

BOARD OF DIRECTORS  
PUEBLO CONSERVANCY DISTRICT

RESOLUTION

WHEREAS, the Pueblo Conservancy District, Pueblo County, Colorado (the "District"), is a statutory entity duly organized and existing as a conservancy district under the constitution and laws of the State of Colorado, including particularly Title 37 of the Colorado Revised Statutes; and

WHEREAS, the members of the Board of Directors (the Board) have been duly elected or appointed and qualified; and

WHEREAS, the District has heretofore determined and undertaken to acquire and develop and maintain certain properties and facilities for the levee (the "Levee"); and

WHEREAS, the District is authorized by Sec. 37-5-108, C.R.S., to issue Maintenance Fund negotiable evidence of debt, referenced generally in said statute as "warrants" but referenced herein as bonds, authorized by action of the Board of Directors (the "Board") without the approval of the electors of the District, such bonds to be issued in the manner provided in 37-5-107 and 37-5-108, C.R.S.; and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the District, and the residents and taxpayers thereof, that certain maintenance and improvements be made to the Levee and that for such purpose there shall be issued Conservancy Maintenance Fund 2017 Series A bonds in the total principal amount of \$10,000,000.00 (the "Bonds"); and

WHEREAS, the Board has been presented with a proposal in the form of a Bond Purchase Agreement from Bank of the San Juans, a Division of Glacier Bank ("Purchaser"), to purchase the Bonds upon the terms and conditions set forth in the Bond Purchase Agreement; and

WHEREAS, after consideration, the Board has determined that the sale of the Bonds to the Purchaser upon the terms and conditions set forth in the Bond Purchase Agreement is in the best interests of the District and the residents thereof; and

WHEREAS, no member of the Board has any potential conflicting interests in connection with the issuance or sale of the Bonds, or the use of the proceeds thereof, within the meaning of Sec. 18-8-308, C.R.S.; and

WHEREAS, the Board desires to authorize the issuance and sale of the

Bonds and the execution of the foregoing documents;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PUEBLO CONSERVANCY DISTRICT:**

Section 1. Definitions. As used herein, the following capitalized terms shall have the respective meanings set forth below, unless the context indicates otherwise.

Board: The Board of Directors of the District.

Bond or Bonds: The Conservancy Maintenance Fund Bonds, 2017 Series A, dated August 23, 2017 issued in the aggregate principal amount of \$10,000,000.00, as authorized by this Resolution.

Bond Purchase Agreement: The Agreement between the District and the Purchaser concerning the purchase of the Bonds by the Purchaser.

Bond Registrar: Bank of the San Juans, a Division of Glacier Bank, in Pueblo, Colorado, or its successor, which shall perform the function of registrar with respect to the Bonds.

Capital Improvements: Maintenance and repairs for the Levee through the City of Pueblo which is owned and maintained by the Pueblo Conservancy District.

Code: The Internal Revenue Code of 1986, as amended.

C.R.S.: The Colorado Revised Statutes, as amended and supplemented as of the date hereof.

District: Pueblo Conservancy District, Pueblo County, Colorado.

Event of Default: Any one or more of the events set forth in the Section hereof entitled "Events of Default".

Fiscal Year: The twelve (12) months commencing January 1 of any year and ending December 31 of said year.

Maintenance Fund Assessment: Maintenance Fund Assessment authorized by the Orders of the District Court for the Tenth Judicial District, State of Colorado, dated May 29, 2007, January 26, 2013 and April 28, 2017, Case No. 67 CV 17664, and levied for the purpose of Levee maintenance and improvements, through Pueblo as authorized and defined in C.R.S. 37-5-107 and C.R.S. 37-5-108.

Information Statement: The Final version of the Information Statement.

Owner: The registered owner of any Bond, as shown by the registration books maintained by the Bond Registrar.

Paying Agent: Bank of the San Juans, a Division of Glacier Bank, in Pueblo, Colorado, or its successor, which shall perform the function of paying agent with respect to the Bonds.

Paying Agent and Registrar Agreement: The agreement between the District and the Paying Agent/Bond Registrar, concerning the registration, transfer, exchange, and payment of the Bonds.

Record Date: The thirtieth (30th) day of the calendar month next preceding each interest and principal payment date.

Resolution: This Resolution which authorizes the issuance of the Bonds.

Special Record Date: The record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Resolution.

System: All of the facilities and properties, now owned or hereafter acquired, whether situated within or without the District boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto, held or owned by the District for the purpose of maintaining the Levee through the City of Pueblo, which Levee is owned and maintained by the District.

**Section 2. Authorization.** In accordance with the Constitution of the State of Colorado; Title 37, Articles 1 through 8, C.R.S.; all other laws of the State of Colorado thereunto enabling, there shall be issued the Bonds for the purpose of maintaining the Levee through the City of Pueblo, which Levee is owned and maintained by the District.

**Section 3. Special Obligations:** The Bonds, together with the interest thereon, shall be payable from the Maintenance Fund Assessment. The Bonds shall constitute an irrevocable lien upon the Maintenance Fund Assessment, but not necessarily an exclusive such lien, and the Maintenance Fund Assessment is hereby pledged to the payment of the Bonds. The Owners may not look to any general or other fund of the District for the payment of the principal of and interest on the Bonds, and the Bonds shall not constitute a debt or any indebtedness of the District within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held

to be general obligations of the District.

**Section 4. Bond Details:** The Bonds shall be issued only as a fully registered Bond in the denomination of \$10,000,000. Unless the District shall otherwise direct, the registered Bond shall be numbered 1, with the number of the Bond preceded by "A".

The Bond shall be dated as of August 23, 2017, and shall bear interest at the rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable annually on each August 30, commencing on August 30, 2018, and principal and interest payments shall be due August 30 of each year as follows:

| <u>Payment Due</u> | <u>Principal and Interest Amount</u> | <u>Interest Rate</u> |
|--------------------|--------------------------------------|----------------------|
| 2018               | \$537,500.00                         | 3.4%                 |
| 2019               | \$537,500.00                         | 3.4%                 |
| 2020               | \$537,500.00                         | 3.4%                 |
| 2021               | \$537,500.00                         | 3.4%                 |
| 2022               | \$537,500.00                         | 3.4%                 |
| 2023               | \$537,000.00                         | 3.4%                 |
| 2024               | \$537,000.00                         | 3.4%                 |
| 2025*              | \$537,500.00                         | 3.4%                 |

\*Together with such additional amount as is necessary to pay accrued interest and outstanding principal in full.

It has been agreed between the District and the Purchaser, Bank of the San Juans, a Division of Glacier Bank that the District may request the funds represented by the Bond in increments as the same are needed by the District for the purposes of the Bond. Interest will only accrue based upon the amount advanced and outstanding. The District will take its first payment from the Bond of at least \$ 1,000,000.00 upon issuance; will have cumulative advances of at least \$2,475,000.00 within six (6) months of issuance; will have cumulative advances of at least \$4,945,000.00 within twelve (12) months of issuance; and will draw the entire proceeds of the bond within twenty four (24) months of issuance; and will expend the entire proceeds of the Bond on the purposes of the Bond no later than three (3) years from the first advance. Bond proceeds will be used for the stated purposes of the Bond and for no other purpose.

**Section 5. Payment of Bonds; Paying Agent and Bond Registrar.**

The principal of the Bond is payable in lawful money of the United States of America to the Owner of each Bond annually on August 30 of each year, beginning on August 30, 2018 and upon maturity or prior redemption and presentation at the principal office of the Paying Agent. The interest on any Bond is payable to the person in whose name such registration books maintained by or on behalf of the District by the Bond

Registrar, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date of August 30, 2018 and annually thereafter until maturity; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Bond Registrar on a date selected by the Bond Registrar. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to the Owners. The Paying Agent may make payments of interest on any bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent; provided that the District shall not be required to make funds available to the Paying Agent prior to the dates on which such interest would otherwise be payable hereunder, not to incur any expenses in connection with such alternative means of payment.

The principal of and interest on the Bond shall be paid in accordance with the terms of the Paying Agent and Registrar Agreement.

**Section 6. Prior Redemption:** Ten Million Dollars (\$10,000,000.00) of the bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in part, upon payment of par and accrued interest. Any partial redemption will not change the annual payments due on the Bond.

In the event the Bond is called for redemption or partial redemption as aforesaid, notice thereof will be given to the Owner of the Bond at least ten (10) days prior to the date fixed for redemption or partial redemption. The Bond will cease to bear interest after the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time.

**Section 7. Form and Execution of Bonds:** The Bonds shall be signed with the facsimile or manual signature of the President of the District, sealed with a facsimile or manual impression of the seal of the District, and attested by the facsimile or manual signature of the Secretary of the District. Should any officer whose facsimile or manual signature appears on the Bonds cease to be such officer before delivery of the Bonds to a purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

The Bonds shall be in substantially the following form:

THIS BOND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT TO AN "ACCREDITED INVESTOR", AS THAT TERM IS DEFINED UNDER SECTIONS 3(B) AND (4)(2) OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, BY REGULATION ADOPTED THEREUNDER BY THE SECURITIES AND EXCHANGE COMMISSION, AND EXCEPT IN COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

[Form of Bond]

No. A-1

\$10,000,000.00

[Front of Bond]

UNITED STATES OF AMERICA  
STATE OF COLORADO  
COUNTY OF PUEBLO

PUEBLO CONSERVANCY DISTRICT

CONSERVANCY MAINTENANCE FUND BOND, 2017 SERIES A

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>ORIGINAL<br/>ISSUE DATE</u> |
|----------------------|----------------------|--------------------------------|
| 3.4%                 | August 30, 2025      | August 23, 2017                |

REGISTERED OWNER: BANK OF THE SAN JUANS, a DIVISION OF GLACIER BANK

PRINCIPAL AMOUNT: TEN MILLION DOLLARS

Pueblo Conservancy District, in the County of Pueblo, and State of Colorado, a conservancy district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby promises to pay, out of the special accounts hereinafter designated but not otherwise, to the registered owner named above, or registered assigns, annually on August 30 each year, commencing August 30, 2018 and on the maturity date specified above or on the date of prior redemption, the principal

amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to August 23, 2017, in which event this Bond shall bear interest from August 23, 2017, at the interest rate per annum specified above, payable annually August 30 each year, commencing on August 30, 2018, until the principal amount is paid at maturity or upon prior redemption. See attached, Bond Payment Schedule and Estimated Amortization Schedule. The principal of this Bond is payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the office of Bank of the San Juans, a Division of Glacier Bank, in Pueblo, Colorado, or its successor, as Paying Agent.

Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by Bank of the San Juans, a Division of Glacier Bank in Pueblo, Colorado, or its successor, as Bond Registrar, at the close of business on the twenty-ninth (29th) day of the calendar month next preceding each interest payment date (the "Record Date"), and shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to such registered owner at his address as it appear on such registration books. The Paying Agent may make payments of interest on any bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent as provided in the resolution authorizing the issuance of this Bond (the "Bond Resolution"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on Special Record Date (the "Special Record Date") established for the payment of any defaulted interest. Notice of the Special Record Date and the date fixed for the payment of defaulted interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Bond Registrar.

If the date for making any payment or performing any action shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

**REFERENCE IS HEREBY MADE TO ADDITIONAL PROVISIONS OF THIS BOND ATTACHED HERETO, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF FULLY SET FORTH IN THIS PLACE.**

The District hereby designates the Bond as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the authorizing Bond Resolution until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN TESTIMONY WHEREOF, the Board of Directors of Pueblo Conservancy District has caused this Bond to be signed by the signature of the President of the District, sealed with the seal of the District, and attested by the signature of the Secretary thereof, all as of the 23rd day of August, 2017.

**PUEBLO CONSERVANCY DISTRICT  
PUEBLO COUNTY, COLORADO**

By: \_\_\_\_\_  
Paul J. Willumstad, President

**ATTESTED:**

By \_\_\_\_\_  
Matt Cordova, Secretary

**CERTIFICATE OF AUTHENTICATION**

This Bond is the Bond of the issue described in the within mentioned Bond Resolution.

Date of Registration  
and Authentication:

**BANK OF THE SAN JUANS  
a DIVISION OF GLACIER BANK  
Pueblo, Colorado  
as Bond Registrar**

\_\_\_\_\_

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

Authorized Signature



### **ADDITIONAL PROVISIONS**

This Bond in the amount of Ten Million Dollars (10,000,000.00) par value issued by the Board of Directors of Pueblo Conservancy District, in the County of Pueblo and State of Colorado, for the purpose of improvements and repairs to the Levee through the City of Pueblo, which Levee is owned and maintained by the Pueblo Conservancy District, by virtue of and in full conformity with the Constitution of the State of Colorado; title 37, Articles 1 through 8, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution. It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond.

The principal of and interest on this Bond are payable only out of the proceeds of the Maintenance Fund Assessment, which assessment is provided for in C.R.S. 37-5-107. The Bonds of this issue constitute an irrevocable lien upon the proceeds of the Maintenance Fund Assessment, but not necessarily an exclusive such lien.

It is hereby recited, certified, and warranted that for the payment of this Bond, the District will out of the Maintenance Fund Assessment, as an irrevocable charge thereon, pay the principal and interest on this Bond in the manner provided by the Bond Resolution.

The District has designated the Bond to be a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code.

**THIS BOND DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND SHALL NOT BE CONSIDERED OR HELD TO BE A GENERAL OBLIGATION OF THE DISTRICT.**

Reference is hereby made to the Bond Resolution for an additional description of the nature and extent of the security for the Bonds, the fund and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bonds, the manner in which the Bond Resolution may be amended, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

The Bonds of this issue are subject to redemption prior to maturity, at the option of the District, as a whole or in part, upon payment of par and accrued interest.

Notice of prior redemption shall be given by mailing a copy of the redemption notice, not less than ten (10) days prior to the date fixed for redemption, to the registered owner of the Bond at the address shown on the registration books

maintained by the Bond Registrar, in the manner set forth in the Bond Resolution. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date, or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Bond Registrar, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Bond Resolution and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Bond Registrar of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

## ASSIGNMENT

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

SOCIAL SECURITY OR FEDERAL EMPLOYER  
IDENTIFICATION NUMBER OF ASSIGNEE

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_;  
attorney, to transfer said Bond on the books kept for registration thereof with full power of  
substitution in the premises.

Dated:

Signature of Registered Owner: \_\_\_\_\_

NOTICE: The signature to this  
assignment must correspond with the  
name of the registered owner as it  
appears upon the face of the within  
Bond in every particular, without  
alteration or enlargement or any  
change whatever.

Signature guaranteed: \_\_\_\_\_

(Bank, Trust Company, or Firm)

## BOND PAYMENT SCHEDULE

| Payment due<br>August 30 | Principal & Interest payment | <u>Interest Rate</u> |
|--------------------------|------------------------------|----------------------|
| 2018                     | \$537,500.00                 | 3.4%                 |
| 2019                     | \$537,500.00                 | 3.4%                 |
| 2020                     | \$537,500.00                 | 3.4%                 |
| 2021                     | \$537,500.00                 | 3.4%                 |
| 2022                     | \$537,500.00                 | 3.4%                 |
| 2023                     | \$537,500.00                 | 3.4%                 |
| 2024                     | \$537,500.00                 | 3.4%                 |
| 2025                     | \$537,500.00 *               | 3.4%                 |

\*Together with such additional amount as is necessary to pay accrued interest and outstanding principal, in full.

## ESTIMATED AMORTIZATION SCHEDULE BASED ON ANTICIPATED DRAWDOWN OF FUNDS FROM THE BONDS

| <u>Payment Date</u> | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Ending Balance</u> |
|---------------------|--------------------------|-------------------------|-----------------------|
| 8/30/2018           | \$363,765.67             | \$173,734.33            | \$9,636,234.33        |
| 8/30/2019           | \$205,317.59             | \$332,182.41            | \$9,430,916.74        |
| 8/30/2020           | \$211,504.64             | \$325,995.36            | \$9,219,412.10        |
| 8/30/2021           | \$219,686.38             | \$317,813.62            | \$8,999,725.72        |
| 8/30/2022           | \$227,259.45             | \$310,240.55            | \$8,772,466.27        |
| 8/30/2023           | \$235,093.59             | \$302,406.41            | \$8,537,372.67        |
| 8/30/2024           | \$242,391.48             | \$295,108.52            | \$8,294,981.19        |
| 8/30/2025           | \$8,294,981.19           | \$285,946.43            | \$0                   |

**Section 8. Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 9. Delivery of Bonds.** Upon the adoption of this Resolution, the District shall execute the Bonds and deliver them to the Bond Registrar, and the Bond Registrar shall authenticate the Bonds and deliver them to the purchaser thereof, as directed by the District, and in accordance with the Bond Purchase Agreement.

**Section 10. Registration, Exchange, and Transfer of Bonds; Persons Treated as Owners.** The Bond Registrar shall maintain the books of the District for the registration of ownership of each Bond as provided in this Resolution. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Bond Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the Owner of the bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books.

In all cases of the transfer of a Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date, or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any

Bonds selected or called for redemption, in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same obligation as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered Owner of any Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

**Section 11. Cancellation of Bonds.** Whenever any Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, or whenever any Bond shall be delivered to the Bond Registrar for transfer or exchange pursuant to the provisions hereof, such Bond shall be canceled by the Bond Registrar and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar to the District.

**Section 12. Lost Bonds.** Any Bond that is lost, stolen, destroyed, or mutilated may be replaced or paid by the Bond Registrar in accordance with the subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, pay such costs, and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Bond Registrar.

**Section 13. Tax Exempt Obligations.** The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code.

**Section 14. Maintenance Fund Assessment.** The District hereby covenants that it will establish, maintain, enforce, and collect when due the Maintenance Fund assessments in order to pay the principal of and interest on the Bonds. The Maintenance Fund Assessment as has been authorized by the District Court of the Tenth Judicial District shall pay for the operation and maintenance expenses of the System and pay, when due, the principal and interest on the Bond. The District will set the Maintenance Fund Assessment, within its legal authority, to produce receipts at least equal to One Hundred Ten Per Cent (110%) of the maximum annual payment of principal and interest on the Bonds, (including interest described in Section 15(g) if applicable), and the maximum annual payment of principal and interest of all other bonds and obligations secured by, or which may be paid from, the Maintenance Fund Assessment, except for the payment due August 30, 2025.

**Section 15. Additional Covenants and Agreements.** The District hereby further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain outstanding:

(a) The District will continue to operate and manage the System in an efficient and economical manner.

(b) The District will not sell or alienate any of the property constituting any part or all of the System in any manner or to any extent as might reduce the security provided for the payment of the Bonds, but the District may sell any portion of such property which shall have been replaced by other similar property of at least equal value, or which shall cease to be necessary for the efficient operation of the System.

(c) At least once a year in the time and manner provided by law, the District will cause an audit to be performed by a CPA of the records relating to the revenues and expenditures of the System. Such audit may be made part of and included within the general audit of the District, and made at the same time as the general audit. The audit will be provided to the Owner of the Bonds within Two Hundred Seventy (270) days after the end of the fiscal year. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

(d) The District will carry public liability, and such other forms of insurance on insurable System property as would ordinarily be carried by conservancy districts having similar properties of equal value, such insurance being in such amount as will protect the System and its operation.

(e) The District has Conservancy Maintenance Fund Bond Series 2015 A which is currently outstanding and held by the Bank of the San Juans, a Division of Glacier Bank, as the successor to Canon National Bank. The District has no other indebtedness outstanding and has not obligated itself to any loan nor has it issued any other bond, warrant or other evidence of indebtedness.

(f) The District will make no other pledge of the Maintenance Fund Assessment until the Bond is paid in full, unless it receives the prior, written, consent of the owner of the Bond.

(g) The District has not taken, or will not take, or will not omit to take, any action which action if taken or omitted, would or will adversely affect the exclusion of such interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest from Colorado income taxation.

(h) In the event the Bond is determined to not be a tax exempt bond the District agrees that interest on the Bond shall accrue and be paid at the rate of five and thirty-five hundredths percent ( 5.35%), per annum.

**Section 16. Events of Default.** The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder:

(a) payment of the principal on any Bond is not made by the District when due;

(b) payment of any interest on any Bond is not made by the District when due;

(c) the District defaults in the performance of any other of its covenants in this Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding; or

(d) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Bonds.

**Section 17. Remedies For Events of Default.** Upon the occurrence and continuance of an Event of Default, the Owner of the Bond, or a trustee therefore, may protect and enforce the rights of any Owner by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. The failure of any Owner to proceed does not relieve the District or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by any Owner shall not be deemed a waiver of any other right. Any costs, including attorney fees, incurred by the Owner of the Bond in pursuing payment of the Bond, in the event of the default by the District in any payment on the Bond, may be recovered from the District along with any amount due and owing upon the Bond.

**Section 18. Permitted Amendments to Bond Resolution.** The District may, without the consent of or notice to the Owners, adopt amendments or supplements to this Resolution, which amendments or supplements shall thereafter form a part hereof, for any one or more of the following purposes:

(a) to cure any ambiguity, to cure, correct, or supplement any formal defect



or omission or inconsistent provision contained in this Resolution, to make any provisions necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Resolution, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;

(b) to subject to this Resolution or pledge to the payment of the Bonds additional revenues, properties, or collateral; and

(c) to grant or confer upon the Owners any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Owners.

**Section 19. Amendments Requiring Consent of Owners.** Except for amendatory or supplemental resolutions adopted pursuant to the Section hereof entitled "Permitted Amendments to Bond Resolution", the Owner of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the District of such resolution amendatory or supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms of provisions contained in this Resolution; provided however, that without the consent of the Owner of the Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of any Bond, in the principal amount of any Bond or the rate of interest thereon, or in the terms of prior redemption of any Bond;

(b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the Bonds when due;

(c) a privilege or priority of any Bond or any premium or interest payment over any other Bond or premium or interest payment; or

(d) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental resolution.

If at any time the District shall desire to adopt an amendatory or supplemental resolution for any of the purposes of this Section, the District shall cause notice of the proposed adoption of such amendatory or supplemental resolution to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond to the address shown on the registration books of the Bond Registrar, at least thirty (30) days prior to the proposed date of adoption of any such amendatory or supplemental

resolution. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution and shall state that copies thereof are on file at the offices of the District or some other suitable location for inspection by all Owners. If, within sixty (60) days or such longer period as shall be prescribed by the District following the giving of such notice, the Owner of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental resolution shall have affirmatively consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the District from adopting the same or from taking any action pursuant to the provisions thereof.

**Section 20. Effect of Amendment.** Upon the execution of any amendatory or supplemental resolution pursuant to this Resolution, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Resolution of the District, the Bond Registrar, the Paying Agent, and the Owner of the Bonds, then outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 21. Authorization to Execute Documents.** The President and Secretary of the District shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the execution of the Paying Agent and Registrar Agreement and such affidavits as may be reasonably required. The execution by the President of the District of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

**Section 22. Declaration and Findings.** Having been fully informed of and having considered all the pertinent facts and circumstances, the Board does hereby find, determine, and declare:

(a) The issuance of the Bonds, and all procedures undertaken incident thereto, are in full compliance and conformity with all applicable requirements, provisions, and limitations prescribed by the constitution and laws of the State of Colorado thereunto enabling.

**Section 23. Costs and Expenses.** All costs and expenses incurred in connection with the issuance and payment of the Bonds shall be paid either from the proceeds of the Bonds or from legally available moneys of the District, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 24. Acceptance of Bond Purchase Agreement.** The Board does hereby reaffirm its determination to accept the Bond Purchase Agreement as submitted by the Purchaser and to sell the Bonds to the Purchaser upon the terms, conditions, and provisions as set forth in the Bond Purchase Agreement. The President of the District is hereby authorized to execute the Bond Purchase Agreement and the Secretary is hereby authorized to attest to such execution, all on behalf of the District.

**Section 25. Information Statement.** The Board hereby authorizes the preparation and distribution of a final Information Statement. The final Information Statement shall contain such corrections and additional or updated information so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The President of the District is hereby authorized to execute copies of the final Information Statement on behalf of the District.

**Section 26. Holidays.** If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

**Section 27. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, sale issuance, and delivery of the Bonds, are hereby ratified, approved, and confirmed.

**Section 28. Resolution Irrepealable.** After any of the Bonds have been issued, this Resolution shall constitute a contract between the Owners and the District, and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided.

**Section 29. Repealer.** All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.


**Section 30. Severability.** If any section, paragraph, clause, or provisions of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

**Section 31. Effective Date.** This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED This 23<sup>rd</sup> day of August, 2017.

  
Paul J. Willumstad, President

(SEAL)

  
Matt Cordova, Secretary

The motion to adopt the foregoing Resolution was duly made by Director Martin, seconded by Director Serna, put to a vote, and carried on the following recorded vote:

Those voting AYE:

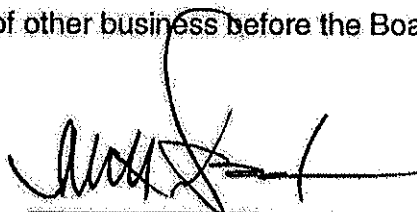
BERNARD  
MARONEY  
MARTIN  
O'HARA  
PHILLIPS  
SERNA  
WILLUMSTAD

Those voting NAY:

None

Thereupon the President, as Chairman of the meeting, declared the Resolution duly adopted and the Secretary was directed to enter the foregoing proceedings and Resolution upon the minutes of the Board.

Thereupon, after consideration of other business before the Board, the meeting was adjourned.

  
\_\_\_\_\_  
Matt Cordova, Secretary

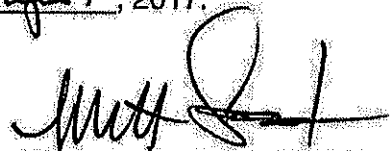
(SEAL)

STATE OF COLORADO       )  
                                      )  
COUNTY OF PUEBLO       )  
                                      )  
PUEBLO CONSERVANCY     )  
DISTRICT                    )

ss.

I, Matt Cordova, Secretary of Pueblo Conservancy District, Pueblo County, Colorado, do hereby certify that the foregoing pages numbered 1 to 20, inclusive, constitute a true and correct copy of that portion of the record of proceedings of the Board of Directors of said District relating to the adoption of a resolution authorizing the issuance of Conservancy Maintenance Fund Bonds, adopted at a regular meeting of the Board held within the District at 201 W. "B" Street, in Pueblo County, Colorado, on Wednesday, the 23<sup>rd</sup> day of August, 2017 at the hour of 10:00 A.M., as recorded in the official record of proceedings of said District kept in the District's office; that the proceedings were duly had and taken; that the meeting was duly held; that the persons therein named were present at said meeting and voted as shown therein; and that a notice of meeting, was posted at three public places within the District, and at the office of the Clerk and Recorder of Pueblo County, Colorado, at least three days prior to the meeting, in accordance with law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the District, this 23<sup>rd</sup> day of August, 2017.

  
\_\_\_\_\_  
Matt Cordova, Secretary

(SEAL)