

RESOLUTION

A RESOLUTION APPROVING A LOAN FROM THE COLORADO WATER CONSERVATION BOARD; AUTHORIZING THE FORM AND EXECUTION OF THE LOAN AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Arabian Acres Metropolitan District (the "District"), in the County of Teller and State of Colorado, is duly organized and existing under the Constitution and the laws of the State of Colorado; and,

WHEREAS, the District has previously determined that its water system constitutes an enterprise under Article X, Section 20 of the Colorado Constitution ("TABOR"); and

WHEREAS, the members of the Board of Directors of the District (the "Board") have been duly elected, chosen and qualified; and

WHEREAS, the Board has heretofore determined that the interest of the District and the public interest and necessity require the expenditure of funds for the installation of automatic meters, known as the Automatic Meter Implementation Project (the "Project"); and

WHEREAS, the Board has determined that in order to finance costs for the Project, it is necessary and advisable and in the best interests of the District to enter into a loan agreement (the "Loan Agreement") with the Colorado Water Conservation Board (the "CWCB"), a body corporate and political subdivision of the State of Colorado, pursuant to which CWCB shall loan the District an amount of not to exceed \$404,000, including the origination fee (the "Loan") for such purposes; and

WHEREAS, the District's repayment obligations under the Loan Agreement shall be evidenced by a promissory note (the "Note") to be issued by the District; and

WHEREAS, at the District's repayment obligations will be in accordance with the Note which provides for repayment over a term of ten (10) years at a rate of 1.85% per annum; and

WHEREAS, the Note and the Loan Agreement (collectively, the "Financing Documents") pursuant to TABOR may be approved by the Board without an election; and

WHEREAS, the Financing Documents shall be revenue obligations of the District, payable from the pledged revenues (as defined in the Financing Documents).

WHEREAS, forms of the Financing Documents have been filed with the Secretary of the District (the "Secretary"); and

WHEREAS, the Board desires to approve the forms of the Financing Documents and authorize the execution thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE IN THE COUNTY OF TELLER AND STATE OF COLORADO:

Section 1. Approvals, Authorizations, and Amendments. The forms of the Financing Documents filed with the Secretary are incorporated herein by reference and are hereby approved. The District shall enter into and perform its obligations under the Financing Documents in the forms of such documents, with such changes as are not inconsistent herewith and as are hereafter approved by the Chairman of the Board and President of the District ("President"). The President and Secretary or Acting Secretary are hereby authorized and directed to execute the Financing Documents and to affix the seal of the District thereto, and further to execute and authenticate such other documents or certificates as are deemed necessary or desirable in connection therewith. The Financing Documents shall be executed in substantially the forms approved at this meeting.

The execution by the President, Secretary or Acting Secretary or other appropriate officers of the District of any instrument or certificate or other document in connection with the matters referred to herein shall be conclusive evidence of the approval by the District of such instrument or certificate or other document.

Section 2. Election to Apply Supplemental Act. Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act") provides that a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Board hereby elects to apply all of the provisions of the Supplemental Act to the Financing Documents.

Section 3. Delegation and Parameters.

(a) Pursuant to Section 11-57-205 of the Supplemental Act, to the extent applicable, the Board hereby delegates to the President, the District Manager, or any member of the Board the authority to make the following determinations relating to and contained in the Financing Documents, subject to the restrictions contained in paragraph (b) of this Section 3:

(i) The interest rate on the Loan, if any;

- (ii) The principal amount of the Loan;
- (iii) The amount of principal of the Loan maturing in any given year and the final maturity of the Loan;
- (iv) The conditions on which and the prices at which the Loan may be paid prior to maturity;
- (v) The dates on which the principal of and interest on the Loan are paid, if any; and
- (vi) The existence and amount of reserve funds for the Loan, if any.

(b) The delegation in paragraph (a) of this Section 3 shall be subject to the parameters and restrictions: (i) the interest rate on the Loan shall not exceed 1.85%; (ii) the principal amount of the Loan shall not exceed \$404,000; and (iii) the final maturity of the Loan shall not be later than ten (10) years after Substantial Completion of the Project.

Section 4. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Financing Documents shall contain a recital that they are issued pursuant to the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Financing Documents after their delivery for value.

Section 5. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues, if any, to secure or pay the Financing Documents provided herein shall be governed by Section 11-57-208 of the Supplemental Act and this Resolution. The revenues pledged to the payment of the Financing Documents, if any, shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge, if any, shall have the priority described in the Loan Agreement. The lien of such pledge, if any, shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

Section 6. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the Financing Documents shall be commenced more than thirty days after the date of adoption of this Resolution.

Section 7. Limited Obligation; Special Obligation. The Financing Documents are payable solely as set forth in the Financing Documents do not constitute a debt within the meaning of any constitutional or statutory limitation or provision.

Section 8. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal of or interest on the Note. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Note and as a part of the consideration of its sale or purchase, CWCB specifically waives any such recourse.

Section 9. Disposition and Investment of Loan Proceeds. The proceeds of the Loan shall be applied only to pay the costs and expenses of the Project, and, to the extent permitted under federal tax laws, reimbursement to the District for expenditures heretofore incurred on the Project and paid from District funds in anticipation of the incurrence of long-term financing therefor, and all other costs and expenses incident thereto, including without limitation, the costs of obtaining the Loan.

Neither CWCB nor any subsequent owner(s) of the Financing Documents shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the Loan. In the event that all of the proceeds of the Loan are not required to pay such costs and expenses, any remaining amount shall be used for the purpose of paying the principal amount of the Loan and the interest thereon, if any.

Section 10. District Representative. Jennifer Waller, President, Lucas Ortivez, Secretary, Kevin Walker, District Manager, and, Edith Coffman, Assistant Secretary, are each hereby designated as the Authorized Officers (as defined in the Loan Agreement) for the purpose of performing any act or executing any document relating to the Loan, the District, the Note or the Loan Agreement. A copy of this Resolution shall be furnished to CWCB as evidence of such designation.

Section 11. Estimated Life of Improvements. It is hereby determined that the estimated life of the Project to be financed with the proceeds of the Loan is not less than the final maturity of the Loan.

Section 12. Direction to Take Authorizing Action. The appropriate officers of the District and members of the Board are hereby authorized and directed to take all other actions necessary or appropriate to effectuate the provisions of this Resolution, including but not limited to the execution and delivery of such certificates and affidavits as may reasonably be required by CWCB.

Section 13. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the District and members of the Board, not inconsistent with the provisions of this Resolution, relating to the Financing Documents, or actions to be taken in respect thereof, are hereby authorized, ratified, approved, and confirmed.

Section 14. Repealer. All acts, orders, ordinances, or resolutions, or parts thereof, in conflict herewith are hereby repealed to the extent of such conflict.

Section 15. Severability. Should any one or more sections or provisions of this Resolution be judicially determined invalid or unenforceable, such determination shall not affect, impair, or invalidate the remaining provisions hereof, the intention being that the various provisions hereof are severable.

Section 16. Resolution Irrepealable. After the Note is issued, this Resolution shall be and remain irrepealable until the Note and the interest thereon, if any, shall have been fully paid, satisfied and discharged.

Section 17. Inconsistencies. In the event of any inconsistencies between this Resolution and the Loan Documents, this Resolution is controlling.

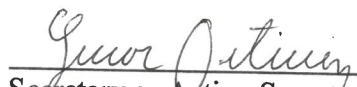
ADOPTED on May 15, 2019.



President

(SEAL)

Attest:



Secretary or Acting Secretary

STATE OF COLORADO)
)
 COUNTY OF TELLER) SS.
)
 ARABIAN ACRES METROPOLITAN)
 DISTRICT)

I, the undersigned Secretary or Acting Secretary of the Arabian Acres Metropolitan District, Teller County, Colorado (the "District"), do hereby certify:

(1) The foregoing pages are a true, complete and correct copy of a resolution (the "Resolution") passed and adopted by the Board of Directors (the "Resolution") passed and adopted by the Board of Directors (the "Board") of the District at an open, regular meeting of the Board held at the District's offices within the boundaries of the District on May 15, 2019 by an affirmative vote of a majority of the members of the Board as follows:

<u>Director</u>	<u>Voting Aye</u>	<u>Voting Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Jennifer Waller	X			
Craig Waller	X			
Edith Coffman	X			
Lucas Ortivez	X			
Lanny Hoel	X			

(2) The members of the Board were present at such meeting and voted on the passage of such Resolution as set forth above.

(3) The Resolution was approved and authenticated by the signature of the Chairman of the Board and President, sealed with the District seal, attested by the Secretary or Acting Secretary and recorded in the minutes of the Board.

(4) There are no bylaws, rules or regulations of the Board which might prohibit the adoption of the Resolution.

(5) Notice of the meeting of May 15, 2019, in the form attached hereto as Exhibit A was given to each member of the Board and was posted in at least three public places within the limits of the District and, in addition, at the office of the Teller County Clerk and Recorder at least 72 hours prior to the meeting, in accordance with law.

WITNESS my hand and the seal of the District affixed this May 15, 2019.

(SEAL)

James O. Stiney
Secretary or Acting Secretary

EXHIBIT A
(Attach Notice of Meeting)

ARABIAN ACRES METRO DISTRICT
Walker Schooler District Managers
614 N. Tejon Street
Colorado Springs, CO 80903
719.447.1777

NOTICE IS HEREBY GIVEN that a Public Meeting of the Board of Directors of ARABIAN ACRES METROPOLITAN DISTRICT, Teller County, Colorado has been scheduled for WEDNESDAY, MAY 15, 2019 at 5:30 p.m. at Divide Fire Station, 103 Cedar Mountain Road, Divide, Colorado 80814 for the purpose of addressing those matters in the Agenda set forth below.

Board of Directors Office Term/Expires

Jennifer Waller, President 2022
Craig Waller, Treasurer 2022
Lucas Ortivez, Secretary 2020
Edith Coffman, Assistant Secretary 2020
Lanny Hoel, Assistant Secretary 2020

Lynn Willow, ORC
Kevin Walker, District Manager
Lori VonFeldt, WSDM
Kristina Kulick, WSDM

AGENDA

1. ADMINISTRATIVE MATTERS

- a. Call to Order & Declaration of Quorum
- b. Confirm any Potential Conflicts of Interest
- c. Discussion and Approval of the Agenda
- d. Review and Approval of the April Board of Directors Meeting Minutes
- e. President's Report
- f. Approve the Resolution for CWCB Grant Funding Contract- CT2019-2792 011119

2. OPERATOR'S REPORT

- a. ORC Report

3. FINANCIAL MATTERS

- a. Review of billing and collection status
- b. Review and Approve the Payment of Claims
- c. Review and accept the April 2019 Financial Statements
- d. Review Outstanding Debt and Liabilities – Impact on future fees and charges

4. OTHER BUSINESS

- a. Questionnaire Discussion

5. PUBLIC COMMENT – Limit to 2 minutes each person

6. ADJOURNMENT

THE NEXT REGULARLY SCHEDULED MEETING WILL BE HELD ON WEDNESDAY, JUNE 19, 2019 at 5:30 p.m. at the DIVIDE FIRE STATION, 103 CEDAR MOUNTAIN ROAD, DIVIDE, COLORADO 80814

Jason W. Downie
jdownie@smmclaw.com

May 14, 2019

Colorado Water Conservation Board
Finance Section
1313 Sherman Street, Room 718
Denver, CO 80203

Re: Authority of Arabian Acres Metropolitan District to enter into Loan Contract (CMS: 117476; CT2019-2792) with the Colorado Water Conservation Board

To Whom It May Concern:

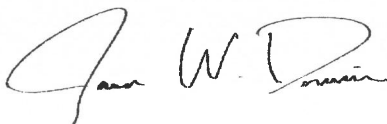
This opinion is being delivered to you pursuant to Section 10 of the Loan Contract (CMS: 117476; CT2019-2792) between Arabian Acres Metropolitan District (the "District") and the Colorado Water Conservation Board (the "CWCB"). I have acted as bond counsel for the District and have reviewed the Loan Contract, as well as the proceedings of the District relating to the approval of the Loan Contract and the execution, issuance and delivery thereof on behalf of the District. Based upon the foregoing and the representations of the District, I am of the opinion that:

1. The Loan Contract has been duly executed by officers of the District who were duly elected or appointed and are authorized to execute the Loan Contract and to bind the District; and
2. The Resolutions of the District authorizing the execution and delivery of the Loan Contract were duly adopted by the governing body of the District; and
3. There are no provisions in the District's articles of incorporation or bylaws or any state or local law that prevent the Loan Contract from binding the District; and
4. The Loan Contract will be valid and binding against the District if entered into by the CWCB subject to any typical limitations related to bankruptcy, police power and creditor's rights generally; and
5. The District has formed and operates a water activity enterprise pursuant to the provisions of C.R.S. § 37-45.1-101, *et seq.* and is a government owned business authorized to issue its own revenue bonds and receiving fewer than 10% of annual revenue in grants from all Colorado state and local governments combined within the meaning of Article X, Section 20 of the Colorado Constitution.

Accordingly, it is my opinion that the District has adequate authority to enter into the Loan Contract through the resolution adopted by the District and as is evidenced in the District's minutes.

Sincerely,

SUSEMIHL, MCDERMOTT & DOWNIE, P.C.



Jason W. Downie

cc: Client