

DRINKING WATER REVOLVING FUND

LOAN AGREEMENT

BETWEEN

COLORADO WATER RESOURCES AND

POWER DEVELOPMENT AUTHORITY

AND

CITY OF GRAND JUNCTION, COLORADO

DATED FEBRUARY 2, 2010

*CERTIFICATE FROM CITY OF
3 COPY OF PAY ESTIMATE*

(Revenue Pledge- Base Loan)

*CERTIFY PAY ROLL
CONTRACT CERTIFY PAY ROLL*

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THIS LOAN AGREEMENT, is made and entered into this 2nd day of February, 2010, by and between the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), a body corporate and political subdivision of the State of Colorado, and the **CITY OF GRAND JUNCTION, COLORADO** (the "Governmental Agency"), a quasi municipal corporation of the State of Colorado;

WITNESSETH THAT:

WHEREAS, the United States of America, pursuant to the federal Safe Drinking Water Act Amendments of 1996, as amended, (the "Drinking Water Act"), assists state and local participation in the financing of the costs of drinking water system projects; and

WHEREAS, the Drinking Water Act requires each state, as a condition to the receipt of certain funds, to establish a drinking water revolving fund to be administered by an instrumentality of the state before the state may receive capitalization grants to finance the costs of infrastructure needed to achieve or maintain compliance with federal drinking water requirements; and

WHEREAS, the Authority was created to initiate, acquire, construct, maintain, repair and operate or cause to be operated certain water resource projects and to finance the costs thereof; and

WHEREAS, Section 37-95-107.8 of the Colorado Revised Statutes created a drinking water revolving fund to be administered by the Authority, which enables the State of Colorado to comply with the provisions of the Drinking Water Act ; and

WHEREAS, the Authority has determined to loan certain sums to governmental agencies in Colorado to finance all or a portion of the costs of certain water resource projects; and

WHEREAS, the Colorado Legislature has approved a Project Eligibility List that includes the water resource project proposed by the Governmental Agency to be financed hereunder; and

WHEREAS, the Governmental Agency has made timely application to the Authority for a loan to finance all or any portion of the cost of a certain water resource project, and the Authority has approved the Governmental Agency's application for a loan from funds in the Drinking Water Revolving Fund in an amount not to exceed the amount of the loan commitment set forth in paragraph (3) of Exhibit B hereto to finance all or a portion of the cost of such project; and

WHEREAS, the Governmental Agency will issue its bond to the Authority to evidence said loan from the Authority;

NOW, THEREFORE, for and in consideration of the award of the loan by the Authority and of the mutual covenants herein, the Authority and the Governmental Agency each agree to perform their respective obligations under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.01 Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

“Act” means the “Colorado Water Resources and Power Development Authority Act,” being Section 37-95-101 et. seq. of the Colorado Revised Statutes, as the same may from time to time be amended and supplemented.

“Administrative Fee” means a semi-annual fee for administration of the Loan as set forth in Exhibit C hereto, payable as a part of the Loan Repayment under Section 3.03 hereof.

“Authority” means the Colorado Water Resources and Power Development Authority, a body corporate and political subdivision of the State of Colorado duly created and validly existing under and by virtue of the Act.

“Authorized Officer” means, in the case of the Governmental Agency, each person whose name is set forth in paragraph (6) of Exhibit B hereto or such other person or persons authorized pursuant to a resolution or ordinance of the governing body of the Governmental Agency to act as an Authorized Officer of the Governmental Agency to perform any act or execute any document relating to the Loan, the Governmental Agency Bond or this Loan Agreement whose name is furnished in writing to the Authority.

“Cost” means those costs that are eligible to be funded from draws under the Federal Capitalization Agreement capitalizing the Drinking Water Revolving Fund and are reasonable, necessary and allocable to the Project and are permitted by generally accepted accounting principles to be costs of the Project.

“Event of Default” means any occurrence or event specified in Section 5.01 hereof.

“Federal Capitalization Agreement” means the instrument or agreement established or entered into by the United States of America Environmental Protection Agency with the Authority to make capitalization grant payments pursuant to the federal Safe Drinking Water Act, as amended (42 U.S.C. Section 300f *et seq.*).

“Fiscal Year” means the fiscal year of the Governmental Agency.

“Governmental Agency” means the entity that is a party to and is described in the first paragraph of this Loan Agreement, and its successors and assigns.

“Governmental Agency Bond” means the bond executed and delivered by the Governmental Agency to the Authority to evidence the Loan, dated the date of the Loan Closing, the form of which is attached hereto as Exhibit D and made a part hereof.

“Loan” means the loan made by the Authority to the Governmental Agency to finance or refinance all or any portion of the Cost pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the principal amount of the Loan at any time shall be equal to the amount of the loan commitment set forth in paragraph (3) of Exhibit B attached hereto and made a part of this Loan Agreement (which amount as specified in the Governmental Agency Bond, equals the amount actually deposited in the Project Loan Account), less any portion of such principal amount as has been repaid by the Governmental Agency under this Loan Agreement.

“Loan Agreement” means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“Loan Closing” means the date upon which the Governmental Agency shall issue and deliver the Governmental Agency Bond.

“Loan Repayments” means the payments payable by the Governmental Agency pursuant to Section 3.03 of this Loan Agreement, including payments payable under the Governmental Agency Bond.

“Loan Term” means the defined term set forth in paragraph (4) of Exhibit B attached hereto and made a part hereof; provided, however, if the Loan is prepaid in its entirety pursuant to Section 3.07 hereof, the Loan Term shall automatically terminate.

“Pledged Property” means the defined term set forth in paragraph (4) of Exhibit A attached hereto and made a part hereof.

“Prime Rate” means the prevailing commercial interest rate announced by the Wall Street Journal from time to time, or if the Wall Street Journal ceases announcing a prime rate, shall be the prevailing commercial interest rate announced by Wells Fargo Bank, National Association as its prime lending rate.

“Project” means the project of the Governmental Agency described in paragraph (1) of Exhibit A attached hereto and made a part hereof, all or any portion of the Cost of which is financed or refinanced by the Authority through the making of the Loan under this Loan Agreement.

“Project Loan Account” means the Project Loan Account established for the Loan within the Drinking Water Revolving Fund.

“System” means the water system of the Governmental Agency, including the Project, described in paragraph (2) of Exhibit A attached hereto and made a part hereof, as such System may be modified, replaced, or expanded from time to time.

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, corporations, agencies and districts. Words importing one gender shall include the other gender.

ARTICLE II.

REPRESENTATIONS AND COVENANTS OF GOVERNMENTAL AGENCY

SECTION 2.01 Representations of Governmental Agency. The Governmental Agency represents for the benefit of the Authority as follows:

- (a) Organization and Authority.
 - (i) The Governmental Agency is a governmental agency as defined in the Act and as described in the first paragraph of this Loan Agreement.
 - (ii) The Governmental Agency has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain the System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to execute, issue and deliver the Governmental Agency Bond, to undertake and complete the Project (other than licenses, permits, and approvals relating to the construction and acquisition of the Project which the Governmental Agency expects to receive in the ordinary course of business), and to carry out and consummate all transactions contemplated by this Loan Agreement. The Project is on the Drinking Water Project Eligibility List approved by the General Assembly of the State of Colorado pursuant to the Act and is a project that the Governmental Agency may undertake pursuant to Colorado law and for which the Governmental Agency is authorized by law to borrow money.
 - (iii) The proceedings of the Governmental Agency's governing body approving this Loan Agreement and the Governmental Agency Bond and authorizing their execution, issuance and delivery on behalf of the Governmental Agency, and authorizing the Governmental Agency to undertake and complete the Project have been duly and lawfully adopted in accordance with the laws of Colorado and such proceedings were duly approved and published, if necessary, in accordance with applicable Colorado law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Colorado law, and at which quorums were present and acting throughout.
 - (iv) This Loan Agreement has been and the Governmental Agency Bond, when delivered at the Loan Closing, will have been, duly authorized, executed and delivered by an Authorized Officer of the Governmental Agency; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized,

executed and delivered, this Loan Agreement, this Loan Agreement constitutes, and the Governmental Agency Bond when delivered to the Authority will constitute, the legal, valid and binding obligations of the Governmental Agency in accordance with their respective terms, and the information contained under "Description of the Loan" on Exhibit B attached hereto and made a part hereof is true and accurate in all respects.

(b) Full Disclosure.

There is no fact that the Governmental Agency has not disclosed to the Authority in writing on the Governmental Agency's application for the Loan or otherwise that materially adversely affects the properties, activities or condition (financial or otherwise) of the Governmental Agency or the System, or the ability of the Governmental Agency to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond.

(c) Pending Litigation.

Except as disclosed in writing to the Authority, there are no proceedings pending, or, to the knowledge of the Governmental Agency threatened, against or affecting the Governmental Agency, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities or condition (financial or otherwise) of the Governmental Agency or the System, or the ability of the Governmental Agency to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond.

(d) Compliance with Existing Laws and Agreements.

The authorization, execution and delivery of this Loan Agreement and the Governmental Agency Bond by the Governmental Agency, the observance and performance by the Governmental Agency of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions provided for in this Loan Agreement and the Governmental Agency Bond, the compliance by the Governmental Agency with the provisions of this Loan Agreement and the Governmental Agency Bond and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Governmental Agency pursuant to any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of (i) this Loan Agreement and the Governmental Agency Bond and (ii) any ordinance, resolution or indenture that authorized outstanding debt obligations of the Governmental Agency that are at parity with, or superior to, the Governmental Agency Bond as to lien on, and source and security for, payment thereon from the Pledged

Property) to which the Governmental Agency is a party or by which the Governmental Agency, the System or any of its property or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Governmental Agency was established or any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the Governmental Agency, the System or its properties or operations is subject.

(e) No Defaults.

No event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Agreement and the Governmental Agency Bond or receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Governmental Agency is not in violation of, nor has it received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it, the System or its property may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Governmental Agency or the System or the ability of the Governmental Agency to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond.

(f) Governmental Consent.

The Governmental Agency has obtained all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental body or officer) for the making, observance and performance by the Governmental Agency of its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond or for the undertaking or completion of the Project and the financing or refinancing thereof; and the Governmental Agency has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Governmental Agency of its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond or with the undertaking or completion of the Project and the financing or refinancing thereof. Other than those relating to the construction and acquisition of the Project, which the Governmental Agency expects to receive in the ordinary course of business, no consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained (or that is not reasonably expected to be obtained) is required on the part of the Governmental Agency as a condition to the authorization, execution and delivery of this Loan Agreement and the Governmental Agency Bond, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) Compliance with Law.

The Governmental Agency (i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the Governmental Agency to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Governmental Agency or the System; and (ii) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Governmental Agency to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Governmental Agency or the System (other than licenses, permits, franchises or other governmental authorizations relating to the construction and acquisition of the Project which the Governmental Agency expects to receive in the ordinary course of business).

(h) Use of Proceeds.

The Governmental Agency will apply the proceeds of the Loan from the Authority (i) to finance or refinance all or any portion of the Cost of the Project; and (ii) where applicable, to reimburse the Governmental Agency for all or any portion of the Cost of the Project, which portion was paid or incurred in anticipation of reimbursement by the Authority.

SECTION 2.02 Particular Covenants of the Governmental Agency.

(a) Repayment Pledge.

The Governmental Agency irrevocably pledges and grants a lien on the Pledged Property for the punctual payment of the principal of and the interest on the Loan, and all other amounts due under this Loan Agreement and the Governmental Agency Bond according to their respective terms.

(b) Performance Under Loan Agreement.

The Governmental Agency covenants and agrees (i) to maintain the System in good repair and operating condition; (ii) to cooperate with the Authority in the observance and performance of the respective duties, covenants, obligations and agreements of such Governmental Agency and the Authority under this Loan Agreement; and (iii) to comply with the covenants described in the Exhibits to this Loan Agreement.

(c) Completion of Project and Provision of Moneys Therefor.

The Governmental Agency covenants and agrees (i) to exercise its best efforts in accordance with prudent water utility practice to complete the Project and to so accomplish such completion on or before the estimated Project Completion Date set forth in Exhibit B hereto and made a part hereof; and (ii) to the extent legally available, to provide from the Pledged Property or other sources available to it, all moneys, in excess

of the total amount of Loan proceeds it receives under the Loan, required to complete the Project.

(d) Disposition of the System.

Other than facilities that the Governmental Agency determines are no longer necessary for the operations of the System, during the Loan Term, the Governmental Agency shall not sell, lease, abandon, or otherwise dispose of, all or substantially all, or any substantial portion, of the System or any other system that provides revenues to provide for the payment of this Loan Agreement or the Governmental Agency Bond, except on ninety (90) days' prior written notice to the Authority and, in any event, shall not so sell, lease, abandon, or otherwise dispose of the same unless the following conditions are met: (i) the Governmental Agency shall assign this Loan Agreement in accordance with Section 4.02 hereof and its rights and interests hereunder to the purchaser or lessee of the System, and such purchaser or lessee shall expressly assume all duties, covenants, obligations, and agreements of the Governmental Agency under this Loan Agreement in writing; and (ii) the Authority shall by appropriate action determine that such sale, lease, abandonment or other disposition will not adversely affect the Authority's ability to meet its duties, covenants, obligations, and agreements under the Act, the Federal "Clean Water Act, the Safe Drinking Water Act, or any agreement between the Authority or the State of Colorado relating to any capitalization grant received by the Authority or the State of Colorado under the Federal Clean Water Act or the Safe Drinking Water Act, and in its sole discretion, approve such sale, lease, abandonment, or other disposition.

(e) Operation and Maintenance of the System.

The Governmental Agency covenants and agrees that it shall, in accordance with prudent water utility practice, (i) at all times operate the properties of the System and any business in connection therewith in an efficient manner, (ii) maintain the System in good repair, working order and operating condition, (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; provided, however, this covenant shall not be construed as requiring the Governmental Agency to expend any funds which are derived from sources other than the Pledged Property, and provided further that nothing herein shall be construed as preventing the Governmental Agency from doing so.

(f) Records; Accounts.

During the Loan Term, the Governmental Agency shall keep accurate records and accounts of its System (the "System Records"). Such System Records shall be maintained in accordance with generally accepted accounting principles, and system Records and General Records shall be made available for inspection by the Authority at any reasonable time.

(g) Audits

(i) If the Governmental Agency's System Records or General Records are audited annually by an independent accountant, then it shall furnish a copy of such annual audit(s) including all written comments and recommendations of the accountant preparing the audit to the Authority within 210 days of the close of the Fiscal Year audited, and the Governmental Agency shall cause its independent auditor to file with the Authority a report to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (5) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (6) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit A under this Loan Agreement, which report may be a part of the annual audit or a separate document.

(ii) If the Governmental Agency's annual revenues are less than \$100,000, and the Governmental Agency elects in accordance with state law to file a short form audit exemption in lieu of performing an annual audit, then it shall provide the Authority a copy of the Exemption from Audit Form completed by a person skilled in governmental accounting practices, together with a report, also completed by a person skilled in governmental accounting practices, to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (5) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (6) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit A under this Loan Agreement within 210 days of the close of the Fiscal Year.

(iii) If the Governmental Agency's annual revenues are more than \$100,000, but less than \$500,000, and the Governmental Agency elects in accordance with state law to file a long form audit exemption in lieu of performing an annual audit, then it shall provide the Authority a copy of the Exemption from Audit Form completed by an independent accountant with knowledge of governmental accounting practices, together with a report, also completed by an independent accountant with knowledge of governmental accounting practices, to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (5) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (6) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit A under this Loan Agreement within 210 days of the close of the Fiscal Year.

(h) Inspections; Information.

The Governmental Agency shall permit the Authority to examine, visit, and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of, any accounts, books, and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments, and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith. In addition, the Governmental Agency shall provide the Authority with copies of any official statements or other forms of offering prospectus relating to any other bonds, notes, or other indebtedness of the Governmental Agency secured from the Pledged Property and issued after the date of this Loan Agreement.

(i) Insurance.

During the Loan Term, the Governmental Agency shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self insurance programs providing against risk of direct physical loss, damage or destruction of the System, at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining utility system facilities of the nature of the System, including liability coverage, all to the extent available at reasonable cost. Nothing herein shall be deemed to preclude the Governmental Agency from asserting against any party, other than the Authority, a defense which may be available to the Governmental Agency, including, without limitation, a defense of sovereign immunity.

(j) Cost of Project.

The Governmental Agency certifies that the Cost of the Project, as listed in paragraph (2) of Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation and upon direction of the Authority shall supply the same with a certificate from its engineer stating that such Cost is a reasonable and accurate estimation, taking into account investment income to be realized during the course of the Project and other money that would, absent the Loan, have been used to pay the Cost of the Project.

(k) Notice of Material Adverse Change.

During the Loan Term, the Governmental Agency shall promptly notify the Authority of any material adverse change in the activities or condition (financial or otherwise) of the Governmental Agency relating to the System, or in the ability of the Governmental Agency to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Governmental Agency Bond from the Pledged Property.

(l) Reimbursement for Ineligible Costs.

The Governmental Agency shall promptly reimburse the Authority for any portion of the Loan that is determined not to be a Cost of the Project that is eligible for funding from

draws under the Federal Capitalization Agreement. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority with interest on the amount to be reimbursed at the rate set forth for the Loan.

(m) Advertising.

The Governmental Agency agrees not to advertise the Project for construction bids until plans and specifications for the Project have been approved by the State Department of Public Health and Environment.

(n) Commencement of Construction.

Within twelve (12) months after the Loan Closing, the Governmental Agency shall initiate construction of the Project.

(o) Interest in Project Site.

As a condition of the Loan, the Governmental Agency will demonstrate to the satisfaction of the Authority before advertising bids for construction that the Governmental Agency has or will have a fee simple or such other estate or interest in the site of the Project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project.

(p) Archeological Artifacts.

In the event that archeological artifacts or historical sources are unearthed during construction excavation of the Project, the Governmental Agency shall stop or cause to be stopped, construction activities and will notify the State Historic Conservation Office and the Authority of such unearthing.

(q) No Lobbying.

No portion of the Loan shall be used for lobbying or propaganda as prohibited by 18 U.S.C. § 1913 or Section 607(a) of Public Law 96-74.

(r) Federal Requirements.

The Governmental Agency agrees to comply with all federal requirements which are applicable to borrowers from the Drinking Water Revolving Fund as a result of federal "cross cutting" authorities. The applicable requirements are set forth in this Loan Agreement including Exhibit F hereto and made a part hereof.

(s) Capacity Development.

The Governmental Agency covenants to maintain its technical, financial and managerial capability to ensure compliance with the requirements of the federal Safe Drinking Water Act of 1996, as amended (42 U.S.C. Section 300f *et seq*).Section 1452(a)(3)(A)(i).

(t) Resident Hiring Requirements.

The Governmental Agency agrees to comply with Colorado's resident hiring requirements found in Title 8, Article 17 and Title 8, Article 17.5, Colorado Revised Statutes, as amended.

(u) Continuing Representations.

The representations of the Governmental Agency contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(v) Additional Covenants and Requirements.

If necessary in connection with the the making of the Loan, additional covenants and requirements will be included on Exhibit F hereto and made a part hereof. The Governmental Agency agrees to observe and comply with each such additional covenant and requirement, if any, included on Exhibit F on the date of the Loan Closing.

ARTICLE III.

LOAN TO GOVERNMENTAL AGENCY; AMOUNTS PAYABLE; GENERAL AGREEMENTS

SECTION 3.01 The Loan. The Authority hereby agrees to loan and disburse to the Governmental Agency in accordance with Section 3.02 hereof, and the Governmental Agency agrees to borrow and accept from the Authority, the Loan in the principal amount equal to the loan commitment set forth in paragraph (3) of Exhibit B attached hereto and made a part hereof; provided, however, that the Authority shall be under no obligation to make the Loan if the Governmental Agency does not deliver a Governmental Agency Bond to the Authority on the Loan Closing or an Event of Default has occurred and is continuing under this Loan Agreement. The Governmental Agency shall use the proceeds of the Loan strictly in accordance with Section 2.01(i) hereof, to finance the Cost of the Project.

SECTION 3.02 Disbursement of Loan Proceeds. The Authority has created in the Drinking Water Revolving Fund a Project Loan Account for this Project into which the Authority shall deposit the federal funds drawn from the Federal Capitalization Agreement for the Project to be used to pay the Cost of the Project, which Project Loan Account shall be used for no other purpose by the Authority. Amounts on deposit in the Project Loan Account shall be disbursed to the Governmental Agency upon receipt of a requisition executed by an Authorized

Officer thereof and approved by the Authority, and if deemed necessary by the Authority, approved by the Colorado Water Quality Control Division, in the form set forth in Exhibit G.

SECTION 3.03 Amounts Payable.

(a) The Governmental Agency shall repay by electronic means the principal of and interest on the Loan in accordance with the schedule set forth on Exhibit C attached hereto and made a part hereof, as the same may be amended or modified, pursuant to Section 6.04 hereof, commencing on the Loan Repayment Commencement Date set forth in paragraph (8) of Exhibit B. As indicated on Exhibit C, some or all of each interest payment shall be allocated to the payment of the Administrative Fee.

The Governmental Agency shall execute the Governmental Agency Bond to evidence its obligations to make Loan Repayments and the obligations of the Governmental Agency under the Governmental Agency Bond shall be deemed to be amounts payable under this Section 3.03. Each Loan Repayment shall be deemed to be a credit against the corresponding obligation of the Governmental Agency under this subsection (a) and shall fulfill the Governmental Agency's obligation to pay such amount hereunder and under the Governmental Agency Bond. Each payment made pursuant to this subsection shall be applied first to interest then due and payable on the Loan, then to the principal of the Loan.

(b) In addition to the payments required by subsection (a) of this Section 3.03, the Governmental Agency shall pay a late charge for any payment that is received by the Authority later than the fifth (5th) day following its due date, in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to when it is actually paid; provided, however, that the interest rate payable on the Loan including such late charge shall not be in excess of the maximum rate permitted by law as of the date hereof.

(c) Loan Repayments pursuant to this Section 3.03 shall be made by electronic means (either by bank wire transfer or by Automated Clearing House "ACH" transfer.)

SECTION 3.04 Unconditional Obligations. The Loan Repayments and all other payments required hereunder are payable solely from the Pledged Property. The obligation of the Governmental Agency to make the Loan Repayments and all other payments required hereunder shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments due under this Loan Agreement remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or the System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State of Colorado or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Authority to perform and observe

any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or, this Loan Agreement or any rights of set off, recoupment, abatement or counterclaim that the Governmental Agency might otherwise have against the Authority, or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 3.05 Disclaimer of Warranties and Indemnification. The Governmental Agency acknowledges and agrees that (i) the Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) except as provided herein, in no event shall the Authority or its agents be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the System or the Project or any item or products or services provided for in this Loan Agreement; and (iii) to the extent authorized by law, the Governmental Agency shall indemnify, save and hold harmless the Authority against any and all claims, damages, liability and court awards including costs, expenses and attorney fees incurred as a result of any act or omission by the Governmental Agency, or its employees, agents or subcontractors pursuant to the terms of this Loan Agreement, provided however that the provisions of this clause (iii) are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to the Colorado Governmental Immunity Act (Section 24-10-101, et seq., C.R.S.), or under the laws of the United States or other laws of the State of Colorado.

SECTION 3.06 Limited Recourse. No recourse shall be had for the payment of the principal of or interest on the Governmental Agency Bond or for any claim based thereon or upon any obligation, covenant or agreement contained in this Loan Agreement against any past, present or future officer, employee or agent of the Governmental Agency, or of any successor public corporation, as such, either directly or through the Governmental Agency or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the Governmental Agency's execution of this Loan Agreement and the issuance of the Governmental Agency Bond.

SECTION 3.07 Option to Prepay Loan Repayments. The Governmental Agency may prepay the Loan Repayments, in whole or in part without penalty upon prior written notice of not less than thirty (30) days to the Authority unless otherwise waived by the Authority. Prepayments shall be applied first to accrued interest on the portion of the Loan to be prepaid and then to principal payments on the Loans. The Authority will amend Exhibit C hereof to reflect any prepayment of the principal amount of the Loan.

SECTION 3.08 Source of Payment of Governmental Agency's Obligations.

The Authority and the Governmental Agency agree that the amounts payable by the Governmental Agency under this Loan Agreement, including, without limitation, the amounts payable by the Governmental Agency pursuant to Section 3.03, Section 3.05, Section 3.07 and Section 5.04 of this Loan Agreement are payable solely from the Pledged Property and are not payable from any other source whatsoever. Nothing herein shall be deemed to prevent the Governmental Agency from paying the amounts payable under this Loan Agreement from any other legally available source.

SECTION 3.09 Delivery of Documents. Concurrently with the execution and delivery of this Loan Agreement, the Governmental Agency will cause to be delivered to the Authority each of the following items:

- (a) opinions of the Governmental Agency's counsel substantially in the form set forth in Exhibit E-1 and E-2 hereto (such opinion may be given by one or more counsel); provided, however, that the Authority may permit variances in such opinion from the form or substance of such Exhibit E if such variances are not to the material detriment of the interests of the Authority;
- (b) executed counterparts of this Loan Agreement;
- (c) copies of the resolutions or ordinances of the governing body of the Governmental Agency authorizing the execution and delivery of this Loan Agreement and the Governmental Agency Bond, certified by an Authorized Officer of the Governmental Agency; and
- (d) such other certificates, documents, opinions and information as the Authority may require.

Concurrently with the delivery at the Loan Closing of this Loan Agreement, the Governmental Agency shall also deliver its Governmental Agency Bond to the Authority upon the receipt of a written certification of the Authority that the amount of the Loan shall be made available for the Project in accordance with the terms of this Loan Agreement.

ARTICLE IV.

ASSIGNMENT

SECTION 4.01 Assignment and Transfer by Authority. The Governmental Agency expressly acknowledges that, other than Administrative Fees payable pursuant to subsection (b) of Section 3.03 and the right, title and interest of the Authority under Sections 3.05 and 5.04, all right, title and interest of the Authority in, to and under this Loan Agreement and the Governmental Agency Bond including, without limitation, the right to receive payments required to be made by the Governmental Agency hereunder, and to compel or otherwise enforce observance and performance by the Governmental Agency of its other duties, covenants, obligations, and agreements hereunder, may be transferred, assigned, and reassigned in whole or

in part by the Authority at its sole discretion to one or more assignees or subassignees at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Governmental Agency. The Authority shall retain the right to compel or otherwise enforce observance and performance by the Governmental Agency of its duties, covenants, obligations, and agreements under Section 3.03 to pay Administrative Fees, and under Section 3.05 and Section 5.04.

SECTION 4.02 Assignment by Governmental Agency. Neither this Loan Agreement nor the Governmental Agency Bond may be assigned by the Governmental Agency for any reason, unless the following conditions shall be satisfied: (i) the Authority shall have approved said assignment in writing; (ii) the assignee shall be a governmental agency as defined by the Act, and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Governmental Agency's duties, covenants, agreements and obligations under this Loan Agreement; (iii) immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Governmental Agency under this Loan Agreement; and (iv) the Authority shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of any agreement entered into by the Authority with, or condition of any grant received by the Authority from, the United States of America relating to the Federal Capitalization Agreement or any capitalization grant received by the Authority or the State under the federal Safe Drinking Water Act Amendments of 1996, as amended (Pub. L. 104-182).

No assignment shall relieve the Governmental Agency from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Governmental Agency shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

ARTICLE V.

DEFAULTS AND REMEDIES

SECTION 5.01 Event of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) failure by the Governmental Agency to pay, or cause to be paid, any Loan Repayment set forth in Schedule C, required to be paid hereunder when due, which failure shall continue for a period of thirty (30) days;
- (b) failure by the Governmental Agency to make, or cause to be made, any required payments of principal of, redemption premium, if any, and interest on any bonds, notes or other obligations of the Governmental Agency for borrowed money (other than the Loan and the Governmental Agency Bond), after giving effect to the applicable grace period, the payments of which are secured by the Pledged Property;

(c) failure by the Governmental Agency to pay, or cause to be paid, the Administrative Fee or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section 5.01, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Governmental Agency provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Authority may consent to an extension of such time up to sixty (60) days from the delivery of the written notice referred to above if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Governmental Agency contained in this Loan Agreement or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect; or

(e) a petition is filed by or against the Governmental Agency under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Governmental Agency such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the Governmental Agency shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee of the Governmental Agency or any of its property) shall be appointed by court order to take possession of the Governmental Agency or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 5.02 Notice of Default. The Governmental Agency shall give the Authority prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01(d) hereof, and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the Governmental Agency becomes aware of the existence thereof. Any telephonic notice pursuant to this Section 5.02 shall be confirmed in writing by the end of the next Business Day.

SECTION 5.03 Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Authority shall have the right to take any action permitted or required pursuant to this Loan Agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Governmental Agency hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the System.

SECTION 5.04 Attorney's Fees and Other Expenses. In the Event of Default the Governmental Agency shall on demand pay to the Authority the reasonable fees and

expenses of attorneys and other reasonable fees and expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred the Authority in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Governmental Agency.

SECTION 5.05 Application of Moneys. Any moneys collected by the Authority pursuant to Section 5.03 hereof shall be applied (a) first, to pay any attorney's fees or other fees and expenses owed by the Governmental Agency pursuant to Section 5.04 hereof, (b) second, to pay interest due and payable on the Loan, (c) third, to pay principal due and payable on the Loan, (d) and fourth, to pay any other amounts due and payable under this Loan Agreement; and

SECTION 5.06 No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article V.

SECTION 5.07 Retention of Authority's Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or anything else to the contrary contained herein, the Authority shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Governmental Agency at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Governmental Agency to the Authority pursuant to Section 3.03, and Section 5.04 and Section 5.06 hereof.

SECTION 5.08 Default by the Authority. In the event of any default by the Authority under any duty, covenant, agreement or obligation of this Loan Agreement, the Governmental Agency's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Authority hereunder as may be necessary or appropriate. The Authority shall on demand pay to the Governmental Agency the reasonable fees and expenses of attorneys and other reasonable expenses in the enforcement of such performance or observation.

ARTICLE VI.

MISCELLANEOUS

SECTION 6.01 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand-delivered or mailed by registered or certified mail, postage prepaid, to the Governmental Agency at the address specified on Exhibit B attached hereto and made a part hereof and to the Authority at the following address:

Colorado Water Resources and
Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203
Attention: Executive Director

Such address may be changed by notice in writing.

SECTION 6.02 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Governmental Agency and their respective successors and assigns.

SECTION 6.03 Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 6.04 Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority and the Governmental Agency.

SECTION 6.05 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.06 Applicable Law and Venue. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, including the Act. Venue for any action seeking to interpret or enforce the provisions of this Loan Agreement shall be in the Denver District Court.

SECTION 6.07 Consents and Approvals. Whenever the written consent or approval of the Authority shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Authority unless otherwise provided by law or by rules, regulations or resolutions of the Authority.

SECTION 6.08 Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 6.09 Further Assurances. The Governmental Agency shall, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Loan Agreement and the Governmental Agency Bond.

SECTION 6.10 Recital. This Loan Agreement is authorized pursuant to and in accordance with the Constitution of the State of Colorado and all other laws of the State of Colorado thereunto enabling. Specifically, but not by way of limitation, this Loan Agreement is authorized by the Governmental Agency pursuant to Title 37, Article 45.1, C.R.S., Title 11, Article 57, Part 2, C.R.S (the "Supplemental Act"), and the Governmental Agency's Charter, and shall so recite in the Governmental Agency Bond. Pursuant to § 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of the Governmental Agency Bond after its delivery for value.

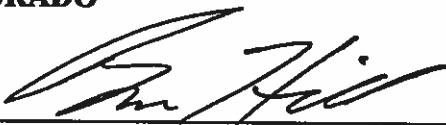
IN WITNESS WHEREOF, the Authority and the Governmental Agency have caused this Loan Agreement to be executed, and delivered, as of the Loan Closing.

**COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY**

By: 
Executive Director



**CITY OF GRAND JUNCTION,
COLORADO**

By: 
Bruce Hill, President of the City Council

ATTEST:


Stephanie Tuin, City Clerk

SECURITY DESCRIPTION

1. Description of Project

The Project consists of replacement of existing cast iron, asbestos cement and steel water distribution lines.

2. Description of System

“System” means all of the Governmental Agency’s water facilities and properties, now owned or hereafter acquired, whether situated within or without the Governmental Agency’s boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto, which facilities and properties are used exclusively for the Governmental Agency’s water activity enterprise.

3. Lien Representation

The Pledged Property is free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto which is superior to the lien of this Loan Agreement and the Governmental Agency Bond on the Pledged Property, and all corporate or other action on the part of the Governmental Agency to that end has been and will be duly and validly taken. Except for the Loan Agreement dated as of April 1, 2002, between the Authority and the Governmental Agency, in the original principal amount of \$3,566,521.69, which loan is on a parity with this Loan Agreement and the Governmental Agency Bond, as of the Loan Closing, there are outstanding no bonds, notes or evidences of indebtedness or contractual obligations secured by a lien on the Pledged Property which are on a parity with the lien of this Loan Agreement and Governmental Agency Bond. Except as permitted by Exhibit F hereto, the Governmental Agency shall not issue any bonds or other evidences of indebtedness of a similar nature secured by a pledge, lien or assignment on the Pledged Property or create a lien or charge thereon.

4. Pledged Property

“*Pledged Property*” means the Net Revenues (as defined in this paragraph 4 of Exhibit A of this Loan Agreement).

“*Net Revenues*” for any period means the Gross Revenues (as defined in this paragraph (4) of Exhibit A of this Loan Agreement) during such period less Operation and Maintenance Expenses (as defined in this paragraph (4) of Exhibit A of this Loan Agreement).

“*Gross Revenues*” means all income and revenues directly or indirectly derived by the Governmental Agency from the operation and use of the System, or any part thereof, including without limitation, any rates, fees (including without limitation plant investment fees and availability fees) and charges for the services furnished by, or for the use of, the System, and

all income attributable to any past or future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the System or its operations, and including investment income accruing from such moneys; provided however, that there shall be excluded from Gross Revenues: ad valorem property taxes; any moneys borrowed and used for providing Capital Improvements; any money and securities and investment income therefrom in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom. Notwithstanding anything contained above, amounts deposited in a rate stabilization account shall not be deemed Gross Revenues in the calendar year deposited and amounts withdrawn from the rate stabilization account shall be deemed Gross Revenues in the year withdrawn.

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

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the Governmental Agency, paid or accrued, for operating, maintaining, and repairing the System, including without limitation legal and overhead expenses of the Governmental Agency directly related to the administration of the System, insurance premiums, audits, professional services, salaries and administrative expenses, labor and the cost of materials and supplies for current operation; provided however, that there shall be excluded from Operation and Maintenance Expenses any allowance for depreciation, payments in lieu of taxes or franchise fees, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations, and expenses that are otherwise paid from ad valorem property taxes.

5. Rate Covenant

During the Loan Term, the Governmental Agency shall establish and collect such rates and charges for the use or the sale of the products and services of the System as, together with other moneys available therefor, are expected to produce Gross Revenues (as defined in Paragraph (4) of this Exhibit A to this Loan Agreement) for each calendar year that will be at least sufficient for such calendar year to pay the sum of:

(a) all amounts estimated to be required to pay Operation and Maintenance Expenses (as defined in Paragraph (4) of this Exhibit A of this Loan Agreement) during such calendar year;

(b) 110% of the debt service coming due during the calendar year on: (i) the Governmental Agency Bond, and (ii) any other obligations secured by a lien on the

Pledged Property which lien is on a parity with the lien of this Loan Agreement on the Pledged Property, in each case computed as of the beginning of such calendar year (except to the extent the Governmental Agency has by binding resolution committed reserves to the payment of such debt service);

(c) the amount, if any, to be paid during such calendar year into any debt service reserve account in connection with any obligations secured by a lien on the Pledged Property which lien is on a parity with the lien of this Loan Agreement on the Pledged Property

(d) all debt service coming due during the calendar year on any obligations secured by a lien on the Pledged Property which lien is subordinate to the lien of this Loan Agreement on the Pledged Property computed as of the beginning of such calendar year; and

(e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above payable out of the Gross Revenues during such calendar year.

Notwithstanding anything contained above, amounts deposited in a rate stabilization account shall not be deemed Gross Revenues (as defined in Paragraph (4) of this Exhibit A to this Loan Agreement) in the calendar year deposited and amounts withdrawn from the rate stabilization account shall be deemed Gross Revenues (as defined in Paragraph (4) of this Exhibit A to this Loan Agreement) in the year withdrawn.

EXHIBIT B

DESCRIPTION OF THE LOAN

- 1. Address of Governmental Agency:**
City of Grand Junction, Colorado
250 North 5th Street
Grand Junction, CO 81501
- 2. Cost of Project:** \$3,800,000
- 3. Principal Amount of Loan Commitment:** \$3,800,000
- 4. Loan Term:** The date commencing on the Loan Closing and ending on the final Loan Repayment date set forth in Exhibit C.
- 5. Description of the Project:** See Exhibit A, 1.
- 6. Authorized Officers:** Jodi Romero, Financial Operations Manager
Jay Valentine, Assistant Financial Operations Manager
- 7. Project Completion Date:** December 2010
- 8. Loan Repayment Commencement Date:** November 1, 2010

**EXHIBIT C
DRINKING WATER REVOLVING FUND
LOAN REPAYMENT SCHEDULE
CITY OF GRAND JUNCTION, COLORADO**

On or before the first of each date, commencing on November 1, 2010 the
Governmental Agency shall pay the amount set forth below:

LOAN DATE:	2/2/10
LOAN AMOUNT:	\$3,800,000
INTEREST RATE:	2.50%
TERM (YEARS):	20

INTEREST DATE: 09/01/10

PAYMENT DATES	PAYMENT	PRINCIPAL	REMAINING PRINCIPAL	CALCULATED INTEREST	INTEREST ALLOCATION FOR AUTHORITY PURPOSES ONLY	
					INTEREST	ADMIN. FEE
			\$3,800,000.00			
11/1/2010	\$40,433.79	\$24,600.46	\$3,775,399.54	\$15,833.33	0.00	15,833.33
5/1/2011	\$122,903.04	\$75,710.55	\$3,699,688.99	\$47,192.49	0.00	47,192.49
11/1/2011	\$122,903.04	\$76,656.93	\$3,623,032.06	\$46,246.11	0.00	46,246.11
5/1/2012	\$122,903.04	\$77,615.14	\$3,545,416.92	\$45,287.90	0.00	45,287.90
11/1/2012	\$122,903.04	\$78,585.33	\$3,468,831.59	\$44,317.71	0.00	44,317.71
5/1/2013	\$122,903.04	\$79,567.65	\$3,387,263.94	\$43,335.39	0.00	43,335.39
11/1/2013	\$122,903.04	\$80,562.24	\$3,306,701.70	\$42,340.80	0.00	42,340.80
5/1/2014	\$122,903.04	\$81,569.27	\$3,225,132.43	\$41,333.77	0.00	41,333.77
11/1/2014	\$122,903.04	\$82,588.88	\$3,142,543.55	\$40,314.16	0.00	40,314.16
5/1/2015	\$122,903.04	\$83,621.25	\$3,058,922.30	\$39,281.79	0.00	39,281.79
11/1/2015	\$122,903.04	\$84,666.51	\$2,974,255.79	\$38,236.53	0.00	38,236.53
5/1/2016	\$122,903.04	\$85,724.84	\$2,888,530.95	\$37,178.20	0.00	37,178.20
11/1/2016	\$122,903.04	\$86,796.40	\$2,801,734.55	\$36,106.64	0.00	36,106.64
5/1/2017	\$122,903.04	\$87,881.36	\$2,713,853.19	\$35,021.68	0.00	35,021.68
11/1/2017	\$122,903.04	\$88,979.88	\$2,624,873.31	\$33,923.16	0.00	33,923.16
5/1/2018	\$122,903.04	\$90,092.12	\$2,534,781.19	\$32,810.92	0.00	32,810.92
11/1/2018	\$122,903.04	\$91,218.28	\$2,443,562.91	\$31,684.76	0.00	31,684.76
5/1/2019	\$122,903.04	\$92,358.50	\$2,351,204.41	\$30,544.54	0.00	30,544.54
11/1/2019	\$122,903.04	\$93,512.98	\$2,257,691.43	\$29,390.06	0.00	29,390.06
5/1/2020	\$122,903.04	\$94,681.90	\$2,163,009.53	\$28,221.14	0.00	28,221.14
11/1/2020	\$122,903.04	\$95,865.42	\$2,067,144.11	\$27,037.62	0.00	27,037.62
5/1/2021	\$122,903.04	\$97,063.74	\$1,970,080.37	\$25,839.30	0.00	25,839.30
11/1/2021	\$122,903.04	\$98,277.04	\$1,871,803.33	\$24,626.00	0.00	24,626.00
5/1/2022	\$122,903.04	\$99,505.50	\$1,772,297.83	\$23,397.54	0.00	23,397.54
11/1/2022	\$122,903.04	\$100,749.32	\$1,671,548.51	\$22,153.72	0.00	22,153.72
5/1/2023	\$122,903.04	\$102,008.68	\$1,569,539.83	\$20,894.36	0.00	20,894.36
11/1/2023	\$122,903.04	\$103,283.79	\$1,466,256.04	\$19,619.25	0.00	19,619.25
5/1/2024	\$122,903.04	\$104,574.84	\$1,361,681.20	\$18,328.20	0.00	18,328.20
11/1/2024	\$122,903.04	\$105,882.02	\$1,255,799.18	\$17,021.02	0.00	17,021.02
5/1/2025	\$122,903.04	\$107,205.55	\$1,148,593.63	\$15,697.49	10,697.49	5,000.00
11/1/2025	\$122,903.04	\$108,545.62	\$1,040,048.01	\$14,357.42	13,357.42	1,000.00
5/1/2026	\$122,903.04	\$109,902.44	\$930,145.57	\$13,000.60	12,000.60	1,000.00
11/1/2026	\$122,903.04	\$111,276.22	\$818,869.35	\$11,626.82	10,626.82	1,000.00
5/1/2027	\$122,903.04	\$112,667.17	\$706,202.18	\$10,235.87	9,485.87	750.00
11/1/2027	\$122,903.04	\$114,075.51	\$592,126.67	\$8,827.53	8,077.53	750.00
5/1/2028	\$122,903.04	\$115,501.46	\$476,625.21	\$7,401.58	6,651.58	750.00
11/1/2028	\$122,903.04	\$116,945.22	\$359,679.99	\$5,957.82	5,207.82	750.00
5/1/2029	\$122,903.04	\$118,407.04	\$241,272.95	\$4,496.00	3,746.00	750.00
11/1/2029	\$122,903.04	\$119,887.13	\$121,385.82	\$3,015.91	2,515.91	500.00
5/1/2030	\$122,903.14	\$121,385.82	\$0.00	\$1,517.32	1,285.41	231.91
Total	\$4,833,652.45	\$3,800,000.00		\$1,033,652.45	\$83,652.45	\$950,000.00

GOVERNMENTAL AGENCY BOND

FOR VALUE RECEIVED, the undersigned, **CITY OF GRAND JUNCTION, COLORADO** (the "Governmental Agency") hereby promises to pay to the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), or registered assigns, the principal amount of Three Million Eight Hundred Thousand and 00/100 Dollars (\$3,800,000), at the times and in the amounts determined as provided in the Loan Agreement dated February 2, 2010, by and between the Authority and the Governmental Agency (the "Loan Agreement"), at times and in amounts determined as provided in the Loan Agreement, together with interest, thereon in the amount calculated as provided in the Loan Agreement, payable on the dates and in the amounts determined as provided in the Loan Agreement.

This Governmental Agency Bond is issued pursuant to the Loan Agreement and is issued in consideration of the loan made thereunder (the "Loan") and to evidence the obligations of the Governmental Agency set forth in Section 3.03 thereof. This Governmental Agency Bond is subject to assignment or endorsement in accordance with the terms of the Loan Agreement. All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as a part of this Governmental Agency Bond.

This Governmental Agency Bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Governmental Agency to make the payments required hereunder shall be absolute and unconditional without any defense or right of setoff, counterclaim or recoupment by reason of any default by the Authority under the Loan Agreement or under any other agreement between the Governmental Agency and the Authority or out of any indebtedness or liability at any time owing to the Governmental Agency by the Authority or for any other reason.

This Governmental Agency Bond is subject to optional prepayment under the terms and conditions, and in the amounts provided in Section 3.07 of the Loan Agreement.

The obligation of the Governmental Agency to make payments under the Loan Agreement and this Governmental Agency Bond is a special and limited obligation of the Government Agency and is payable solely from the repayment source described in the Loan Agreement and the obligation of the Governmental Agency to pay the Loan Repayments is secured by an irrevocable pledge and lien (but not necessarily an exclusive lien) upon the Pledged Property (as defined in paragraph 4. of Exhibit A of the Loan Agreement). This Governmental Agency Bond does not constitute a debt or an indebtedness of the Governmental Agency 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 Governmental Agency. The payment of this Governmental Agency Bond is not secured by an encumbrance, mortgage, or other pledge of property, except for such property and moneys pledged for the payment of the Governmental Agency Bond.

This Governmental Agency Bond, together with the interest accruing thereon, shall be payable and collectible solely out of the Pledged Property, which is so pledged; the owner of the Governmental Agency Bond may not look to any general or other funds for the payment of principal of, premium, if any, or interest on the Governmental Agency Bond except the designated special funds pledged therefore; and this Governmental Agency Bond shall not constitute an indebtedness, debt, liability, or obligation of the Governmental Agency within the meaning of any constitutional, charter, or statutory provision or limitation of the Governmental Agency.

This Governmental Agency Bond is issued under the authority of and in full conformity with the Constitution and laws of the State of Colorado, including without limitation, Article X, Section 20 of the Constitution, Title 37, Article 45.1, C.R.S.; certain provisions of Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), and pursuant to the Loan Agreement. Pursuant to § 11-57-210, of the Supplemental Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of the Governmental Agency Bond after its delivery for value.

IN WITNESS WHEREOF, the Governmental Agency has caused this Governmental Agency Bond to be duly executed, sealed and delivered, as of this 2nd day of February, 2010.



CITY OF GRAND JUNCTION, COLORADO

By: _____

Bruce Hill
Bruce Hill, President of the City Council

ATTEST:

Stephanie Tuin
Stephanie Tuin, City Clerk

OPINION OF GOVERNMENTAL AGENCY COUNSEL

February 2, 2010

Colorado Water Resources and
Power Development Authority

Ladies and Gentlemen:

I am an attorney admitted to practice in the State of Colorado and I have acted as counsel to the **CITY OF GRAND JUNCTION, COLORADO** (the "Governmental Agency"), which has entered into a Loan Agreement (as hereinafter defined) with the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), and have acted as such in connection with the authorization, execution and delivery by the Governmental Agency of the Loan Agreement and its Governmental Agency Bond (as hereinafter defined).

In so acting I have examined the Constitution and laws of the State of Colorado and laws and Charter of the Governmental Agency. I have also examined originals, or copies certified or otherwise identified to my satisfaction, of the following:

1. the Loan Agreement, dated as of February 2, 2010 (the "Loan Agreement"), by and between the Authority and the Governmental Agency;
2. proceedings of the governing members of the Governmental Agency relating to the approval of the Loan Agreement and the execution, issuance and delivery thereof on behalf of the Governmental Agency, and the authorization of the undertaking and completion of the Project (as defined in the Loan Agreement);
3. the Governmental Agency Bond, dated February 2, 2010 (the "Governmental Agency Bond"), issued by the Governmental Agency to the Authority to evidence the Loan;
4. proceedings of the governing body of the Governmental Agency relating to the issuance of the Governmental Agency Bond and the execution, issuance and delivery thereof to the Authority (the Loan Agreement and the Governmental Agency Bond are referred to herein collectively as the "Loan Documents"); and
5. all relevant outstanding instruments relating to bonds, notes or other indebtedness of or relating to the Governmental Agency.

I have also examined and relied upon originals, or copies certified or otherwise authenticated to my satisfaction, of such other records, documents, certificates and other instruments, and made such investigation of law as in my judgment I have deemed necessary or appropriate to enable me to render the opinions expressed below.

Based upon the foregoing, I am of the opinion that:

1. The Governmental Agency is a "governmental agency" within the meaning of the Authority's enabling legislation with the legal right to carry on the business of the System (as defined in the Loan Agreement) as currently being conducted and as proposed to be conducted.
2. The Governmental Agency has full legal right and authority to execute the Loan Documents and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project; subject, however, to the effect of, restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment or other similar laws affecting creditors' rights generally (Creditor's Rights Limitations) heretofore or hereafter enacted.
3. The proceedings of the Governmental Agency's governing members approving the Loan Documents and authorizing their execution, issuance and delivery on behalf of the Governmental Agency, and authorizing the Governmental Agency to undertake and complete the Project have been duly and lawfully adopted and authorized in accordance with applicable Colorado law, (hereinafter collectively called the "Authorizing Resolutions"), which Authorizing Resolutions were duly approved and published in accordance with applicable Colorado law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Colorado law, and at which quorums were present acting throughout.
4. To the best of my knowledge, after such investigation as I have deemed appropriate, the authorization, execution and delivery of the Loan Documents by the Governmental Agency, the observation and performance by the Governmental Agency of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the undertaking and completion of the Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Governmental Agency or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust or other agreement to which the Governmental Agency is a party or by which it, the System (as defined in the Loan Agreement) or its property or assets is bound.
5. To the best of my knowledge, after such investigation as I have deemed appropriate, all approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Governmental Agency in connection with the authorization, execution, delivery and performance of the Loan Documents and, other than authorizations, licenses and permits relating to the siting, construction and acquisition of the Project which I expect the Governmental Agency to receive

in the ordinary course of business, the undertaking and completion of the Project have been obtained or made.

6. To the best of my knowledge, after such investigation as I have deemed appropriate, there is no litigation or other proceeding pending or threatened in any court or other tribunal of competent jurisdiction (either State or Federal) questioning the creation, organization or existence of the Governmental Agency or the validity, legality or enforceability of the Loan Documents or the undertaking or completion of the Project or which if adversely determined, could (a) materially adversely affect (i) the financial position of the Governmental Agency, (ii) the ability of the Governmental Agency to perform its obligations under the Loan Documents, (iii) the security for the Loan Documents, or (iv) the transactions contemplated by the Loan Documents, or (b) impair the ability of the Governmental Agency to maintain and operate the System (as defined in the Loan Agreement).

This opinion is rendered on the basis of Federal law and the laws of the State of Colorado as enacted and construed on the date hereof. I express no opinion as to any matter not set forth in the numbered paragraphs herein.

I hereby authorize Carlson, Hammond & Paddock L.L.C., General Counsel to the Authority, to rely on this opinion as if I had addressed this opinion to them in addition to you, for the purposes set forth in the numbered paragraphs herein.

Very truly yours,

OFFICE OF THE CITY ATTORNEY


John P. Slaver

Sherman & Howard L.L.C.

ATTORNEYS & COUNSELORS AT LAW
633 SEVENTEENTH STREET, SUITE 3000
DENVER, COLORADO 80202

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OFFICES IN: COLORADO SPRINGS · STEAMBOAT SPRINGS · VAIL · ASPEN
PHOENIX · RENO · LAS VEGAS · ST. LOUIS

February 2, 2010

Colorado Water Resources and
Power Development Authority

**City of Grand Junction, Colorado
Loan Agreement dated February 2, 2010, with the
Colorado Water Resources and Power Development Authority**

Ladies and Gentlemen:

We have acted as bond counsel to the City of Grand Junction, Colorado (the "Governmental Agency"), in connection with its authorization, execution and delivery of a Loan Agreement (the "Loan Agreement") dated February 2, 2010, by and between the Governmental Agency and the Colorado Water Resources and Power Development Authority (the "Authority") and its issuance to the Authority of a governmental agency bond (the "Bond") in connection therewith, as authorized in an ordinance adopted by the City Council of the Governmental Agency on November 2, 2009. In such capacity, we have examined the Governmental Agency's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Loan Agreement. The Loan Agreement and the Bond are collectively referred to herein as the "Loan Documents."

Regarding questions of fact material to our opinions, we have relied upon the Governmental Agency's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Governmental Agency is a "governmental agency" within the meaning of the Authority's enabling legislation.

Sherman & Howard L.L.C.

Colorado Water Resources and Power Development Authority

February 2, 2010

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2. The Governmental Agency has full legal right and authority to execute the Loan Documents and to observe and perform its duties, covenants, obligations and agreements thereunder.

3. The Governmental Agency has pledged the Pledged Property for the punctual payment of the principal of and interest on the Loan and all other amounts due under the Loan Documents according to their respective terms, and the Loan Agreement creates a valid lien on such Pledged Property on parity with the lien thereon of the Loan Agreement dated as of April 1, 2002, between the Authority and the Governmental Agency, in the original principal amount of \$3,566,521.69. No filings or recordings are required under the Colorado Uniform Commercial Code in order to create a lien on the Pledged Property, and all actions have been taken as required by Section 11-57-208, Colorado Revised Statutes.

4. The Loan Documents have been duly authorized, executed and delivered by authorized officers of the Governmental Agency; and, assuming in the case of the Loan Agreement, that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered the Loan Agreement, the Loan Documents constitute legal, valid and binding obligations of the Governmental Agency enforceable in accordance with their respective terms.

5. The execution and delivery of the Loan Documents are not subject to the limitations of Article X, Section 20 of the Colorado Constitution ("TABOR") because the System constitutes an enterprise under TABOR as of the date hereof. The performance of the obligations of the Governmental Agency under the Loan Documents is not subject to the limitations of TABOR as long as the System continues to qualify as an enterprise under TABOR. If the System ceases to qualify as an enterprise under TABOR, the Loan Documents will continue to constitute legal, valid and binding obligations of the Governmental Agency enforceable in accordance with their respective terms subject to the revenue and spending limitations of TABOR; provided, however, that if the System at any time ceases to qualify as an enterprise under TABOR, (a) the Governmental Agency may impose any increased fees, rates and charges of the System without voter approval; (b) all revenues of the System used to pay Loan Repayments are to be included in the Governmental Agency's fiscal year spending limit under Section 7(d) of TABOR, except that creation of bonded debt increases fiscal year spending by the amount of debt service so funded and debt service changes and reductions are exceptions to, and not part of, the Governmental Agency's revenue and spending base and limits; and (c) if the Governmental Agency is required to reduce spending in order to comply with its fiscal year spending limit under Section 7(b) of TABOR, the Governmental Agency will first be required to reduce spending for purposes for which it does not have an obligation under law or by contract prior to reducing spending required to comply with the other covenants contained in the Loan Documents.

Sherman & Howard L.L.C.

Colorado Water Resources and Power Development Authority
February 2, 2010
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The opinions expressed in this opinion letter are subject to the following:

The obligations of the Governmental Agency pursuant to the Loan Documents are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

No opinion is expressed herein regarding the validity or enforceability of Section 3.06 of the Loan Agreement or any other provision thereof which purports to require the Governmental Agency to indemnify or hold any person harmless.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of any statements made in connection with the Loan Documents or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Loan Documents.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or changes in law that may hereafter occur.

In connection with the execution and delivery of the Loan Documents, we have represented the Governmental Agency which is our sole client in this transaction. Delivery of this letter to you does not establish an attorney-client relationship between the Authority and this firm. In connection with the Loan, the Authority has been represented by Carlson, Hammond & Paddock, L.L.C., as General Counsel.

We hereby authorize Carlson, Hammond & Paddock, L.L.C. to rely on the legal conclusions expressed herein in its capacity as General Counsel to the Authority.

This opinion letter is furnished to you solely for your information and benefit in connection with the initial execution and delivery of the Loan Documents and may not be relied upon by you for any other purpose or relied upon by any other person (other than the Authority's General Counsel) without the prior written consent of this firm.

Respectfully submitted,

Sherman & Howard L.L.C.

ADDITIONAL COVENANTS AND REQUIREMENTS

(1) **Audit Requirements.** For each year in which the Governmental Agency requests a disbursement from the Project Loan Subaccount, the Governmental Agency shall conduct its annual audit in accordance with the federal Single Audit Act, 31 U.S.C. 7501 et seq.

(2) **Superior Lien Debt.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge on the Pledged Property which is superior to the lien or charge of this Loan Agreement on the Pledged Property.

(3) **Additional Parity Debt.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge on the Pledged Property which is on a parity with the lien or charge of this Loan Agreement on the Pledged Property, unless the Governmental Agency certifies to the Authority that Net Revenues (as defined in paragraph 4. of Exhibit A to this Loan Agreement and subject to the next sentence) for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued is at least equal to the sum of (a) 110% of the maximum annual debt service of (i) this Loan Agreement and all outstanding obligations of the Governmental Agency payable out of, or secured by a lien or charge on the Pledged Property which is on a parity with the lien or charge of this Loan Agreement on the Pledged Property, and (ii) such proposed obligations to be issued, and (b) 100% of the maximum annual debt service of all obligations payable out of, or secured by a lien or charge on the Pledged Property which, is subordinate to the lien or charge of this Loan Agreement on the Pledged Property. Net Revenues may be adjusted to reflect any rate increases prior to the issuance of such additional obligations by adding to the actual Net Revenues for such period an estimated sum equal to 100% of the estimated increase in Net Revenues which would have been realized during such period had such rate increase been in effect during all of such period.

(4) **Refunded Debt.** The Governmental Agency may issue refunding obligations payable out of, or secured by a lien or charge on the Pledged Property, without compliance with the requirements stated above, provided that the debt service payments on such refunding obligations do not exceed the debt service payments on the refunded obligations during any calendar year.

(5) **Subordinated Debt.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge on the Pledged Property which is subordinate to the lien or charge of this Loan Agreement on the Pledged Property, unless the Governmental Agency certifies to the Authority that for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued Net Revenues were at least 100% of the maximum annual debt service on all obligations payable out of, or secured by a lien or charge on the Pledged Property, which are outstanding during such period; provided, however, upon written request of the Governmental Agency the Authority may, in its sole and absolute discretion and without approval of the holders of the Authority Bonds, waive any

requirements regarding the issuance by the Governmental Agency of obligations payable from the Pledged Property which are subordinate to the lien of this Loan Agreement.

(6) **Operations and Maintenance Reserve Fund.** The Governmental Agency shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses excluding depreciation of the System as set forth in the annual budget for the current Fiscal Year but in no event greater than \$1,250,000. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities (i.e., capital reserves) or may be in a separate segregated fund and shall be maintained as a continuing reserve for payment of any lawful purpose relating to the System. If the operations and maintenance reserves fall below this requirement, the shortfall shall be made up in 24 substantially equal monthly installments beginning the second month after such shortfall or the date of delivery.

(7) **Rate Study.** In the event that Gross Revenues collected during a Fiscal Year are not sufficient to meet the requirements set forth in the Rate Covenant contained in paragraph 5. of Exhibit A of this Loan Agreement, the Governmental Agency shall, within 90 days of the end of such Fiscal Year, cause an independent firm of accountants or consulting engineers, to prepare a rate study for the purpose of recommending a schedule of rates, fees and charges for the use of the System which in the opinion of the firm conducting the study will be sufficient to provide Gross Revenues to be collected in the next succeeding Fiscal Year which will provide compliance with the Rate Covenant described in paragraph 5. of Exhibit A of this Loan Agreement. Such a study shall be delivered to the Authority and the Trustee. The Governmental Agency shall within six months of receipt of such study, adopt rates, fees and charges for the use of the System, based upon the recommendations contained in such study, which provide compliance with said rate covenant.

(8) **Special Fund.** The Governmental Agency covenants to create a fund into which shall be deposited the Gross Revenues. The Gross Revenues shall be applied, on or before the last day of each month, first to the payment of Operation and Maintenance Expenses. Gross Revenues remaining after payment of the Operation and Maintenance Expenses (the Net Revenue) shall be placed in a special fund created by the Governmental Agency and then applied to the payment of the Loan Repayments and other amounts payable on parity with the Loan Repayments. Any further application shall be as provided by resolution of the Governmental Agency.

(9) **Davis Bacon Act.** The Governmental Agency will comply with the requirements of the Davis Bacon Act, codified at 40 U.S.C. §§ 3140 through 3148.

FORM OF REQUISITION

CITY OF GRAND JUNCTION, COLORADO

Project Loan Account for the **CITY OF GRAND JUNCTION, COLORADO** (the "Governmental Agency")

To: Colorado Department of Public Health and Environment

WQCD-OA-B2

Attn: Elise Masters

4300 Cherry Creek Drive South

Denver, Colorado 80246-1530

Fax: 303-691-7802

303-692-3374 Michael Beck

Cc: Fax only the requisition form (Exhibit G) to the Colorado Water Resources and Power Development Authority at 303 832-8205.

This requisition is made in accordance with Section 3.02 of the Loan Agreement executed by the Colorado Water Resources and Power Development Authority on February 2, 2010. Terms defined in the Loan Agreement and not otherwise defined herein shall have the same meanings when used herein. The Governmental Agency hereby states as follows:

1. This is Requisition No _____.
2. The amount requisitioned hereunder is _____.
3. The person, firm or corporation to whom the amount requisitioned is due, or to whom a reimbursable and advance has been made, is _____.
4. The payee of the requisitioned amount is _____.
5. The manner of payment to the payee is to be wire transferred to:

Bank:

ABA No.:

Account No.:

Account Name:

Contact:

6. Attached hereto is the appropriate documentation demonstrating that the amount requisitioned hereunder is currently due or has been advanced by the Governmental Agency.
7. The amount hereby requisitioned is a proper Cost of the Project to be paid only from amounts deposited in the Project Loan Account established for the Governmental Agency in the **Drinking Water Revolving Fund.**

8. On the date hereof, there does not exist any Event of Default under the Loan Agreement nor any condition which, with the passage of time or the giving of notice, or both, would constitute an Event of Default thereunder.

9. The undersigned is an Authorized Officer of the Governmental Agency duly authorized in the Loan Agreement to submit the Requisition.

10. The Governmental Agency reaffirms that all representations made by it in the Loan Agreement are true and accurate as of the date of this requisition, and that it shall continue to observe and perform all of its duties, covenants, obligations and agreements thereunder, at all times during the entire term of said Loan Agreement.

Dated: _____.

CITY OF GRAND JUNCTION, COLORADO

By: _____.

Title: _____ & Authorized Officer

Print Name: _____

You should receive all payments no later than 10 working days after receipt of requisition unless otherwise notified.

The undersigned approves the disbursement of the requisitioned amount from the Project Loan Account established for the Governmental Agency in the **Drinking Water Revolving Fund** Project Account.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

By: _____
Finance Director

Dated: _____

For Colorado Department of Public Health and Environment, Water Quality Control Division purposes only:

Payment approved by _____

Dated: _____

Date of last inspection: _____

Estimate percentage of project completion as of last inspection _____