

LOAN AGREEMENT

by and between

THE TOWN OF CASTLE ROCK, COLORADO
ACTING BY AND THROUGH ITS STORMWATER ENTERPRISE
as Borrower

and

JPMORGAN CHASE BANK, N.A.
as Lender

Town of Castle Rock, Colorado
Stormwater Enterprise Revenue Loan
Series 2019

Dated as of December 19, 2019

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Agreement”) is made and entered into as of December 19, 2019, by and between **THE TOWN OF CASTLE ROCK, COLORADO, ACTING BY AND THROUGH ITS STORMWATER ENTERPRISE** (the “Borrower”), a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the Town’s Home Rule Charter (the “Charter”), and **JPMORGAN CHASE BANK, N.A.**, in its capacity as lender (the “Lender”).

PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article II of this Agreement.

ARTICLE I

RECITALS

WHEREAS, the Borrower is a duly organized and existing home rule municipality of the State of Colorado, created and operating pursuant to Article XX of the Constitution of the State of Colorado and the home rule charter of the Borrower (the “Charter”); and

WHEREAS, the members of the Town Council of the Borrower (the “Council”) have been duly elected or appointed and qualified, and act as the governing body of its Stormwater Enterprise (the “Enterprise”); and

WHEREAS, the Borrower now owns and operates a municipal stormwater system (the “System”); and

WHEREAS, the Council has determined that the System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Town has determined that it is in the best interest of the Town to incur stormwater revenue obligations to fund various Capital Improvements to the System (the “Project”); and

WHEREAS, the Borrower intends to enter into this Agreement with JPMorgan Chase Bank, N.A. (the “Lender”) to obtain a loan in the principal amount of not to exceed \$9,500,000 (the “Loan”) in order to finance the costs of the Project; and

WHEREAS, the proceeds derived from the Loan, after payment of the costs of issuance properly allocable thereto, along with such other legally available moneys of the Borrower as may be necessary, shall be used to finance the Project and to pay other costs related to the Project, as more particularly hereinafter set forth; and

WHEREAS, the Borrower has not pledged nor in any way hypothecated revenues derived and to be derived directly or indirectly from the operation of the System to the payment of any securities or for any other purpose with the result that the revenues of the System may now be pledged lawfully and irrevocably for the payment of the Loan and the Bond, and they may be made payable from the revenues of the System; and

WHEREAS, the Council has determined that the Loan and the Bond shall be payable from and constitute an irrevocable first lien, but not necessarily an exclusive such lien, on the revenues of the System; and

WHEREAS, the Borrower is authorized by Article X, Section 20 of the Colorado Constitution; Title 31, Article 35, Part 4, C.R.S.; Title 37, Article 45.1, C.R.S.; and Article X of the Charter to execute and deliver the Loan and the Bond without an election; and

WHEREAS, the Council has further determined and hereby further declares that the Borrower is authorized and the Loan and Bond shall be executed and delivered pursuant to the provisions of Title 37, Article 45.1; Title 31, Article 35; Title 11, Article 57, Part 2, C.R.S.; and Article X of the Charter; and

WHEREAS, pursuant to Article X, Section 20 of the Colorado Constitution and Article 45.1 of Title 37, C.R.S., the Loan and the Bond may be executed and delivered without voter approval since the System constitutes an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the Borrower has, by ordinance, specifically elected to apply the provisions of Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act") to the Loan; and

WHEREAS, the Loan shall be a special limited obligation of the Borrower payable solely from the Net Revenue (as defined herein).

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

ARTICLE II

DEFINITIONS

Accredited Investor: any Person who or which is an “accredited investor”, as that term is defined under sections 3(b) and (4)(2) of the federal “Securities Act of 1933” by regulation adopted thereunder by the Securities and Exchange Commission.

Advance: an advance or disbursement of a portion of the proceeds of the Loan by the Lender in accordance herewith.

Advance Period: the period commencing on the Closing Date and terminating on the Advance Termination Date.

Advance Termination Date: the earliest to occur of (a) the date when the sum of the aggregate Total Advances of the Loan made by the Lender equals the Loan Amount; or (b) the date that is eighteen months after the Closing Date.

Anti-Corruption Laws: all laws, rules, and regulations of any jurisdiction applicable to Borrower from time to time concerning or relating to bribery or corruption.

Authorized Person: (a) the Mayor; (b) the Town Manager; (c) the Finance Director; and/or (d) any other individual authorized by the Council to act as an Authorized Person hereunder, provided that the Borrower has provided evidence of such authority to the Lender in a form acceptable to the Lender.

Authorizing Ordinance: the ordinance adopted by the Council on December 17, 2019, authorizing the Borrower to incur the indebtedness of the Loan and execute and deliver the Financing Documents and other necessary agreements to which the Borrower is a party.

Bond: the bond evidencing the Loan issued in the original principal amount of \$9,500,000 from the Borrower, as maker, to the Lender, as payee, and dated as of December 19, 2019.

Bond Counsel: (a) as of the Closing Date, Butler Snow, LLP, Denver, Colorado; and (b) as of any other date, Butler Snow, LLP, Denver, Colorado, or such other attorneys selected by the Borrower with nationally recognized expertise in the issuance of tax-exempt debt.

Borrower: the Town of Castle Rock, Colorado, acting by and through its Stormwater Enterprise.

Business Day: a day, other than a Saturday or Sunday, on which the Lender is open for business.

Capital Improvements: 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.

Closing: the execution and delivery of the Financing Documents by the respective parties thereto.

Closing Date: the date on which the Closing occurs.

Combined Average Maximum Principal and Interest Requirements: means the largest sum of the principal of and interest on the Bonds and any other Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided).

Council: the Town Council of the Town.

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

Enterprise: the Town of Castle Rock Stormwater Enterprise.

Event of Default: one or more of the events set forth in Section 7.01 hereof.

Federal Securities: direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

Finance Director: the Finance Director of the Town.

Financing Documents: this Loan Agreement, the Bond, the Sale Certificate and the Authorizing Ordinance, as the same may be amended or supplemented from time to time.

Fiscal Year: the twelve-month period commencing on the first day of January of any calendar year and ending on the last day of December of the same calendar year, or any other twelve-month period which the Borrower or other appropriate authority hereafter may establish as the Borrower's fiscal year.

Fixed Rate: has the meaning set forth in Section 3.04 hereof.

Gross Revenue: all income and revenues directly or indirectly derived by the Enterprise from the operation and use of the System, or any part thereof, including without limitation, any rates, fees, plant investment fees, standby charges, availability fees, tolls, and charges for the services furnished by, or 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; provided however, that there shall be excluded from Gross Revenue 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.

Interest Payment Date: June 1 and December 1 in each year, commencing June 1, 2020.

Lender: means JPMorgan Chase Bank, n.a., its successors and assigns.

Loan: the loan made by the Lender to the Borrower in the principal amount of not to exceed \$9,500,000 as evidenced by the Bond and made in accordance with the terms and provisions of this Agreement.

Loan Agreement: this Loan Agreement between the Borrower and the Lender relating to the Loan, as amended or supplemented from time to time.

Loan Amount: NINE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$9,500,000).

Loan Balance: as of any relevant date, an amount equal to the Total Advances less all payments received by the Lender and applied to principal as of such date in accordance with the provisions of this Agreement.

Loan Payment Fund: the special fund created in Section 5.01 hereof for the payment of the principal of and interest on the Bond.

Loan Requirements: with respect to any Payment Date or any other specified period, an amount equal to the sum of the following due on any such date or due within such period: (a) the principal due on the Bond and (b) the interest due on the Bond, computed by the Lender based on the actual rate of interest borne or to be borne by the Bond for the applicable period.

Maturity Date: means December 31, [2030].

Mayor: the Mayor of the Town or, in his or her absence, the Mayor Pro Tem of the Town.

Net Revenue: the Gross Revenue after deducting the Operation and Maintenance Expenses.

Operation and Maintenance Expenses: all reasonable and necessary current expenses of the Enterprise, paid or accrued, for operating, maintaining, and repairing the System, including without limitation legal and overhead expenses of the Enterprise directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor, and the cost of materials and 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, legal liabilities not based on contract, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations, and charges for the accumulation of reserves.

Parity Lien Obligations: any bonds, notes, certificates, contracts, or other similar obligations issued in accordance with Section 6.13 hereof, payable in whole or in part from the Net Revenue and having a lien thereon on a parity with the lien of the Bond.

Payment Date: a Principal Payment Date and/or an Interest Payment Date, as the context requires, and the Maturity Date.

Permitted Investments: any investments or deposits which are at the time permitted by Colorado law and applicable ordinances or other provisions of the Town.

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

Principal Amount: an amount equal to the Total Advances at the end of the Advance Period, not to exceed the Loan Amount.

Principal Payment Date: December 1 of each year commencing on December 1, 2022, as provided in the Repayment Schedule attached as Exhibit B.

Project: various Capital Improvements to the System for the benefit of the Town.

Record of Advances: has the meaning set forth in Section 3.02 hereof.

Sale Certificate: the certificate executed by the Mayor dated on or before the date of execution and delivery of the Financing Documents, setting forth those determinations that may be delegated to such officials pursuant to Section 11-57-205(1), C.R.S., subject to the parameters and restrictions contained in the Authorizing Ordinance.

Sanctioned Person: at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

Sanctioned Country: at any time, a country or territory which is itself the subject or target of any Sanctions.

Sanctions: economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

Stormwater Enterprise: the Town of Castle Rock Stormwater Enterprise established pursuant to Title 37, Article 45.1, C.R.S., and Ordinance No. 2002-03 of the Town.

Stormwater Revenue Fund: the fund of the Stormwater Enterprise established in Section 5.01 hereof.

Subordinate Lien Obligations: bonds, notes, certificates, contracts, or other similar obligations, issued in accordance with Section 6.13 hereof, payable in whole or in part from the Net Revenue and having a lien thereon which is junior and subordinate to the lien of the Bond and Parity Lien Obligations.

Supplemental Act: the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes.

System: all of the stormwater facilities and properties of the Stormwater Enterprise, now owned or hereafter acquired, whether situated within or without the boundaries of the Town, including all present or future improvements, extensions, enlargements, betterments, replacements, or additions thereof or thereto.

Tax Code: the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

Tax Compliance Certificate: the tax compliance certificate executed by the Borrower in connection with the initial issuance of the Loan and the Bond, as it may from time to time be modified pursuant to its terms.

Total Advances: as of any relevant date, the sum of all Advances, as evidenced in the Record of Advances, made by the Lender to the Borrower pursuant to this Agreement.

Town: the Town of Castle Rock, Colorado.

Town Clerk: the Town Clerk of the Town or, in his or her absence, the Town Clerk Pro Tem of the Town.

Town Manager: the Town Manager of the Town or, in his or her absence, the Assistant Town Manager of the Town.

Undrawn Funds: as of any relevant date, an amount equal to the Loan Amount less the Total Advances.

ARTICLE III

LOAN TERMS; APPLICATION OF PROCEEDS

Section 3.01. Authorization. In accordance with the Constitution of the State of Colorado; Title 37, Article 45.1; Title 31, Article 35; and Title 11, Article 57, Part 2, C.R.S.; and all other laws of the State of Colorado thereunto enabling, the Borrower shall enter into the Loan and issue the Bond for the purpose of paying the costs of Project.

The Borrower hereby elects to apply all of the provisions of the Supplemental Act to this Loan Agreement, the Loan and the Bond. The Bond shall recite that it is issued under the authority

of Title 11, Article 57, Part 2, C.R.S. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value.

Section 3.02. Agreement to Make Loan; Conditions to Funding Loan.

(a) The Lender hereby agrees to make a loan to the Borrower, in the aggregate principal amount of \$9,500,000 (as previously defined, the “Loan Amount”) subject to the terms and conditions of this Agreement. The Loan shall be evidenced by the Bond, the form of which is set forth in Exhibit A attached hereto. The Bond is a drawdown bond and will be disbursed as Advances pursuant and subject to this Agreement. Subject to the terms and conditions of this Agreement, the Lender agrees to fund the Loan by making Advances from time to time on any Business Day, commencing on the Closing Date and ending on the Advance Termination Date, in aggregate amounts not to exceed the Loan Amount.

Each Advance shall be made solely for the purpose of providing funds to pay for the Project or any other purpose permitted by this Agreement. Each Advance made by the Lender in accordance with Section 3.03 hereof and all payments and prepayments made on account of the principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Bond (the “Record of Advances”), it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Borrower hereunder or under the Bond in respect of unpaid principal and interest on the Bond. Upon the advancement of the proceeds of the Loan in accordance with the terms hereof, the principal amount of the Bond shall be deemed to be increased automatically in a principal amount equal to the amount so advanced and without further acts on the part of the Lender or the Borrower. The principal amount of the Bond shall be only such amount as has been advanced by the Lender as reflected in the Record of Advances and not otherwise prepaid pursuant to the terms of this Agreement. The outstanding principal amount of the Bond prior to and at the end of the Advance Period shall correspond to the amounts of the Total Advances less any prepayments of the Bond. The aggregate principal amount of the Bond shall not exceed the Loan Amount.

(b) The following are conditions preceding to the funding of the Loan as provided in Sections 3.03(b) and (c) hereof:

(i) Receipt by the Lender of an opinion of Bond Counsel addressed to Lender (or a reliance letter in lieu thereof) to the effect that, with respect to such portion of the Loan to be funded, the interest thereon is excludable from gross income for federal and State of Colorado income tax purposes; and

(ii) Receipt by the Lender of a certificate of the Borrower executed by an authorized officer thereof to the effect that all representations and warranties of the Borrower contained in the Loan Agreement are effective as of the date of such partial Loan funding, and that no Event of Default under the Loan Agreement has occurred or is continuing as of such date.

Section 3.03. Funding of Loan; Application of Loan Proceeds.

(a) Provided that the conditions to Closing as set forth in Section 4.01 hereof have been satisfied, on the Closing Date, the Lender shall disburse the initial Advance from the Loan in the

amount of \$4,500,000 and, from the proceeds thereof, the Borrower shall first pay the costs of issuing the Bond, and shall apply the remainder of such proceeds to payment of the costs of the Project.

(b) Subject to the satisfaction of the conditions set forth in Section 3.02(b) hereof, on September 30, 2020, the Lender shall partially fund the Loan in the amount of \$4,500,000 and the Borrower shall apply all proceeds thereof to the payment of the costs of the Project.

(c) Subject to the satisfaction of the conditions set forth in Section 3.02(b) hereof, on September 30, 2021, the Lender shall fund the balance of the Loan in the amount of \$500,000 and the Borrower shall apply all proceeds thereof to the payment of the costs of the Project.

Section 3.04. Interest Rate; Interest Payments; Principal Payments.

(a) ***Interest Computation.*** All interest due and payable under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months. All interest shall be simple interest and shall not compound.

(b) ***Interest Rate.*** The Loan Balance shall bear interest at a fixed rate equal to [_.__%] per annum (the “Fixed Rate”). Undrawn Funds shall not bear interest until such are drawn.

(c) ***Interest Payments.*** Interest payments on the Loan shall be due and payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2020, and ending on the Maturity Date (each, a “Payment Date”). If accrued and unpaid interest on the Loan is not paid on each Payment Date, the Loan shall continue to accrue interest at the interest rate then borne by the Loan, as provided in Sections 3.04(b), until the principal thereof is paid in full.

(d) ***Principal Payments.*** Principal payments on the Loan shall be due and payable on December 1 of each year, commencing December 1, 2022, and ending on the Maturity Date, in the amounts set forth on Exhibit B attached hereto.

(e) ***At Maturity.*** Notwithstanding any of the provisions of this Agreement to the contrary, the Loan Balance and all amounts of unpaid interest thereon shall be due and payable on the Maturity Date, and to the extent outstanding thereafter, on demand of the Lender.

(f) ***Payment Provisions.*** All payments of principal and interest on the Bond shall be payable to the Lender by check, draft or wire transfer to the Lender as directed in writing by the Lender. Upon payment in full of the Loan, the Lender shall either (i) deliver the original certificated Bond to the Borrower stamped “Paid In Full” or (ii) destroy the original certificated Bond and provide to the Borrower a writing confirming such destruction or other evidence of the payment in full of the Loan and cancellation of the Bond. All payments on the Bond shall be made on or before each Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on or before the next succeeding Business Day).

(g) **Registration; Lost Bond.** The Borrower shall maintain a book for the registration of ownership of the Bond. Upon any transfer of the Bond as provided herein, such transfer shall be entered on such registration books of the Borrower. If the Bond is lost, stolen, destroyed or mutilated, it may be replaced by the Borrower in accordance with and subject to the limitations of applicable law.

(h) **Transfer.** The Bond may be transferred in whole, but not in part, provided that the following conditions are met: the transfer of the Bond is limited to (a) an affiliate of the Lender, (b) a trust or other custodial arrangement established by the Lender or one of its affiliates, the owners of any beneficial interests in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or (c) an Accredited Investor, provided that as a condition precedent to any such transfer, such buyer shall deliver to the Borrower a sophisticated investor letter in substantially the form delivered by the Lender on the Closing Date. In addition, any transfer of the Bond must be in compliance with the securities laws of the United States of America.

Section 3.05. Loan Prepayment.

[TO BE DETERMINED/REVISED PURSUANT TO TERM SHEET]

The Bond may be prepaid at any time, in whole, at a prepayment price equal to the principal amount of the Bond so prepaid plus accrued interest thereon to the date of prepayment, without termination fee, premium, or penalty. Notice of prepayment shall be given by the Borrower to the Lender at least thirty (30) Business Days prior to the prepayment date, unless the Lender agrees in writing to a shorter notification period.

Section 3.06. Manner of Payments. All interest, fees, and other payments to be made hereunder by or on behalf of the Borrower to the Lender shall be made in lawful money of the United States of America in immediately available funds. The Lender shall provide the Borrower with written instructions regarding the manner in which such payments shall be made.

Section 3.07. Costs and Expenses. All costs and expenses incurred in connection with the execution and delivery of this Loan Agreement and the Financing Documents, and the issuance of the Loan and the Bond, including without limitation all reasonable costs and expenses incurred by the Lender in connection with the negotiation, execution, and delivery of the Loan and the Bond, on or before the Closing Date, the Loan Fee, and costs of appraisals, title insurance premiums, environmental due diligence, filings, inspections, and surveys, shall be paid either from the proceeds of the Loan or from legally available moneys of the Borrower, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

Section 3.08. Pledge of Revenues; Special Obligations. The Loan and the Bond, together with interest thereon, shall be payable only out of the Net Revenue. The Bond shall be payable only out of the Loan Payment Fund, into which the Borrower covenants to deposit the Net Revenue in amounts sufficient to pay when due the principal of and interest on the Bond. The Bond and the interest thereon constitute an irrevocable first lien on the Net Revenue of the Stormwater System (but not necessarily an exclusive such lien), and the Net Revenue is hereby pledged to the

payment of the Bond. The Lender may not look to any general or other fund of the Borrower for the payment of the principal of and interest on the Bond, except the funds and accounts pledged thereto by this Agreement and the Authorizing Ordinance, and the Bond shall not constitute a debt or an indebtedness of the Town within the meaning of Article XI, Section 6 of the Colorado Constitution or any statutory provision or limitation; nor shall they be considered or held to be general obligations of the Town.

The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bond as provided herein shall be governed by Section 11-57-208 of the Supplemental Act. The revenues pledged for the payment of the Bond, as received by or otherwise credited to the Borrower, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Bond and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Borrower. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Borrower irrespective of whether such persons have notice of such liens.

ARTICLE IV

CONDITIONS TO CLOSING

Section 4.01. Conditions to Closing. The Closing is conditioned upon the satisfaction of each of the following on the Closing Date:

(a) ***The Financing Documents.*** The Authorizing Ordinance and the Financing Documents shall have been duly executed and delivered by each of the respective parties thereto and shall not have been modified, amended or rescinded, shall be in full force and effect on and as of the Closing Date, and executed original or certified copies of each thereof have been delivered to the Lender; provided, however, that with respect to the Bond, the Lender shall be in receipt of the executed original.

(b) ***Borrower Proceedings.*** The Lender shall have received a copy of all ordinances, resolutions and proceedings taken by the Borrower authorizing the execution, delivery and performance of the Financing Documents to which the Borrower is a party, and the transactions contemplated hereunder and thereunder, together with such other certifications as to the specimen signatures of the officers of the Borrower authorized to sign the Financing Documents to be delivered by the Borrower hereunder and as to other matters of fact as shall reasonably be requested by the Lender.

(c) ***Representations and Warranties True; No Default.*** The Lender shall be satisfied that on the Closing Date each representation and warranty on the part of the Borrower contained in this Loan Agreement and any other Financing Document to which the Borrower is a party is true and correct in all material respects and no default or Event of Default has occurred and is continuing, and the Lender shall be entitled to receive certificates, signed by authorized officers of the Borrower, to such effect.

(d) ***Opinion of Bond Counsel.*** The Lender shall have received a letter from Bond Counsel to the effect that the Lender may rely upon an opinion of Bond Counsel addressed to the Borrower as if such opinion were addressed to the Lender, which opinion shall include a statement that the interest on the Bond is excludable from gross income for federal and State of Colorado income tax purposes; such opinion being dated the Closing Date and stating that the obligations of the Borrower under this Loan Agreement constitute a special revenue obligation of the Borrower; and that such obligation is binding and enforceable against the Borrower in accordance with the terms of this Loan Agreement. The opinion addressed to the Borrower and the reliance letter addressed to the Lender shall be in form and substance satisfactory to the Lender and its counsel.

(e) ***Opinion of Counsel to the Borrower.*** The Lender shall have received an opinion of counsel to the Borrower dated the Closing Date, and addressed to the Lender, with respect to such matters as the Lender may require, in form and substance satisfactory to the Lender and its counsel, including opinions as to the validity of the Borrower's organization and existence; to the effect that all other governmental approvals, if any, necessary for the Borrower to execute, deliver and perform its obligations under the Financing Documents to which the Borrower is a party have been duly obtained; that the Authorizing Ordinance has been duly and properly adopted; and that the Financing Documents to which the Borrower is a party have been duly authorized and delivered by the Borrower.

(f) ***Other Certificates and Opinions.*** The Lender shall have received certificates of authorized representatives of all parties to the Financing Documents with respect to such matters as the Lender may require, or opinions of counsel as the Lender may require, all in form and substance satisfactory to the Lender and its counsel.

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

(h) ***Due Diligence.*** The Lender and its counsel shall have been provided with the opportunity to review all agreements, documents, and other material information relating to the Borrower, the Net Revenue, and the Borrower's ability to perform its obligations under the Financing Documents to which the Borrower is a party.

(i) ***Other Requirements.*** The Lender shall be in receipt of such other certificates, approvals, filings, opinions and documents as shall be reasonably requested by the Lender.

(j) ***Other Matters.*** All other legal matters pertaining to the execution and delivery of the Financing Documents, and the issuance of the Bond shall be reasonably satisfactory to the Lender and its counsel.

ARTICLE V

FUNDS

Section 5.01. Funds and Accounts. The following funds are hereby created with respect to the Loan, each of which shall be maintained and administered by the Borrower in accordance with the provisions hereof:

- (a) the Stormwater Revenue Fund; and
- (b) the Loan Payment Fund.

Section 5.02. Flow of Funds. The Borrower shall credit to the Stormwater Revenue Fund held and administered by the Borrower all Gross Revenue of the System immediately upon receipt. Thereafter, the Borrower shall pay from the Stormwater Revenue Fund all Operation and Maintenance Expenses of the System as they become due and payable. After such payment or the allocation of Gross Revenue of the System to such payment, the Borrower shall apply the Net Revenue of the System in the following order of priority:

FIRST: To the credit of the Loan Payment Fund for the payment of the principal of and interest on the Loan and any Parity Obligations hereafter issued with a lien on the revenues of the System on a parity with the Loan.

SECOND: To the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on Subordinate Lien Obligations, including any sinking fund, reserve fund, or similar fund or account established therefor, in the amounts required by the ordinance or other documents pursuant to which the Subordinate Lien Obligations are issued.

THIRD: Amounts remaining after the payments and accumulations described in FIRST and SECOND above to be used for any lawful purpose.

Section 5.03. Loan Payment Fund.

(a) **General.** The Loan Payment Fund shall be held and administered by the Borrower in accordance with the terms of this Loan Agreement.

(b) **Credits to Loan Payment Fund.** The Borrower covenants to deposit to the Loan Payment Fund, from the Net Revenue of the System, the following amounts:

(i) Monthly, on or before the first day of each month, commencing on or before the first day of the month immediately succeeding the delivery of the Financing Documents, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the next maturing installment of interest on the Bond.

(ii) Monthly, on or before the first day of each month, commencing on or before the first day of the month immediately succeeding delivery of the

Financing Documents, or commencing on or before any date one year prior to the first Principal Payment Date, whichever is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor to pay the next maturing installment of principal on the Bond.

The moneys in the Loan Payment Fund shall be used only to pay principal, interest and any prior redemption premium on the Bond. The Borrower shall transfer to the Lender on or before any Interest Payment Date or Principal Payment Date such amounts as are due and owing under this Loan Agreement as set forth in Exhibit B.

(c) ***Application of Moneys in Loan Payment Fund.*** Moneys in the Loan Payment Fund shall be used by the Borrower solely to pay the Loan Requirements in the following order of priority. For purposes of the following, when payment of more than one purpose is required at any single priority level, such credits shall rank pari passu with each other.

(i) First, to the payment of interest due in connection with the Bond pursuant to the relevant invoice provided by the Lender; and

(ii) Second, to the payment of regularly scheduled principal on the Bond when due.

Amounts on deposit in the Loan Payment Fund are hereby pledged to the payment of the Loan and the Bond, in accordance with the terms and provisions hereof.

Section 5.04. Investment of Loan Payment Fund. Moneys credited to the Loan Payment Fund may be invested or deposited in Permitted Investments only and in accordance with the laws of the State of Colorado. The investment of moneys credited to the Loan Payment Fund shall, however, be subject to the covenants and provisions of Section 6.10 hereof. Except to the extent otherwise required by such Section, all interest income from the investment or reinvestment of moneys credited to the Loan Payment Fund shall remain in and become part of the Loan Payment Fund.

ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE BORROWER

While any part of the Loan is outstanding or any other obligations hereunder are unpaid or outstanding, the Borrower continuously warrants, covenants and agrees as follows:

Section 6.01. Corporate Existence. The Borrower shall maintain its corporate identity and existence so long as the Bond remains outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the Borrower and is obligated by law to operate and maintain the System and to fix and collect the Gross Revenue as herein provided without adversely and materially affecting at any time the privileges and rights of the Lender.

Section 6.02. Power and Authorization. The Council has all requisite power and authority to carry on its business as now conducted and as contemplated to be conducted under the

Financing Documents; to execute, deliver, and to perform its obligations under this Loan Agreement and the other Financing Documents; and to cause the execution, delivery, and performance of the Financing Documents.

Section 6.03. No Legal Bar. The Borrower is not in violation of any of the provisions of the laws of the State of Colorado or the United States of America or any of the provisions of any order of any court of the State of Colorado or the United States of America which would affect its existence or its powers. The execution, delivery, and performance by the Borrower of this Loan Agreement and of the other Financing Documents (a) will not violate any provision of any applicable law or regulation or of any order, writ, judgment, or decree of any court, arbitrator, or governmental authority; (b) will not violate any provisions of any document constituting, regulating, or otherwise affecting the operations or activities of the Borrower; and (c) will not violate any provision of, constitute a default under, or result in the creation, imposition, or foreclosure of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind other than liens created or imposed by the Financing Documents, on any of the revenues or other assets of the Borrower which could have a material adverse effect on the assets, financial condition, business, or operations of the Borrower, on the Borrower's power to cause the Financing Documents to be executed and delivered, or its ability to pay in full in a timely fashion the obligations of the Borrower under this Loan Agreement or the other Financing Documents.

Section 6.04. Consents. The Borrower has obtained all consents, permits, licenses and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the Borrower of this Loan Agreement and the other Financing Documents.

Section 6.05. Litigation. There is no action, suit, inquiry, investigation, or other proceeding to which the Borrower is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending or, to the best knowledge of the Borrower, threatened in connection with any of the transactions contemplated by this Loan Agreement or against or affecting the assets of the Borrower, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling, or finding (a) would adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under, the Financing Documents; (b) would, in the reasonable opinion of the Borrower, have a materially adverse effect on the ability of the Borrower to conduct its business as presently conducted or as proposed or contemplated to be conducted; or (c) would adversely affect the exclusion of interest on the Loan from gross income for federal income tax purposes or the exemption of such interest from State of Colorado income taxes.

Section 6.06. Enforceability. This Loan Agreement and the other Financing Documents constitute legal, valid, and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally, and provided that the application of equitable remedies is subject to the application of equitable principles.

Section 6.07. Changes in Law. To the best knowledge of the Borrower, there is no pending change of any law which, if enacted or adopted could have a material adverse effect on the assets, financial condition, business, or operations of the Borrower, on the Borrower's power to

issue or its ability to pay in full in a timely fashion the obligations of the Borrower under this Loan Agreement or the other Financing Documents.

Section 6.08. Financial Information and Statements. The financial statements and other information previously provided to the Lender or provided to the Lender in the future are or will be complete and accurate and prepared in accordance with generally accepted accounting principles. There has been no material adverse change in the Borrower's financial condition since such information was provided to the Lender.

Section 6.09. Accuracy of Information. All information, certificates, or statements given to the Lender pursuant to this Loan Agreement and the other Financing Documents will be true and complete in all material respects when given.

Section 6.10. Tax Covenant. The Borrower covenants that it will not take any action or omit to take any action with respect to the Loan, the proceeds thereof, any other funds of the Borrower or any facilities financed or refinanced with the proceeds of the Loan if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code or (iii) would cause interest on the Bond to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the Borrower in fulfilling the above covenant under the Tax Code have been met.

For the purpose of Section 265(b)(3)(B) of the Code, the Borrower hereby designates the Bond as a qualified tax-exempt obligation.

The Borrower specifically covenants to comply with the provisions and procedures of the Tax Compliance Certificate.

Section 6.11. Financing Documents. The Borrower representations and warranties contained in the Financing Documents are true and correct in all material respects as of the Closing Date.

Section 6.12. No Filings. No filings, recordings, registrations, or other actions are necessary to create and perfect the pledges provided for herein; all obligations of the Borrower hereunder are secured by the lien and pledge provided for herein; and the liens and pledges provided for herein constitute valid liens.

Section 6.13. Additional Debt. The Borrower covenants that it will not issue additional bonds, notes, or other obligations payable from the Net Revenue and having a lien thereon which is superior to the lien of the Bond. The Borrower represents and warrants that it will not incur additional obligations payable from the revenue of the System so long as the Bond and Loan Agreement are outstanding without the prior written consent of the Lender.

The Borrower may issue additional bonds, notes, certificates, or other similar obligations secured by an irrevocable lien on the Net Revenue, which lien will be on a parity with the Bond (as previously defined, "Parity Lien Obligations"), if:

(A) the Borrower is then and as of the date of issuance of the Parity Lien Obligations will be, in substantial compliance with all of the covenants of this Agreement;

(B) the Borrower is then and as of the date of issuance of the Parity Lien Obligations will be, current in the accumulation of all amounts required to be then accumulated in the Loan Payment Fund, as required by this Agreement;

(C) the Net Revenue for any 12 consecutive months out of the 18 months preceding the month in which any Parity Lien Obligations are issued is sufficient, to pay an amount representing not less than 125% of the Combined Maximum Annual Principal and Interest Requirements for the Bond, any outstanding Parity Lien Obligations, and the Parity Lien Obligations proposed to be issued; provided that for purposes of such test, the Net Revenue may be increased if there has been adopted a schedule of increases in rates, fees, plant investment fees, availability fees, tolls, and charges during or since the preceding 12 month period by adding to the actual revenues for said preceding 12 month period, an estimated sum equal to 100% of the estimated increase in revenues which would have been realized during said preceding 12 month period, had such increase been in effect during all of said preceding 12 month period; and

(ii) A written certificate by the Mayor or Finance Director of the Town that the condition set forth in paragraph (A) above has been met, and a written certificate by a certified public accountant or consulting engineer that the conditions set forth in paragraphs (B) and (C) above are met, shall conclusively determine the right of the Borrower to authorize, issue, sell, and deliver Parity Lien Obligations in accordance herewith.

(iii) The Borrower may issue Subordinate Lien Obligations if (A) no Event of Default has occurred and is continuing hereunder; (B) the documents pursuant to which such Subordinate Lien Obligations are issued provide that there shall be no acceleration of such Subordinate Lien Obligations for any reason whatsoever; and (C) such Subordinate Lien Obligations are payable not more than once annually on a date which is after the date in each year that all payments of the Bond and all Parity Lien Obligations have been paid.

(iv) Nothing herein shall be construed as preventing or impairing the right of the Borrower to pledge additional legally available revenues not constituting Net Revenue to any additional Parity Lien Obligations or Subordinate Lien Obligations.

Section 6.15. Maintenance of Rates and Coverage. The Borrower covenants that it will establish, maintain, enforce, and collect rates, fees, plant investment fees, availability fees, tolls, and charges for services furnished by or the use of the System to create Gross Revenue each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount equal to not less than 125% of the amount necessary to pay when due the principal of and interest on the Bond coming due during such Fiscal Year. In the event that the Gross Revenue at any time is not sufficient to make such payments, the Borrower shall increase such rates, fees, plant investment fees, availability fees, tolls, and charges to an extent which will ensure the payments

and accumulations required by this Loan Agreement. A written certificate by a certified public accountant or consulting engineer that the conditions set forth above are met and shall be provided to the Lender annually.

Section 6.16. Annual Audit. The Borrower will, at least once a year, in the time and manner provided by law, cause an audit to be performed of the records relating to the revenues and expenditures of the System. Such audit may be made part of and included within the general audit of the Town, and made at the same time as the general audit. Such audit shall be performed by a certified public accountant. A copy of such audit will be provided to the Lender within 120 days of the end of the Fiscal Year. In addition, at least once per year in the time and manner provided by law, the Borrower will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law. In addition, if not otherwise provided in the annual audit, the Borrower shall provide or cause to be provided to the Lender each year: (a) a history of net pledged revenues and pro-forma debt service coverage of the stormwater enterprise, (b) history of stormwater connection fees, (c) history of stormwater charges by category and (d) other reasonable information as requested by the Lender.

Section 6.17. Amendments to Financing Documents Require Prior Lender Consent. The Borrower shall not cancel, terminate, amend, supplement, modify or waive any material provisions of any of the Financing Documents or consent to any such cancellation, termination, amendment, supplement, modification or waiver, without the prior written consent of the Lender. The Borrower shall take no action under any of the Financing Documents to which it is a party inconsistent with the rights of the Lender under this Loan Agreement including, without limitation, its obligations to make payments to the Lender hereunder.

Section 6.18. Anti-Corruption Laws and Sanctions.

a. The Borrower and its officers and employees and to the knowledge of the Borrower (without undertaking any investigation thereof), its agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) the Borrower or, to the knowledge of the Borrower, any of its officers or employees, or (ii) to the knowledge of the Borrower (without undertaking any investigation thereof), any agent of the Borrower that will act in any capacity in connection with or benefit from the Bond is a Sanctioned Person. None of the Bond, use of proceeds of the Bond or any other transaction contemplated by this Loan Agreement will violate any Anti-Corruption Law or applicable Sanctions.

b. The Borrower shall not knowingly use the proceeds of the Bond (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the material violation of any Sanctions applicable to any party hereto.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Loan Agreement (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section 7.01.

(a) The Borrower fails to pay the interest on the Bond when due pursuant to this Loan Agreement;

(b) The Borrower fails to pay the principal on the Bond when due pursuant to this Loan Agreement;

(c) The Borrower fails to deposit the Net Revenue as required herein or fails to transfer the Net Revenue to the Lender as required herein;

(d) The Borrower defaults in the performance or observance of any of the other covenants, agreements, or conditions on the part of the Borrower in this Loan Agreement or the Bond and such failure is not remedied within 45 days after written notice specifying such failure and requiring the same to be remedied is given to the Borrower by the Lender;

(e) (i) the Borrower shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of its property, or the Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower any case, proceeding or other action of a nature referred to in clause (i) and the same shall remain undismissed for a period of 60 days from the date of commencement; or (iii) there shall be commenced against the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; or (iv) the Borrower shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Borrower shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 7.02. Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Lender may protect and enforce its rights hereunder by

proper legal or equitable remedy deemed most effectual including mandamus, the appointment of a receiver (the consent of such appointment being hereby granted), injunctive relief, or requiring the Council to act as if it were the trustee of an express trust, or any combination of such remedies, provided, however, that acceleration of the Loan and the Bond shall not be an available remedy hereunder or under any Financing Documents. All proceedings shall be maintained for the benefit of the Lender. The failure of the Lender to proceed does not relieve the Borrower or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right available to the Lender and the exercise of any right by the Lender shall not be deemed a waiver of any other right.

Section 7.03. Notice to Lender of Default. Notwithstanding any cure period described above, the Borrower will immediately notify the Lender in writing when it obtains knowledge of the occurrence of any Event of Default.

Section 7.04. Delay or Omission No Waiver. No delay or omission of the Lender to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Loan Agreement may be exercised from time to time and as often as may be deemed expedient.

Section 7.05. No Waiver of One Event of Default to Affect Another; All Remedies Cumulative. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Lender provided herein shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Section 7.06. Other Remedies. Nothing in this Article VII is intended to restrict the Lender's rights under any of the Financing Documents or at law or in equity, and the Lender may exercise all such rights and remedies as and when they are available, provided that the Lender shall not have the right to accelerate the Bond hereunder or under any of the Financing Documents.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Termination of Agreement; Defeasance. At such time as all amounts due to the Lender hereunder have been duly paid, or provided for, this Loan Agreement shall terminate. There shall be deemed to be such due payment when the Borrower has placed in escrow or in trust with a commercial bank exercising trust powers, or with the Lender, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested) to meet all requirements of principal, interest, and premiums, if any, on the Bond, as the same becomes due at the Maturity Date or upon prepayment. The Federal Securities shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Borrower and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof

to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a certified public accountant.

Section 8.02. Loan Agreement and Relationship to Other Documents. The warranties, covenants and other obligations of the Borrower (and the rights and remedies of the Lender) that are outlined in the Authorizing Ordinance and this Loan Agreement are intended to supplement each other.

Section 8.03. Notices. Notice of any record shall be deemed delivered when the record has been (a) deposited in the United States Mail, postage pre-paid; (b) received by overnight delivery service; (c) received by telex; (d) received by facsimile; (e) received by email; or (f) when personally delivered at the following addresses:

If to the Borrower: Town of Castle Rock, Colorado
100 North Wilcox Street
Castle Rock, Colorado 80104
Attention: Town Manager

If to the Lender: _____

Attention: _____

Section 8.04. Payments. Payments due on the Loan shall be made in lawful money of the United States. All payments shall be applied by the Lender to principal, interest and other amounts due under the Bond and this Loan Agreement in accordance with the terms hereof.

Section 8.05. Applicable Law. This Loan Agreement and all other Financing Documents will be governed by and interpreted in accordance with the internal laws of the State of Colorado.

Section 8.06. Attachments. All documents attached hereto, including any appendices, schedules, riders, and exhibits to this Loan Agreement, are hereby expressly incorporated by reference.

Section 8.07. No Recourse Against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the Town, acts in good faith in the performance of his duties as a member, officer, or agent of the Council or the Town and in no other capacity, no civil recourse shall be available against such member, officer or agent for payment of the principal of, premium, if any, and interest on the Loan. Such recourse shall not be available either directly or indirectly through the Council or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the delivery of the Bond evidencing the Loan and as a part of the consideration for such transfer, the Lender and any Person purchasing or accepting the transfer of the obligation representing the Loan specifically waives any such recourse. This Section shall not limit recourse against any Person guarantying payment of the Loan, in his capacity as guarantor, whether or not such Person is also a member or officer of the Council or the Town.

Section 8.08. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Bond and this Loan Agreement are entered into pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond and this Loan Agreement after delivery for value.

Section 8.09. Amendment. This Loan Agreement may be amended or modified only with the written consent of the Town and the Lender.

Section 8.10. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bond or the Loan Agreement shall be commenced more than 30 days after the authorization of the Bond and the Loan Agreement.

Section 8.11. No Waiver; Modifications in Writing. No failure or delay on the part of the Lender in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Lender at law or in equity or otherwise. No amendment, modification, supplement, termination or waiver of or to any provision of this Loan Agreement, nor consent to any departure by the Town therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Lender. Any amendment, modification or supplement of or to any provision of this Loan Agreement, and any consent to any departure by the Town from the terms of any provision of this Loan Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand on the Town in any case shall entitle the Town to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Lender to any other or further action in any circumstances without notice or demand.

Section 8.12. Payment on Non-Business Days. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the then applicable rate during such extension, provided however that any payment that becomes due and payable on a day other than a Business Day that is also on the last calendar day of the month shall be payable on the immediately preceding Business Day.

Section 8.13. Execution in Counterparts. This Loan Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 8.14. Severability Any provision of this Loan Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.15. Headings. Article and Section headings used in this Loan Agreement are for convenience of reference only and shall not affect the construction of this Loan Agreement.

Section 8.16. Integration. This Loan Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Loan Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

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

LENDER

JPMORGAN CHASE BANK, N.A., as lender

By _____
Title:

BORROWER

TOWN OF CASTLE ROCK, COLORADO

By _____
Jason Gray, Mayor

(SEAL)

Attest:

By _____
Lisa Anderson, Town Clerk

Approved as to form:

Robert J. Slentz, Town Attorney

[Signature Page to Loan Agreement]

EXHIBIT A

FORM OF BOND

THIS BOND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT TO AN “ACCREDITED INVESTOR”, AS THAT TERM IS DEFINED UNDER SECTIONS 3(B) AND (4)(2) OF THE FEDERAL “SECURITIES ACT OF 1933” BY REGULATION ADOPTED THEREUNDER BY THE SECURITIES AND EXCHANGE COMMISSION.

**UNITED STATES OF AMERICA
STATE OF COLORADO
TOWN OF CASTLE ROCK**

**STORMWATER ENTERPRISE REVENUE BOND
SERIES 2019**

No. R-1

\$9,500,000

INTEREST RATE

MATURITY DATE

DATED AS OF

[rate]

[December 1, 2030]

December 19, 2019

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: NINE MILLION FIVE HUNDRED THOUSAND DOLLARS

The Town of Castle Rock, Colorado (hereinafter referred to as “Maker”), a municipal corporation duly organized and operating under the Constitution and laws of the State of Colorado, for value received, promises to pay to the order of _____, and its successors and assigns (hereinafter referred to as “Payee”), at the office of Payee or its agent, designee, or assignee at such place as Payee or its agent, designee, or assignee may from time to time designate in writing, the principal amount due under that certain Loan Agreement dated _____, 2019, by and between Maker and Payee (the “Loan Agreement”), in lawful money of the United States of America.

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

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

Unless payments are made in the required amount in immediately available funds in accordance with the provisions of the Loan Agreement, remittances in payment of all or any part

of the amounts due and payable hereunder shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Payee in funds immediately available at the place where this Bond is payable (or any other place as Payee, in Payee's sole discretion, may have established by delivery of written notice thereof to Maker) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Payee of any payment in an amount less than the amount then due shall be deemed an acceptance on account only and any unpaid amounts shall remain due hereunder, all as more particularly provided in the Loan Agreement.

In the event of nonpayment of this Bond, Payee shall be entitled to all remedies under the Loan Agreement.

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

Pursuant to the terms of the Loan Agreement and notwithstanding anything therein or herein to the contrary, the Maker is not obligated to pay more than the amount permitted by law in repayment of the Maker's obligations hereunder, including all payments of principal and interest, and all of the Maker's obligations under the Loan Agreement and this Bond will be deemed defeased and no longer outstanding upon the payment by the Maker of such amount.

BY ACCEPTANCE OF THIS INSTRUMENT, THE OWNER OF THIS BOND AGREES AND CONSENTS TO ALL OF THE LIMITATIONS IN RESPECT OF THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND CONTAINED HEREIN, IN THE LOAN AGREEMENT, AND IN THE ORDINANCE OF THE TOWN AUTHORIZING THE ISSUANCE OF THIS BOND. SPECIFICALLY, BUT NOT BY WAY OF LIMITATION, THE OWNER OF THIS BOND REPRESENTS AND AFFIRMS THAT IT IS AN "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER SECTIONS 3(B) AND (4)(2) OF THE FEDERAL "SECURITIES ACT OF 1933" BY REGULATION ADOPTED THEREUNDER BY THE SECURITIES AND EXCHANGE COMMISSION.

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

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

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

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

This Bond is governed by and interpreted in accordance with the internal laws of the State of Colorado, except to the extent superseded by federal law.

This Bond is authorized for the purpose of defraying wholly or in part the costs of the Project, as defined in the Authorizing Ordinance, and the payment of costs and expenses incidental thereto and to the issuance of the Bond, all under the authority of and in full conformity with the Constitution and laws of the State of Colorado, and the Supplemental Act, Part 2 of Article 57 of Title 11, Colorado Revised Statutes, and pursuant to the Authorizing Ordinance duly adopted, posted and made a law of the Town, all prior to the issuance of this bond.

Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the issuance of this bond after its delivery for value.

The Bond does not constitute a debt or an indebtedness of the Town within the meaning of any applicable constitutional or statutory provision or limitation, shall not be considered or held to be a general obligation of the Town, and is payable solely from, and constitutes a pledge of, and an irrevocable lien on the Net Revenue of the System (but not necessarily an exclusive such lien), and the Net Revenue is pledged to the payment of the Bond, and on the special funds and accounts pledged therefor pursuant to the Authorizing Ordinance.

For the purpose of Section 265(b)(3)(B) of the Code, the Maker has designated this Bond as a qualified tax-exempt obligation.

It is further certified and recited that all the requirements of law have been fully complied with by the proper Town officers in the issuance of this Bond.

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

IN WITNESS WHEREOF, an authorized representative of Town of Castle Rock, Colorado, as Maker, has executed this Bond as of the day and year first above written.

TOWN OF CASTLE ROCK, COLORADO

Mayor

(SEAL)

ATTESTED:

Town Clerk

AMORTIZATION SCHEDULE

(FORM OF PREPAYMENTS OF PRINCIPAL)

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of the Lender</u>

(END OF FORM OF PREPAYMENTS OF PRINCIPAL)

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed by Member
of the Medallion Signature Program:

Address of Transferee:

Social Security or other tax
identification number of
transferee:

(END OF FORM OF ASSIGNMENT)

(END OF FORM OF BOND)

EXHIBIT B

REPAYMENT SCHEDULE

