annual water sales revenues for the City for the five (5) most recent fiscal years:

Table A2-4
Water Sales Revenues
For Fiscal Years Ended December 31, 2016 through 2020

Fiscal Year Ended	Sales Revenues	% Increase/(Decrease)
2016	33,943,301	5.55%
2017	34,321,464	1.11%
2018	36,936,673	7.62%
2019	37,570,504	1.72%
2020	43,622,760	16.11%

Customer Breakdown

The following table provides the largest customers for Greeley water for the fiscal year ended December 31, 2020.

Table A2-5
Largest Water Customers for Fiscal Year Ended December 31, 2020

<u>Customer</u>	<u>User Class</u>	<u>Use (in 1,000 gal)</u>
Municipality ¹	Wholesale	891,311
Food manufacturer	Industrial	757,847
Beef processing	Industrial	704,372
Municipality ¹	Wholesale	200,710
Manufacturer	Industrial	172,219
University	Commercial	130,842
Municipality ¹	Wholesale	119,899
Public Schools	Commercial	59,413

¹ These municipal customers provide their own raw water supply, with the System providing treatment and transmission service only.

The following table provides the current customer breakdown for Greeley Water:

Table A2-6
Current Customer Breakdown

<u>Customer Classification</u>	<u>Number of Customers</u>	<u>% of Water Use</u>	<u>% of Revenue</u>
Single-Family	23,931	37%	47%
Multifamily	2,231	12.5%	14%
Commercial	2,017	12.5%	13%
Industrial	5	19%	13%
Other (fire/parks/wholesale/ag)	3,896	19%	13%
TOTAL	32,080	100%	100%

The following table provides the historical customer breakdown for Greeley Water:

Table A2-7
Historical Customer Breakdown

<u>Fiscal Year Ended (December 31)</u>	<u>Single- Family</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2016	22,845	2,152	1,817	5	3,714	30,533
2017	22,970	2,171	1,819	5	3,830	30,795
2018	23,044	2,187	1,860	5	3,859	30,955
2019	23,586	2,195	1,922	5	3,891	31,599
2020	23,931	2,231	2,017	5	3,896	32,080

Water System Rates and Charges

The rates and fees charged by Greeley Water vary based on customer class, meter size, whether the customer is located within or outside of the City, and the type of services provided. The following table summarizes Greeley Water's water rates and fees within the City.

Table A2-8
2021 Water Rates and Fees Within the City

<u>Customer Class</u>	<u>Rate per 1,000 Gallons</u>
Inside the City Single-Family Residential Water Budget	
Tier One (\leq 100% of Water Budget)	\$5.07
Tier Two (101-130% of Water Budget)	\$6.20
Tier Three (131-150% of Water Budget)	\$8.45
Tier Four ($>$ 150% of Water Budget)	\$11.27
Inside the City Residential not on Water Budget	\$5.35
Inside the City Commercial	\$5.10
Inside the City Industrial	\$3.89

In addition, the following service charges shall be billed regardless of the volume of water consumed.

Table A2-9
Service Charges for Monthly Billed Period

<u>Meter Size</u>	<u>Inside City</u>
5/8"	\$14.40
3/4"	\$14.40
1"	\$14.75
1½"	\$19.10
2"	\$20.90
3"	\$57.90
4"	\$67.45
6"	\$84.95
8"	\$108.00
10"	\$138.40
12"	\$178.45

Table A2-10
2021 Water Rates and Fees Outside of the City

<u>Customer Class</u>	<u>Rate per 1,000 Gallons</u>
Outside the City Residential	\$12.02
Outside the City Commercial	\$11.92
Sharkstooth Pipeline Company (Contributed Water Rights)	\$4.56
Mountain View Meadows (Not Contributed Water Rights)	\$9.75
Agriculture Special Contract (Greeley-Loveland by Agreement)	\$5.35
Kodak Alaris	\$3.64
Town of Windsor	\$4.72
City of Evans	\$4.56
Town of Milliken	\$6.80

In addition, the following service charges shall be billed regardless of the volume of water consumed.

Table A2-11
Service Charges for Monthly Billed Period

<u>Meter Size</u>	<u>Outside City</u>
5/8"	\$15.25
3/4"	\$15.25
1"	\$15.65
1½"	\$20.25
2"	\$22.15
3"	\$61.35
4"	\$71.45
6"	\$90.00
8"	\$114.45
10"	\$146.70
12"	\$189.15

Collection Procedures

When a utility customer is over 30 days past due on their bill they will be tagged for shut-off. They have a couple of days to make payment or set-up a payment arrangement, after which time they are shut-off. In order to have water turned back on the customer must pay the past-due amount and any associated fees, otherwise the water remains shut-off and will translate into a lien on the property to be paid when it's sold/refinanced/etc.

History of Rate Increases

The following table provides the historical rate increases and decreases for Greeley Water:

Table A2-12
Historic system-wide average rate revenue changes:

2017	2018	2019	2020	2021
3.5%	3.5%	5.0%	8.5%	6.0%

Future Water Improvements

The following table details future plans to maintain, increase or decrease rates/charges/fees.

Table A2-13
Projected 5-Year system-wide average rate revenue change (subject to change):

2022	2023	2024	2025	2026
6.0%	4.0%	4.0%	4.0%	3.5%

Greeley Water has a 10-year capital planning horizon that is incorporated into the City's Capital Improvement Plan. The City's CIP is a 5-year plan so only the first 5 years are officially adopted by City Council. The 10-year plan is incorporated in the department's water rate and cash flow modeling, which is updated annually. The CIP is funded through a combination of rates, plant investment fees, and bonds.

FINANCIAL INFORMATION OF THE CITY

Budgetary Process

Greeley Water's fiscal year follows a calendar year schedule. Greeley Water completes annual budgeting on the same timeline as the rest of the City. Staff propose operating budget adjustments within each division which are modeled along with the updated CIP. These changes are presented to the Water and Sewer Board each July. This Board recommends the proposed budget to the City Manager who will then take the recommendation to the City Council. The budget is adopted by the City Council each fall.

Financial Statements

The most recent independent auditor's report and financial statements of the City prepared by ACM, LLP, independent certified public accountants, are available through the website of the City at:

<https://greeleygov.com/docs/default-source/finance/reports/cafr/2019-cog-cafr.pdf>

and are hereby incorporated by reference as part of this APPENDIX A-2.

Operating Results

The following table shows Greeley Water's historical operating results in tabular form.

Table A2-14
Historical Operating Results

	2016	2017	2018	2019	2020
Revenues					
Water sales	33,943,301	34,321,464	36,936,673	37,570,504	43,622,760
Connection fees	4,669,986	2,563,715	6,027,277	4,450,604	1,903,192
Other revenue and income	15,832,130	8,533,931	12,931,567	8,537,346	9,575,179
TOTAL REVENUES	54,445,416	45,419,110	55,895,517	50,558,455	55,101,131
OPERATING EXPENSES	20,246,153	19,167,908	20,779,477	20,753,353	23,975,370
NET REVENUES	34,199,263	26,251,202	35,116,040	29,805,102	31,125,761

Outstanding Long-Term Indebtedness

The following tables show Greeley Water's outstanding debt and debt service coverage ratios.

Table A2-15
Outstanding Debt

Fiscal Year Ended ([DATE])	Total Debt Service
2020	10,853,481
2021	10,886,381
2022	10,925,681
2023	10,927,981
2024	10,920,481
2025	9,805,950
2026	8,956,750
2027	7,176,850
2028	7,160,950
2029	4,714,550
2030	4,713,650

Table A2-16
Debt Service Coverage Ratios

	2016	2017	2018	2019	2020¹
Net revenues available for debt service	27,312,977	23,516,197	22,233,885	26,578,722	32,064,682
Debt service	10,060,085	9,975,022	7,860,431	11,220,420	\$10,855,881
Total service coverage	2.71	2.36	2.83	2.37	2.95

¹. The numbers for the fiscal year ending December 31, 2020 are unaudited and will change.

Investment Policy

Investment practices for the City and Greeley Water are governed by the City's investment policy and procedures (the "Greeley Investment Policy"). The Greeley Investment Policy authorizes the City to invest in bonds or other interest bearing obligations of the United States of America or its agencies thereof; banker's acceptances issued by state or national bank, commercial paper; repurchase agreements; money market funds; and local government pools. Additionally. The Greeley Investment Policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The Greeley Investment Policy limits maturity to five years or less from the date of purchase.

Insurance

The City's insurance program includes a combination of self-insurance and commercial insurance coverage. The City presently has a \$[321,104,567] blanket insurance policy with Travelers Property & Casualty covering all of its structures and their contents. The policy has a \$50,000 deductible per occurrence. The City is partially self-insuring general liability and automobile liability and public officials' liability insurance programs. In addition, the City has a \$5,000,000 excess policy underwritten by Genesis Insurance with a \$500,000 SIR (self-insured retention). The City also carries certain stop loss policies for its employee self-insured health plan and excess workers compensation coverage.

Pension Benefits

Only Police and Fire have pension benefits. The pension benefits for Police and Fire do not apply to the rest of the City, including Greeley Water.

APPENDIX A-3
THE TOWN OF ERIE, COLORADO,
Acting by and through its Erie Water Activity Enterprise

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THE TOWN OF ERIE, COLORADO,
Acting by and through its Erie Water Activity Enterprise

General

The Town of Erie (“the Town”) is a municipal corporation that was organized in 1874 and operates as a statutory town pursuant to the Constitution and laws of the State of Colorado. Because the Town is a statutory town, state law, in particular Title 31 of the Colorado Revised Statutes (C.R.S.), governs all municipal matters. Under the authority granted by such statutes, the Town has the power to enter into contracts and agreements; to sue and be sued; to incur indebtedness and issue bonds, to refund any bond of the Town without an election; to acquire, hold, lease, and dispose of property, both real and personal; to adopt and enforce ordinances promulgated by the Town’s Board of Trustees (hereinafter, the “Board”); to appropriate money for municipal purposes; to levy and collect ad valorem property taxes; to levy and collect sales taxes; to construct and acquire public buildings and utilities, water systems, and sewer systems; to construct or acquire public improvements and to assess the costs of such improvements against benefited properties; to enter into long-term leases for governmental purposes; to fix rates, tolls, or charges for services, programs, or facilities furnished by the Town, and to pledge such revenues for the payment of any indebtedness of the Town; and to exercise the power of eminent domain for the condemnation of private property for public use.

The Town has its own Erie Water Activity Enterprise, a water activity enterprise and government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution organized pursuant to C.R.S. § 37-45.1-101 *et seq.* The Town operates and manages its water system through its Erie Water Activity Enterprise.

Governance and Management

The Town is administered by the Town Administrator and the Public Works Director and is currently staffed with 412 active employees, including water distribution and water treatment personnel. The Town designated its water system as an “enterprise” for purposes of TABOR. The Town is governed by its Board, which consists of the Mayor and six trustees (the “Trustees”). The Mayor is elected at large for a two-year term, and the Trustees are at large for staggered four-year terms of office. The Board holds regular meetings on the second and fourth Tuesdays of the month, with special meetings held as needed. The Mayor presides at all meetings of the Board and has the same voting powers as the Trustees. The Board elects a Mayor Pro Tem from among its members. Any vacancies on the Board are filled until the next regular election by appointment or election. Pursuant to the State Constitution, the Mayor is limited to three consecutive terms in office, and Trustees are limited to two consecutive terms in office. Town voters may lengthen, shorten, or eliminate the term limitations; however, no election to do so has been held. The current members of the Board, their offices, and the year of expiration of their terms are as follows:

<u>Name and Title</u>	<u>Term Expires</u>
Jennifer Carroll, Mayor	April 2022
Adam Haid, Mayor Pro Tem	April 2022
Ari Harrison, Trustee	April 2024
Sara Loflin, Trustee	April 2024
Bill Gippe, Trustee	April 2022
Brandon Bell, Trustee	April 2024
Christiaan van Woudenberg, Trustee	April 2022

The Town has a Board-Administrator form of government. The Town Administrator is appointed by the Board and serves at the Board's pleasure. The Director of Finance and the Director of Public Works are hired by the Town Administrator. The Town Attorney is appointed by the Board. The Town Administrator is the chief operating and administrative officer of The Town. The Town Administrator possesses and exercises all the operating powers and administrative powers vested to such position in the Municipal Code of the Town, and the Town Administrator oversees all departments and functions. The principal departments presently consist of the finance department, the police department, the department of community development (planning), the public works department, and the parks and recreation department.

No Litigation Related to the Series 2021 Bonds

As of the date hereof, to the best of the knowledge of the Special Water Counsel of the Town, there is no pending or threatened litigation against the Town that would affect the Firming Project or the proposed financing thereof.

Service Area

The Town's water system generally serves customers located within The Town's corporate limits, and to the best of the Town's knowledge, it does not serve any customers outside its boundaries. The Town has entered into an intergovernmental agreement describing water service in the area with the Left-Hand Water District, which also provides water to rural areas in the vicinity of the Town. Generally, the Town may serve customers in any area south of State Highway 52 within the Left-Hand Water District boundary once the land is annexed to the Town and, if applicable, once the property is excluded from the Left Hand Water District.

The following table provides the historical population information concerning the Town:

Table A3-1
Historical Population of the Town

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Population	6,291	-	Appx. 18,570	Appx. 22,750	Appx. 27,000

Water Rights

The Town has the capacity to receive its water supply from many sources, which are briefly described herein. The Town owns 205 shares of the South Boulder Canyon Ditch Company and reservoir water rights, all of which provide the Town with the right to divert water from South Boulder Creek above Baseline Reservoir. That ditch system conveys water through an open ditch approximately eighteen miles for direct delivery or storage into Erie Reservoir. The Town has reservoir storage water rights, including 239 acre-feet in Erie Reservoir and 148 acre-feet in Thomas Reservoir, both of which store raw water. Erie Reservoir can also store ditch water. Thomas Reservoir is only used during the summer and is offline during the winter. The Town also owns shares in other mutual ditch companies. The Town owns or controls 392.5 shares in the Leyner-Cottonwood Consolidated Ditch Company, 98 shares in the Erie and Coal Creek Ditch and Reservoir Company, and 8.24 shares in the Farmers Reservoir and Irrigation Company, Marshall Lake Division. This water is diverted through the respective ditch companies' headgates for direct delivery to the Town, except 155 shares in the Leyner-Cottonwood Ditch, which can also be delivered through the South Boulder Canyon Ditch.

The primary source of water is derived from the Town's ownership of water in the C-BT Project and the Windy Gap Project, which are operated by Northern Water and the Subdistrict. The Town owns or controls 7,381 CBT Units and 20 Units in the Windy Gap Project. Both of those sources of water are delivered to the Town through Northern Water's raw water pipeline, which extends from Carter Lake to Broomfield, Colorado, (the "SWSP Pipeline") and through the Town's own raw water line and pump station, which extends from the Boulder Supply Canal to the Town (the "Erie Pipeline"). The Town's interest in the SWSP Pipeline is set forth in its allotment contract with Northern Water, which allocates 5.5 cubic feet per second ("cfs") of the pipeline's overall capacity to the Town. Water is delivered to the Town from the main SWSP Pipeline through a 12" waterline, which extends to the Town's water treatment facility. The Erie Pipeline belongs solely to the Town and has a capacity of 20 cfs. Water from the SWSP Pipeline can also be diverted to a 1.0 MG raw water storage tank located at the site of the Town's Water Treatment Facility ("WTF"). In addition, not only is the Town a participant in the Firming Project, at its participation level of 6,000 WGFP Units or 2,000 acre-feet of annual firm yield, but the Town is also a participant in Northern Water's Northern Integrated Supply Project ("NISP"), both of which are anticipated to be sources of water for the Town in the future. NISP is another cooperative, regional effort to meet the water needs of many Front Range communities, including the Town and 14 other municipalities or water districts, through development of one regional water project. As currently envisioned, NISP would include two off-channel reservoirs. Using two water rights to fill the corresponding reservoirs, it would provide 40,000 acre-feet of reliable firm yield annually to the 15 water providers that are funding the project. Currently, NISP is estimated to cost approximately \$1.5 billion, and the Town's participation level in NISP is 6,500 acre-feet, with it contributing costs proportionate to its participation level.

While the Firming Project and NISP are being developed, as a bridge water supply, the Town has a five-year lease agreement with Bijou Irrigation Company for the lease of 980 C-BT Project Units to further firm its water supply while the Firming Project and NISP are being pursued. The lease term is for the 2021 Water Year through the end of the 2025 Water Year. The 980 C-BT Project Units are expected to yield an average of 686 acre-feet per year.

In addition, the Town recently completed the adjudication of conditional groundwater rights for six horizontal, directionally drilled wells located near the Town's North Water Reclamation Facility, which will withdraw groundwater tributary to Boulder Creek, and for an associated plan for augmentation, which will replace out-of-priority depletions from the wells. The Water Court, Division One, State of Colorado entered the final Decrees for the groundwater rights and the plan for augmentation in Case Nos. 19CW3063 and 19CW3064 on April 29, 2021.

Finally, at its wastewater treatment facility known as the North Water Reclamation Facility ("NWRF"), the Town has its 1,000-acre-foot NWRF Reservoir, which has its own water right and the right to store reuse water. The Town currently uses the reuse water for irrigation of parks, open spaces, and a golf course.

Water System Facilities

The Town operates and maintains its WTF and treated water distribution system. The existing WTF was constructed in 1991, and after an expansion in 2020, the total capacity at the WTF is now 16.6 MGD. Currently, the Town is constructing a hydroelectric turbine facility at the WTF, which is expected to be completed in 2021. The turbine is anticipated to supply 20% of the existing plant power demand, and the power generation will increase as the Town grows. The pretreatment facility includes a rapid mix, flocculation, and sedimentation system. The design capacity of the pretreatment facility is 16.65 MGD with a maximum hydraulic capacity of 18.9 MGD. In addition to the treatment facility, a 2.2-million-gallon clearwell with attached wet well, an above-ground 1.5-million-gallon potable storage tank, and a 4.0-million-gallon potable storage tank provide the necessary treated water storage to meet the per hour demand on the water system. The Town and Left-Hand Water District have entered into an Agreement regarding Water Service and Boundaries, whereby Left-Hand Water District could provide potable water supply directly to customers within an approximately 1,300-acre area located within the Town's planning area if the Town does not serve those properties. In addition, the Town and Left-Hand Water District have entered into an Interconnection Intergovernmental Agreement that provides for water delivery to the Town's system at a maximum rate of 500 gallons per minute during emergency situations. An agreement between the Town and the City of Lafayette provides additional water for delivery in an emergency situation for redundant operation.

The Town has approximately 190 miles of water line. The Town's distribution system includes a 30" water transmission/distribution main from the WTF to the 1.5-million-gallon and 4.0-million-gallon storage tanks. There are three elevation zones (numbered 2 through 4) that the water system serves. Water distribution mains ranging from 12" to 20" in size distribute water among the zones. Zone 2 includes gravity water lines to the Town's older section and areas of low elevation. Zone 3 includes a 30" distribution water line along the middle elevation area of the Town. Zone 4 is a pumped zone from two separate pumping stations that serve the high elevation areas of the Town. Except for a few existing lines in Old Town and Erie Air Park, most of the distribution system and pumping system is new since 1999. The distribution system also includes two high-service pumping stations, a 5.3 MGD Zone 4B station, and a 20.8 MGD Zone 3/4A station.

Permits, Licenses and Other Regulations

The Town's water treatment system is subject to Colorado drinking water system regulations. As mentioned above, the Town has a Colorado Department of Public Health and Environment ("CDPHE") permit for its non-potable water system, including the NWRF Reservoir. The Town also has two CDPHE reclaimed water system authorizations, including a treater authorization and a user authorization.

The following table provides the historical water usage by the Town:

Table A3-2
Historical Water Usage of the Town
For Fiscal Years Ended December 31, 2016 through 2020

<u>Fiscal Year Ended</u>	<u>Connections</u>	<u>% Increase/(Decrease)</u>
2016	8,038	-
2017	8,547	6%
2018	9,193	8%
2019	9,829	7%
2020	10,264	4%

Water Deliveries

The following table presents a summary of water deliveries for the Town for the five (5) most recent fiscal years:

Table A3-3
Water Deliveries
For Fiscal Years Ended December 31, 2016 through 2020

<u>Water Year</u>	<u>Total (acre feet/gallons)</u>	<u>% Increase/(Decrease)</u>
2016	3,485.87 acre-feet (<i>water treatment plant production</i>)	-
2017	3,663.89 acre-feet (<i>water treatment plant production</i>)	Appx. 5% increase
2018	3,822.87 acre-feet (<i>water treatment plant production</i>)	Appx. 4% increase
2019	3,686.04 acre-feet (<i>water treatment plant production</i>)	Appx. 4% decrease
2020	4,542.62 acre-feet (<i>water treatment plant production</i>)	Appx. 19% increase

Water Sales Revenues

The following table shows annual water sales revenues for the Town for the five (5) most recent fiscal years:

Table A3-4
Water Sales Revenues
For Fiscal Years Ended December 31, 2016 through 2020

<u>Fiscal Year Ended</u> <u>December 31</u>	<u>Sales Revenues</u>	<u>% Increase/(Decrease)</u>
2016	\$8,278,284	
2017	\$9,044,664	9%
2018	\$10,251,306	13%
2019	\$10,429,799	2%
2020	\$12,654,777	9%

Customer Breakdown

The following table provides for the largest customers for the fiscal year ended December 31, 2020.

Table A3-5
Largest Water Customers for Fiscal Year Ended December 31, 2020

<u>Customer</u>	<u>User Class</u>	<u>Use (in 1,000 gal)</u>
Town of Erie Irrigation Accounts	Irrigation	32,794
HT Flatiron LP	Irrigation	20,138
Blue Sky Condo Association	Multi-Family	18,474
St. Vrain Valley School District – EHS	Irrigation	12,895
Hogan Action Services, Inc	Irrigation	12,273
Vista Ridge HOA	Irrigation	10,945
Brennan Lifestyle Association	Irrigation	9,481
Park Homes, LLC	Irrigation	8,169
Canyon Creek South HOA	Irrigation	8,339
Compass HOA	Irrigation	8,012

The following table provides the current customer breakdown:

Table A3-6
Current Customer Breakdown

Customer Classification	Number of Customers	% of Water Use	% of Revenue
Single-Family	9,516	80%	83%
Multifamily	148	5%	4%
Commercial	163	4%	4%
Industrial	n/a	n/a	n/a
Other	462	11%	9%
TOTAL	10,289	100%	100%

The following table provides the historical customer breakdown:

Table A3-7
Historical Customer Breakdown

Fiscal Year Ended December 31	Single- Family	Multifamily	Commercial	Industrial	Other	Total
2016	7671	91	122	n/a	181	8065
2017	7950	91	130	n/a	418	9589
2018	8454	136	145	n/a	487	9222
2019	9072	142	158	n/a	476	9848
2020	9516	148	163	n/a	462	10289

Water System Rates and Charges

The following information summarizes the Town's rates and fees:

Table A3-8

<u>Residential Development By Type</u>	<u>Impact Fee Per Dwelling Unit</u>
Single-family detached	\$1,628.00
All other dwelling units	903.00
<u>Nonresidential Development By Type</u>	<u>Impact Fee Per 1,000 Square Feet Floor Area</u>
Commercial/retail/shopping center	\$1,423.00
Office/institutional	1,275.00
Industrial/manufacturing/warehousing	1,275.00

Table A3-9
Water Hydrant and Water Meter Rates

Water hydrant meter:	
Deposit	\$3,000.00
Fee:	
Per 1,000 gallons	6.57
Water meter:	
Shutoff fee	20.00
Turn on fee	20.00
Reread fee	50.00

Table A3-10
Monthly Fees and Charges for Potable Water

Water rates, potable:					
Service charge, amount per monthly bill:					
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Residential: Single-Family, Townhomes ¹ & Multi-Family					
$\frac{3}{4}$ inch	\$19.36	\$19.36	\$19.36	\$19.36	\$19.36
1 inch	26.83	26.83	26.83	26.83	26.83
1½ inches	45.53	45.53	45.53	45.53	45.53
2 inches	67.96	67.96	67.96	67.96	67.96
3 inches	127.78	127.78	127.78	127.78	127.78
4 inches	195.08	195.08	195.08	195.08	195.08
6 inches	382.01	382.01	382.01	382.01	382.01
Commercial and irrigation:					
$\frac{3}{4}$ inch	19.36	19.36	19.36	19.36	19.36
1 inch	26.83	26.83	26.83	26.83	26.83
1½ inches	45.53	45.53	45.53	45.53	45.53
2 inches	67.96	67.96	67.96	67.96	67.96
3 inches	127.78	127.78	127.78	127.78	127.78
4 inches	195.08	195.08	195.08	195.08	195.08
6 inches	382.01	382.01	382.01	382.01	382.01
Volume charge, amount per 1,000 gallons:					
Residential: Single-Family & Townhomes ¹					
First 5,000 gallons	5.53	5.53	5.53	5.53	5.53
Next 10,000 gallons	6.92	6.92	6.92	6.92	6.92
Next 10,000 gallons	10.35	10.35	10.35	10.35	10.35
Over 25,000 gallons	15.49	15.49	15.49	15.49	15.49
Residential: Multi-Family					
First 5,000 gallons	5.53	5.53	5.53	5.53	5.53
Next 10,000 gallons	5.53	5.53	5.53	5.53	5.53
Next 10,000 gallons	5.53	5.53	5.53	5.53	5.53
Over 25,000 gallons	5.53	5.53	5.53	5.53	5.53
Commercial:					
Per 1,000 gallons	6.57	6.57	6.57	6.57	6.57
Irrigation:					
Per 1,000 gallons	7.70	7.92	8.16	8.39	8.64

¹ If individually metered.

All gallon usage is based on water usage and is calculated by rounding to the nearest 1,000 gallons. The effective date for the rate increase shall be the first day of the calendar year.

Collection Procedures

The Town's billing department mails utility bills monthly to each of its customers. Each customer's bill includes water, sewer and drainage use charges. Bills unpaid for a period of one month are considered delinquent. Service may be terminated after 30 days of delinquency. An additional charge of 1% interest is assessed monthly on any balance of any delinquent fee. Reconnection requires settlement of all past due amounts. Pursuant to Town ordinance, delinquent service charges become a lien against the property served for the amount due and may be foreclosed upon by the Town in due course. It is the Town's practice to annually file liens with the county treasurer's offices for accounts that are six months or more past due. Colorado law provides that, until paid, all fees, rates, tolls, penalties or charges imposed for connection to or use of the system constitute a perpetual lien on and against the property served and any such lien may be foreclosed in the same manner as provided by State law for the foreclosure of mechanic's liens.

Note, however, that due to the pandemic, the Town has temporarily suspended the penalties and termination of service due to delinquent accounts. The Town is working with delinquent customers on payment plans.

History of Rate Increases

The Town completed a comprehensive rate study for its water, wastewater and storm drainage systems in 2014. The study was the basis for recommended water volume rate increases and water resource and tap fee increase that were effective for 2015 through 2020. The Town completed another comprehensive rate study for its water, wastewater and storm drainage systems in 2019. The study was the basis for recommended water volume rate increases and water resource and tap fee decrease that were effective for 2021 through 2025.

Future Water Improvements

The Town of Erie Financial Policies requires the Town to have a formal rate study performed on the utility fund (water, wastewater and storm drainage) charges at least every five years. Per the policy, the next formal rate study will be completed in 2025.

The Town has developed a five-year plan for capital improvements (the "CIP") and updates it annually in conjunction with adoption of the budget. The CIP is a planning document that identifies needed infrastructure projects, the expected timing of those projects and the sources of paying for them. Although the CIP is revised annually, as circumstances change and new needs arise, priorities may change. The CIP is organized by fund. These include street, airport, storm drainage, wastewater, water, park and recreation, public facilities, transportation and trails projects.

The Town uses a variety of funding mechanisms for capital projects. Portions of the Town's capital projects are paid for by development tap fees imposed on a per-unit basis. The Town has also issued general obligation bonds, revenue loans, revenue bonds and certificate of participation to fund major capital projects.

FINANCIAL INFORMATION OF THE TOWN

Budgetary and Appropriations Process

The Town is required by law to adopt an annual budget setting forth all proposed expenditures for the administration, operation, and maintenance of all offices, departments, boards, commissions, and institutions of the Town. The appropriated budget is prepared by fund (e.g., general), department (e.g., police), and division (e.g., patrol). The budget must show the actual or estimated deficits from prior years, all debt redemptions and interest charges during the budget year, and all expenditures for capital projects to be undertaken or executed during the budget year. It must also set forth the anticipated income and other means of financing the proposed expenditures for the ensuing year, which coincides with the calendar year.

All departments submit requests for appropriation to the Finance Director. The Finance Director and Town Administrator use these requests to begin developing a proposed budget. On or before the fifteenth day of October of each year, the Town Administrator must propose a budget for the ensuing budget year and cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the Town may register his or her objections to the proposed budget. The Town must adopt its budget by December 15. After adoption of the budget, the Board must enact a corresponding appropriation resolution before the beginning of the fiscal year. If the Town fails to file a certified copy of its budget with the Colorado Division of Local Government in the Department of Local Affairs no later than 30 days after the start of the fiscal year, the division may authorize the county treasurer to prohibit release of the Town's tax revenues and other moneys held by the county treasurer until the Town files its budget.

In general, the Town cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which was not reasonably foreseeable, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote. If the Town receives revenues which were unanticipated at the time of adoption of the budget, the Board may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing. Typically, at least twice yearly Town staff reviews the adopted budget and year-to-date actual revenues and expenditures to determine if changes to the adopted budget are required. Based on these reviews, staff proposes supplemental appropriations to update the budget to reflect actual revenues and expenditures of the prior and current year, year-to-date Board actions, and projected revenues and expenditures for the remaining fiscal year.

Financial Statements

The most recent independent auditor's report and financial statements of the Town prepared by CliftonLarsonAllen LLP, independent certified public accountants, are available through the website of the Town at:

<https://erieco.gov/ArchiveCenter/ViewFile/Item/3107>

and are hereby incorporated by reference as part of this APPENDIX A-3.

Operating Results

The following table shows the Town's historical operating results in tabular form.

Table A3-14
Historical Operating Results

	2016	2017	2018	2019	2020
Revenues					
Water sales	8,278,284	9,044,664	10,251,306	10,429,799	12,654,777
Connection fees	14,374,273	15,702,821	20,416,574	20,404,933	19,986,944
Other revenue and income	171,684	327,681	827,899	1,927,614	838,488
TOTAL REVENUES	22,824,241	25,075,166	31,495,779	32,762,346	33,480,209
OPERATING EXPENSES	4,769,246	4,211,555	4,822,378	5,052,305	5,765,605
NET REVENUES	18,054,995	20,863,611	26,673,401	27,710,041	27,714,604

Outstanding Long-Term Indebtedness

The following tables show the Town's outstanding debt and debt service coverage ratios.

Table A3-15
Outstanding Debt

Fiscal Year Ended December 31	Total Debt Service
2020	2,688,979.50
2021	2,687,179.00
2022	2,693,979.00
2023	2,107,667.00
2024	1,856,743.00
2025	1,861,479.00
2026	1,858,991.00
2027	1,858,767.00
2028	1,860,469.00
2029	1,860,585.00
2030	1,855,515.00

Table A3-16
Debt Service Coverage

	2016	2017	2018	2019	2020
Net revenues available for debt service	18,054,995	20,863,611	26,673,401	27,710,041	27,714,604
Debt service	2,747,156	2,780,089	2,699,506	2,686,968	2,688,979
Total service coverage	6.57x	7.50x	9.88x	10.31x	10.31x

**Note: 2020 financial information is preliminary as the year-end close process is in progress.*

Investment Policy

All investments for the Town shall be made in accordance with the Colorado Revised Statutes including: C.R.S. § 11-10.5-101 *et seq.*, public deposit protection act; C.R.S. § 11-47-101 *et seq.*, savings and loan association public deposit protection act; C.R.S. § 15-1-304 *et seq.*, prudent investor rule; C.R.S. § 24-75-601 *et seq.*, legal investments for governmental units; C.R.S. § 24-75-603, depositories; and C.R.S. § 24-75-701 *et seq.*, local government pooling. Any revisions or extensions of these sections of the Colorado Revised Statutes will be assumed to be part of this investment policy immediately upon enactment.

The Town's investment policy (the "Erie Investment Policy") sets forth legal investment of public funds and investment limitations. Generally, the Erie Investment Policy applies to the investment of all funds, excluding the investment of employees' retirement funds. The primary objectives of the Erie Investment Policy are legality, safety, liquidity and yield. Authority to manage the investment program is granted to the finance director. The Erie Investment Policy also provides for authorized financial institutions; depositories, and broker/dealers; safekeeping and custody; suitable and authorized investments; investment parameters; and reporting.

Insurance

The following information summarizes the Town's insurance policies:

- Property Casualty Policy - CIRSA
 - Property coverage (including auto physical damage and public relations, privacy breach, and cyber extortion expense)
 - Liability coverage:
 1. General liability
 2. Auto liability
 3. Law enforcement liability
 4. Public Officials errors and omissions liability
 5. Security and privacy breach liability
 - Crime coverage (including employee dishonesty and money and securities)
- Worker's Compensation Policy - CIRSA
 - Workers' Compensation Coverage
 - Employer's Liability Coverage

- Pollution Policy – CHUBB
 - Pollution conditions or indoor environmental conditions coverage
 - Transportation coverage
 - Non-owned disposal site coverage
 - Terrorism Risk Insurance
- Airport Liability Policy – AIG
 - Premises BO/PD CSL
 - Products/Completed Operations
 - Hangar keepers Legal Liability
 - Premises Medical Payments
 - Fire Legal Liability
 - Personal and Advertising Injury
 - War
 - Terrorism Risk Insurance
- Excess Crime Policy – AIG through CIRSA
 - Employee Dishonesty
 - Money and Securities
 - Forgery or Alteration,
 - Computer Fraud
- Excess Cyber Policy - CIRSA
 - Security and Privacy Breach Liability Coverage and Public Relations Expense
 - Privacy Breach Expense
 - Cyber Extortion Expense Coverage
- Volunteer Accident Medical Plan – CIRSA

Medical and accidental death and dismemberment (AD&D) coverage for non-statutory volunteers and volunteer unsworn rangers and/or patrol (i.e. Colorado Mounted Rangers) who are not covered by the Colorado Workers' Compensation Act and who do not receive monetary remuneration.

Pension Benefits

The pension benefits of the town consist of the Police Officers Pension Plan (the “Police Officer’s Pension Plan”) and the Employee Pension Plan (the “Employee Pension Plan”).

For the Police Officer’s Pension Plan, the Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado. The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan.

For the Employee Pension Plan, the Town contributes to an employer defined contribution plan established for non-police employees.

Plan name: The Town of Erie Savings Plan
Plan administrator: Town Finance Director
Recordkeeper: OneAmerica (a third-party trustee)

The plan was established by authority of the Board and can be amended by the Plan Trustees (Town Administrator and Finance Director). The Board establishes and may amend contribution requirements.

The plan is available to all non-police benefited employees (full-time employees and part-time employees working at least 24 hours per week). The plan was created in accordance with Internal Revenue Code (IRC) Section 457(b) (employee contributions) and 401(a) (employer contributions). Employees are eligible to participate on the first day of each month after their date of hire.

APPENDIX A-4
LITTLE THOMPSON WATER DISTRICT
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LITTLE THOMPSON WATER DISTRICT

General

Little Thompson Water District (“LTWD”) is a quasi-municipal corporation and a political subdivision of the State of Colorado (the “State”). LTWD was created pursuant to state law for the purpose of providing water facilities and services for the inhabitants of LTWD (the “LTWD System”). The order and decree creating LTWD was entered in 1961.

The rights, powers, privileges, authorities, functions and duties of LTWD are established by the laws of the State, particularly Title 32, Article 1, C.R.S. (the “Special District Act”), which provides that LTWD has the power: to enter into contracts and agreements; to sue and be sued; to fix and from time to time increase or decrease fees, rates, tolls or charges for services, programs or facilities furnished by or available from LTWD, and to pledge such revenue for the payment of any indebtedness of LTWD; to acquire, dispose of and encumber real and personal property, and any interest therein, including leases and easements; and to have the management, control and supervision of all the business affairs of LTWD, and the construction, installation, operation and maintenance of LTWD improvements therein. Subject to compliance with statutory procedures, the Board of Directors of LTWD (the “LTWD Board”) may order the inclusion or exclusion of real property to or from LTWD, as the case may be, thereby modifying the boundaries of LTWD.

LTWD also has the power to compel the owner of premises, whenever necessary for the protection of public health, to connect such premises to the LTWD System; to assess reasonable penalties for delinquency in the payment of rates, fees, tolls or charges, or for any violations of the rules and regulations of LTWD together with interest on such delinquencies from any date due at not more than one percent per month, and to shut off or discontinue water service for such delinquencies and for delinquencies in the payment of taxes or for any violation of the rules and regulations of LTWD; to acquire water rights and construct and operate lines and facilities within and without LTWD; to fix tap fees which the LTWD Board may pledge for the payment of any indebtedness of LTWD; to impose, subject to statutory restrictions, availability of service or facilities, charges; and to exercise the power of eminent and dominant eminent domain for its purposes, except for acquisition of water rights.

Governance and Management

LTWD is governed by the LTWD Board which, pursuant to State law, consists of seven members. The LTWD Board is responsible for the overall management and administration of LTWD. The members of the LTWD Board must be electors of LTWD as defined by State law and are elected to alternating four-year terms of office at successive biennial elections. Vacancies on the LTWD Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to the Special District Act, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened, or eliminated pursuant to voter approval. The directors hold regular meetings and as needed, special meetings. Each director is entitled to one vote on all questions before the Board when a quorum is present.

However, the day-to-day operations of LTWD are conducted by a 33-member staff headed by the LTWD Manager (the “LTWD Manager”). Under general policy guidance from the LTWD Board, the LTWD Manager plans, organizes, integrates, fiscally controls, directs, administers, reviews and evaluates the activities, operations, and services of LTWD; ensures execution of short- and long-term goals and objectives consistent with the strategic plan; ensures LTWD operations and functions effectively serving the needs of customers/rate payers throughout LTWD’s service area while complying with applicable laws and regulations and performs related duties as assigned.

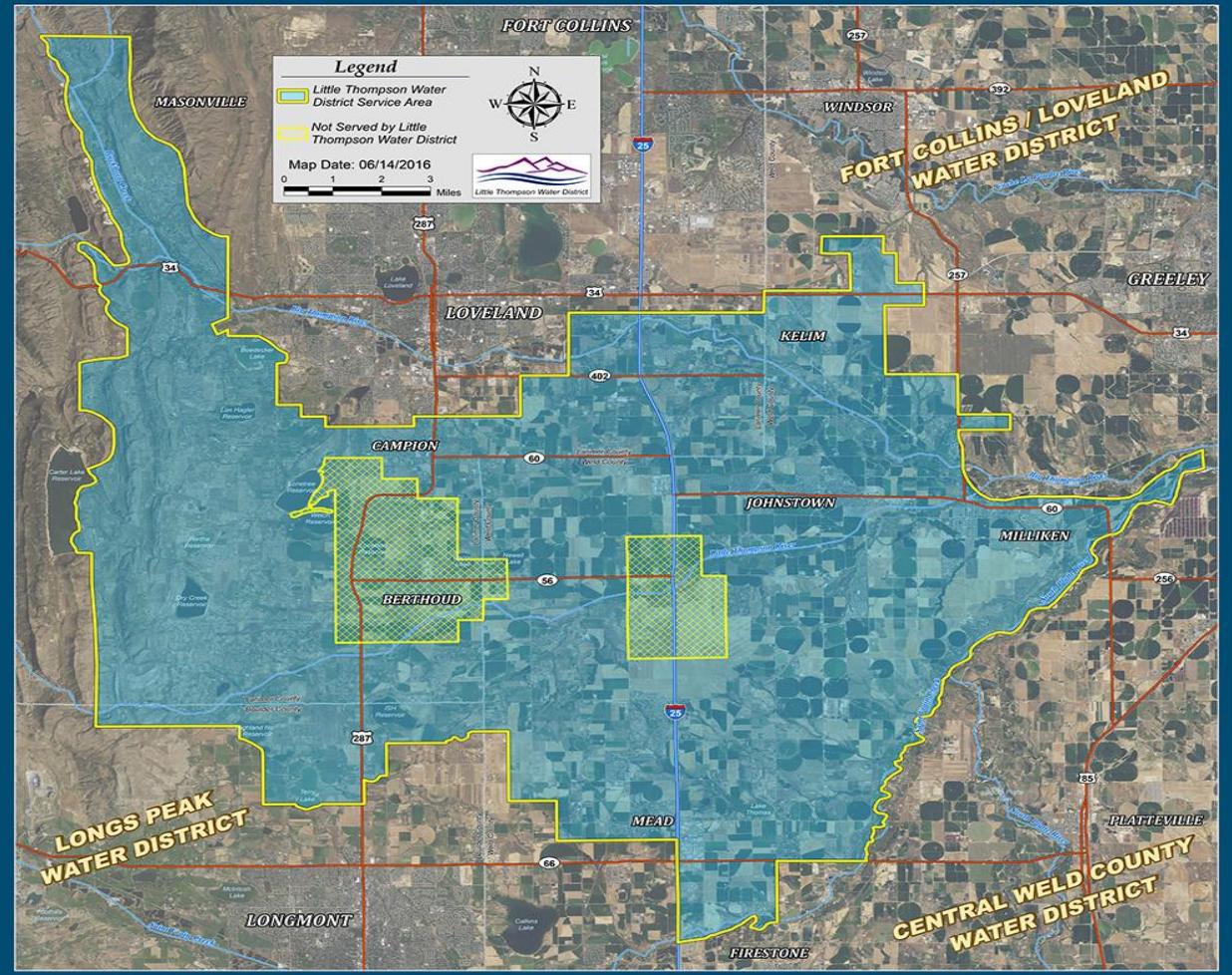
No Litigation Related to the Series 2021 Bonds

In connection with the issuance of the Series 2021 Bonds, general counsel to LTWD is expected to render an opinion stating that, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation pending in which LTWD is a party wherein an unfavorable decision, ruling, or finding would affect the validity of the Resolution, or other financing documents, or the transactions contemplated therein.

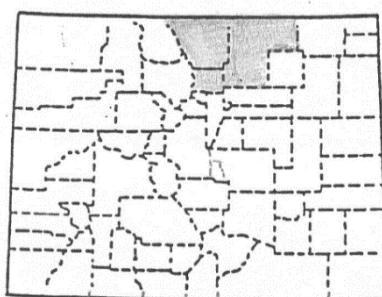
Service Area

LTWD currently encompasses approximately 200 square miles in the southeast portion of Larimer County, northeast Boulder County, and west central Weld County. LTWD is located approximately 65 miles northwest of Denver between the Cities of Loveland and Longmont, with its administrative offices located in the Town of Berthoud. LTWD’s current population is estimated to be approximately 23,020. The map below depicts the LTWD service area.

LITTLE THOMPSON WATER DISTRICT SERVICE AREA



Colorado



Over the last twenty years, the population of LTWD service has increased from 15,200 in 2000 to 23,020 in 2020. The following table shows the population growth and increase in per capita income over the last twenty years.

Table A4-1
Historical Population of LTWD

	2000	2005	2010	2015	2020
Population	15,200	18,590	19,804	19,828	23,020
Per capita income ¹	\$30,451	\$33,765	\$37,851	\$48,777	\$54,021 ²
Unemployment percentage ¹	2.6%	5.0%	8.3%	3.6%	7.9%
Average household size ¹	2.58	2.57	2.52	2.53	2.54
Housing units (est.)	5,670	6,850	7,311	7,867	8,502

¹ Data was collected for Boulder, Larimer, and Weld Counties and assigned such that each county's number was generally representative of LTWD's boundaries. Boulder at 20%, Larimer at 30% and Weld at 50% of LTWD service area.

² 2018 data from the Colorado Demographers office was utilized as 2020 data was not published at the time of data retrieval.

Over the last twenty years, LTWD's water usage and water supply have also increased to meet the demands of the population growth in the LTWD service area. The following table shows the increase water usage, water supply and water storage over the last twenty years.

Table A4-2
Historical Water Usage of LTWD

	2000	2005	2010	2015	2020
Water service area population	15,200	18,590	19,804	19,828	23,020
Water use (acre feet)	5,436.9	4,736.4	5,381.0	5,502.3	6,778.4
Available water supply (acrefeet)	6,363.5	6,432.3	7,299.2	6,458.6	7,324.8
Direct flows	0.0	0.0	0.0	0.0	0.0
Storage ¹ (acre-feet)	1,436.9	1,845.0	6,738.4	6,461.6	6,658.7
CBT units	7,775	9,225	9,746	9,837.0	10,464
Ditch stock ²	0.0	0.0	0.0	0.0	0.0

¹ Storage includes C-BT carryover storage and Dry Creek Reservoir at the beginning of the water year.

² Ditch stock does not include the shares owned by LTWD as they are not available for use at this time. LTWD will be taking the shares identified in Section 3, and others it acquires, through water court to be used as LTWD needs them to be converted. Currently these shares identified in Section 3 are leased to farmers to continue to irrigate crops.

The majority of LTWD's customers are single family residences, which account for 96% of water use and 59% of sales. The following table provides a current customer breakdown as of [December 31, 2020].

Table A4-3
Current Customer Breakdown

Customer Classification	Number of Customers	% of Water Use	% of Revenue
Single-Family	8,502	70%	83%
Commercial	349	19%	14%
Industrial/Wholesale	18	11%	3%
TOTAL	8,869	100%	100%

The following table provides a historical customer breakdown for fiscal years ending December 31, 2016 through December 31, 2020.

Table A4-4
Historical Customer Breakdown

Fiscal Year Ended (December 31)	Single-Family	Multifamily	Commercial	Industrial/ Wholesale	Total
2016	7,590		315	19	7,924
2017	7,783		325	18	8,126
2018	7,923		335	18	8,276
2019	8,160		342	18	8,520
2020	8,502		349	18	8,869

LTWD System Facilities

The C-BT Project and Windy Gap Project water are delivered to the Carter Lake Filter Plant (“CLFP”) located at the south end of Carter Lake. CLFP is jointly owned by LTWD and Central Weld County Water District (“CWCWD”). LTWD and CWCWD entered into a joint venture agreement in 1967 (as amended on numerous occasions, the “Joint Facilities Operating Agreement”) to provide for the joint operation and maintenance of the water filtration facility. Pursuant to the Joint Facilities Operating Agreement, LTWD pays the joint venture for water treatment based upon usage. LTWD also makes capital contributions to the joint venture to cover improvements and additional expenses.

CLFP can treat up to 50 million gallons per day (“MGD”). During 2019, the average daily water consumption was approximately 15 MGD with a maximum daily demand of 31 MGD. All water treatment is subject to applicable state and federal rules and regulations. According to LTWD Manager, the quality of treated water has consistently met all standards established by the Environmental Protection Agency and the Colorado Department of Public Health and Environment. Monitoring occurs continuously during the treatment processes and at varying frequencies throughout the entire LTWD System to ensure compliance.

LTWD maintains seven storage tanks providing for the storage of nine million gallons of treated water. Treated water is distributed to customers through a distribution system of approximately 611 miles of 1-to-42-inch lines and is divided into seven pressure zones utilizing seven pumping stations. Pursuant to Addendum 6 to the Joint Facilities Operating Agreement executed on September 26, 2019, CWCWD and LTWD have agreed to split the costs of constructing a 7 MG treated water storage tank at the CLFP. LTWD expects to finance their share of the water tank costs with available LTWD funds at an estimated cost of \$3,950,000.

Permits, Licenses and Other Regulations

LTWD is permitted and regulated by Colorado Department of Public Health and Environment through permit number CO0135477. The Carter Lake Filter Plant facility, through which LTWD receives their water and of which LTWD is fifty percent owner, is permitted and regulated by Colorado Department of Public Health and Environment through permit number CO135476. LTWD also jointly owns Dry Creek Reservoir, which is inspected and regulated by the State Engineer’s office through Dam ID040246.

Water Rights

LTWD has 4,800 acre-feet of its own raw water storage from Dry Creek Reservoir, to carry over water from wet years to dry years. According to LTWD officials, LTWD’s present water supply is adequate to serve LTWD’s existing population.

LTWD receives its raw water for treatment and delivery from contract rights allocated to LTWD for C-BT Project and the Windy Gap Project units. The C-BT Project and the Windy Gap Project are transmountain diversion projects which bring water from the Colorado River Basin, under the Continental Divide, to the eastern slope through facilities built by the Federal Bureau of Reclamation. Northern Water operates and maintains the water storage and delivery features of

the C-BT Project which conveys the C-BT Project and Windy Gap Project units pursuant to agreements with Northern Water. LTWD currently owns 10,667 units of C-BT Project water and 19 Windy Gap Project units.

The yield of the C-BT Project and the Windy Gap Project vary from year to year depending upon the allotment made by Northern Water. Because of fluctuating snow precipitation in Colorado, water is stored in C-BT Project and Windy Gap Project facilities during wet years for use during dry years. To account for this variation, LTWD assigns a drought level yield of 50% of the full allotment. The historic average of the yield made by Northern Water is 70%.

LTWD also owns and accepts shares in native supply ditches, the Consolidated Home Supply Ditch Company and Handy Ditch Company, which will be converted for municipal use to treat and deliver to customers. LTWD has been working on the water court preparation since 2017 and anticipates having the Consolidated Home Supply Ditch Company shares available for municipal use in 2026 and the Handy Ditch Company shares available for municipal use in 2029. While the native supplies are not usable at this time as LTWD does not have the legal authority or physical infrastructure to do so, the native supplies will be a significant component of LTWD's future water supplies, although the yield of the native supply shares are also variable due to fluctuating snowpack. LTWD owns 75.75 Consolidated Home Supply Ditch Company shares, 41.9 Handy Ditch shares, and 0.33 Big Thompson Ditch and Manufacturing shares.

The following table provides the historical water connections by LTWD for the most recent five fiscal years.

Table A4-5
Historical Water Connections of LTWD

<u>Fiscal Year Ended</u> <u>(December 31)</u>	<u>Connections</u>	<u>% Increase/(Decrease)</u>
2016	7,924	1.46%
2017	8,126	2.55%
2018	8,276	1.85%
2019	8,520	2.95%
2020	8,869	4.10%

Water Deliveries

The following table presents a summary of water deliveries for LTWD for the fiscal years ending December 31, 2016 through December 31, 2020.

Table A4-6
Water Deliveries
For Fiscal Years Ended December 31, 2016 through December 31, 2020

Fiscal Year	Total (acre feet)	% Increase/(Decrease)
2016	6,134	
2017	5,995	(2.3%)
2018	5,943	(0.9%)
2019	5,593	(6.3%)
2020	6,778	17.5%

Water Sales Revenues

The following table shows annual water sales revenues for LTWD for the fiscal years ending December 31, 2016 through December 31, 2020

Table A4-7
Water Sales Revenues
For Fiscal Years Ended December 31, 2016 through 2020

Fiscal Year	Sales Revenues	% Increase/(Decrease)
2016	\$8,243,523	
2017	\$8,596,087	4.3%
2018	\$8,415,341	(2.1%)
2019	\$8,282,380	(1.6%)
2020	\$9,777,321	18.0%

LTWD System Rates and Charges

As part of its annual budget process, LTWD analyzes water rates to ensure the adequacy of the revenue stream. Since 2011, LTWD Board has authorized rate increases in four (4) of nine (9) years, ranging between 2% and 6%. In 2017, LTWD completed a Rate Analysis for its largest wholesale customer, which included the allocation of functional cost components, distribution of the component costs to the customer, and a design of water rates that will recover, within practical limits, the costs to serve the customer. In 2019, LTWD Board set a goal of annually increasing the base rate and tier rates by the Consumer Price Index (CPI) in order to keep up with inflation. Also, as a part of the annual budget process, LTWD projects expenses and revenue requirements for the next five years. Based on LTWD Board's goal and LTWD's budget projections, LTWD anticipates average annual rate increases based on CPI annually. The analysis also included a review of the wholesale plant investment fees. A complete cost of service study for all customer classes is anticipated in 2022.

Table A4-8
Breakdown of Various Rates, Charges, Connection Fees and Other Revenue Sources
Section 1502.1 Schedule B – Water Rate Schedule 2021 Water Rate Structure –
Updated November 12, 2020; Effective January 1, 2021

Tap Size	Base Fee	Gallons Used	Rate per 1,000 Gallons
5/8" Inside Use Only Res+.	\$28.77	0-3,000 3,001-5,000 >5,000	\$2.55 \$3.20 \$4.33
5/8" Urban Residential*	\$28.77	0-6,000 6,001-15,000 >15,000	\$2.55 \$3.20 \$4.33
5/8" Standard Residential	\$28.77	0-6,000 6,001-25,000 25,001-50,000 50,001-70,000 >70,000	\$2.55 \$3.20 \$3.77 \$4.33 \$8.00
3/4" Standard Residential	\$31.17	0-9,000 9,001-36,000 36,001-45,000 45,001-70,000 >70,000	\$2.55 \$3.20 \$3.77 \$4.33 \$8.00
5/8" Urban Non Res*	\$28.77	0-6,000 6,001-15,000 >15,000	\$2.55 \$3.20 \$4.33
5/8" Non Res	\$28.77	0-6,000 6,000-30,000 30,000-60,000 >60,000	\$2.55 \$3.20 \$3.53 \$3.86
3/4" Non Res	\$31.17	0-9,000 9,000-45,000 45,000-90,000 >90,000	\$2.55 \$3.20 \$3.53 \$3.86
1" Non Res	\$39.79	0-15,000 15,000-75,000 75,000-150,000 >150,000	\$2.55 \$3.20 \$3.53 \$3.86
1.5" Non Res	\$74.85	0-30,000 30,000-150,000 150,000-300,000 >300,000	\$2.55 \$3.20 \$3.53 \$3.86
2" Non Res	\$90.64	0-48,000 48,000-240,000 240,000-480,000 >480,000	\$2.55 \$3.20 \$3.53 \$3.86
3" Non Res	\$168.16	0-105,000 105,000-525,000 525,000-1,050,000 >1,050,000	\$2.55 \$3.20 \$3.53 \$3.86
4" Non Res	\$245.74	0-189,000 189,000-945,000 945,000-1,890,000 >1,890,000	\$2.55 \$3.20 \$3.53 \$3.86

*The Urban Residential Tap rate allows for 114,000 gallons usage per year. Usage overage results in a surcharge of \$20.00 per thousand gallons.

[†] The Inside Use Only Residential Tap rate allows for 60,000 gallons usage per year. Usage overage results in a surcharge of \$20.00 per thousand gallons. Vacant Lot Base Fee = \$8.75 per month.

Table A4-9
History of Standard Residential Rate changes from 2004 to 2020

Year	Base Fee	Gallons Used	Rate per 1,000 Gallons
		0-6,000	\$2.50
2020	\$28.15	6,001-25,000	\$3.14
		25,001-50,000	\$3.70
		>50,000	\$4.25
		0-6,000	\$2.44
2019	\$26.86	6,001-25,000	\$3.07
		25,001-50,000	\$3.61
		>50,000	\$4.15
		0-6,000	\$2.37
2018	\$26.86	6,001-25,000	\$2.98
		25,001-50,000	\$3.50
		>50,000	\$4.03
		0-6,000	\$2.37
2017	\$26.86	6,001-25,000	\$2.98
		25,001-50,000	\$3.50
		>50,000	\$4.03
		0-6,000	\$2.24
2016	\$26.86	6,001-25,000	\$2.81
		25,001-50,000	\$3.30
		>50,000	\$3.80
		0-6,000	\$2.24
2015	\$26.86	6,000-30,000	\$2.81
		30,000-60,000	\$3.09
		>60,000	\$3.65
		0-6,000	\$2.24
2014	\$26.86	6,000-30,000	\$2.81
		30,000-60,000	\$3.09
		>60,000	\$3.65
		0-6,000	\$2.24
2013	\$26.86	6,000-30,000	\$2.81
		30,000-60,000	\$3.09
		>60,000	\$3.65
		0-6,000	\$2.24
2012	\$26.86	6,000-30,000	\$2.81
		30,000-60,000	\$3.09
		>60,000	\$3.65
		0-6,000	\$2.20
2011	\$26.33	6,000-30,000	\$2.75
		30,000-60,000	\$3.03
		>60,000	\$3.58
		0-6,000	\$2.20
2010	\$26.33	6,000-30,000	\$2.75
		30,000-60,000	\$3.03
		>60,000	\$3.58
		0-6,000	\$2.20
2009	\$23.94	0-6,000	\$2.00
		6,001-30,000	\$2.50
		30,001-60,000	\$2.75
		>60,000	\$3.25
2008	\$22.80	0-25,000	\$2.10
		25,001-40,000	\$2.65
		>40,000	\$2.70
		0-25,000	\$2.10
2007	\$19.20	25,001-40,000	\$2.65
		>40,000	\$2.70
2006	\$18.15	0-25,000	\$1.88
		25,001-40,000	\$2.37
		>40,000	\$2.42
		0-25,000	\$1.71
2005	\$16.50	25,001-40,000	\$2.15
		>40,000	\$2.40
		0-25,000	\$1.55
		25,001-40,000	\$1.95
2004	\$15.00	>40,000	\$2.20
		0-25,000	

The following table compares LTWD's Rate to Comparable Water Enterprises.

Table A4-10
Monthly Water Bill Comparison by Provider and Usage

Usage	LTWD	LPWD	Johnstown	Berthoud	CWCWD	Loveland	NWCWD	FCLWD	Westminis	Denver W	Greeley	Ft. Collins
BASE	\$28.77	\$18.00	\$14.94	\$15.92	\$17.82	\$16.87	\$22.38	\$14.57	\$10.96	\$16.13	\$14.40	\$17.94
5,000	\$41.54	\$38.50	\$21.00	\$36.17	\$23.16	\$34.12	\$22.38	\$23.02	\$28.81	\$27.93	\$38.00	\$31.84
10,000	\$56.94	\$59.00	\$36.15	\$56.42	\$32.06	\$51.37	\$37.30	\$32.89	\$61.78	\$49.18	\$61.60	\$46.97
15,000	\$72.98	\$79.50	\$53.05	\$76.67	\$40.96	\$68.62	\$55.95	\$44.89	\$98.53	\$70.43	\$85.20	\$63.88
30,000	\$107.93	\$141.00	\$112.39	\$161.72	\$61.76	\$120.37	\$111.90	\$93.34	\$251.48	\$148.28	\$156.00	\$118.93
50,000	\$183.56	\$223.00	\$202.59	\$323.72	\$85.56	\$189.37	\$186.50	\$157.94	\$483.88	\$261.48	\$250.40	\$192.33
70,000	\$270.43	\$305.00	\$292.79	\$485.72	\$102.16	\$258.37	\$261.10	\$222.54	\$716.28	\$374.68	\$344.80	\$265.73
90,000	\$430.43	\$387.00	\$382.99	\$647.72	\$118.76	\$327.37	\$335.70	\$287.14	\$948.68	\$487.88	\$460.40	\$339.13

Collection Procedures

LTWD will terminate the water service for non-payment for an individual customer in accordance with the following procedures:

- Customers who have not paid their previous bill by the due date of the subsequent month's bill shall be delinquent and shall be subject to shut off if the delinquent amount, including any late fees, exceeds \$100.
- LTWD will mail the delinquent customer a notice of water shut off specifying the date that said customer's water will be shut off.
- The shut off date will be approximately ten days from the mailing date of the notice.
- The delinquent customer will also be assessed a shut off letter fee.
- Delinquent customers who fail to pay at least the delinquent amount by the open of business on the specified shut off day shall have their water shut off and will also be assessed a shut off fee.
- The Notice of Water Shut-off will be sent to the service address of record and to the property owner (landlord) if the bill is in a tenant's name.
- Customers are not permitted access to the meter pit to restore water service after such service has been shut off by LTWD for non-payment.
- Unauthorized restoration of water service could result in a water theft fee of up to \$1,000 as well as prosecution under law.

LTWD System Improvements

A 2018 CLFP Utility Plan and 2019 Update to the Utility Plan indicated pretreatment at the plant was necessary to increase efficiency at the plant and therefore increase capacity at the plant to meet demand projections for 2024. Subsequently, a separate water treatment plant or expansion would be required prior to 2037 to meet demand projections. Should the plant location be up at CLFP, additional transmission would be required from the plant into LTWD and CWCWD prior to 2037.

A 2011 update to LTWDs Distribution System Master Plan indicated no significant LTWD financed transmission lines are needed until about 2030; however, this plan will be updated in the upcoming year to reflect system changes for an increased service area and higher density that was unexpected in the southern end of LTWD and larger industrial use on the eastern end of LTWD.

When a development, subdivision or municipality desires water service from LTWD, the costs associated with said water delivery distribution lines are paid by said entities and the necessary improvements and facilities are dedicated to LTWD; therefore, revenue bonds or other LTWD obligations are not utilized for such improvements. It is LTWD's policy to utilize revenue bonds for water storage tanks, filter plant additions, transmission lines and similar improvements which upgrade or replace facilities serving existing customers within LTWD.

LTWD's capital plan indicates non-operating expenditures totaling \$58,802,000 to be paid out of capital reserves and non-operating revenue. Pooled financing costs for LTWD is expected to be approximately \$42 million over 30 years (20-year option). The five-year revenues (operating and non-operating) are projected to total \$82 million.

FINANCIAL INFORMATION OF LTWD

Budgetary Process

LTWD's budget is prepared on a calendar year basis as required by § 29-1-101, et seq., C.R.S. The budget must present a complete financial plan for LTWD, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, LTWD's budget officer must submit a proposed budget to the LTWD Board for the next fiscal year. Thereupon notice must be published stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of LTWD must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. LTWD expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the LTWD Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by two thirds vote of the LTWD Board following proper notice. If LTWD receives revenues which were unanticipated or unassured at the time of adoption of the budget, the LTWD Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The LTWD Board timely adopted LTWD's 2021 Budget and Appropriation Resolution on November 12, 2020, pursuant to the above-described procedure and timely filed such budget with the State Division of local government.

Financial Statements

The most recent independent auditor's report and financial statements of LTWD prepared by ACM, LLP, independent certified public accountants, are available through the website of the City at:

<https://littlethompsonwd.colorado.gov/sites/littlethompsonwd/files/documents/2019%20Audited%20Financials.pdf>

and are hereby incorporated by reference as part of this APPENDIX A-4. The independent auditor's letter concludes that the independent auditor's report and financial statements present fairly, in all material respects, the financial position of the business-type activities of LTWD as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America

The summary operating results contained under the caption “-Operating Results” are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

Operating Results

The following table is a summary of operating results of LTWD, for the last five fiscal years. These results have been derived from the Financial Statements of LTWD.

**Table A4-11
Comparative Statements of Revenues, Expenses and Changes in Net Position**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues ¹					
Water sales	\$8,243,523	\$8,596,087	\$8,415,341	\$8,282,380	\$9,777,321
Non-Operating Revenue	3,673,056	6,468,378	9,737,756	9,182,293	6,484,468
Other revenue and income	286,881	269,753	1,781,368	473,736	407,132
TOTAL REVENUES	\$11,901,338	\$15,175,171	\$19,934,465	\$17,938,409	\$16,668,921
OPERATING EXPENSES	(5,630,376)	(5,713,627)	(6,521,597)	(7,038,037)	(9,723,404)
NET REVENUES	\$6,270,962	\$9,461,544	\$13,412,868	\$10,900,372	\$6,945,517

Outstanding Long-Term Indebtedness

The following table shows the bond debt service requirements for the outstanding long indebtedness. Debt service payment amounts are for the years in which they accrue, not for the years in which they are paid.

Table A4-12
Outstanding Long-Term Indebtedness

<u>Fiscal Year Ended</u> <u>(December 31)</u>	<u>Total Debt Service</u>
2020	\$29,356,572
2021	28,230,008
2022	26,948,389
2023	25,626,247
2024	24,262,854
2025	22,853,205
2026	21,401,556
2027	20,120,230
2028	19,270,000
2029	18,725,000
2030	18,155,000
2031	17,155,000
2032	16,925,000
2033	16,265,000
2034	15,580,000
2035	14,865,000
2036	14,125,000
2037	13,355,000
2038	12,550,000
2039	11,715,000
2040	10,845,000
2041	9,940,000
2042	9,000,000
2043	8,025,000
2044	7,010,000
2045	5,955,000
2046	4,855,000
2047	3,710,000
2048	2,520,000
2049	1,285,000

The following table depicts LTWD's debt coverage ratio for the most recent five (5) fiscal years.

Table A4-13
Debt Service Coverage Ratio

	2016	2017	2018	2019	2020
Net revenues available for debt service	\$6,270,962	\$9,461,544	\$13,412,868	\$10,900,372	\$6,945,517
Debt service	\$2,339,238	\$2,339,238	\$2,339,238	\$2,339,238	\$2,339,238
Total service coverage	2.68x	4.04x	5.73x	4.66x	2.97x

Investment Policy

LTWD's investment policy governs the investment activities of LTWD with the exception of retirement funds and deferred compensation funds. LTWD funds available for investment shall be commingled into a common investment portfolio whenever feasible so that investment activities may be performed as efficiently as possible. The earnings on these investments will be allocated to the various accounts according to internal LTWD's procedures. It shall be LTWD's policy to refrain from making specific investments of amounts less than \$100,000 unless otherwise deemed necessary.

In accordance with LTWD Rules and Regulations, the responsibility for conducting investment transactions resides with LTWD Manager/Assistant District Treasurer. No person may engage in an investment transaction except as provided under the terms of this policy. The Assistant District Treasurer may delegate the authority to the appropriate staff for the day-to-day investment decisions. The overall objectives of LTWD's investment program, in order of priority are first to provide for the safety of principal, second, the provision of liquidity to meet daily cash flow requirements and lastly, attaining a market rate of return. LTWD Treasurer, or designee, must prepare a monthly report on investment activity and yields. Such report shall contain the following: (a) summary of investment holdings and transactions, yields, weighted average yield, dollar amounts at cost and maturity dates; (b) realized gains and losses resulting from the sale of securities in the portfolio; (c) comparison of the weighted average yield to the portfolio's designated benchmark; (d) percentage of the portfolio in which each type of investment is represented; and (e) summary of significant cash flows.

Insurance

LTWD carries 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 LTWD System, or in the event part or all of the LTWD 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 revenue; provided however, that if the LTWD Board determines that the operation of the LTWD System and the security for any debt secured by the revenues of the LTWD System will not be adversely affected thereby, the LTWD 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 revenue.

Pension Benefits

LTWD has adopted a defined contribution pension plan administered by Colorado Retirement Association (“CRA”) which provides pension benefits for all full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The covered payroll was \$2,351,630 and \$1,763,295 for the years ended December 31, 2019 and 2018, respectively. All employees are eligible to participate in the plan immediately that worked for a minimum 20 hours per week or 1,040 hours per year.

LTWD and its employees each contribute an amount equal to 5% of the employees' annual base salary or wage. Employees become vested in LTWD's contributions at the rate of 20% per year and are fully vested after five years. The benefit terms are established and may be amended by LTWD's Board.

APPENDIX A-5
SUPERIOR METROPOLITAN DISTRICT NO. 1
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SUPERIOR METROPOLITAN DISTRICT NO. 1

General

Superior Metropolitan District No. 1 (“Superior”) is a quasi-municipal corporation and a political subdivision of the State of Colorado (the “State”). Superior is a metropolitan district organized under and existing pursuant to Article 1 of Title 32, C.R.S (the “Special District Act”). Superior operates water, wastewater, and storm drainage systems (the “Superior Water System”) as an enterprise pursuant to Article X, Section 20 of the Colorado Constitution.

Governance and Management

Superior is governed by an eight-member Board of Directors (the “Superior Board”). The Town Manager of the Town of Superior, Colorado (the “Town”) serves as the manager of Superior.

No Litigation Related to the Series 2021 Bonds

There is no litigation pending or, to Superior’s knowledge, threatened against Superior in any way questioning or affecting the Firming Project or the Series 2021 Bonds. From time to time, Superior is involved in litigating condemnation, personnel claims, contract claims and other miscellaneous actions arising in the ordinary course of its electric utility operations, but Superior does not anticipate that the outcomes of any of these types of litigation will, in the aggregate, materially adversely affect the results of its operations.

Service Area

The area served by Superior is the Town. Over the last two decades, the population of Superior has doubled from 7,000 to 14,000. The following table provides the historical population demographics concerning Superior.

Table A5-1
Historical Population of Superior

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Population	7,000	10,000	12,500	13,000	14,000
Per capita income	\$45k	\$48k	\$50k	\$59k	\$65k
Unemployment percentage	5.0%	3.2%	6.5%	2.6%	2.0%
School enrollment					
Average household size	2.8	2.8	2.8	2.8	2.8
Housing units (est.)	2,600	4,500	4,700	4,800	5,000

The following table provide historical demographics of the service area of Superior including water usage and water supply.

Table A5-2
Historical Water Usage of Superior

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Water service area population	7,000	10,000	12,500	13,000	14,000
Water use (acre feet)			1,056	1,848.4	1,945
Available water supply (acre feet)			2,372	1,958.5	2,496.1
Direct flows			0	48	0
Storage			400 AF	400 AF	400 AF
CBT units			2,080	2,080	2,080
Ditch stock			206.7	92	163

Single family residences comprise a majority of Superior's current and historical customers. The following table shows a breakdown of Superior's current customers.

Table A5-3
Current Customer Breakdown

<u>Customer Classification</u>	<u>Number of Customers</u>	<u>% of Water Use</u>	<u>% of Revenue</u>
Single-Family	3,000	79.91%	75.84%
Multifamily	2,000	15.02%	18.90%
Commercial	75	5.07%	5.26%
TOTAL	5,075	100.00%	100.00%

The following table shows a historical breakdown of Superior's customers.

Table A5-4
Historical Customer Breakdown

Fiscal Year Ended 12/31	Single- Family	Multifamily	Commercial	Total
2016	2,905	1,850	70	4,825
2017	2,920	1,865	70	4,855
2018	2,935	1,880	72	4,887
2019	2,975	1,955	74	5,004
2020	3,000	2,000	75	5,075

Superior Water System Facilities

Superior's Water System facilities include 400 acre foot storage reservoir (floating algae control system), five (5) MGD coagulation/filtration water treatment plant PAC capability, two (2) potable water booster pumping stations, three (3) distribution storage tanks for a total of 3.4 MG, raw water (ditch) pump station, Advanced Water Treatment (AWT) for wastewater reuse, 1.4 MG reuse water day storage tank, and three (3) reuse water distribution and booster pumping stations.

Permits, Licenses and Other Regulations

The Superior Water System is managed licensed and inspected through the State of Colorado.

Water Rights

Superior is a participant in the C-BT Project and the Windy Gap Project. Superior owns a contract allocation of 2,080 units of the C-BT Project and 15 Windy Gap Units. Other water rights comprise a minor part of Superior's water portfolio.

Water Sales Revenues

In 2019, Superior had 117 water connections and 71 in 2020. The table below shows Superior's water connections for the five (5) most recent fiscal years ending December 31, 2016 through December 31, 2020.

Table A5-5
Water Connections
For Fiscal Years Ended December 31, 2016 through 2020

Fiscal Year Ended December 31	Connections	% Increase/(Decrease)
2016	25	.52%
2017	30	.62%
2018	32	.66%
2019	117	2.39%
2020	71	1.42%

In 2020, Superior's water deliveries increased from 1,709-acre feet per gallon to 2,319-acre feet per gallon in 2020. The table below depicts Superior's water deliveries history for the five (5) most recent fiscal years ending December 31, 2016 through December 31, 2020.

Table A5-6
Water Deliveries
For Fiscal Years Ended December 31, 2016 through 2020

<u>Fiscal Year Ended</u>	<u>Total (acre feet/gallons)</u>	<u>% Increase/(Decrease)</u>
2016	1,835 AF	%
2017	1,725 AF	(5.99%)
2018	1,802 AF	4.46%
2019	1,709 AF	5.16%
2020	2,319 AF	35.6%

The following table shows annual water sales revenues for Superior for the five (5) most recent fiscal years ending December 31, 2016 through December 31, 2020.

Table A5-7
Water Sales Revenues
For Fiscal Years Ended December 31, 2016 through 2020

<u>Fiscal Year Ended</u>	<u>December 31</u>	<u>Sales Revenues</u>	<u>% Increase/(Decrease)</u>
	2016	\$3,205,000	14.92%
	2017	3,149,000	(1.75%)
	2018	3,200,000	1.62%
	2019	3,030,000	(5.31%)
	2020	3,431,000	13.23%

For the fiscal year ending December 31, 2020, nine of Superior's ten largest customers were in the commercial user class. The table below shows the amount of water use (in 1,000 gals) of Superior's ten largest customers.

Table A5-8
Largest Water Customers
For Fiscal Year Ended December 31, 2020

<u>Customer</u>	<u>User Class</u>	<u>Use (in 1,000 gallon)</u>
Sport Stable	Commercial	2,845,000
Costco Wholesale	Commercial	2,119,000
Bell Flatirons LLL\C	multi-family	2,055,000
Whole Foods	Commercial	2,018,000
Element By Weston	Commercial	1,703,000
Rock Creek Center	Commercial	1,629,000
Convenience Retailers	Commercial	1,179,000
Safeway Store	Commercial	1,131,000
Panda Express. Inc	Commercial	859,000
23 rd Ave Partners	Commercial	728,000

Water System Rates and Charges

Superior uses a tiered increasing block rate structure for its potable water billing, which is billed monthly. The table below shows the current monthly billing rates for a 3/4" potable water meter/connection.

Table A5-9
Schedule of Rates and Fees for 3/4" Potable Water Meter/Connection

<u>Usage</u> <u>(in gallons)</u>	<u>Rate</u> <u>(Per 1,000 gallons)</u>
0 – 7,000	\$3.51
7,000 – 20,000	\$3.84
20,000 - 30,000	\$5.43
30,000 - 40,000	\$7.14
Greater than 40,000	\$10.53

Larger potable meters are allocated proportionally more usage for each rate tier. By example, below is the schedule of rates and fees for a 1" potable water meter/connection.

Table A5-10
Schedule of Rates and Fees for 1" Potable Water Meter/Connection

<u>Usage</u> <u>(in gallons)</u>	<u>Rate</u> <u>(Per 1,000 gallons)</u>
0 – 13,000	\$3.51
13,001 – 36,000	\$3.84
36,001 - 54,000	\$5.43
54,001 - 72,000	\$7.14
Greater than 72,000	\$10.53

The one-time single-family connection fee is \$25,240.

From fiscal year ending December 31, 2009 through December 31, 2016, Superior annually increased its water fees in increments ranging from 4% to 5%. In 2017, Superior increased the water fees by 2.5%. For fiscal year ending December 31, 2021 through December 31, 2025, there are no plans for rate increases. There has been no increase since 2018. Since 2013, Superior has annually increased its one-time connection fee for inflation.

Collection Procedures

If Superior's customers are delinquent more than two months, water turned off until payment made. In addition, Superior has authority to file property tax liens for outstanding balances.

Future Water System Improvements

A summary of capital improvements through 2026 is listed below:

- \$200,000 – replacement/upgrade of backup generator
- \$905,000 – reuse system upgrades and storage
- \$610,000 – filter media replacement
- \$1,950,000 – disinfection outreach verification effort (DOVE)/UV disinfection
- \$750,000 – solids handling facility
- \$750,000 – transmission line, raw water distribution system upgrade
- \$550,000 – general plant maintenance
- \$1,000,000 – miscellaneous (sustainability planning/projects, risk/resilience assessment, master plan update, vehicle replacement, fire hydrant replacements)

FINANCIAL INFORMATION OF SUPERIOR

Budgetary Process

The Town's budget is constructed on a calendar year basis as required by 29-1-101, *et seq.*, C.R.S. The budget must present a complete financial plan for the Town setting forth all estimated expenses, revenues, and other financial sources for the ensuing budget year with the corresponding figures for the previous fiscal year. In estimating the anticipated revenues, consideration must be given to any unexpected surpluses and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenses and the total anticipated revenues with the inclusion of beginning fund balances. For fiscal year ending December 31, 2021, and for the five-year 2021 – 2025 financial plan, all Town's budgets are balanced.

Financial Statements

The most recent independent auditor's report and financial statements of the Town prepared by CliftonLarsonAllen LLP, independent certified public accountants, are available through the website of the Town at:

<https://www.superiorcolorado.gov/home/showpublisheddocument/19342/637575238680070000>

and are hereby incorporated by reference as part of this APPENDIX A-5. The independent auditor's letter concludes that the independent auditor's report and financial statements present fairly, in all material respects, the financial position of the business-type activities of Superior as of December 31, 2020 and the respective changes in financial position and cash flows for the year

then ended, in conformity with accounting principles generally accepted in the United States of America.

The summary operating results contained under the caption “-Operating Results” are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

Operating Results

The following table is a summary of operating results of Superior, for the last five fiscal years. These results have been derived from the Financial Statements of Superior.

Table A5-11
Comparative Statements of Revenues, Expenses and Changes in Net Position
(Dollars in Million)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Water sales	3.205	3.149	3.2	3.03	3.431
Connection fees	.725	1.621	1.639	1.549	2.131
Other revenue and income	.734	.183	.326	.495	.356
TOTAL REVENUES					
OPERATING EXPENSES	2.032	1.525	1.693	1.682	2.187
NET REVENUES	2.641	3.428	3.472	3.392	3.731

Outstanding Long-Term Indebtedness

In December 2015, Superior entered into a loan agreement with UMB Bank in the amount of \$19,850,000. Loan proceeds were used to refund the outstanding Special Revenue Refunding Bonds, Series 2006 (the “Series 2006 Bonds”). The Interest accrues on the outstanding balance of the Series 2006 Bonds at 1.95% per annum. Interest payments are due semi-annually in June and December and principal payments are due annual in December through 2025. The loan is payable solely from the operating revenues of the water enterprise fund, the sewer enterprise fund and the storm drainage enterprise fund of Superior after deducting operation maintenance expenses and certain sales and uses taxes imposed by the Town. Superior’s payments under its Allotment Contract are payable as operating expenses of Superior’s water enterprise fund, which makes up 91.55% of the Superior Water System.

The following table shows the bond debt service requirements for the outstanding long indebtedness. Debt service payment amounts are for the years in which they accrue, not for the years in which they are paid.

Table A5-12
Outstanding Long-Term Indebtedness

<u>Fiscal Year Ended</u>	<u>December 31</u>	<u>Total Debt</u>
	2020	\$11,731,752
	2021	10,373,868
	2022	8,988,552
	2023	7,575,804
	2024	6,135,624

The following table depicts Superior's debt coverage ratio for the most recent five (5) fiscal years.

Table A5-13
Debt Service Coverage Ratio

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net revenues available for debt service (in millions)	2.641	3.428	3.472	3.392	3.731
Debt service	1.586	1.587	1.590	1.588	1.590
Total service coverage	1.67	2.16	2.18	2.14	2.35

Investment Policy

The investment policy (the “Investment Policy”) was adopted by the Board of Trustees of the Town (the “Town Board”), and applies to the management of all financial assets and funds under control of the Town, including Superior. The Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the Town's funds. All excess cash shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance. Interest earnings shall be distributed to the individual funds on a monthly basis.

The purpose of the Investment Policy is to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the Town.

The Town's principal investment objectives are: (i) conformance with all applicable Town policies and State and Federal regulations; (ii) preservation of capital and protection of investment principal; (iii) maintenance of sufficient liquidity to meet anticipated cash flows; (iv) diversification to avoid incurring unreasonable market risks; and (v) attainment of a market value rate of return. The ultimate responsibility for the investment of the funds of the Town covered by the Investment Policy resides with the Town Board. In accordance with the Town Code, the Treasurer is delegated

the authority to invest the Town's funds. The Treasurer has further delegated to the Finance Director responsibility for developing policy regarding the investment and custody of the Town's funds; responsibility for developing written administrative procedures consistent with the Investment Policy; and authority for the operation of the Town's investment program, including the day-to-day management of the Town's funds.

Insurance

Superior maintains worker's compensation coverage through Pinnacol Assurance. Generally, all other insurance coverage is purchased through a commercial insurance carrier as indicated on the table below.

Table A5-14
Insurance Summary
Town of Superior/Superior Metropolitan District No. 1/Superior
McCaslin Interchange Metropolitan District
Insurance Summary - 2020

<u>Entity</u>	<u>Coverage</u>	<u>Premium</u>	<u>Deductible</u>	<u>Expiration Date</u>	<u>Insurer</u>
Town/ SMD1	Property, General Liability	\$130,022	\$2,500 2,500	1/1/21	OneBeacon
	Excess Liability		0		
	Employee Benefits		0		
	Public Errors & Omissions		5,000		
	Employment Practices		5,000		
	Auto		500		
	Contractors Equipment		1,000		
	Crime (Employee Theft, Forgery, Robbery)		500		
	Umbrella		10,000		
	Employment Practices Liability		5,000		
	Sewer Backup		2,500		
	Flood				
	- Building/Personal Property		25,000		
	- Town Hall, Grasso Park Bld		50,000		
	Earthquake		25,000		
Town	Cyber, \$1 MM policy	6,784	5,000	1/1/21	Coalition
	Workers Compensation	27,678	2,500	1/1/21	Pinnacol
Town	Volunteer Accident				
	Coverage	1,100		6/1/20	Chubb
	Public Official Bond				
	(Required by State of Colorado for				
SMID	Special/Metropolitan Districts)			1/24/23	Travelers
	Public Official Bond				
	(Required by State of Colorado for				
SMDI	Special/Metropolitan Districts)			6/2/20	Travelers
	Renaissance Insurance				
	1349 Water Valley Parkway				
	Windsor, CO 80550				
	1 970-545-3598				
Broker:	Donna Birleffi, Commercial Account Executive				
	Donna Birleffi, Commercial Account Executive				

Pension Benefits

The Town has adopted a 401(a)-money purchase pension plan for its employees. Full-time, permanent employees are eligible to participate in the Plan. The Town Board is authorized to amend the Plan provisions, and determines the contributions made by the Town, currently 15% of eligible salaries. The Town does not contribute to social security on behalf of its full-time employees. Contributions are made by the Town directly to each eligible employee's retirement account and vest 20 percent immediately and at a rate of 20 percent annually thereafter. No voluntary contributions are allowed. Each employee selects their investments, and no Plan administration is performed by the Town other than transmitting contributions to the identified employee accounts. The American International Group, Inc., provides administration for the Plan and assists employees with their self-directed investments.

**ALLOTMENT CONTRACT BETWEEN THE WINDY GAP FIRMING PROJECT
WATER ACTIVITY ENTERPRISE, MUNICIPAL SUBDISTRICT, NORTHERN
COLORADO WATER CONSERVANCY DISTRICT, AND [*ACTUAL ALLOTTEE
NAME*], FOR CAPACITY IN THE WINDY GAP FIRMING PROJECT**

This Allotment Contract (“Contract”) for an allotment of capacity in the hereinafter defined and described Windy Gap Firming Project is entered into this _____ day of _____, 2020, by and between the Windy Gap Firming Project Water Activity Enterprise (“WGFP Enterprise”) and [*Actual Allottee Name*] (“[Actual Allottee Name*]”), pursuant to C.R.S. § 37-45-131 and C.R.S. §§ 37-45.1-103(4), 106(4).

RECITALS

A. The WGFP Enterprise is a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution organized pursuant to C.R.S. §§ 37-45.1-101 *et seq.* that is owned by the Municipal Subdistrict, Northern Colorado Water Conservancy District (the “Subdistrict”), and whose address is 220 Water Avenue, Berthoud, Colorado 80513. The WGFP Enterprise is a water activity enterprise that will exercise the authorities granted by C.R.S. §§ 37-45-101 *et seq.*, 37-45.1-101 *et seq.*, 31-35-401 *et seq.*, and any other relevant grant of statutory authority, for the purpose of the planning, financing, acquisition, construction, operation, administration, maintenance, repair, replacement, rehabilitation, and improvement of the Windy Gap Firming Project.

B. [Actual Allottee Name*] is a [add description of party (enterprise)*].

C. The Windy Gap Firming Project (“WGFP”) is described in general in the U.S. Bureau of Reclamation Record of Decision, together with supporting documents for the WGFP dated December 2011, as may be amended from time to time.

D. The WGFP has not, as of the date of this Contract, been financed, constructed, and completed. This Contract therefore includes provisions that address the WGFP before and after completion of construction and commencement of project operation. This Contract also includes provisions that apply only if and to the extent that [Actual Allottee Name*] satisfies all or a portion of its Capital C&E Funding Obligations through either Capital C&E Funding Cash Payments or participation in WGFP Financing.

- **PART I**, “Contract Definitions,” consists of **Section 1**, which includes definitions that apply to this entire Contract.
- **Part II**, “Provisions Applicable to All WGFP Allotees,” consists of Sections 2 through 6 and applies to [Actual Allottee Name*] regardless of its chosen means of satisfying its Capital C&E Funding Obligations, unless specifically provided otherwise. **Section 2** is an allotment by the WGFP Enterprise to [Actual Allottee Name*] of capacity in the WGFP. **Section 3** includes provisions that are applicable prior to WGFP Completion, as that term is defined herein. **Section 4** includes provisions that are relevant to the operation of the WGFP after WGFP Completion. **Section 5** includes other general terms and conditions, including terms on Default and forfeiture under this Contract. **Section 6** includes provisions relating to [Actual Allottee Name*]’s obligations to pay for the WGFP.

- **PART III**, “Provisions Applicable to Cash Allottees,” consists of **Section 7**, which includes provisions that apply to [Actual Allottee Name*] only to the extent that it satisfies all or a portion of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments, and then only for the term of any payments for Capital C&E using proceeds from such Capital C&E Funding Cash Payments.
- **PART IV**, “Provisions Applicable to Loan Allottees,” consists of **Section 8**, which includes provisions that apply to [Actual Allottee Name*] only to the extent that it satisfies all or a portion of its Capital C&E Funding Obligations through participation in a WGFP Financing, and then only for the term of repayment of the WGFP Financing (including any refinancing of the same) in which [Actual Allottee Name*] participates. The terms of Section 8 are not in effect at such times as there is no outstanding WGFP Financing in which [Actual Allottee Name*] participates.

The effective date and terms of each Section of this Contract are provided in Section 5.1.

AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

PART I – CONTRACT DEFINITIONS

1. **Definitions.** The following definitions shall apply to this Contract unless expressly modified herein.
 - 1.1. **“Acre-foot”** means 43,560 cubic feet of water.
 - 1.2. **“Capital C&E Funding Cash Payment”** means the payment by [Actual Allottee Name*] of any Capital C&E Funding Obligations in cash to the WGFP Enterprise.
 - 1.3. **“Capital C&E Funding Obligations”** means [Actual Allottee Name*]’s pro rata obligation, based on the WGFP Participation Percentages, to fund Capital C&E, which obligation shall equal the product of the Capital C&E multiplied by [Actual Allottee Name*]’s WGFP Participation Percentage. For reference purposes, each WGFP Allottee’s Capital C&E Funding Obligation for Initial C&E pursuant to Section 6.2.1 is set forth in **Exhibit A** opposite each WGFP Allottee’s name, which exhibit the WGFP Enterprise may update from time to time as needed. For reference purposes, the amount of each WGFP Allottee’s Capital C&E Funding Obligations for any additional Capital C&E under Sections 6.2.2 and 6.2.3 will be set out in **Exhibit B** (with separate tables for each additional Capital C&E), which exhibit the WGFP Enterprise may update from time to time as needed. [Actual Allottee Name*] may fulfill its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments, participation in a WGFP Financing, or a combination thereof.
 - 1.4. **“Carriage Contract”** means that Amendatory Contract, 2014 Contract No. 15XX650003, entered into on December 19, 2014, between the Subdistrict, the District, and the United States of America for the purpose of utilizing the unused capacity of the facilities of the Colorado–Big Thompson Reclamation Project for

the carriage of Windy Gap Project Water, and any subsequent amendments or successor contracts for the same purpose.

- 1.5. **“C-BT Project Water”** means water from the Colorado-Big Thompson Reclamation Project.
- 1.6. **“Chimney Hollow Reservoir”** means that reservoir to be located in Sections 4, 5, 8, and 9, T4N, R70W, and Sections 33 and 34, T5N, R70W, 6th P.M., Larimer County, Colorado, and generally described in the U.S. Bureau of Reclamation Record of Decision, together with supporting documents, for the WGFP.
- 1.7. **“Contract”** means this contract.
- 1.8. **“Costs and Expenses”** or **“C&E”** means any and all costs and expenses incurred for the WGFP, all of which are encompassed by one of the following defined terms:
 - 1.8.1. **“Capital C&E”** means and includes any and all Initial C&E, Completion C&E, and Future Extraordinary C&E, including if applicable any and all WGFP Financing Costs associated with the same.
 - 1.8.1.1. **“Initial C&E”** means the WGFP Enterprise’s initial estimated costs of construction and completion of the WGFP with approximately 90,000 acre-feet of usable water storage capacity to be funded by the WGFP Allottees under Section 6.2.1.
 - 1.8.1.2. **“Completion C&E”** means the WGFP Enterprise’s costs in excess of Initial C&E, if any, that are necessary for the construction and completion of the WGFP with approximately 90,000 acre-feet of usable water storage capacity to be funded by the WGFP Allottees under Section 6.2.2.
 - 1.8.1.3. **“Future Extraordinary C&E”** means the WGFP Enterprise’s costs of any individual repair, replacement, rehabilitation, improvement, or regulatory compliance activities incurred after Initial C&E and Completion C&E that are required to be undertaken under Section 6.2.3 for the continued safe operation of the WGFP and that, because of the large amount of such costs, cannot be paid (1) using the Operating Reserve Fund or (2) by the WGFP Allottees through an annual payment for Operating C&E.
 - 1.8.2. **“Operating C&E”** means any and all costs, exclusive of Initial C&E, Completion C&E, and Future Extraordinary C&E, incurred by the WGFP Enterprise (1) to administer, operate, maintain, repair, replace, rehabilitate, and improve the WGFP; (2) attributable to the delivery and storage of water in Chimney Hollow Reservoir that are not paid pursuant to a WGFP Allottee’s Windy Gap Project allotment contract, including, without limitation, pumping costs, carriage costs, and power interference costs; and (3) to meet regulatory requirements associated with the WGFP. Operating

C&E specifically includes any and all “Costs and Expenses” that are not Capital C&E that may accrue after execution of this Contract.

- 1.9. **“Default”** means any event described in Sections 5.3.1 and 8.10 hereof.
- 1.10. **“District”** means the Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado created under and having the powers provided in the Water Conservancy Act, C.R.S. §§ 37-45-101 *et seq.*
- 1.11. **“Enterprise Board”** means the Board of Directors of the WGFP Enterprise.
- 1.12. **“Final Default”** has the meaning provided in Section 5.3.5.
- 1.13. **“Financing Document”** means any indenture, trust agreement, loan agreement, installment purchase agreement, or other financing document entered into by the WGFP Enterprise in connection with any WGFP Financing Obligation (as defined in Section 8.2).
- 1.14. **“Fiscal Year”** means the fiscal year of the WGFP Enterprise, which currently begins on October 1 of each calendar year and ends on September 30 of each calendar year, or such other twelve-month period which may be designated by the WGFP Enterprise as its Fiscal Year.
- 1.15. **“Interim Agreements”** means previously executed agreements between [Actual Allottee Name*] and the WGFP Enterprise under which [Actual Allottee Name*] agreed to pay a pro rata portion, based on the WGFP Participation Percentages, for the operation, maintenance, legal, administrative, improvement, and other costs of developing the WGFP before execution of this Contract.
- 1.16. **“Liquidity Fund”** means a reserve fund established under Section 8.4.1.
- 1.17. **“Loan Allottee Financing Obligation”** means the obligation of a Loan Allottee to pay a percentage of the total WGFP Financing Costs (as defined in Section 8.2) that is equal to the Loan Allottee’s WGFP Financing Participation Percentage.
- 1.18. **“Operating Costs & Reserves”** means, collectively, Operating C&E and the amounts required to be deposited into the Operating Reserve Fund and such other reserves as the Enterprise Board may determine are necessary to establish and maintain in relation to Operating C&E (if any) pursuant to Section 6.1.2.
- 1.19. **“Operating Fund”** means a fund established to provide for the payment of the Operating C&E of the WGFP.
- 1.20. **“Operating Reserve Fund”** means a reserve fund established to provide for the payment of Operating C&E if the moneys contained in the Operating Fund are insufficient to make such payments. The Operating Reserve Fund shall be maintained such that the amount of money in the fund shall equal the aggregate of two years of Operating C&E, as estimated by the WGFP Enterprise based on a five-year rolling average (except in the first five years of the Operating Reserve

Fund's existence, during which time the WGFP Enterprise will estimate based on available information) and taking into consideration the WGFP Enterprise's reasonable expectations as to future Operating C&E.

- 1.21. **"Prepositioned C-BT Project Water"** means C-BT Project Water stored in Chimney Hollow Reservoir pursuant to the Carriage Contract.
- 1.22. **"Prepositioned Windy Gap Project Water"** means Windy Gap Project Water stored in Chimney Hollow Reservoir as the result of C-BT Prepositioning pursuant to the Carriage Contract.
- 1.23. **"Subdistrict"** means the Municipal Subdistrict, Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado created under and having the powers provided in the Water Conservancy Act, C.R.S. §§ 37-45-101 *et seq.*
- 1.24. **"Water Year"** means the period from October 1 of one calendar year through September 30 of the next succeeding calendar year.
- 1.25. **"WGFP Allotment"** means the quantity of capacity in the WGFP, expressed in "WGFP Units," granted to [Actual Allottee Name*] by this Contract, or if the context requires, granted to each WGFP Allottee by WGFP Allotment Contracts. Each WGFP Allottee's WGFP Allotment is shown in **Exhibit A**. A WGFP Allotment does not include an allotment of Windy Gap Project Water, which is granted by the Subdistrict in separate Windy Gap Project allotment contracts.
- 1.26. **"WGFP Allotment Contract"** means any contract between the WGFP Enterprise and a WGFP Allottee for a WGFP Allotment, including this Contract if the context requires.
- 1.27. **"WGFP Allottee"** means each entity that holds a WGFP Allotment pursuant to a WGFP Allotment Contract, including [Actual Allottee Name*]. **Exhibit A** lists all current WGFP Allottees.
 - 1.27.1. **"Cash Allottee"** means a WGFP Allottee that, under Section 6.2, satisfies all or a portion of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments pursuant to Section 7. A WGFP Allottee is a Cash Allottee to the extent that it satisfies its Capital C&E Funding Obligation through Capital C&E Funding Cash Payments, and then only for the term of any payments of Capital C&E using proceeds from Capital C&E Funding Cash Payments made by such WGFP Allottee.
 - 1.27.2. **"Loan Allottee"** means a WGFP Allottee that, under Section 6.2, satisfies all or a portion of its Capital C&E Funding Obligation through participation in a WGFP Financing pursuant to Section 8. A WGFP Allottee is a Loan Allottee to the extent that it satisfies its Capital C&E Funding Obligation through participation in WGFP Financing, and then only during the term of such WGFP Financing.

- 1.28. **“WGFP Completion”** means the determination pursuant to Section 3.3 of this Contract.
- 1.29. **“WGFP Enterprise”** has the meaning assigned to the term in the introductory paragraph of this Contract.
- 1.30. **“WGFP Financing”** means a financing by the WGFP Enterprise of Capital C&E through one or more loans, lines of credit, notes, bond issues, or other forms of indebtedness, and any refinancing of the same, on behalf of the Loan Allottees participating in such WGFP Financing. WGFP Financing includes the CWCB Loan (as defined in Section 8.2) and any other lien borrowings that may be subordinated to other financing.
- 1.31. **“WGFP Financing Participation Percentage”** means the quotient of a Loan Allottee’s Capital C&E Funding Obligations that are to be paid through a WGFP Financing divided by the total amount of Capital C&E Funding Obligations to be paid by the WGFP Allottees through a WGFP Financing. To the extent a WGFP Allottee is a Loan Allottee for the Initial C&E, the WGFP Allottee’s WGFP Financing Participation Percentage that is applicable to the WGFP Financing for such Initial C&E is set forth in **Exhibit A** opposite each WGFP Allottee’s name. The amount of each WGFP Allottee’s WGFP Financing Participation Percentage that is applicable to additional Capital C&E under Sections 6.2.2 and 6.2.3 will be set out in **Exhibit B**.
- 1.32. **“WGFP Participation Percentage”** means the quotient of the number of WGFP Units held by a WGFP Allottee divided by the total number of WGFP Units, as such WGFP Participation Percentage may be modified in accordance herewith. The WGFP Participation Percentages for each WGFP Allottee are set forth in **Exhibit A** opposite each WGFP Allottee’s name.
- 1.33. **“WGFP Unit”** means 1/90,000th of the usable water storage and conveyance capacity in the WGFP. There are 90,000 WGFP Units total.
- 1.34. **“Winding-Up Agent”** means the agent appointed by the Enterprise Board in accordance with Section 3.4 hereof.
- 1.35. **“Winding-Up Resolution”** means a resolution adopted by the Enterprise Board in accordance with and after making the determination required by Section 3.4.
- 1.36. **“Windy Gap Firming Project”** or **“WGFP”** means Chimney Hollow Reservoir and related or ancillary features constructed, operated and maintained by the WGFP Enterprise for the purpose of providing storage and delivery of water for use pursuant to WGFP Allotment Contracts.
- 1.37. **“Windy Gap Project”** means that project (including the acquisition and perfection of water rights) constructed by the Subdistrict for the diversion, carriage, and delivery of water from the Colorado River pursuant to the Carriage Contract.
- 1.38. **“Windy Gap Project Water”** means water from the Windy Gap Project and also is referred to in the Windy Gap Project allotment contracts as “Subdistrict water.”

Storage and conveyance of Windy Gap Project Water in the WGFP does not change such water's status as Windy Gap Project Water.

PART II – PROVISIONS APPLICABLE TO ALL WGFP ALLOTTEES

2. **Allotment of WGFP Units.** The WGFP Enterprise hereby allots and confirms to [Actual Allottee Name*] a WGFP Allotment of XX* WGFP Units commencing as of the date of execution of this Contract and for so long thereafter as [Actual Allottee Name*] fully complies with all the terms, conditions and obligations hereinafter set forth. This WGFP Allotment is subject to C.R.S. § 37-45-101 *et seq.*, C.R.S. § 37-45.1-101 *et seq.*, the Carriage Contract, and the rules and regulations of the WGFP Enterprise, as may be established or amended from time to time. This Allotment is a complete substitute for the grant to [Actual Allottee Name*] of rights in the WGFP in any prior or current Interim Agreements between the WGFP Enterprise and [Actual Allottee Name*]. For reference purposes, each WGFP Allottee's WGFP Allotment is shown in **Exhibit A**.

3. **Construction and Completion of WGFP.**

- 3.1. **Obligation of WGFP Enterprise to Construct and Complete the WGFP.** The WGFP Enterprise agrees to diligently pursue the WGFP in good faith and to pursue the construction, completion, and operation of the WGFP provided that the WGFP Allottees provide all required funding under their respective WGFP Allotment Contracts, the WGFP Enterprise has the ability, and the WGFP is feasible and practical. By entering into this Contract and accepting payments from [Actual Allottee Name*], the WGFP Enterprise does not warrant that it will construct and complete the WGFP.

- 3.2. **Prior Agreements.** All prior Interim Agreements and amendments thereto, including the [Xth*] Amendment to the [Xth*] Interim Agreement, dated *, are terminated and of no further force and effect upon the effective date of this Contract under Section 5.1. Any unexpended funds made available to the WGFP Enterprise pursuant to such Interim Agreements shall be transferred into the Operating Fund and credited by the WGFP Enterprise to amounts payable by [Actual Allottee Name*] under this Contract for Operating C&E, or into the Operating Reserve Fund.

- 3.3. **WGFP Completion.** The WGFP shall be deemed to be complete for purposes of this Contract upon the Colorado State Engineer's final certification of Chimney Hollow Reservoir for storage of water to its full capacity.

- 3.4. **WGFP Termination Before WGFP Completion.** The WGFP may be terminated before WGFP Completion in the following manner:

- 3.4.1. If the Enterprise Board determines that the WGFP will be terminated before WGFP Completion because of infeasibility, impracticality, inability, or failure of the WGFP Allottees to fund the WGFP as provided in Section 3.1, it shall first adopt a WGFP Winding-Up Resolution.

- 3.4.2. Upon the adoption of a WGFP Winding-Up Resolution by the Enterprise Board under Section 3.4.1, and consistent with the rights, if any, of Larimer

County, the WGFP Enterprise shall first offer to the Subdistrict to sell to it, at fair market value as determined by a majority of a panel of three licensed appraisers (one selected by the WGFP Allottees, one selected by the Subdistrict, and the third selected by these two selected appraisers), (1) the Chimney Hollow Reservoir site, (2) any partially constructed or completed physical works or assets that divert water into or release water from the Chimney Hollow Reservoir site, and (3) any other non-physical rights, interests, or obligations related to the WGFP. If the Subdistrict accepts such offer for any or all of the offered interests, then it shall close upon such interests within 180 days of the appraiser panel's determination of fair market value. The WGFP Enterprise and [Actual Allottee Name*] specifically agree that the Subdistrict is a third-party beneficiary to this Contract for purposes of this Section 3.4.2 and Section 5.10.

- 3.4.3. Upon adoption of a Winding-Up Resolution by the Enterprise Board, the Enterprise Board shall appoint a WGFP Winding-Up Agent. The WGFP Winding-Up Agent shall, upon expiration of the time for the Subdistrict to accept the offer described in Section 3.4.2 above, prepare a plan for disposition of WGFP, and upon approval of the Enterprise Board, implement the disposition of WGFP assets pursuant to the plan, including the disposition of unexpended and unobligated funds of the WGFP Enterprise. Non-cash assets shall be liquidated by the Winding-Up Agent in a commercially reasonable manner. Proceeds from the disposition of WGFP Enterprise assets and any other cash or cash equivalents then held by the WGFP Enterprise shall be first used, based on the WGFP Participation Percentages, to both (1) distribute cash to the WGFP Allottees that satisfied their Capital C&E Funding Obligations through Capital C&E Funding Cash Payments and (2) repay debts of the WGFP Enterprise incurred for WGFP Financing; provided, however, that any moneys contributed by a Cash Allottee and held at the time of winding-up in such Cash Allottee's subaccount in a fund or reserve fund established under Section 6.1, or in such Cash Allottee's Escrow Fund under Section 7 and the terms of such Cash Allottee's Escrow Agreement, shall not be used to repay debts of the WGFP Enterprise incurred for WGFP Financing. Any remaining funds shall then be distributed to the WGFP Allottees based on their respective WGFP Participation Percentages. [Actual Allottee Name*] shall be entitled to copies of any work products developed by the WGFP Enterprise or its consultants on behalf of the WGFP Allottees, and the WGFP Enterprise shall convey to [Actual Allottee Name*], as a tenant in common with all other WGFP Allottees who are not in Default of their respective WGFP Allotment Contracts, a pro rata interest in all real and personal property remaining after implementation of the plan for disposition of WGFP Assets pursuant to this Section 3.4.
- 3.4.4. Upon completion of the winding-up process described in this Section 3.4, the Enterprise Board shall adopt a resolution of termination of the WGFP. Upon the adoption of such resolution, all WGFP Allotments shall be terminated.

4. WGFP Operation After WGFP Completion.

- 4.1. **Use of WGFP Allotment.** [Actual Allottee Name*] agrees that its WGFP Allotment shall only be used for the storage and delivery of Windy Gap Project Water to which [Actual Allottee Name*] is entitled, storage of Prepositioned C-BT Project Water under the terms of the Carriage Contract, or storage and delivery of such other legally available water as the Enterprise Board shall authorize for storage and delivery in the WGFP, which authorization shall not be unreasonably withheld. [Actual Allottee Name*]'s receipt and use of Windy Gap Project Water also is subject to the Carriage Contract and [Actual Allottee Name*]'s Windy Gap Project allotment contract(s). [Actual Allottee Name*] shall have the right to assign or otherwise agree to the use of [Actual Allottee Name*]'s WGFP Allotment by one or more WGFP Allottees.
- 4.2. **Prepositioning.** The Subdistrict shall have the right to preposition C-BT Project Water in any portion of the WGFP not used by [Actual Allottee Name*] for the storage of water in [Actual Allottee Name*]'s WGFP Allotment under Section 4.1. Prepositioned C-BT Project Water shall become Prepositioned Windy Gap Project Water when Windy Gap Project Water is available and designated for storage in Chimney Hollow Reservoir. Prepositioned C-BT Project Water shall be allocated to WGFP Allottees that have ordered and paid for the delivery of Windy Gap Project Water into Chimney Hollow Reservoir in the then current Water Year. Further details of allocation of Prepositioned C-BT Project Water will be developed in the operating criteria described in Section 4.7.
- 4.3. **Estimate of Charges.** The WGFP Enterprise shall furnish [Actual Allottee Name*] with an estimated statement of anticipated C&E required to be paid in the following year under this Contract on or before the last business day in August of each year, which statement may be used by [Actual Allottee Name*] for budgeting purposes.
- 4.4. **Estimated Demand and Delivery Schedule.** On or before the last business day in September of each year, [Actual Allottee Name*] shall provide the WGFP Enterprise with an estimated demand and delivery schedule for Windy Gap Project Water that will be stored in or delivered from the WGFP for the following Water Year, which schedule will be used by the WGFP Enterprise for purposes of submitting a proposal to the U.S. Bureau of Reclamation in accordance with the Carriage Contract. The schedule shall contain the time, delivery points, and quantities of water which [Actual Allottee Name*] estimates it shall require. This schedule may be modified from time to time as the need warrants within the physical capabilities of the C-BT Project, Windy Gap Project, and WGFP.
- 4.5. **Billing Statement.** On or before the last business day of December of each year, the WGFP Enterprise shall render a billing statement to [Actual Allottee Name*] for C&E required to be paid in the following year under this Contract. The billing statement shall be based upon actual C&E incurred by the WGFP Enterprise during the current Water Year and planned C&E for the upcoming Water Year. Any credit from the previous Water Year or any additional C&E from the previous Water Year shall be included in the billing statement rendered. Each billing statement shall be accompanied by reasonable supporting documentation showing the basis and

derivation of C&E shown in the billing statement. After receipt of the billing statement, [Actual Allottee Name*] shall pay the net C&E charges shown on the billing statement of estimated C&E on or before the last business day of January of the succeeding calendar year.

- 4.6. **Billing Statement Dispute Resolution.** If [Actual Allottee Name*] disputes the correctness of any billing statement by the WGFP Enterprise, it shall pay the WGFP Enterprise the full amount billed when due and shall, before or contemporaneously with such payment, inform the WGFP Enterprise that such payment is made wholly or partially under protest and request an explanation of the billing statement from the WGFP Enterprise. If the bill is determined to be incorrect, the WGFP Enterprise shall issue a corrected billing statement to [Actual Allottee Name*]. Any overpayment shall be refunded to [Actual Allottee Name*] within sixty (60) days. If the WGFP Enterprise and [Actual Allottee Name*] fail to agree on the correctness of a bill within one hundred twenty (120) days after [Actual Allottee Name*] gives notice to the WGFP Enterprise that a payment is made wholly or partially under protest, then the parties may agree to submit the dispute to binding arbitration or, failing such agreement, proceed to protect and enforce their respective rights by appropriate judicial proceeding.
- 4.7. **Operating Criteria.** [Actual Allottee Name*] acknowledges and understands that the storage and delivery of water in the WGFP will require and will be implemented pursuant to operating criteria agreed upon between the WGFP Allottees and the WGFP Enterprise that will address additional operational, financial, and other details of the WGFP. [Actual Allottee Name*]'s WGFP Allotment will be operated on substantially the same terms as all other WGFP Allottees. The operating criteria shall not modify or amend this Contract or result in a material adverse effect on [Actual Allottee Name*]'s rights under this Contract to control its WGFP Allotment, or its ability to have water diverted into, stored in, or released from the WGFP under its WGFP Allotment on a pro-rata and substantially similar basis with other WGFP Allottees.
- 4.8. **Delivery Points.** The WGFP Enterprise's liability and responsibility to [Actual Allottee Name*] to deliver a quantity of water ordered for delivery by release from the WGFP under this Contract shall end and cease at the moment that such quantity of water is released out of WGFP structures or facilities. The WGFP Enterprise agrees to cooperate with [Actual Allottee Name*] in the coordination and accomplishment of conveyance and delivery of water from that point to [Actual Allottee Name*] through structures or facilities not owned by the WGFP Enterprise.
- 4.9. **Capacity Limitations.** In the event that orders of water from the WGFP exceeds available delivery capacity at any WGFP structure or facility, the available capacity at such structure or facility shall be allocated between the WGFP Allottees requiring delivery through such structure or facility in proportion to their respective WGFP Participation Percentages.

5. Other General Terms.

5.1. **Effective Date and Term.** No provision of this Contract shall take effect until each WGFP Allottee identified in **Exhibit A** duly authorizes, executes, and delivers to the WGFP Enterprise its respective WGFP Allotment Contract, and the WGFP Enterprise duly authorizes, executes, and delivers to the WGFP Allottees their respective WGFP Allotment Contracts. Sections 1, 2, 4, 5, and 6 of this Contract shall be perpetual unless terminated pursuant to this Contract. Section 3 shall be in effect until WGFP Completion. Section 7 of this Contract shall be in effect during the term of any payments of Capital C&E using proceeds from Capital C&E Funding Cash Payments made by such WGFP Allottee. Section 8 of this Contract shall be in effect during the term of any WGFP Financing in which [Actual Allottee Name*] participates.

5.2. Transfer of a WGFP Allotment.

5.2.1. **Transfer to Existing WGFP Allottee.** Subject to the terms and conditions set forth in any Financing Documents, the Enterprise Board shall approve a requested transfer of WGFP Units constituting all or a portion of [Actual Allottee Name*]'s WGFP Allotment to one or more other WGFP Allottees that have a WGFP Allotment as of the time of the transfer if the Enterprise Board determines that (1) the WGFP Allottee receiving the additional WGFP Units has an existing or future need for additional WGFP Units, (2) the WGFP Allottee receiving the additional WGFP Units has sufficient financial capacity, and (3) the transfer will not create a material risk under applicable law.

5.2.2. **Transfer to Other Parties.** [Actual Allottee Name*] may transfer all or a portion of its WGFP Allotment to an entity that will use the WGFP Allotment within the Subdistrict that is not an existing WGFP Allottee at the time of the proposed transfer but that holds, or has the legal ability to acquire, an allotment of Windy Gap Project Water with the approval, in its discretion, of the Enterprise Board; provided, however, that the Enterprise Board shall disclose, in writing, the basis for a decision to not approve a proposed transfer under this Section 5.2.2.

5.2.3. If [Actual Allottee Name*], with approval of the Enterprise Board as required by this Section 5.2, transfers a part of its WGFP Allotment to another entity, then [Actual Allottee Name*] shall be relieved of its obligations hereunder to the extent of said transfer, except as otherwise provided herein, specifically including in Section 8. If [Actual Allottee Name*], with approval of the Enterprise Board as required by this Section 5.2, transfers all of its WGFP Allotment to another entity, then [Actual Allottee Name*] shall no longer participate in the WGFP and [Actual Allottee Name*] shall be relieved of its obligations, except as otherwise provided herein, specifically including in Section 8.

5.3. Default.

5.3.1. **Event of Default.** An event of Default shall occur upon any breach of this Contract, including, without limitation:

- 5.3.1.1. Capital C&E Funding Cash Payments. The failure of [Actual Allottee Name*] to pay when due amounts payable pursuant to Sections 6.2 and 7 of this Contract for Initial C&E. As provided in Section 6.2.2.1, if [Actual Allottee Name*] elects to pay its Capital C&E Funding Obligations for Completion C&E or Future Extraordinary C&E under this Contract through Capital C&E Funding Cash Payments, then failure to timely make its Capital C&E Funding Cash Payment for such Completion C&E or Future Extraordinary C&E after so electing shall not constitute an event of Default, but in such event [Actual Allottee Name*] shall be obligated to pay its Capital C&E Funding Obligations for such Completion C&E or Future Extraordinary C&E through participation in a WGFP Financing in the same manner as provided in Section 6.2.2.2 and Section 8.
- 5.3.1.2. WGFP Financing. The failure of [Actual Allottee Name*] to pay when due amounts payable pursuant to Sections 6.2 and 8 of this Contract.
- 5.3.1.3. Operating Costs & Reserves. The failure of [Actual Allottee Name*] to pay when due amounts payable pursuant to Section 6.3 of this Contract.
- 5.3.1.4. The violation of C.R.S. § 37-45-101 *et seq.*, C.R.S. § 37-45.1-101 *et seq.*, or the rules and regulations of the WGFP Enterprise, as may be established or amended from time to time.

5.3.2. **Notice of Default.** Upon a Default, the WGFP Enterprise in the case of a Default by [Actual Allottee Name*], or [Actual Allottee Name*] in the case of a Default by the WGFP Enterprise, shall give the defaulting party and all other WGFP Allottees written notice of the Default in accordance with Section 5.16 and, if applicable, Section 5.4.3 or Section 5.5.4, on or before the first business day of March following the Default.

5.3.3. **Use of WGFP Allotment While in Section 5.3.1 Default.** Beginning on the day notice is received under Section 5.3.2 and continuing for so long as [Actual Allottee Name*] is in Default under this Section 5.3, [Actual Allottee Name*] may place water into storage in its WGFP Allotment but shall have no rights to take water out of storage from or otherwise use any water stored therein; provided, however, that if [Actual Allottee Name*] is in Default under Section 5.3.1.4 for violation of a rule or regulation of the WGFP Enterprise and such rule or regulation authorizes a WGFP Allottee to take water out of storage from or otherwise use any water stored in its WGFP Allotment during the term of any Default for violation of the rule or

regulation, those terms of the rule or regulation shall control. [Actual Allottee Name*] may continue to use and exercise its rights in the Windy Gap Project during any time it is in Default under this Section 5.3. Water in storage under [Actual Allottee Name*]'s WGFP Allotment shall continue to be assessed evaporative and other losses during any period of Default under this Section 5.3. The Subdistrict may continue to use the WGFP Allotment of [Actual Allottee Name*] under this Section 5.3.3 for storage of Prepositioned C-BT Project Water; however, other WGFP Allottees shall have no right to use the WGFP Allotment of [Actual Allottee Name*] under this Section 5.3.3 for the term of the Default. Upon [Actual Allottee Name*]'s cure of its Default under Section 5.3.4, [Actual Allottee Name*]'s rights to use its WGFP Allotment and any water stored therein shall be restored, subject to any operational limitations that may exist.

- 5.3.4. **Cure.** For events of Default other than those Defaults under Sections 5.3.1.1 (Capital C&E Funding Cash payments), 5.3.1.2 (WGFP Financing payments), and 5.3.1.3 (payments of and into Operating Costs & Reserves), [Actual Allottee Name*] or the WGFP Enterprise, as the case may be, shall have 60 days from receipt of a Notice of Default given under Section 5.3.2. to cure a Default by performance or acceptance by the non-defaulting party of an alternate means of or plan for cure of the Default. In the case of a proposed alternate means of or plan for cure of a Default by [Actual Allottee Name*], the WGFP Enterprise shall give notice of the proposed alternate means or plan for cure to all other WGFP Allottees before taking formal action rejecting or accepting the same. A non-defaulting party's acceptance of a plan for cure of a Default under this Section 5.3.4 shall not constitute a waiver of any rights, claims, defenses, or remedies under this Contract. [Actual Allottee Name*]'s rights to cure events of Default under (1) Sections 5.3.1.1 and 5.3.1.2 are as provided in Section 5.4.5 and (2) Section 5.3.1.3 are as provided in Section 5.5.5.
- 5.3.5. **Final Default.** For events of Default other than those Defaults under Sections 5.3.1.1 (Capital C&E Funding Cash payments), 5.3.1.2 (WGFP Financing payments), and 5.3.1.3 (payments of and into Operating Costs & Reserves), a Final Default shall occur upon (i) the expiration of the period for cure of a Default if [Actual Allottee Name*] or the WGFP Enterprise, as the case may be, does not cure the Default or the non-defaulting party does not accept, within the period for cure, a plan for an alternate means of or plan for cure of the Default, or (ii) failure of [Actual Allottee Name*] or the WGFP Enterprise, as the case may be, to perform under a duly accepted alternate means of or plan for cure of the Default. Notice of a Final Default under this Section 5.3.5 shall be given to the WGFP Enterprise and all WGFP Allottees no later than the first business day of the first February after the cure period terminates. Final Default with respect to events of Default under (1) Sections 5.3.1.1 and 5.3.1.2 shall occur as provided in Section 5.4.6, and (2) Section 5.3.1.3 shall occur as provided in Section 5.5.6.
- 5.3.6. **Consequences of Final Default.** The consequences of Final Default shall be as specified in this Contract.

- 5.3.6.1. Capital C&E Funding Cash Payments. The consequence of [Actual Allottee Name*]’s Final Default under Section 5.3.1.1 shall be as described in Section 5.4 of this Contract.
- 5.3.6.2. WGFP Financing. The consequence of [Actual Allottee Name*]’s Final Default under Section 5.3.1.2 shall be as described in Section 5.4 of this Contract.
- 5.3.6.3. Operating Costs & Reserves. The consequence of [Actual Allottee Name*]’s Final Default under Section 5.3.1.3 shall be as described in Section 5.5 of this Contract.
- 5.3.6.4. The consequence of [Actual Allottee Name*]’s Final Default for any breach of this Contract other than a failure to pay amounts due under this Contract shall be as described in Section 5.5.6 and Section 5.5.7 of this Contract, except that Final Defaults for violations of the rules and regulations of the WGFP Enterprise shall be remedied as provided in such rules and regulations and shall result in forfeiture and termination of [Actual Allottee Name*]’s WGFP Allotment in accordance with Section 5.5.6 and Section 5.5.7 only if the violated rule or regulation so provides.
- 5.3.6.5. A Final Default by [Actual Allottee Name*] shall not terminate any obligation to pay amounts due under this Contract as established by Sections 6, 7, and 8 of this Contract.
- 5.3.6.6. Upon a Final Default for any breach of this Contract by the WGFP Enterprise, [Actual Allottee Name*] and the WGFP Enterprise agree to confer in good faith to attempt to resolve the Final Default, and if conferral fails to resolve the Final Default, then to participate in nonbinding mediation.

5.3.7. **Enforcement of Remedies.** In addition to the other remedies set forth herein, including in this Section 5.3, upon the occurrence of a Final Default as defined herein, the WGFP Enterprise or [Actual Allottee Name*], as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Contract by such appropriate judicial proceeding as such party shall deem most effectual, either by action of law or by suit in equity, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Contract or by law, and the prevailing party shall be entitled to an award of its reasonable costs and attorney fees.

- 5.4. **Default on Capital C&E Funding Obligations Under Sections 5.3.1.1 and 5.3.1.2.**

- 5.4.1. **Capital C&E Funding Obligations Default.** Failure of [Actual Allottee Name*] to pay amounts due under Section 6.2 and in accordance with

Section 7 or Section 8, as applicable, shall constitute an event of Default under Section 5.3.1.1 or Section 5.3.1.2, as applicable.

- 5.4.2. **Grace Period.** If [Actual Allottee Name*] is in Default under Section 5.4.1 and fully pays its defaulted payments within 30 days after such payments are due, then [Actual Allottee Name*] shall no longer be considered in Default under Section 5.4.1 and no interest, penalties, or other Default obligations or consequences shall attach.
- 5.4.3. **Notice of Default.** On the first business day after the grace period under Section 5.4.2 runs, the WGFP Enterprise shall notify each WGFP Allottee of the names of all WGFP Allotees, if any, in Default under Section 5.4.1.
- 5.4.4. **WGFP Financing Liquidity Fund.** For each Loan Allottee in Default under Section 5.4.1, the WGFP Enterprise shall on the first business day after the grace period under Section 5.4.2 runs apply such Loan Allottee's Liquidity Fund to cover that Loan Participant's defaulted payment.
- 5.4.5. **Cure Period.** [Actual Allottee Name*] has until the last business day of January of the succeeding calendar year to cure any Default under Section 5.4.1. A Loan Allottee cures a Default under Section 5.4.1 by reimbursing the Liquidity Fund, plus a late-fee penalty of 5%, and by reimbursing any other expenses incurred by the WGFP Enterprise or any other WGFP Allottee as a result of such Default. A Cash Allottee cures a Default under Section 5.4.1 by paying the defaulted Capital C&E Funding Cash Payment and reimbursing any expenses incurred by the WGFP Enterprise or any other WGFP Allottee as a result of such Default. If [Actual Allottee Name*] timely cures a Default under this Section 5.4.5, then no part of [Actual Allottee Name*] WGFP Allotment shall be forfeited and reallocated under Section 5.4.6.
- 5.4.6. **Final Default; Penalties and Reallocation of WGFP Allotment.** If [Actual Allottee Name*] does not timely cure a Default under Section 5.4.5, then Final Default shall be deemed to have occurred and all or a portion of [Actual Allottee Name*]'s WGFP Allotment shall be permanently forfeited and reallocated as follows:
 - 5.4.6.1. For purposes of this Section 5.4.6, to the extent that [Actual Allottee Name*] is a Loan Allottee for Initial C&E and Completion C&E (if any) and in Default under Section 5.3.1.2, "**Vested Allotment**" shall mean that proportion of [Actual Allottee Name*]'s WGFP Allotment attributable to its participation in a WGFP Financing for Initial C&E and Completion C&E (if any) that is equal to the quotient of the amount of its Capital C&E Funding Obligations (not including WGFP Financing Costs other than principal) paid by [Actual Allottee Name*] immediately prior to the date of the Default under Section 5.4.1 divided by the total amount of [Actual Allottee Name*]'s Capital C&E Funding Obligations for Initial C&E and Completion C&E (if any) satisfied through

participation in a WGFP Financing (not including WGFP Financing costs other than principal), rounded down to the nearest whole WGFP Unit; and “**Unvested Allotment**” shall mean the remainder of [Actual Allottee Name*]’s WGFP Allotment attributable to [Actual Allottee Name*]’s participation in a WGFP Financing for Initial C&E and Completion C&E (if any).

- 5.4.6.2. For purposes of this Section 5.4.6, to the extent that [Actual Allottee Name*] is a Cash Allottee for Initial C&E and in default under Section 5.3.1.1, “**Vested Allotment**” shall mean that proportion of [Actual Allottee Name*]’s WGFP Allotment attributable to its satisfaction of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments that is equal to the quotient of the amount of such Capital C&E Funding Obligations for Initial C&E paid by [Actual Allottee Name*] through Capital C&E Funding Cash Payments, if any, immediately prior to the date of the Default under Section 5.4.1 divided by the total amount of such WGFP Allottee’s Capital C&E Funding Obligations for Initial C&E satisfied through Capital C&E Funding Cash Payments, rounded down to the nearest whole WGFP Unit; and “**Unvested Allotment**” shall mean the remainder of [Actual Allottee Name*]’s WGFP Allotment attributable to [Actual Allottee Name*]’s satisfaction of such Capital C&E Funding Obligations through Capital C&E Funding Cash Payments.
- 5.4.6.3. Upon [Actual Allottee Name*]’s satisfaction of all Capital C&E Funding Obligations for Initial C&E under Section 6.2.1 and Completion C&E under Section 6.2.2, [Actual Allottee Name*]’s “Vested Allotment” shall be considered to be all (100%) of [Actual Allottee Name*]’s WGFP Allotment, and any other Capital C&E Funding Obligations for Future Extraordinary C&E under Section 6.2.3 shall have no effect on [Actual Allottee Name*]’s “Vested Allotment.”
- 5.4.6.4. A WGFP Allottee in Final Default under this Section 5.4.6 shall forfeit any and all right, title, claim, or interest, whether express or implied, in or to its Unvested Allotment plus fifty percent (50%) of its Vested Allotment, including any water then in storage in such Unvested Allotment and Vested Allotment. The WGFP Enterprise shall give notice to all WGFP Allottees of such forfeiture by the first business day of February of the calendar year in which such forfeiture occurs. [Actual Allottee Name*], by executing this Agreement, certifies that it has fully disclosed to the governing body of [Actual Allottee Name*] the existence and consequence of this Contract, and agrees that but for its acceptance of the forfeiture of a WGFP Allotment pursuant to this Section 5.4.6.4, the WGFP Enterprise would not have entered into this Contract or any other agreement related to

WGFP. [Actual Allottee Name*] waives any and all legal or equitable claims, in any forum, to WGFP, WGFP Allotments, or WGFP assets, or against the WGFP Enterprise, arising out of a Final Default under this Section 5.4 by [Actual Allottee Name*]. Irrespective of such forfeiture, a WGFP Allottee shall remain liable to the WGFP Enterprise to pay the full amount of its Capital C&E Funding Obligations.

5.4.6.5. A defaulting Loan Allottee's forfeited Unvested Allotment and Vested Allotment, including any water then in storage in such Unvested Allotment and Vested Allotment, shall be reallocated under Section 5.4.6.6 to all Loan Allottees that step up in proportion to the amounts each Loan Allottee stepped up thereunder. A defaulting Cash Allottee's forfeited Unvested Allotment and Vested Allotment, including any water then in storage in such Unvested Allotment and Vested Allotment, shall be reallocated to all non-defaulting WGFP Allottees by the WGFP Enterprise under the terms of Section 5.5.7.

5.4.6.6. **Loan Allottee Step-Up.**

5.4.6.6.1. **Voluntary Step-Up.** By March 15 following any Final Default under Section 5.4.6 that is subject to this Section 5.4.6.6, any Loan Allottee may voluntarily step up to (1) make all or part of the defaulted payment (including replenishment of the Liquidity Fund), and (2) assume the obligation for all future annual debt service and Operating C&E payments for that portion of a defaulting Loan Allottee's obligation. If two or more Loan Allottees volunteer to step up under this Section 5.4.6.6, then each will assume a pro rata portion (based on their respective WGFP Financing Participation Percentages), or agreed upon amount, of the defaulted payment.

5.4.6.6.2. **Mandatory Step-Up.** If not all defaulted payments are covered by Loan Allottees who choose to voluntarily step up under Section 5.4.6.6.1, then for any portion of the defaulted payment not voluntarily assumed under Section 5.4.6.6.1, the following mandatory step-up process is initiated on the first business day of April.

5.4.6.6.3. All Loan Allottees, including all Loan Allottees who voluntarily stepped up under Section 5.4.6.6.1, shall be assessed pro rata, based on the WGFP Financing Participation Percentages of the Loan Allottees not then in Default, to make up the defaulted payment (plus late fees and other expenses) by payment to the WGFP Enterprise on or before the first business day of July and must make all future annual payments for that pro rata portion of the defaulting Loan Allottee's WGFP Allotment.

5.4.6.6.4. For each non-defaulting Loan Allottee, mandatory step-up in any single year under Section 5.4.6.6.2 shall not exceed thirty-five percent (35%) of the Loan Allottee's then-existing Loan Allottee Financing Obligation.

5.5. Default on Operating C&E Payments Under Section 5.3.1.3.

- 5.5.1. **Operating Costs & Reserves Default.** [Actual Allottee Name*]'s failure to fully pay its payments due under Section 6.3.1 by the last business day of January of each calendar year shall constitute an event of Default.
- 5.5.2. **Operating Reserve Fund to Cover Deficiency.** In the event that [Actual Allottee Name*] fails to fully and timely pay its pro-rata share of Operating C&E under Section 6.3.1, the WGFP Enterprise may draw upon [Actual Allottee Name*]'s portion of the Operating Reserve Fund or such other reserves as the Enterprise Board may establish and maintain in relation to Operating C&E pursuant to Section 6.1.2 to make up any deficiency as a result of the failure of [Actual Allottee Name*] to make a payment required under Section 6.3.
- 5.5.3. **Grace Period.** If [Actual Allottee Name*] is in Default under Section 5.5.1 and fully makes its payments due under Section 6.3 by the last business day of February, then [Actual Allottee Name*] shall no longer be considered in Default under Section 5.5.1 and no penalties or other Default obligations or consequences shall attach.
- 5.5.4. **Notice of Default.** On the first business day of March of each calendar year, the WGFP Enterprise shall notify [Actual Allottee Name*] of the names of all WGFP Allotees, if any, whose payments due under Section 6.3 remain in Default after the grace period provided in Section 5.5.3.
- 5.5.5. **Cure.** [Actual Allottee Name*] may cure a Default under this Section 5.5 by paying, on or before the last business day of January of the succeeding calendar year, an amount equal to (1) any Operating C&E then due or in Default; (2) a late-fee penalty of 1.5% of the amount of Operating C&E in Default for each month in Default after the grace period provided in Section 5.5.3 terminates, which shall be deposited into the Operating Reserve Fund in addition to any other amounts owed to such fund under this Contract; and (3) any other expenses incurred by the WGFP Enterprise or any other WGFP Allottee as a result of such Default. Alternatively, [Actual Allottee Name*] may cure a Default under this Section 5.5.5 by obtaining the WGFP Enterprise's acceptance, on or before the last business day of January of the succeeding calendar year, of an alternate means of or plan for cure of the Default and thereafter fully performing under such alternate means of or plan for cure; the WGFP Enterprise shall give notice of the proposed alternate means or plan for cure to all other WGFP Allotees before taking formal action rejecting or accepting the same. The WGFP Enterprise's acceptance of a plan for cure of a Default under this Section

5.5.5 shall not constitute a waiver of any rights, claims, defenses, or remedies under this Contract.

5.5.6. **Final Default and Forfeiture.** Final Default shall occur if [Actual Allottee Name*] fails to cure its defaulted payment under Section 5.5.5 by the date provided therein or fails to fully perform under a duly accepted alternate means of or plan for cure of the Default. If [Actual Allottee Name*] has committed a Final Default under this Section 5.5.6, then [Actual Allottee Name*] shall completely forfeit any and all right, title, claim, or interest, whether express or implied, in or to WGFP, including, without limitation, any and all WGFP Allotments or rights to WGFP assets under this Contract or any other agreement related to the WGFP. Any water in storage under a forfeited WGFP Allotment at the time of forfeiture shall not be available to the defaulting party and shall be reallocated along with the WGFP Allotment as provided in Section 5.5.7. [Actual Allottee Name*], by executing this Contract, certifies that it has fully disclosed to the governing body of [Actual Allottee Name*] the existence and consequence of this Contract, and agrees that but for its acceptance of the termination of a WGFP Allotment and the consequences of Default, the WGFP Enterprise would not have entered into this Contract or any other agreement related to WGFP. Except for claims of breach under the express terms of this Contract, [Actual Allottee Name*] waives any and all legal or equitable claims, in any forum, to WGFP, WGFP Allotments, or WGFP Assets, or against the WGFP Enterprise, arising out of a Final Default under this Contract by [Actual Allottee Name*]. Irrespective of such termination, [Actual Allottee Name*] shall remain liable to the WGFP Enterprise to pay the full amount of its Capital C&E Funding Obligations under this Contract. The WGFP Enterprise shall send a notice of forfeiture under this Section 5.5.6 to all WGFP Allotees on the first business day of February in the calendar year in which the cure period terminates.

5.5.7. **Reallocation of Forfeited WGFP Allotment.** WGFP Allotments forfeited under Section 5.3.6.4 or Section 5.5.6 shall be reallocated by the WGFP Enterprise through a sealed-bid auction open to all non-defaulting WGFP Allotees. Auction bids to purchase all or a portion of the forfeited WGFP Allotment shall be submitted to the WGFP Enterprise on or before the first business day of April of the calendar year in which the cure period terminates and the WGFP Allotment is forfeited. In the event that the WGFP Enterprise receives one or more successful bids, closing on the sale of WGFP Allotments to such successful bidders shall occur by the first day in July of the same calendar year. The proceeds of any auction sale shall be applied first to cover the cure amount described in Section 5.5.5, except any monthly penalty, and second to cover any Operating C&E accrued during the disposition process that are attributable to the purchased WGFP Allotment. Any excess proceeds shall be distributed to [Actual Allottee Name*], less the monthly penalty provided in Section 5.5.5 if applicable. In the event the proceeds of any auction sale do not cover the cure amount described in Section 5.5.5, except any monthly penalty, and all Operating C&E accrued during the disposition process that are attributable to the purchased WGFP Allotment, the successful bidder(s) purchasing the WGFP

Allotment shall pay the deficiency attributable to the amount of WGFP Units purchased at such auction sale.

5.5.7.1. In the event that the entire WGFP Allotment forfeited under Section 5.5.6 is not reallocated through the auction described in Section 5.5.7, the WGFP Enterprise shall in its discretion offer the remaining WGFP Allotment to other entities that are not existing WGFP Allotees at the time of the proposed transfer but that hold an allotment of Windy Gap Project Water. In the event that the WGFP Enterprise's offer is accepted by one or more entities under this Section 5.5.7.1, closing on the sale shall occur by the first business day in September of the same calendar year. The proceeds of any such sale shall be applied first to cover the cure amount described in Section 5.5.5, except any monthly penalty, and second to cover any Operating C&E accrued during the disposition process that are attributable to the purchased WGFP Allotment. Any excess proceeds shall be distributed to [Actual Allottee Name*], less the monthly penalty provided in Section 5.5.5 if applicable. In the event the proceeds of any sale under this Section 5.5.7.1 do not cover the cure amount described in Section 5.5.5, except any monthly penalty, and all Operating C&E accrued during the disposition process that are attributable to the purchased WGFP Allotment, the purchaser(s) of the WGFP Allotment shall pay the deficiency attributable to the amount of WGFP Units purchased.

5.5.7.2. In the event that the entire WGFP Allotment forfeited under Section 5.5.6 is not reallocated through the auction described in Section 5.5.7 or under Section 5.5.7.1, the WGFP Enterprise shall reallocate such remaining WGFP Allotment to the non-defaulting WGFP Allotees pro rata based on the WGFP Participation Percentages. The WGFP Allotees who receive a portion of the reallocated WGFP Allotment under this Section 5.5.7.2 shall pay the amount then owing (except for the monthly cure penalty if applicable) on the WGFP Allotment on or before the first business day of November of the same calendar year in which the WGFP Allotment is forfeited.

5.5.8. If, in a particular Fiscal Year, [Actual Allottee Name*] is in Default under the terms of this Section 5.5 with respect to payments to cover its pro-rata share of Operating C&E due under Section 6.3.1 and also in Default under the terms of Section 5.4, then the terms of this Section 5.5, and not Section 5.4, shall govern.

5.6. **Liability of WGFP Enterprise and [Actual Allottee Name*].**

5.6.1. **WGFP Enterprise Liability.** Any and all obligations of the WGFP Enterprise that may arise under this Contract, whether financial or otherwise, shall be payable solely from the revenues, income, rents and receipts earned by the WGFP Enterprise. Nothing herein shall be deemed

to prevent the WGFP Enterprise from making any payments from any other legally available source. In no event shall the WGFP Enterprise be required to spend any money from taxes in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Contract or which would cause the WGFP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution. In addition, neither the WGFP Enterprise, the Subdistrict, nor the District shall be required to expend any funds or impair any assets of the Subdistrict or the District in the performance of any of the WGFP Enterprise's obligations under this Contract. The obligations of the WGFP Enterprise under this Contract do not constitute a debt or indebtedness of the WGFP Enterprise, the Subdistrict, or the District within the meaning of any constitutional, charter or statutory provision or limitation, and shall not be considered or held to be a general obligation of the WGFP Enterprise, the Subdistrict or the District.

- 5.6.2. **Allottee Liability.** Any and all obligations of [Actual Allottee Name*] that may arise under this Contract whether financial or otherwise, shall be payable solely from the revenues, income, rents and receipts earned by [Actual Allottee Name*] from the operation of its [water activity] enterprise. Nothing herein shall be deemed to prevent [Actual Allottee Name*] from making any payments from any other legally available source. In no event shall [Actual Allottee Name*] be required to spend any money from taxes in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Contract or which would cause [Actual Allottee Name*] to lose its enterprise status as such status is defined in the Colorado Constitution. In addition, [Actual Allottee Name*] shall not be required to expend any funds or impair any assets of its parent entity in the performance of its obligations under this Contract. The obligations of [Actual Allottee Name*] under this Contract do not constitute a debt, indebtedness or multiple fiscal year obligation of its parent entity within the meaning of any constitutional, charter or statutory provision or limitation, and shall not be considered or held to be a general obligation of [Actual Allottee Name*] or of its parent entity.
- 5.6.3. [Actual Allottee Name*] shall not be liable to another WGFP Allottee or to the WGFP Enterprise, and the WGFP Enterprise shall not be liable to the WGFP Allottees, for consequential, indirect, punitive, or special damages arising under this Contract.
- 5.6.4. **Governmental Immunity.** The WGFP Enterprise and [Actual Allottee Name*] are each relying on, and do not waive or intend to waive by any provision of this Contract, the monetary limitations or any other rights, immunities, defenses, or protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 *et seq.*, as amended from time to time.

5.7. **Amendments.** Except as otherwise provided in this Section 5.7, this Contract may be amended only with the written consent of (1) the WGFP Enterprise, (2) at least 75.0% of the WGFP Allottees, and (3) WGFP Allottees that collectively hold at

least 75.0% of all WGFP Units; provided, however, that if any WGFP Financing is outstanding, any amendment to this Contract will be subject to the terms and conditions set forth in any Financing Documents; and further provided that this Contract may not be amended without [Actual Allottee Name*]'s written consent in a manner that results in a material adverse impact on the rights of [Actual Allottee Name*] under this Contract to control its WGFP Allotment or have water diverted into, stored in, or released from the WGFP under its WGFP Allotment on a pro-rata and substantially similar basis with other WGFP Allottees. As provided in Section 6.2.1.1, an amendment under the terms of this Section 5.7 is not required for certain modifications to the means of payment of [Actual Allottee Name*]'s Capital C&E Funding Obligations for Initial C&E, the proportional amounts of its Capital C&E Funding Obligations for Initial C&E to be paid through Capital C&E Funding Cash Payments and/or participation in a WGFP Financing, or its election under Section 8.18, which modifications shall instead be governed by Section 6.2.1.1.

5.8. **Limitations on Rights of Allottee.** In addition to all the other terms, conditions and covenants contained herein, it is specifically understood and agreed by and between the parties hereto that the rights of [Actual Allottee Name*] hereunder are subject to the following terms, conditions and limitations, to all intents and purposes as though set forth verbatim herein, and made a part hereof by reference:

- 5.8.1. The Water Conservancy Act of Colorado, C.R.S. § 37-45-101 *et seq.*;
- 5.8.2. The water activity enterprise statute, C.R.S. § 37-45.1-101 *et seq.*;
- 5.8.3. The Carriage Contract; provided that if any amendment to the Carriage Contract is proposed which would affect the right of [Actual Allottee Name*] to use or reuse its full allotment of Windy Gap Project Water, the approval of such amendment shall first be obtained from [Actual Allottee Name*];
- 5.8.4. The rules, regulations and policies of the Enterprise Board, as may be established and amended from time to time; provided, however, that any such rules, regulations or policies shall not result in a material adverse impact on the rights of [Actual Allottee Name*] under this Contract to control its WGFP Allotment or to have water diverted into, stored in, or released from the WGFP under its WGFP Allotment on a pro-rata and substantially similar basis with other WGFP Allottees; and
- 5.8.5. The requirements or conditions of any state or federal law, permits or regulatory approvals for the WGFP.

5.9. **Future Participation.** Nothing herein shall be construed in any manner that will obligate [Actual Allottee Name*] to participate in any future or other project of the Subdistrict or the WGFP Enterprise that is not a part of the WGFP or preclude Allottee from participation therein.

5.10. **Third Party Beneficiaries.** Any WGFP Allottee shall have the right as a third-party beneficiary to initiate and maintain suit to enforce the obligations of other WGFP Allottees hereunder. The Subdistrict shall have the right as a third-party

beneficiary to initiate and maintain suit to enforce its rights under Section 3.4.2. Except as otherwise provided by this Section 5.10, Section 3.4.2, and Section 8.17, enforcement of the terms and conditions of this Contract and all rights of action relating to such enforcement shall be strictly reserved to the parties.

- 5.11. **Authorization.** [Actual Allottee Name*] attaches hereto a true and correct copy of [Actual Allottee Name*]'s records authorizing the officers, whose names appear hereon, to enter into this Contract.
- 5.12. **Counterparts.** This Contract may be executed by the WGFP Enterprise and [Actual Allottee Name*] in separate counterparts, each of which when so executed and delivered shall be an original, and all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.
- 5.13. **Entire Agreement; Merger of Prior Agreements.** This Contract, together with the statutes, contracts, rules, regulations and policies listed in Section 5.8, constitute the entire agreement and understanding of the parties and supersedes all prior agreements and understanding between the parties relating to the subject matter hereof. This Contract may not be interpreted, modified or changed by reference to other documents, understandings or agreements, whether written or oral, unless the interpretation, modification or change is subsequently agreed to in writing by the parties hereto.
- 5.14. **Severability.** If one or more clauses, sentences, Sections, paragraphs or provisions of this Contract shall be held to be unlawful, invalid or unenforceable, the remainder of this Contract shall not be affected thereby.
- 5.15. **Choice of Law; Venue.** This Contract shall be governed by the laws of the State of Colorado, and each party hereto consents and submits to venue in the District Court of Weld County, Colorado.
- 5.16. **Notices.** Notices authorized or required to be given under this Contract shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the relevant party's address set forth in **Exhibit C**, or to such other address as a party may provide to the other party and all other WGFP Allotees from time to time. If specified herein, notice required to be given to all WGFP Allotees shall be given to the addresses set forth in **Exhibit C** or to such other addresses as the WGFP Allotees may provide to the WGFP Enterprise and the other WGFP Allotees from time to time.
- 5.17. **Construction Reports and Meetings.** The WGFP Enterprise will provide [Actual Allottee Name*] with written monthly reports, together with financial reports regarding payment of charges and costs and expenditures during construction of Chimney Hollow Reservoir, on the progress of construction and the expenditure of funds. Among other items, the monthly written reports will include a breakdown and sum total of all known increases to the Chimney Hollow Reservoir construction contract amount due to projected, pending, or executed changes in work, including change orders, change directives, or field orders. In addition, the WGFP Enterprise shall schedule and hold meetings of all WGFP Allotees at the offices of the District

at least quarterly at which time the WGFP Enterprise shall present and discuss the financial reports regarding payment of charges and costs by the WGFP Allottees and the expenditure of funds. Notwithstanding the foregoing, if any single Chimney Hollow Reservoir construction contract cost change will exceed two and a half percent (2.5%) of the initial Chimney Hollow Reservoir construction contract amount, the WGFP Enterprise will provide [Actual Allottee Name*] with written notice of such anticipated cost changes before the cost change is executed and will hold a meeting of all WGFP Allottees as soon as practicable to discuss the drivers for such cost change, possible remedies, and budget impacts. In addition, the WGFP Enterprise will provide monthly updates regarding costs and potential changes for construction management, mitigation, enhancement, and other WGFP costs not included in the Chimney Hollow Reservoir construction contract.

5.18. **Financial Reporting Requirements; Audits.** The WGFP Enterprise shall furnish to [Actual Allottee Name*], as soon as available and in any event within one hundred eighty (180) days after the end of each Fiscal Year, the financial statements of the WGFP Enterprise as of the end of such Fiscal Year, all prepared in accordance with generally accepted accounting principles and in reasonable detail; provided that the WGFP Enterprise shall be in compliance with this reporting requirement when such information is published on the WGFP Enterprise's website or the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access System (EMMA), or any service or services established by the Municipal Securities Rulemaking Board (or any of its successors) as a successor to EMMA. [Actual Allottee Name*] may request an independent audit of the WGFP Enterprise's financial statements for a Fiscal Year (as well as associated WGFP accounting records, supporting documentation, and billings to WGFP Allottees), to be paid for by [Actual Allottee Name*], by sending a written audit request to the WGFP Enterprise before the end of the succeeding Fiscal Year. If more than one WGFP Allottee requests an independent audit for a given Fiscal Year, then only one audit shall occur, and the audit shall be paid for by the WGFP Allottees that requested the audit based on their respective WGFP Participation Percentages.

5.19. **Most Favored Party.** The terms and provisions of the WGFP Allotment Contracts for each of the WGFP Allottees will be substantially similar and in no event shall the WGFP Enterprise offer an Allotment Contract to another WGFP Allottee with more favorable provisions based on all of the terms and conditions of the WGFP Allotment Contract as a whole without first offering to [Actual Allottee Name*] the opportunity to amend this Contract to contain such favorable provisions.

6. WGFP Funding.

6.1. Establishment of Funds.

6.1.1. In addition to the funds established in Sections 7.4 and Section 8.4, the WGFP Enterprise shall establish and maintain an Operating Fund and an Operating Reserve Fund, with segregated accounts for each WGFP Allottee, to be used for disbursements to pay for the Operating C&E of the WGFP under the WGFP Allotment Contracts.

6.1.2. The WGFP Enterprise may establish and maintain additional reserve funds as it shall determine are necessary for operation, maintenance, repair, replacement, rehabilitation, or improvement of WGFP structures or facilities, with segregated accounts for each WGFP Allottee.

6.2. **Payment of Capital C&E Funding Obligations.** [Actual Allottee Name*] agrees to pay its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments under the terms of Section 7, participation in a WGFP Financing under the terms of Section 8, or a combination thereof.

6.2.1. Initial C&E. The Initial C&E to be funded by the WGFP Allottees shall be \$[XXXXXXXX]*. [Actual Allottee Name*] agrees to pay its Capital C&E Funding Obligations for Initial C&E under this Section 6.2.1 through [Capital C&E Funding Cash Payments under the terms of Section 7] [participation in a WGFP Financing under the terms of Section 8]. **Exhibit A** indicates each WGFP Allottee's Capital C&E Funding Obligation for such Initial C&E and chosen means of payment for such Initial C&E.

6.2.1.1. Until the date noticed by the WGFP Enterprise under this Section 6.2.1.1, [Actual Allottee Name*] may, with the WGFP Enterprise's written consent and without the need to amend this Contract under the terms of Section 5.7, modify its chosen means of payment of its Capital C&E Funding Obligations for Initial C&E, including its proportional amounts between a Capital C&E Funding Cash Payment and participation in a WGFP Financing and its election under Section 8.18 (if participating in WGFP Financing), and upon such modification the WGFP Enterprise shall update **Exhibit A** to the WGFP Allotment Contracts. Before the date of sale of a WGFP Financing for Initial C&E other than the CWCB Loan, the WGFP Enterprise will provide written notice to [Actual Allottee Name*] setting forth the date by which [Actual Allottee Name*] must finalize its payment method and election under Section 8.18 (if participating in WGFP Financing) for Initial C&E, which date shall be no less than 3 months after the date of notice unless [Actual Allottee Name*] otherwise agrees. Any modification of payment method or election under Section 8.18 (if participating in WGFP Financing) for Initial C&E after the date provided in the notice shall require a contract amendment under the terms of Section 5.7.

6.2.2. Completion C&E. If the WGFP Enterprise determines that the WGFP Allottees' payment of their respective Capital C&E Funding Obligations to fund Initial C&E under Section 6.2.1 will be depleted and Completion C&E must be incurred to complete construction of the WGFP, then the WGFP Enterprise shall give notice as soon as reasonably practicable to the WGFP Allottees of the need to pay additional Capital C&E Funding Obligations under this Section 6.2, the estimated total amount of Completion C&E to be incurred, and whether the WGFP Enterprise will undertake additional

WGFP Financing for the Completion C&E. If the WGFP Enterprise offers the option to participate in additional WGFP Financing, then [Actual Allottee Name*] shall, within ninety (90) days of such notice, elect in writing to the WGFP Enterprise to pay its Capital C&E Funding Obligations for such Completion C&E under this Contract through Capital C&E Funding Cash Payments, participation in a WGFP Financing, or a combination thereof. If no such election is made, [Actual Allottee Name*] shall be obligated to pay its Capital C&E Funding Obligations for such Completion C&E through participation in a WGFP Financing under Section 6.2.2.2. The WGFP Enterprise will update **Exhibit B** from time to time as needed under this Section 6.2.2.

6.2.2.1. To the extent that [Actual Allottee Name*] elects to pay its Capital C&E Funding Obligations for such Completion C&E under this Contract through Capital C&E Funding Cash Payments, then it shall make such payments in accordance with Section 7 and on substantially the same terms as other WGFP Allotees making Capital C&E Funding Cash Payments, and agrees to execute any documents and agreements necessary to bind [Actual Allottee Name*] to such terms. If [Actual Allottee Name*] fails to timely make its Capital C&E Funding Cash Payment for such Completion C&E after so electing, then [Actual Allottee Name*] shall be obligated to pay its Capital C&E Funding Obligations for such Completion C&E through participation in a WGFP Financing in the same manner as provided in Section 6.2.2.2.

6.2.2.2. To the extent that [Actual Allottee Name*] is obligated to pay its Capital C&E Funding Obligations for such Completion C&E under this Contract through participation in a WGFP Financing, then it shall make such payments and participate in such WGFP Financing in accordance with Section 8 and any applicable Financing Document and on substantially the same terms as any other WGFP Allotees participating in the WGFP Financing, and agrees to execute any documents and agreements necessary to bind [Actual Allottee Name*] to such terms.

6.2.3. Future Extraordinary C&E. If the WGFP Enterprise determines that Future Extraordinary C&E must be incurred, then the WGFP Enterprise shall give notice as soon as reasonably practicable to [Actual Allottee Name*] of the need to pay additional Capital C&E Funding Obligations under this Section 6.2 and the estimated total amount of Future Extraordinary C&E to be incurred. The Enterprise Board, in consultation with the WGFP Allotees, shall set a timeline for the WGFP Allotees to elect in writing to pay the Capital C&E Funding Obligations for such Future Extraordinary C&E under this Contract through Capital C&E Funding Cash Payments, participation in a WGFP Financing, or a combination thereof in accordance with the process described in Sections 6.2.2.1 and 6.2.2.2, and for the WGFP Allotees to make such payments of their respective Capital C&E Funding Obligations for such Future Extraordinary C&E to the WGFP

Enterprise. If no such election is made, [Actual Allottee Name*] shall be obligated to pay its Capital C&E Funding Obligations for such Future Extraordinary C&E through participation in a WGFP Financing in accordance with the process described in Section 6.2.2.2.

6.2.3.1. Notwithstanding the foregoing in Section 6.2.3, if an emergency or natural disaster imminently threatens life, health, safety, or damage to the WGFP, the WGFP Enterprise may incur Future Extraordinary C&E to make reasonably necessary emergency repairs to mitigate threatened damage, provided that the WGFP Enterprise shall notify [Actual Allottee Name*] of such emergency and the need for such expenditures in advance (or if not possible in advance, then as soon as practicable), and whether the WGFP Enterprise will undertake additional WGFP Financing for the future Extraordinary C&E. In the event that the WGFP Enterprise incurs such emergency Future Extraordinary C&E, and if the WGFP Enterprise offers the option to participate in additional WGFP Financing, then [Actual Allottee Name*] shall have thirty (30) days to elect in writing to pay its Capital C&E Funding Obligations for such emergency Future Extraordinary C&E through Capital C&E Funding Cash Payments in accordance with the process described in Section 6.2.2.1. If no such election is made, then [Actual Allottee Name*] shall be obligated to pay its Capital C&E Funding Obligations for such emergency Future Extraordinary C&E through participation in a WGFP Financing in accordance with the process described in Section 6.2.2.2.

6.2.4. To the extent [Actual Allottee Name*] satisfies any of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments, other than Capital C&E Funding Cash Payments for emergency Future Extraordinary C&E incurred by the WGFP Enterprise prior to the giving of notice to [Actual Allottee Name*], the WGFP Enterprise may require that [Actual Allottee Name*] provide adequate assurance in advance of closing on the corresponding WGFP Financing that it will be able to provide the required Capital C&E Funding Cash Payment on the date such Capital C&E Funding Cash Payments are due to the WGFP Enterprise under Section 7.3 or such other date as is agreed to by the WGFP Enterprise and [Actual Allottee Name*].

6.3. **Payment of Operating C&E and into Reserve Funds.**

6.3.1. To the extent that [Actual Allottee Name*] meets its Capital C&E Funding Obligations under Section 6.2 through participation in WGFP Financing, [Actual Allottee Name*] hereby agrees to fund all of its portion of Operating Costs & Reserves during the term(s) of any debt incurred for WGFP Financing in which [Actual Allottee Name*] participates in accordance with Section 8 hereof. When [Actual Allottee Name*] is not participating in any WGFP Financing or no debt is outstanding on WGFP Financing in which [Actual Allottee Name*] participates, [Actual Allottee

[Name*] agrees to fund its portion of Operating Costs & Reserves by paying to the WGFP Enterprise, on or before the last business day of January of each calendar year, the following amounts:

- 6.3.1.1. An amount equal to the product obtained by multiplying [Actual Allottee Name*]'s WGFP Participation Percentage by the total amount of all Operating C&E estimated by the WGFP Enterprise to be incurred by the WGFP Enterprise in the then current calendar year, which the WGFP Enterprise shall deposit in the Operating Fund to be drawn upon in proportion to the WGFP [Actual Allottee Name*]'s WGFP Participation Percentages to pay for Operating C&E as they are incurred;
- 6.3.1.2. Any amount needed to replenish any draws theretofore made on [Actual Allottee Name*]'s subaccount in the Operating Reserve Fund, which the WGFP Enterprise shall deposit in the Operating Reserve Fund;
- 6.3.1.3. An amount equal to the product obtained by multiplying [Actual Allottee Name*]'s WGFP Participation Percentage by the total amount needed to increase the amount on deposit in the Operating Reserve Fund to equal the aggregate of the following two years of Operating C&E as estimated by the WGFP Enterprise under Section 1.20, which the WGFP Enterprise shall deposit in the Operating Reserve Fund to be drawn upon when the moneys contained in [Actual Allottee Name*]'s subaccount in the Operating Fund are insufficient to make payments on Operating C&E; and
- 6.3.1.4. An amount equal to the product obtained by multiplying [Actual Allottee Name*]'s WGFP Participation Percentage by the total amount needed to replenish and maintain such other reserves as the Board may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to Section 6.1.2.

6.4. **Funding.** In order to meet [Actual Allottee Name*]'s obligations under this Contract to pay its pro rata share of Operating C&E and its Loan Allottee Financing Obligations, if any, [Actual Allottee Name*] agrees as follows:

- 6.4.1. [Actual Allottee Name*] shall to the fullest extent permitted by law fix rates, charges, or assessments so that [Actual Allottee Name*] will at all times have sufficient money to meet its obligations hereunder, and confirms (1) that, in accordance with C.R.S. § 31-35-402(1)(h), payments of its outstanding obligations to pay its pro rata share of Operating C&E and its Loan Allottee Financing Obligations, if any, under this Contract (i) constitute special obligations of [Actual Allottee Name*], payable solely from the revenues and other moneys derived by [Actual Allottee Name*] from its [entity name/type (water activity enterprise/utility enterprise/etc.)], and (ii) shall be treated as expenses of operating such [entity name/type (water activity enterprise/utility enterprise/etc.)]; and (2) that there are

either (i) no liens, charges or encumbrances on the revenues and other moneys derived by [Actual Allottee Name*] from its [entity name/type (water activity enterprise/utility enterprise/etc.)], or (ii) no liens, charges or encumbrances on the revenues and other moneys derived by [Actual Allottee Name*] from its [entity name/type (water activity enterprise/utility enterprise/etc.)] that include priority of payments with respect thereto that are prior to the payment of the expenses of operating such [entity name/type (water activity enterprise/utility enterprise/etc.)], including amounts hereunder. [Actual Allottee Name*] represents and warrants that it constitutes an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution (TABOR) and does not have the legal authority to levy a tax. [Actual Allottee Name*]’s outstanding obligations to pay its pro rata share of Operating C&E and its Loan Allottee Financing Obligations if any, under this Contract do not constitute a general obligation debt or indebtedness of [Actual Allottee Name*] within the meaning of any constitutional or statutory debt limitations or provisions, and are not payable in whole or in part from the proceeds of ad valorem property or other taxes of [Actual Allottee Name*].

- 6.4.2. Nothing herein shall be construed as prohibiting [Actual Allottee Name*] from (1) using any other funds and revenues legally available therefor for purposes of satisfying any provisions of this Contract or (2) incurring obligations payable on a parity with the obligations under this Contract so long as [Actual Allottee Name*]’s obligations to pay its pro rata share of Operating C&E and its Loan Allottee Financing Obligations, if any, under this Contract continue to constitute special obligations of [Actual Allottee Name*], payable solely from the revenues and other moneys derived by [Actual Allottee Name*] from its [entity name/type (water activity enterprise/utility enterprise/etc.)], and are treated as expenses of operating such [entity name/type (water activity enterprise/utility enterprise/etc.)].
- 6.4.3. [Actual Allottee Name*] shall make payments required by this Contract whether or not the WGFP is permitted, undertaken, completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction, or curtailment of operation of the WGFP in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the WGFP Enterprise or any other WGFP Allottee under this Contract or any other agreement.
- 6.4.4. [Actual Allottee Name*] shall take all reasonable steps to maintain its status as an enterprise as defined in Section 20 of Article X of the Colorado Constitution.
- 6.4.5. [Actual Allottee Name*] shall not be liable under this Contract for the obligations of any other WGFP Allottee except as otherwise expressly set forth herein. Each WGFP Allottee shall be solely responsible and liable for performance of its obligations under its respective WGFP Allotment Contract. The obligation of each WGFP Allottee to make payments under

its respective WGFP Allotment Contract is a several obligation and not a joint obligation with those of the WGFP Allottees.

6.5. **Security.** [Actual Allottee Name*] hereby represents and warrants that the revenues of its [entity name/type (water activity enterprise/utility enterprise/etc.)] are pledged to pay the operation and maintenance expenses of such [entity name/type (water activity enterprise/utility enterprise/etc.)] along with any indebtedness incurred by [Actual Allottee Name*] for the purpose of financing or refinancing improvements to its [entity name/type (water activity enterprise/utility enterprise/etc.)]. Furthermore, [Actual Allottee Name*] hereby represents and warrants that, in accordance with C.R.S. § 31-35-402(1)(h), [Actual Allottee Name*]'s obligations to pay its pro rata portion of Operating C&E and its Loan Allottee Financing Obligations, if any, under this Contract constitute special obligations of [Actual Allottee Name*], payable solely from the revenues and other moneys derived by [Actual Allottee Name*] from its [entity name/type (water activity enterprise/utility enterprise/etc.)], and shall be treated as expenses of operating such [entity name/type (water activity enterprise/utility enterprise/etc.)]. [Actual Allottee Name*] hereby covenants that it will not issue or otherwise incur any indebtedness or other obligation that has a lien on the revenues of its [entity name/type (water activity enterprise/utility enterprise/etc.)] prior or superior to its obligation to pay the operating expenses of its [entity name/type (water activity enterprise/utility enterprise/etc.)].

6.6. **Cooperation, Disclosure and Documents.** [Actual Allottee Name*] shall cooperate with the WGFP Enterprise for the purpose of expediting the issuance of WGFP Financing Obligations (as defined in Section 8.2) to finance the applicable portion of Capital C&E by providing such information and disclosure as may be reasonably required for such purpose, and by delivering all closing documents reasonably required by the WGFP Enterprise's counsel at the closing of each series of WGFP Financing Obligations. The WGFP Enterprise and [Actual Allottee Name*] will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect any financing and refinancing of Capital C&E and to allow the WGFP Enterprise to comply with reporting obligations, to assure the WGFP Enterprise of [Actual Allottee Name*]'s intention to perform hereunder and for the better assuring and confirming unto the WGFP Enterprise and any Lender (as defined in Section 8.2) the rights and benefits provided to them herein.

6.7. **Maintenance of Tax-Exempt Status of WGFP Financing Obligations.** Notwithstanding any other provision of this Contract, no WGFP Allottee will take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the WGFP Financing Obligations (as defined in Section 8.2), the interest on which was intended to be excludable from gross income for federal income tax purposes, being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such WGFP Financing Obligations as a "private activity bond" within the meaning of Section 141 of said Code, by reason of classification of such WGFP Financing Obligations as an "arbitrage bond" within the meaning of Section 148 of said Code, or for any other reason.

PART III – PROVISIONS APPLICABLE TO CASH ALLOTTEES

7. Provisions Applicable to Cash Allottees.

7.1. **Applicability.** This Section 7 shall, unless modified by express language in a subsequent agreement, be applicable to [Actual Allottee Name*] to the extent that it meets its Capital C&E Funding Obligations under Section 6.2 through Capital C&E Funding Cash Payments. [Actual Allottee Name*] is referred to herein as a Cash Allottee to the extent that it meets its Capital C&E Funding Obligations under Section 6.2 through Capital C&E Funding Cash Payments.

7.2. **Additional Definitions.** In addition to the definitions in Section 1, the following definitions shall apply to this Section 7.

7.2.1. **“Escrow Agreement”** means the escrow agreement between the WGFP Enterprise and Cash Allottee as more particularly described in this Section 7.

7.2.2. **“Escrow Fund”** means the escrow fund established under the Escrow Agreement.

7.3. Payment of Capital C&E Funding Obligations.

7.3.1. **Initial C&E.** To the extent [Actual Allottee Name*] meets its Capital C&E Funding Obligations for Initial C&E under Section 6.2.1 through Capital C&E Funding Cash Payments, [Actual Allottee Name*] hereby agrees to provide its Capital C&E Funding Cash Payment for such Initial C&E to the WGFP Enterprise on or before the date of sale of any WGFP Financing, exclusive of a CWCB Loan (as defined in Section 8.2), for such amount of Capital C&E.

7.3.1.1. In the event that the WGFP Enterprise, in consultation with the WGFP Allottees, determines that a portion of the Initial C&E should be incurred before the date of sale of any WGFP Financing (exclusive of a CWCB Loan) and paid for using the CWCB Loan and Capital C&E Funding Cash Payments, the WGFP Enterprise shall give notice to the WGFP Allottees of its intent to incur such Capital C&E and, to the extent [Actual Allottee Name*] meets its Capital C&E Funding Obligations for Initial C&E under Section 6.2.1 through Capital C&E Funding Cash Payments, [Actual Allottee Name*] agrees to provide a portion of its Capital C&E Funding Cash Payment corresponding to the proportion of the Initial C&E to be incurred before the date of sale of any WGFP Financing (exclusive of a CWCB Loan) to the WGFP Enterprise within sixty (60) days after WGFP Enterprise sends the notice described herein; in such event, the remainder of [Actual Allottee Name*]’s Capital C&E Funding Obligations for Initial C&E under Section 6.2.1 shall still be due to the WGFP Enterprise on or before the date

of sale of any WGFP Financing for such amount of Capital C&E, exclusive of a CWCB Loan.

7.3.2. **Completion C&E and Future Extraordinary C&E.** To the extent [Actual Allottee Name*] elects to meet its Capital C&E Funding Obligations for Completion C&E under Section 6.2.2 or its additional Capital C&E Funding Obligations for Future Extraordinary C&E under Section 6.2.3, other than Capital C&E Funding Cash Payments for emergency Future Extraordinary C&E incurred by the WGFP Enterprise prior to the giving of notice to [Actual Allottee Name*], through Capital C&E Funding Cash Payments, [Actual Allottee Name*] hereby agrees to provide its Capital C&E Funding Cash Payment to the WGFP Enterprise on or before the date of sale of any associated WGFP Financing, or on such other date as agreed to by the WGFP Enterprise and [Actual Allottee Name*].

7.3.3. For sixty (60) days immediately before a Capital C&E Funding Cash Payment associated with Capital C&E is due to the WGFP Enterprise in accordance with this Section 7.3, Cash Allottee agrees to place the funds to be provided to WGFP Enterprise in an escrow account and schedule such funds for release to the WGFP Enterprise on the date such Capital C&E Funding Cash Payments are due to the WGFP Enterprise, except that Cash Allottee may release and provide such funds to the WGFP Enterprise in advance of such due date in its discretion.

7.3.4. To the extent [Actual Allottee Name*] meets any of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments, [Actual Allottee Name*] hereby represents, warrants, and covenants that such Capital C&E Funding Cash Payments shall and will be delivered to the WGFP Enterprise free and clear of any prior lien, including any pledge of the revenues of its [entity name/type (water activity enterprise/utility enterprise/etc.)].

7.4. **Escrow Agreement; Escrow Fund.** In addition to the funds established under Section 6.1, the WGFP Enterprise shall establish and maintain an Escrow Fund pursuant to an Escrow Agreement between the WGFP Enterprise and Cash Allottee in the form attached hereto as **Exhibit D**, with segregated accounts for each WGFP Allottee required to make payments into such Escrow Fund. The WGFP Enterprise shall deposit the proceeds of Cash Allottees' Capital C&E Funding Cash Payments into the Escrow Fund.

7.5. **Disbursements From Escrow Fund to Pay for Capital C&E.** Pursuant to the terms of the Escrow Agreement, the WGFP Enterprise shall disburse amounts from the Escrow Fund on a periodic basis for the payment of amounts due and owing on account of the Cash Allottee's Capital C&E Funding Obligations attributable to its Capital C&E Funding Cash Payment. Pursuant to the terms of the Escrow Agreement, such periodic disbursements from the Escrow Fund shall occur simultaneously with disbursements from the funds and accounts funded with proceeds provided by all other WGFP Allottees, whether through the provision of Capital C&E Funding Cash Payments or through participation in WGFP Financing, and each disbursement from the Escrow Fund shall be in an amount where the ratio

of such amount to the total disbursements for Capital C&E Funding Obligations for such period is equal to the Cash Allottee's pro-rata share of Capital C&E Funding Obligations attributable to its Capital C&E Funding Cash Payment at the time of any such disbursement.

- 7.6. To the extent [Actual Allottee Name*] satisfies any of its Capital C&E Funding Obligations through Capital C&E Funding Cash Payments, if the WGFP Enterprise holds any proceeds from [Actual Allottee Name*]'s payment of its Capital C&E Funding Obligations after the WGFP Enterprise determines that all Capital C&E have been paid in full, then the WGFP Enterprise shall, at [Actual Allottee Name*]'s option, either reimburse such proceeds to [Actual Allottee Name*] or transfer and credit such proceeds to [Actual Allottee Name*]'s payment of other C&E due under this Contract.

PART IV – PROVISIONS APPLICABLE TO LOAN ALLOTTEES

8. WGFP Financing.

- 8.1. **Applicability.** This Section 8 shall, unless modified by express language in a subsequent agreement, be applicable to [Actual Allottee Name*] to the extent that it participates in a WGFP Financing and for the term of repayment of any such WGFP Financing in which [Actual Allottee Name*] participates. [Actual Allottee Name*] is referred to herein as a Loan Allottee to the extent that it participates in any WGFP Financing.
- 8.2. **Additional Definitions.** In addition to the definitions in Section 1, the following definitions shall apply to WGFP Financing and this Section 8.
 - 8.2.1. **“CWCB Loan”** means a loan or loans issued or to be issued to the WGFP Enterprise by the Colorado Water Conservation Board under an intergovernmental loan contract.
 - 8.2.2. **“Debt Service Fund”** means a fund established under any Financing Document to provide for the payment of WGFP Financing Obligations.
 - 8.2.3. **“Debt Service Reserve Fund”** means a reserve fund established under any Financing Document to provide for the payment of WGFP Financing Obligations when the moneys contained in the Debt Service Fund for such WGFP Financing Obligations are insufficient to make such payments.
 - 8.2.4. **“Lender”** means any lender, bondholder, noteholder, lessee or other holder of any other obligation or indebtedness (including the State of Colorado, the United States of America, or any department, bureau or other affiliated entity thereof) issued in connection with a WGFP Financing of the WGFP Enterprise which constitutes a WGFP Financing Obligation.
 - 8.2.5. **“Revenue Fund”** means a fund established to provide for the disbursement of annual payments made by Loan Allottees under the terms of Section 8.6.

8.2.6. **“Subordinated Lien Loan Fund”** means a fund established hereunder to provide for the payment of any lien borrowings that are subordinate to WGFP Financing Obligations, including the CWCB Loan.

8.2.7. **“Subordinated Lien Loan Reserve Fund”** means a reserve fund established under Section 8.4.

8.2.8. **“WGFP Financing Costs”** means any and all costs associated with a WGFP Financing, including but not limited to (a) the principal of and interest on all WGFP Financings, (b) fees payable to Lenders and others related to the issuance and administration of a WGFP Financing, and (c) reserves required in connection with a WGFP Financing, if any. WGFP Financing Costs are included in the definition of Capital C&E.

8.2.9. **“WGFP Financing Obligation”** means the obligation of the WGFP Enterprise to repay an amount of money borrowed from a Lender through a WGFP Financing.

8.3. **Issuance or Incurrence of WGFP Financing Obligations.** The WGFP Enterprise will use its best efforts to issue or cause to be issued WGFP Financing Obligations. The WGFP Enterprise may obtain such WGFP Financing in one or more transactions and by one or more means. The WGFP Financing Obligations shall be issued, in one or more issuances, only upon approval of the Enterprise Board. To the extent [Actual Allottee Name*] participates in any WGFP Financing, [Actual Allottee Name*] authorizes an initial WGFP Financing for the Initial C&E (less that amount funded by Capital C&E Funding Cash Payments) as described in Section 6.2.1, defined in **Exhibit A**, and in accordance with Section 8.18; and such WGFP Financing for Completion C&E or Future Extraordinary C&E as determined by the Enterprise Board to be necessary under Section 6.2.2 and Section 6.2.3, respectively.

8.4. **WGFP Financing Funds.** In addition to the funds established in Section 6.1, there shall be established and maintained either by the WGFP Enterprise or under any Financing Documents the following funds and reserve funds, with segregated accounts for each Loan Allottee, to be used under the terms of this Section 8: a Revenue Fund; a Debt Service Fund; a Debt Service Reserve Fund; a Subordinated Lien Loan Fund; a Subordinated Lien Loan Reserve Fund; and a Liquidity Fund.

8.4.1. **Liquidity Fund.** For each WGFP Financing undertaken by the WGFP Enterprise, whether senior lien or subordinate lien, in which [Actual Allottee Name*] participates, and to the extent of such participation, Loan Allotees shall, on a due date or due dates set by the WGFP Enterprise in its discretion and noticed to the WGFP Allotees, deposit with the WGFP Enterprise an amount equal to the product of Loan Allottee’s WGFP Financing Participation Percentage multiplied by 30% of the maximum annual debt service on such WGFP Financing, which the WGFP Enterprise shall deposit in the Liquidity Fund in segregated accounts for each Loan Allottee. Such Liquidity Fund shall be held by the WGFP Enterprise to be applied separately from any reserves required for the borrowings. Upon full repayment of a WGFP Financing, the WGFP Enterprise shall return the

amount each Loan Allottee deposited in the Liquidity Fund for such WGFP Financing to such Loan Allottee. Any interest accrued by the Liquidity Fund shall be transferred to the Operating Fund and credited, based on the WGFP Financing Participation Percentages, to each Loan Allottee's payment of amounts due to such fund under this Contract.

8.5. Payment of Loan Allottee's Capital C&E Funding Obligations and Operating C&E. To the extent [Actual Allottee Name*] participates in any WGFP Financing and for the term of any such WGFP Financing, Loan Allottee hereby agrees to pay, on or before the last business day of January of each calendar year, an amount equal to the sum of the following:

- 8.5.1. An amount equal to the product obtained by multiplying Loan Allottee's WGFP Participation Percentage by the total amount of all Operating C&E estimated by the WGFP Enterprise to become due in the then current calendar year;
- 8.5.2. Subject to Section 8.18 hereof, an amount equal to the product obtained by multiplying Loan Allottee's WGFP Financing Participation Percentage by the total amount of principal of and interest to become due, on or prior to January 14 of the following calendar year, on all WGFP Financing;
- 8.5.3. Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Operating Reserve Fund;
- 8.5.4. An amount equal to the product obtained by multiplying Loan Allottee's WGFP Participation Percentage by the total amount needed to increase the amount on deposit in the Operating Reserve Fund to equal the aggregate of the following two years of Operating C&E as estimated by the WGFP Enterprise under Section 1.20;
- 8.5.5. Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Debt Service Reserve Fund;
- 8.5.6. An amount equal to the product obtained by multiplying Loan Allottee's WGFP Financing Participation Percentage by the total amount needed to increase the amount on deposit in the Debt Service Reserve Fund to equal the amount required to be on deposit therein under any Financing Document;
- 8.5.7. Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccount in the Subordinated Lien Loan Reserve Fund;
- 8.5.8. An amount equal to the product obtained by multiplying Loan Allottee's WGFP Financing Participation Percentage by the total amount needed to increase the amount on deposit in the Subordinated Lien Loan Reserve Fund to equal the amount required to be on deposit therein under any Financing Document;

- 8.5.9. Any amount needed to replenish any draws theretofore made on Loan Allottee's subaccounts in such other reserves as the Enterprise Board may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to Section 6.1.2;
- 8.5.10. An amount equal to the product obtained by multiplying Loan Allottee's WGFP Participation Percentage by the total amount needed to increase the amount on deposit in such other reserves as the Enterprise Board may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to Section 6.1.2 to equal the amount determined by the Enterprise Board to be necessary to be on deposit therein;
- 8.5.11. An amount equal to Loan Allottee's obligation to contribute funds into the Liquidity Fund as provided in Section 8.4.1; and
- 8.5.12. Any amount due from Loan Allottee pursuant to Voluntary Step-Up or Mandatory Step-Up under Section 5.4.6.6.

8.6. **Revenue Fund.** The WGFP Enterprise shall deposit all amounts paid by Loan Allottee under Section 8.5 into the Revenue Fund and credit such amounts to Loan Allottees' subaccounts therein. Monies in the Revenue Fund shall be disbursed periodically by the WGFP Enterprise to the following funds in the following order of priority:

- 8.6.1. To the Operating Fund, the full amount of the current Operating C&E attributable to all Loan Allottees;
- 8.6.2. To the Debt Service Fund, an amount equal to the WGFP Financing Costs for such period, except for financing costs for any subordinated lien borrowing, including the CWCB Loan;
- 8.6.3. To the Subordinated Lien Loan Fund, an amount necessary to pay the debt service for such period on all subordinated lien borrowings, including the CWCB Loan;
- 8.6.4. To the Operating Reserve Fund, an amount necessary to replenish any prior draws made in respect of any and all Loan Allottees and to increase the amount on deposit therein to equal the aggregate of the following two years of Operating C&E as estimated by the WGFP Enterprise under Section 1.20;
- 8.6.5. To the Debt Service Reserve Fund, an amount necessary to replenish any prior draws made in order to pay WGFP Financing Costs and to increase the amount on deposit therein to equal the amount required to be on deposit therein under any Financing Document;
- 8.6.6. To the Subordinated Lien Loan Reserve Fund, an amount necessary to replenish any prior draws made in order to pay any subordinated lien borrowings, including the CWCB Loan, and to increase the amount on

deposit therein to equal the amount required to be on deposit therein under any Financing Document;

- 8.6.7. To such other reserves as the Enterprise Board may determine are necessary to establish and maintain in relation to Operating C&E, if any, pursuant to Section 6.1.2, an amount necessary to replenish any prior draws made in order to pay Operating C&E and to increase the amount on deposit therein to equal the amount determined by the Enterprise Board to be necessary to be on deposit therein;
- 8.6.8. To the Liquidity Fund, an amount necessary to maintain such fund at the amount described in Section 8.4.1; and
- 8.6.9. If any amount remains, to a surplus fund established and maintained by the WGFP Enterprise to be used by the WGFP Enterprise in its discretion for any lawful purpose of the WGFP Enterprise.

8.7. **Billing Statement and Payment of WGFP Financing Costs and Operating C&E.** As a component of the Billing Statement described in Section 4.5, the WGFP Enterprise shall furnish Loan Allottee with a written statement of the estimated WGFP Financing Costs for each succeeding Fiscal Year, if any, taking into account applicable credits received by the WGFP Enterprise and estimated investment earnings on moneys, if any, related to WGFP Financing Obligations and held by the WGFP Enterprise. Allottee shall pay, or cause to be paid, to the WGFP Enterprise, on or before the last business day of January of each calendar year, 100% of the WGFP Financing Costs billed to Allottee in such written statement.

8.8. **Interest on Late Payment.** Any amount of the WGFP Financing Costs billed in a Fiscal Year by the WGFP Enterprise under Section 8.7 which remains unpaid after the last business day of February shall bear interest from such day at the per annum interest rate of eighteen percent (18%) until paid. To the extent [Actual Allottee Name*] is a Loan Allottee, interest paid by Loan Allottee shall not change the WGFP Participation Percentage or WGFP Financing Participation Percentage of Loan Allottee but shall be applied to the payment of WGFP Financing Costs of the Loan Allotees other than the Loan Allottee paying such interest in accordance with the applicable Financing Documents.

8.9. **WGFP Enterprise Responsibility Regarding Collected Funds.** The WGFP Enterprise shall apply the funds paid by Loan Allottee pursuant to Section 8.5 solely as provided in Section 8.6. The WGFP Enterprise shall keep amounts collected under this Contract from Loan Allottee in a designated account for the WGFP Financing Obligations, promptly pay when due the WGFP Financing Costs, provide WGFP Financing accounting and payment information to all WGFP Allotees, and take such other reasonable actions as may be requested by Loan Allottee and agreed to by the WGFP Enterprise; provided, that failure of the WGFP Enterprise or of Loan Allottee to make payment required by Section 8 of a WGFP Allotment Contract shall not relieve Loan Allottee of its obligation to pay all amounts owed under this Contract.

8.10. **Loan Allottee Bankruptcy or Insolvency.** In addition to a failure to pay any amounts due under Section 8.5, Default under Section 5.3.1.2 shall also include, without limitation, Loan Allottee's act of filing any petition or instituting any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby Loan Allottee asks or seeks or prays to be adjudicated a bankrupt, or to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or Loan Allottee's act of making a general or any assignment for the benefit of its creditors. A Default under this Section 8.10 shall be subject to the Default, forfeiture, and other provisions of Section 5.4.

8.11. **Future Financings.** In the event [Actual Allottee Name*] participates in any future borrowing or refinancing authorized by this Contract, [Actual Allottee Name*] agrees to undertake the same obligations as are set forth in this Section 8.

8.12. **Obligation Is Not Subject to Reduction.** Loan Allottee shall make payments under Section 8.5 of this Contract whether or not WGFP is permitted, undertaken, completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction, or curtailment of operation of WGFP or of water or storage contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the WGFP Enterprise or any other Loan Allottee under this Contract or any other agreement. If and to the extent Loan Allottee transfers all or a part of its WGFP Allotment associated with any WGFP Financing under the terms of Section 5.2, Loan Allottee shall remain liable for its obligations to pay the WGFP Enterprise for the WGFP Financing associated with the transferred WGFP Allotment in the event and to the extent not paid by the transferee acquiring such WGFP Allotment.

8.13. **Several Obligation.** No Loan Allottee shall be liable under its respective WGFP Allotment Contract for the obligations of any other Loan Allottee except as expressly set forth in Section 5.4 hereof. Each Loan Allottee shall be solely responsible and liable for performance of its obligations under its respective WGFP Allotment Contract. The obligation of each Loan Allottee to make payments under its respective WGFP Allotment Contract is a several obligation and not a joint obligation with those of the other WGFP Allottees.

8.14. **Limited Obligations of WGFP Enterprise.** WGFP Financing Obligations incurred by the WGFP Enterprise pursuant to this authorization are special revenue obligations of the WGFP Enterprise payable solely from the amounts received by the WGFP Enterprise from the Loan Allottees under the WGFP Allotment Contracts. WGFP Financing Obligations do not constitute a general obligation debt or indebtedness of the WGFP Enterprise within the meaning of any constitutional or statutory debt limitations or provisions. The WGFP Enterprise does not have the legal authority to levy a tax.

8.15. **Allocation of Project Expenses; Disbursements.** Allottee agrees that all WGFP Financing Costs are to be paid solely from the amounts received by the WGFP Enterprise from the Loan Allottees under the WGFP Allotment Contracts, and are not the responsibility of the WGFP Enterprise, the WGFP Allottees that did not participate in WGFP Financing to the extent that they did not participate, or the District.

8.15.1. The Financing Documents relating to WGFP Financing Obligations shall provide that simultaneously at the time of the disbursement of any proceeds of WGFP Financing Obligations there will be a disbursement of proceeds from the funds holding cash payments made by WGFP Allottees not participating in WGFP Financing, and that in each instance the disbursement of proceeds of WGFP Financing Obligations and the disbursement of proceeds from the funds holding cash payments made by WGFP Allottee not participating in WGFP Financing shall be in proportion to the applicable WGFP Participation Percentage of each WGFP Allottee.

8.16. **Pledge or Assignment to Lender.** The WGFP Enterprise may pledge and assign to any Lender all or any portion of the payments received under this Contract from Allottee. Such pledge and assignment by the WGFP Enterprise shall be made effective for such time as the WGFP Enterprise shall determine and provide that the Lender shall have the power to enforce this Contract if an event of default occurs under the applicable Financing Document.

8.17. **Lender is Third Party Beneficiary.** Any Lender shall have the right as a third-party beneficiary to initiate and maintain suit to enforce this Contract to the extent provided in any Financing Document.

8.18. **Loan Allottees' Elections of Amortization Schedules.** All WGFP Allottees have been directly and substantially involved with the WGFP Enterprise in creating the form of this Contract. The WGFP Enterprise has advised all WGFP Allottees, among other things, that: (a) the WGFP is not a project amenable to being down-scaled in the event less than all currently anticipated WGFP Allottees participate; (b) the WGFP Enterprise intends to obtain for Initial C&E (i) a WGFP Financing in the form of a \$90 million, 30-year, low interest rate, subordinate lien, level debt service CWCB Loan, and (ii) a WGFP Financing in the form of a publicly-offered issue of revenue bonds for the balance of the WGFP Financing Obligation for Initial C&E with a 30-year, market-based interest rate, level debt service loan (the "Revenue Bond Financing"). Some Loan Allottees have informed the WGFP Enterprise that they prefer to participate in the Revenue Bond Financing to fund their individual Capital C&E Funding Obligation for Initial C&E if their payments are substantially based on an amortization schedule of 20 years, and other Loan Allottees have informed the WGFP Enterprise that their ability to participate in the Revenue Bond Financing to fund their individual Capital C&E Funding Obligation for Initial C&E requires a 30-year amortization. The WGFP Enterprise has determined that separate 20-year and 30-year bond issues are not a viable option. The WGFP Enterprise and WGFP Allottees are willing to accommodate a mixture of 20-year and 30-year amortization schedules if the accommodation does not adversely affect any WGFP Allottees or alter the obligations of all Loan Allottees under their WGFP Allotment Contracts (other than establishment of different

amortization schedules for Loan Allottees according to their preferences for 20-year or 30-year amortization schedules). The WGFP Enterprise has advised all WGFP Allottees, among other things, that: (a) the WGFP Enterprise must make determinations as to what is in the best interests of building the WGFP and in the best interests of all WGFP Allottees; and (b) it has sought, received and is relying on the advice of its financial advisor and its investment banker as to this Contract, including as to alternative financing structures, as well the advice of its bond counsel and general counsel on related legal matters. The WGFP Enterprise has determined its only currently viable financing course of action for Initial C&E is that: (A) if available, the CWCB Loan will have a 30-year level debt service amortization and all Loan Allottees shall participate in funding repayment of the CWCB Loan; and (B) the Revenue Bond Financing will have a 30- year amortization and will be structured in such a manner that (i) the Capital C&E Funding Obligations of those Loan Allottees who affirmatively elect to participate in the Revenue Bond Financing based on a 20-year amortization schedule will have 90% of their individual Capital C&E Funding Obligations amortized on a level debt service basis over the period of years 1 to 20 of the 30-year amortization of the Revenue Bond Financing, with the remaining 10% of their individual Capital C&E Funding Obligations amortized on a level debt service basis in years 21 to 30 of the 30-year amortization of the Revenue Bond Financing (the “90-10 arrangement”), and (ii) the Capital C&E Obligations of all Loan Allottees who do not affirmatively elect either amortization schedule will have 100% of their individual Capital C&E Funding Obligations amortized on a 30-year level debt service basis. If [Actual Allottee Name*] chooses the 90-10 arrangement, it means that [Actual Allottee Name*]: (A) has determined this arrangement is in its best interests; (B) agrees that the accommodation to allow Loan Allottees to elect between 20- and 30-year amortization schedules for the Revenue Bond Financing of their individual Capital C&E Funding Obligations and the other rights and interests created by this Contract are legally sufficient consideration for all obligations of [Actual Allottee Name*] under this Allotment Contract, including, without limitation, all step-up obligations of [Actual Allottee Name*] pursuant to Section 5.4.6.6.; (C) acknowledges that the 10% of [Actual Allottee Name*]’s individual Capital C&E Funding Obligations which does not begin to amortize until year 21 will bear current interest in years 1 to 20 and that [Actual Allottee Name*] is obligated to pay such interest on a current basis; (D) acknowledges that this arrangement does not change [Actual Allottee Name*]’s WGFP Financing Participation Percentage under this Allotment Contract in any way except in respect of the amount payable under Section 8.5.2; and (E) acknowledges that the step-up amounts, if any, payable in years 21 to 30, will not be adjusted for the 90-10 arrangement. Subject to all of the terms and conditions recited above in this Section 8.18, a Loan Allottee may choose the 90-10 arrangement by giving written notice to the WGFP Enterprise pursuant to Section 6.2.1.1.

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DATED: _____

[ALLOTTEE]

By: _____

[NAME]

[TITLE]

ATTEST:

By: _____

Title: _____

DATED: _____

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

By: _____

[NAME]

[TITLE]

EXHIBIT A
Initial C&E

WGFP Allottee	WGFP Allotment (WGFP Units)	WGFP Participation Percentage	Capital C&E Funding Obligation (Initial C&E)	Capital C&E Funding Cash Payment (Initial C&E)	WGFP Units Attributable to Capital C&E Funding Cash Payment (Initial C&E)	WGFP Financing (Initial C&E)	WGFP Units Attributable to WGFP Financing (Initial C&E)	WGFP Financing Participation Percentage (Initial C&E)
Broomfield	26,464	29.40%	\$176,400,000	\$22,000,000	3,300	\$154,400,000	23,164	32.26%
Platte River Power Authority	16,000	17.78%	\$106,680,000	\$27,000,000	4,049	\$79,680,000	11,951	16.64%
Loveland	10,000	11.11%	66,660,000	\$20,000,000	3,000	\$46,660,000	7,000	9.75%
Greeley	9,189	10.21%	61,260,000		0	\$61,260,000	9,189	12.80%
Longmont	7,500	8.33%	49,980,000	\$49,980,000	7,500	0.00		0.00%
Erie	6,000	6.67%	40,020,000		0	\$40,020,000	6,000	8.36%
Little Thompson Water District	4,850	5.40%	32,400,000		0	\$32,340,000	4,850	6.75%
Superior	4,726	5.25%	31,500,000		0	\$31,500,000	4,726	6.58%
Louisville	2,835	3.15%	18,900,000		0	\$18,900,000	2,835	3.95%
Fort Lupton	1,190	1.32%	7,920,000		0	\$7,920,000	1,190	1.66%
Lafayette	900	1.00%	6,000,000		0	\$6,000,000	900	1.25%
Central Weld County Water District	346	0.38%	2,280,000	\$2,280,000	346	0.00	0	0.00%
Totals	90,000	100%	\$600,000,000	\$121,260,000	18,195	\$478,680.00	71,805	100.00%

EXHIBIT B#
Completion C&E/Future Extraordinary C&E

WGFP Allottee	Capital C&E Funding Obligation	Capital C&E Funding Cash Payment	WGFP Units Attributable to Capital C&E Funding Cash Payment	WGFP Financing	WGFP Units Attributable to WGFP Financing	WGFP Financing Participation Percentage
Broomfield	\$0.00	\$0.00	0	\$0.00	0	0.00%
Platte River Power Authority	0.00	0.00	0	0.00	0	0.00%
Loveland	0.00	0.00	0	0.00	0	0.00%
Greeley	0.00	0.00	0	0.00	0	0.00%
Longmont	0.00	0.00	0	0.00	0	0.00%
Erie	0.00	0.00	0	0.00	0	0.00%
Little Thompson Water District	0.00	0.00	0	0.00	0	0.00%
Superior	0.00	0.00	0	0.00	0	0.00%
Louisville	0.00	0.00	0	0.00	0	0.00%
Fort Lupton	0.00	0.00	0	0.00	0	0.00%
Lafayette	0.00	0.00	0	0.00	0	0.00%
Central Weld County Water District	0.00	0.00	0	0.00	0	0.00%
Totals	\$ 0.00	\$ 0.00	0	\$ 0.00	0	100.00%

EXHIBIT C

IF TO:	MAILING ADDRESS
Windy Gap Firming Project Water Activity Enterprise	c/o WGFP Project Manager 220 Water Avenue Berthoud, CO 80513
Broomfield	c/o David F. Allen Director of Public Works 1 DesCombes Drive Broomfield, CO 80020-2495
Central Weld County Water District	c/o Stan Linker District Manager 2235 2 nd Avenue Greeley, CO 80631-7203
Greeley	c/o Sean Chambers Director of Water & Sewer 1100 10 th Street, Ste 300 Greeley, CO 80631-3863
Erie	c/o Todd Fessenden Deputy Public Works Director PO Box 750 Erie, CO 80516-0750
Fort Lupton	City of Fort Lupton Attn: City Administrator 130 South McKinley Avenue Fort Lupton, CO 80621
Lafayette	c/o Jeff Arthur Public Works Director 1290 S Public Road Lafayette, CO 80026-2706
Little Thompson Water District	c/o Amber Kauffman District Manager 835 E State Hwy 56 Berthoud, CO 80513-9237
Longmont	c/o Ken Huson Water Resources Engineer 1100 S. Sherman Street Longmont, CO 80501-6550
Louisville	c/o Cory Peterson Water Resources Engineer 749 Main Street Louisville, CO 80027-1136

IF TO:	MAILING ADDRESS
Loveland	c/o Larry D. Howard Senior Civil Engineer – Water Resources 200 N. Wilson Avenue Loveland, CO 80537-6017
Platte River Power Authority	c/o Heather Banks Fuels & Water Manager 2000 E Horsetooth Road Fort Collins, CO 80525-5721
Superior	c/o Jim Widner Utilities Superintendent 124 E Coal Creek Drive Superior, CO 80027-9626

EXHIBIT D

[Form of Escrow Agreement]

APPENDIX D
PROPOSED FORM OF BOND COUNSEL OPINION

August ___, 2021

Board of Directors
Windy Gap Firming Project Water Activity Enterprise
424 E Co Rd 10
Berthoud, CO 80513

\$[_____]
Windy Gap Firming Project Water Activity Enterprise
Windy Gap Firming Project
Senior Revenue Bonds, Series 2021

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$[_____] aggregate principal amount of Senior Revenue Bonds, Series 2021 (the “Bonds”) of the Windy Gap Firming Project Water Activity Enterprise (the “Enterprise”), a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution and a water activity enterprise organized pursuant to the provisions of Title 37, Article 45.1 of the Colorado Revised Statutes, as amended (the “Water Activity Enterprise Act”). The Enterprise exercises the authorities granted by Title 37, Article 45 of the Colorado Revised Statutes, as amended (the “Water Conservancy Act”), the Water Activity Enterprise Act and Part 4 of Title 31, Article 35 of the Colorado Revised Statutes, as amended (the “Sewer and Water Systems Act,” and together with the Water Activity Enterprise Act and the Water Conservancy Act, the “Acts”).

The Bonds are issued under and pursuant to the Constitution and statutes of the State of Colorado, including particularly the Acts, and other applicable provisions of law, and under and pursuant to a resolution of the Enterprise entitled “Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution,” adopted on July 29, 2021, as amended and supplemented by the 2021 Supplemental Bond Resolution adopted on July 29, 2021 (said Revenue Bond Resolution, as so amended and supplemented, being hereinafter referred to as the “Resolution”). Capitalized terms not defined herein shall have the meanings assigned to those terms in the Resolution.

The Bonds will mature on [_____] 1 in the years and in the principal amounts, and will bear interest at the respective rates per annum, as set forth in the Certificate of Determination fixing such terms, conditions and other details of the Bonds in accordance with the delegation of power to do so under the Resolution. The Bonds are dated, and shall bear interest from, their date of original delivery, being August [__], 2021, except as otherwise provided in the Resolution. Interest on the Bonds is payable on [_____] 1 and [_____] 1 in each year, commencing [_____] 1, 202[__]. The Bonds are in fully registered form without interest coupons in the denominations of \$5,000 or any integral multiple of \$5,000. The Bonds are lettered and numbered from one upward in order of maturities preceded by the letter “R” prefixed to the

number. The Bonds are subject to redemption as provided in the Resolution and the Certificate of Determination executed in connection with the Bonds.

The Bonds are being issued to provide funds, together with certain other available amounts, to (a) fund a portion of the costs of construction, mitigation, maintenance, repair, replacement, rehabilitation, and improvement of a new water storage project primarily consisting of the Chimney Hollow Reservoir in Larimer County, Colorado (the "Windy Gap Firming Project"); (ii) fund a reserve fund for the Bonds; and (iii) pay costs of issuance relating to the Bonds.

In rendering our opinions set forth below, we have (a) relied as to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, upon certified proceedings, certifications and representations of public officials, including representations of officials and representatives of the Enterprise, including, without limitation, representations as to the use and investment of the proceeds of the Bonds and a representation that the Enterprise has not made any pledge of the Trust Estate except as contemplated by the Resolution, and (b) assumed continuous compliance by the Enterprise with the covenants contained in the Resolution and documents related thereto, including, without limitation, covenants as to the use and investment of the proceeds of the Bonds.

The Enterprise has covenanted in connection with the Bonds that it will not use any proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments except as may be otherwise permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code," and all applicable regulations promulgated under the Code, including any proposed or temporary regulations, are collectively referred to herein as the "Regulations"), that it will comply with the arbitrage rebate requirements of Section 148(f) of the Code and the Regulations, and that it will comply with all other applicable provisions of the Code and the Regulations with respect to the Bonds.

Based on the foregoing, and subject to the qualifications contained herein, we are of the opinion that, on the date hereof:

1. The Enterprise has the right and power to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Enterprise, is in full force and effect and constitutes a valid and binding obligation of the Enterprise enforceable in accordance with its terms, and no other authorization of the Resolution is required. The Resolution creates the legal and valid pledge which it purports to create of the Trust Estate, including the Revenues, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. The Enterprise is duly authorized and entitled to issue the Bonds, and the Bonds have been duly and validly authorized and issued by the Enterprise in accordance with the Constitution and statutes of the State of Colorado, including the Acts, and the Resolution, and constitute valid and binding obligations of the Enterprise as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution. The Bonds are special obligations of the Enterprise payable solely from the Trust Estate pledged to the payment

thereof, including the Revenues, pursuant to the Resolution. The Bonds shall not constitute a general obligation debt or indebtedness of the State, the Enterprise, any Allottee or any public agency or subdivision of the foregoing within the meaning of any constitutional or statutory debt limitation or provision, and neither the faith and credit nor the taxing power of any of the foregoing are pledged for the payment of the Bonds.

3. The Allotment Contracts are valid and binding in accordance with their terms. In rendering this opinion, we have assumed that each Allotment Contract is a valid and binding obligation of the respective Allottee (as defined in the Resolution) that is a party thereto, enforceable against such Allottee in accordance with its terms (as to which you have received the opinions of the respective counsel to each such Allottee).

4. Based on existing statutes, regulations, rulings and court decisions and assuming compliance by the Enterprise with the above-described covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The opinion set forth in the immediately preceding sentence assumes and is subject to the accuracy of the representations and certifications of the Enterprise and continuous compliance by the Enterprise with the covenants contained in the official proceedings related to the Bonds, including covenants to the effect that the Enterprise will comply with all requirements of the Code and the Regulations that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income of the recipients thereof for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of the issuance of the Bonds.

5. Under existing law, interest on the Bonds is exempt from income taxes imposed by the State of Colorado.

We express no opinion as to any other federal, state, local or foreign tax consequences arising with respect to the Bonds or any other matter with respect to the Bonds except as set forth herein. Ownership of the Bonds may result in other collateral federal or state income tax consequences to certain taxpayers depending on the particular taxpayer's tax status and other items of income or deduction. We express no opinion regarding any federal or state collateral tax consequences related to the Bonds, and we express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under state, local and foreign tax law.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Allotment Contracts may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally, judicial discretion and principles of equity applicable to the availability of specific performance and other equitable relief, and the valid exercise of the sovereign police powers of the State of Colorado and of the constitutional power of the United States of America, and no opinion is being rendered as to the availability of any particular remedy therefor.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds.

We have examined an executed Bond and, in our opinion, the form of such Bond and its execution are regular and proper.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. We assume no responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur hereafter.

Respectfully submitted.

BUTLER SNOW LLP

53318208.v1

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Windy Gap Firming Project Water Activity Enterprise (the “Enterprise”), in connection with the issuance of its \$[_____] Windy Gap Firming Project Senior Revenue Bonds, Series 2021 (the “Series 2021 Bonds”). The Series 2021 Bonds are being executed and delivered pursuant to the Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution, adopted July 29, 2021, as supplement by the 2021 Supplemental Resolution, adopted July 29, 2021 (as further supplemented and amended from time to time, the “Resolution”). The Enterprise covenants and agrees as follows:

1. **Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Enterprise for the benefit of the holders and beneficial owners of the Series 2021 Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

2. **Definitions.** In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Enterprise pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Enterprise, or any successor Dissemination Agent designated in writing by the Enterprise and which has filed with the Enterprise a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on [October] 1 of a calendar year and ending on [September 30] of the next calendar year, or such other 12-month period as may be adopted by the Enterprise in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Series 2021 Bonds.

“Participating Underwriter” shall mean each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2021 Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

3. Provision of Annual Reports.

(a) The Enterprise shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Enterprise’s fiscal year, commencing with the Enterprise’s fiscal year ending September 30, 2021, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Enterprise shall provide the Annual Report to the Dissemination Agent (if other than the Enterprise). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Enterprise may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Enterprise; it is not required that the format reflected in this Official Statement be used in future years.

(b) b. If the Enterprise is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Enterprise shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A hereto.

4. Content of Annual Reports. The Enterprise’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the Official Statement with respect to the Series 2021 Bonds and the Appendices thereto.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements, which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Enterprise shall clearly identify each such document incorporated by reference.

5. Reporting of Listed Events. The Enterprise shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Series 2021 Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Series 2021 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;
- (7) Modifications to rights of bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Series 2021 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation² of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

similar terms of a financial obligation of the obligated person, any of which affect security holders, if materials; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

7. Termination of Reporting Obligation. The Enterprise's obligations under this Disclosure Certificate shall terminate upon the earliest of: (a) the date of legal defeasance, prior redemption or payment in full of all of the Series 2021 Bonds; (b) the date that the Enterprise shall no longer constitute an "obligated person" within the meaning of the Rule; or (c) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2021 Bonds.

8. Dissemination Agent.

(a) The Enterprise may, from time to time, appoint or engage a Dissemination Agent to assist the Enterprise in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Enterprise elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Enterprise and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Enterprise described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

² For purposes of the events identified in subparagraphs (h)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Enterprise intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-85885 (August 20, 2018) and any future guidance provided by the SIX[®] or its staff.

(2) send written notice to the Enterprise at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Enterprise, certify in writing to the Enterprise that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section 3(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A hereto.

9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Enterprise may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Series 2021 Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Enterprise will provide notice of such amendment or waiver to the MSRB.

10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Enterprise from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Enterprise chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Enterprise shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

11. Default. In the event of a failure of the Enterprise to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Series 2021 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Enterprise to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Enterprise to comply with this Disclosure Certificate shall be an action to compel performance.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Enterprise, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Series 2021 Bonds, and shall create no rights in any other person or entity.

DATE August ___, 2021.

**WINDY GAP FIRMING PROJECT WATER
ACTIVITY ENTERPRISE**

By: _____
[TITLE]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Windy Gap Firming Project Water Activity Enterprise

Name of Bond Issue: \$[_____] Windy Gap Firming Project Senior Revenue Bonds, Series 2021.

Date of Issuance: August [__], 2021.

NOTICE IS HEREBY GIVEN that the Enterprise has not provided an Annual Report with respect to the Series 2021 Bonds as required by the Continuing Disclosure Certificate executed on August [__], 2021, by the Enterprise. The Enterprise anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, 20____.

**WINDY GAP FIRMING PROJECT WATER
ACTIVITY ENTERPRISE**

By: _____
[TITLE]

EXHIBIT B

ANNUAL FINANCIAL INFORMATION TO BE INCLUDED IN ANNUAL REPORT

1. A statement of the revenues, expenses, net revenues and debt service costs with respect to the Project, which such statement shall include receipts of payments received from the Allottees under the Allotment Contracts and any delinquencies attributable to each Allottee or Allottees;
2. A summary of any transfer of any WGFP Units by any Allottee to another entity;
3. With respect to Platte River Power Authority (“PRPA”);
 - a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants;
 - b. Unless otherwise provided in the audited financial statements filed on or prior to the filing date, financial and operating date with respect to PRPA for the preceding fiscal year, substantially similar to the financial and operating data in Appendix A-1 to the Official Statement as follows:
 - i. Principal and interest payment delinquencies;
 - ii. Table A1-4 Electric Deliveries;
 - iii. Table A1-5 Electric Sales Revenues;
 - iv. Table A1-11 Historical Operating Results of the Electric Systems of the Municipalities;
 - v. Table A1-12 Comparative Statements of Revenues, Expenses and Changes in Net Position;
 - vi. Information concerning any revisions to the adopted rates and charges which are generally imposed by PRPA upon the Municipalities;
 - c. In addition to the any of the information expressly required to be provided under 3(a) and 3(b) above, such other information, if any, necessary to make the required statements, in light of the circumstances under which they were made, not misleading;
4. With respect to the City of Greeley, Colorado, acting by and through its Water Enterprise (“Greeley”);
 - a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants;

b. Unless otherwise provided in the audited financial statements filed on or prior to the filing date, financial and operating date with respect to Greeley for the preceding fiscal year, substantially similar to the financial and operating data in Appendix A-2 to the Official Statement as follows:

- i. Principal and interest payment delinquencies;
- ii. Table A2-3 Water Deliveries;
- iii. Table A2-4 Water Sales Revenues;
- iv. Table A2-14 [Historical Operating Results];
- v. Information concerning any revisions to the adopted rates and charges which are generally imposed by Greeley upon users within the service area of its water enterprise;
- vi. For any customer whose total billings in the preceding fiscal year represent 10% or more of gross revenues of the water enterprise: (1) the total amount of gross revenues derived from such customer; and (2) the percent of gross revenues represented by such customer for such fiscal year;

c. In addition to the any of the information expressly required to be provided under 4(a) and 4(b) above, such other information, if any, necessary to make the required statements, in light of the circumstances under which they were made, not misleading;

5. With respect to the Town of Erie, Colorado, acting by and through its Erie Water Activity Enterprise (“Erie”);

- a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants;
- b. Unless otherwise provided in the audited financial statements filed on or prior to the filing date, financial and operating date with respect to Erie for the preceding fiscal year, substantially similar to the financial and operating data in Appendix A-3 to the Official Statement as follows:
 - i. Principal and interest payment delinquencies;
 - ii. Table A3-3 Water Deliveries;
 - iii. Table A3-4 Water Sales Revenues;
 - iv. Table A3-14 [Historical Operating Results];

- v. Information concerning any revisions to the adopted rates and charges which are generally imposed by Erie upon users within the service area of its water enterprise;
- vi. For any customer whose total billings in the preceding fiscal year represent 10% of more of gross revenues of the water enterprise: (1) the total amount of gross revenues derived from such customer; and (2) the percent of gross revenues represented by such customer for such fiscal year;
- c. In addition to the any of the information expressly required to be provided under 5(a) and 5(b) above, such other information, if any, necessary to make the required statements, in light of the circumstances under which they were made, not misleading;

6. With respect to the Little Thompson Water District (“LTWD”);

- a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants;
- b. Unless otherwise provided in the audited financial statements filed on or prior to the filing date, financial and operating data with respect to LTWD for the preceding fiscal year, substantially similar to the financial and operating data in Appendix A-4 to the Official Statement as follows:
 - i. Principal and interest payment delinquencies;
 - ii. Table A4-6 Water Deliveries;
 - iii. Table A4-7 Water Sales Revenues;
 - iv. Table A4-11 [Comparative Statements of Revenues, Expenses and Changes in Net Position];
 - v. Information concerning any revisions to the adopted rates and charges which are generally imposed by LTWD upon users within the service area of its water enterprise;
 - vi. For any customer whose total billings in the preceding fiscal year represent 10% of more of gross revenues of the water enterprise: (1) the total amount of gross revenues derived from such customer; and (2) the percent of gross revenues represented by such customer for such fiscal year;
- c. In addition to the any of the information expressly required to be provided under 6(a) and 6(b) above, such other information, if any, necessary to make

the required statements, in light of the circumstances under which they were made, not misleading;

7. With respect to the Superior Metropolitan District No. 1, acting by and through its Water Enterprise (“Superior”);

- a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants;
- b. Unless otherwise provided in the audited financial statements filed on or prior to the filing date, financial and operating data with respect to Superior for the preceding fiscal year, substantially similar to the financial and operating data in Appendix A-5 to the Official Statement as follows:
 - i. Principal and interest payment delinquencies;
 - ii. Table A5-6 Water Deliveries;
 - iii. Table A5-7 Water Sales Revenues;
 - iv. Table A5-11 [Comparative Statements of Revenues, Expenses and Changes in Net Position];
 - v. Information concerning any revisions to the adopted rates and charges which are generally imposed by Superior upon users within the service area of its water enterprise;
 - vi. For any customer whose total billings in the preceding fiscal year represent 10% or more of gross revenues of the water enterprise: (1) the total amount of gross revenues derived from such customer; and (2) the percent of gross revenues represented by such customer for such fiscal year;
- c. In addition to the any of the information expressly required to be provided under 7(a) and 7(b) above, such other information, if any, necessary to make the required statements, in light of the circumstances under which they were made, not misleading;

8. Such other information and data as the Enterprise may deem necessary in order to comply with the requirements of the Rule.

PRESENTED AND ADOPTED: AUGUST 19, 2021

WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE

**MS-394-08-21
FIRST AMENDING RESOLUTION**

Amending

**Revenue Bond Resolution MS-391-07-21
Adopted July 29, 2021**

MS-394-08-21
FIRST AMENDING RESOLUTION

Amending

Revenue Bond Resolution MS-391-07-21
Adopted July 29, 2021

BE IT RESOLVED by the Board of Directors (the “Board”) of **WINDY GAP FIRMING PROJECT WATER ACTIVITY ENTERPRISE** (the “Enterprise”), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01 First Amending Resolution. This First Amending Resolution (the “First Amending Resolution”) amends, and is adopted in accordance with Article IX of, the Windy Gap Firming Project Water Activity Enterprise Revenue Bond Resolution adopted on July 29, 2021 (the “Resolution”).

SECTION 1.02 Definitions.

1. All capitalized terms which are used but not otherwise defined in this First Amending Resolution shall have the same meanings, respectively, as such terms are given by Section 101 of the Resolution.

SECTION 1.03 Authority for this First Amending Resolution. This First Amending Resolution is adopted pursuant to the provisions of the Acts and the Resolution, specifically Section 901(18) of the Resolution.

Section 901(18) of the Resolution provides as follows:

“Section 901. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, without the consent of or notice to any Owner, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, or, if adopted prior to the appointment of a Trustee pursuant to Section 801, upon its adoption, shall be fully effective in accordance with its terms:

* * *

18. At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Enterprise deems necessary or appropriate;”

The Enterprise's Senior Revenue Bonds, Series 2021 (the "Series "2021 Bonds"), shall be authenticated and delivered at a time following the adoption and effectiveness of this First Amending Resolution.

ARTICLE II

AMENDMENTS TO THE RESOLUTION

SECTION 2.01 Amendment to the Words "Fiduciary and "Fiduciaries". In all instances where the word "Fiduciary" is used there shall be substituted the words "Enterprise Agent," and in all instances where the word "Fiduciaries" is used there shall be substituted the words "Enterprise Agents."

SECTION 2.02 Amendment to Section 701 of the Resolution. Section 701 of the Resolution is hereby amended and restated as follows.

"Section 701. Events of Default. Each of the following events is defined as and shall constitute a "default" under the Resolution:

1. There shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation after the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of 30 days;

2. There shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting an event specified in any other subsection of this Section 701, provided, however, that such failure or refusal shall have continued for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Enterprise by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and provided further, that if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Enterprise within such period and is being diligently pursued;

3. The Enterprise shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Enterprise and/or the rents, fees, charges or other revenues of the Project, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

4. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Enterprise in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Enterprise, and/or the rents, fares, charges or other revenues of the Project, or a decree or order for the dissolution, liquidation or winding up of the Enterprise and its affairs or a decree or order

finding or determining that the Enterprise is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; and

5. The pledge created in Section 501 shall, at any time and for any reason, cease to be in full force and effect, or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than Owners of Obligation Anticipation Notes, Revenue Anticipation Notes and, to the extent provided in Section 506, the Owners of Subordinated Indebtedness or Subordinated Contract Obligations)."

SECTION 2.03 Effectiveness of Amendments to the Resolution. The amendments and restatements made to the Resolution in this Article II shall take effect upon (a) the adoption of this First Amending Resolution and (b) the filing with the Trustee of a copy of this First Amending Resolution certified by an Authorized Officer as provided in Section 901 of the Resolution, and prior to the authentication and delivery of the Series 2021 Bonds.

CERTIFICATE

I, Bradley D. Wind, do hereby certify that the above is a true and correct copy of a Resolution adopted by the Board of Directors of the Windy Gap Firming Project Water Activity Enterprise at a special meeting of the Board of Directors held in Berthoud, Colorado, on August 19, 2021.

Bradley D. Wind, Secretary