



REQUEST FOR PROPOSALS (RFP) No. 503597
FOR DENVER WATER'S
Line of Credit - \$60 Million

SCHEDULE OF EVENTS*:

DESCRIPTION	DATE	TIME
RFP Issued	Friday, August 17, 2018	12:00 P.M.
Deadline to Submit Requests for Clarification and Additional Information	Thursday, August 23, 2018	12:00 P.M.
Response to Written Requests for Clarification and Additional Information	Thursday, August 30, 2018	4:00 P.M.
Proposal Due Date	Friday, September 07, 2018	11:00 A.M.
Interviews (if Needed)	Thursday, September 20, 2018	TBD
Selection Date	Tuesday, September 25, 2018	TBD

*All dates are tentative and subject to change and/or cancellation at Denver Water's sole discretion. Denver Water will notify potential Proposers of any and all necessary changes and/or cancellations via written addendum. All times included on this *Schedule of Events* are Mountain Time.

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SECTION 1 – GENERAL INFORMATION

1.1 SOLICITATION INTRODUCTION:

The City and County of Denver, acting by and through its Board of Water Commissioners (also “Denver Water” and “the Board”), is issuing this Request for Proposal (“RFP”). The Board is seeking Proposals from qualified Proposers who have specific experience in the area(s) identified in this RFP. To be eligible for consideration, the Proposer must be capable of meeting all requirements specified in this RFP. This RFP is intended to provide interested banks and other lending institutions with sufficient information to enable them to prepare and submit proposals to provide a Line of Credit in the amount of up to \$60,000,000, to provide a quickly and easily accessible source of funds to acquire, construct and install Capital Improvements (“Capital Projects”). Some or all of the Capital Improvements financed pursuant to the Line of Credit may be permanently financed with the proceeds of the Board’s revenue bonds, which may be issued periodically to pay down the principal balance of the Line of Credit. The Board will not be obligated to issue such revenue bonds. The Line of Credit Agreement, including any related Note, is to be a special, limited obligation of the Board, payable solely from the Net Revenue and secured by a lien on the Net Revenue that is subordinate to the lien of the Parity Bonds.

Terms used herein and not otherwise defined have the meanings set forth in the Board’s Master Bond Resolution, attached to this RFP as Exhibit C.

1.2 INTRODUCTION TO DENVER WATER:

Denver Water is an independent, autonomous and non-political entity, organized under Article X of the Charter of the City and County of Denver. It is the largest municipal public utility in Colorado, serving water to more than one million people, about one-quarter of the population of the State of Colorado. Additional information regarding the Board and Denver Water is available at <https://www.denverwater.org/about-us/investor-relations/financial-information/annual-reports>.

1.3 DEFINITIONS:

In addition to the terms defined above in the Introduction sections, certain terms used in this RFP are defined below.

“Agreement” means, collectively, the agreement with the Lender providing for the terms of and security for the Line of Credit, including the Note, if any, which Agreement is to be authorized by a resolution of the Board and the Board’s obligations thereunder are to be payable solely from the Net Revenue and secured by a lien on Net Revenue that is subordinate to the lien of the parity Bonds, whether such parity Bonds are currently outstanding or may be issued in the future pursuant to the Master Bond Resolution.

“Gross Revenue” means “Gross Revenue” as defined in the Master Bond Resolution.

“Lender” means the bank or other lending institution that is selected to provide the Line of Credit pursuant to this RFP.

“Net Revenue” means “Net Revenue” as defined in the Master Bond Resolution.

“Note” means the note of the Board, issued pursuant to the terms of the Agreement, evidencing the Board’s obligation to pay the principal of and interest on the amounts advanced under the Line of Credit, payable solely from the Net Revenue and secured by a lien on Net Revenue that is subordinate to the lien of the parity bonds, whether such parity bonds are currently outstanding or may be issued in the future pursuant to the Master Bond Resolution.

“Operation and Maintenance Expenses” means “Operation and Maintenance Expenses” as defined in the Master Bond Resolution.

“Proposer(s)” means any person, firm or corporation that submits a formal sealed Proposal in response to this RFP and that may or may not be selected to provide the Line of Credit.

“Proposal” is a Proposer’s formal sealed response to this RFP, submitted to the Board using the template provided as Exhibit B, including all supporting attachments, exhibits and appendices.

“RFP” means this Request for Proposal, including all documents, whether attached or incorporated by reference, utilized by the Board for soliciting competitive proposals.

- 1.4 **SOLICITATION DOCUMENTS AND ADDENDA:**
Potential Proposers should obtain all relevant documents pertaining to this solicitation and all issued addenda from the representative listed in Section 2.1 of this RFP.
- 1.5 **ADDENDA:**
In the event it becomes necessary to revise, change, clarify, provide additional information about, and/or cancel this RFP, Denver Water will issue a written addendum. It is the sole responsibility of the Proposer to acknowledge all addenda in its Proposal.
- 1.6 **PROPOSAL PREPARATION COST:**
Denver Water will not be responsible for any costs incurred by Proposers in the preparation of Proposals. All costs, including but not limited to printing, materials, travel and expenses, incurred in the preparation and submission of a Proposal must be borne solely by the Proposer.
- 1.7 **ACCEPTANCE:**
By submitting a Proposal in response to this RFP, Proposer acknowledges that its Proposal is valid for a period of 120 calendar days from the Proposal due date.
- 1.8 **WITHDRAWAL OR MODIFICATION OF PROPOSALS:**
Proposals may be withdrawn or modified by Proposers prior to the Proposal due date, but only upon written request. After the Proposal due date, Denver Water will not return Proposals or other information supplied to Denver Water.
- 1.9 **RIGHT TO REJECT PROPOSALS:**
The Board may choose to reject any or all Proposals, either in whole or in part, and to waive any formality in Proposals received, if deemed in the best interest of the Board. Basis for rejection may include but is not necessarily limited to the following:
- Any Proposal conditioned upon the Board’s acceptance of terms and conditions deemed by the Board to be unacceptable.
 - Any Proposal from Proposers determined to be financially unable to perform the required work. This determination will be at Denver Water’s sole discretion and may be based upon analysis of the Proposer’s Certified Financial Statements, Dun and Bradstreet reports, and/or other requested financial information.
 - Any Proposal received after the specified Proposal due date and time. Any Proposal so received may be returned to the Proposer unopened.
 - Any Proposal that does not meet the requirements specified in this RFP and/or has been determined to be unsatisfactory, in whole or in part, by Denver Water in its sole discretion.
- 1.10 **RIGHT TO NEGOTIATE:**
Denver Water may select one or more Proposals, and may negotiate any and all elements of a Proposal to come to a final Agreement, if deemed to be in the best interest of Denver Water.
- 1.11 **DENVER WATER SAMPLE CREDIT AGREEMENT:**
The selected Proposer will be required to sign a Denver Water Credit Agreement. A sample of this Agreement is attached to this RFP as Exhibit A and is subject to Denver Water’s revision. Any and all modifications and/or exceptions to the terms and conditions contained in this sample Credit Agreement must be clearly marked on Proposer’s official company letterhead and submitted with the Proposal as a separate section. A Proposal with modifications and/or exceptions to the terms and conditions contained in this sample Credit Agreement may be rejected. Please indicate any changes to the terms and conditions that would be required. Please indicate additional covenants, if any, that would be required. Material changes will be considered as part of the evaluation process.
- 1.12 **AGREEMENT TERM:**
Denver Water expects the term of the resulting Agreement to be three (3) to five (5) years, commencing on the date the Agreement is executed by the Board, which is expected to be in December 2018.

- 1.13 **AGREEMENT PRICING:**
Pricing submitted with the Proposal must be as specified in Section 5 *Proposed Pricing / Fee Schedule* and may be incorporated in whole or in part into the resulting Agreement.
- 1.14 **SMALL BUSINESS ENTERPRISES; MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES:**
The Board recognizes the desirability, need and importance to the City and County of Denver, including the Board, of encouraging the development of Small Business Enterprises ("SBEs") and Minority- and Women-Owned Business Enterprises ("MWBEs"). The Proposer selected for award agrees to make a good faith effort to involve SBEs and MWBEs in the work if and when the opportunity arises.

SECTION 2 – INSTRUCTIONS FOR RESPONDING TO RFP

2.1 REQUESTS FOR CLARIFICATION AND ADDITIONAL INFORMATION:

All requests for clarification or additional information must be made in writing via e-mail to representatives of George K. Baum & Company and Denver Water listed below; e-mail should be addressed as follows:

To: Robyn Moore, Executive Vice President
George K. Baum & Company
moore@gkbaum.com

cc: Yua Her, Procurement Manager
Denver Water
Yua.her@denverwater.org

George K. Baum & Company is a third-party firm serving as municipal advisor to the Board in connection with this RFP. Proposers may not contact any other Denver Water or George K. Baum & Company personnel regarding this RFP during the RFP process without prior written authorization of at least one of the representatives listed above.

Responses to requests for clarification and additional information and/or changes to the RFP received before the deadline specified in the *SCHEDULE OF EVENTS* will be made by written addendum. All responses to requests for clarification and additional information from any Proposer will be provided to all Proposers. Oral explanations, interpretations or representations given by Denver Water or George K. Baum & Company employees cannot be construed as a change to the RFP requirements.

2.2 PROPOSAL SUBMISSION FORMAT:

Proposer must submit its response using the Proposal template attached to this RFP as Exhibit B.

2.3 PROPOSAL SUBMISSION AND DESIGNATION OF ANY PROPRIETARY AND CONFIDENTIAL INFORMATION:

Proposers acknowledge that Denver Water may be required to disclose any or all of the documents submitted with a Proposal, pursuant to the Colorado Open Records Act, C.R.S. § 24-72-201.1, et seq. Under C.R.S. § 24-72-204(3)(a)(IV), Denver Water may deny inspection of any confidential commercial or financial information furnished to Denver Water by an outside party. Therefore, to aid Denver Water in determining what must be disclosed in response to a request for documents under the Colorado Open Records Act, the Proposal shall be submitted in the following manner.

Proposer must submit one (1) Proposal marked “**ORIGINAL**”, plus one (1) second version of their Proposal, which clearly designates any pages or sections of the Proposal that the Proposer deems confidential or proprietary, and must save it as a separate file on the same flash drive, marked “**REDACTED ORIGINAL**”. The designation shall be made by stamping, typing, or writing the word “**CONFIDENTIAL**” in a conspicuous place on every page of the document that is confidential or proprietary. If only some portions of any document are confidential or proprietary, such designation shall be made by redacting those portions only. **The Proposer’s designation must be reasonable or it will not be honored. For example, a Proposer may not designate the entire Proposal to be confidential and proprietary.**

All Proposals must be submitted via e-mail, with subject line that includes the RFP number and name, to the representatives indicated below. Denver Water will not be responsible for any Proposal not sent or addressed as indicated below. Submit Proposals via e-mail to:

Robyn Moore, Executive Vice President
George K. Baum & Company
moore@gkbaum.com

with cc to:
Yua Her, Procurement Manager
Denver Water
Yua.her@denverwater.org

2.4 ALTERNATE PROPOSALS:

Denver Water recognizes that there may be alternate arrangements or approaches to the requested work that may offer cost savings and/or additional benefits while still satisfying the requirements of this RFP. Accordingly, Proposers may submit alternate Proposals for Denver Water's consideration that offer such cost savings and/or additional benefits. However, alternate Proposals must be identified as such, identify their benefits, and be *in addition* to the requested primary Proposal. The alternate Proposals will be evaluated in conjunction with the primary Proposal. The Board reserves the right to include any and all portions of the selected Proposal in the final Agreement. Proposers should submit clear, direct responses and avoid attaching extraneous material not directly related to this RFP.

SECTION 3 – EVALUATION AND SELECTION PROCESS

3.1 AGREEMENT REQUIRED:

This RFP is not a contractual offer. Any Proposer selected in response to this RFP will be required to execute an Agreement with Denver Water.

3.2 EVALUATION AND SELECTION PROCESS:

Proposals will be evaluated by criteria described in this RFP. Proposals considered responsive will be evaluated for completeness of information provided, the Proposer's adherence to RFP requirements, support for claims made, and the overall approach taken. Denver Water's objective is to select the Proposal(s) judged to be in the best interest of Denver Water.

The following criteria are considered mandatory factors. If a Proposer does not meet the following criteria, its Proposal will not be considered.

1. Proposers must have a long-term credit rating of at least "A" by one of the three major rating agencies of Moody's, Standard and Poor's, and Fitch Ratings;
2. Proposers must be members of FDIC; and
3. Proposers must have assets of at least \$10 billion.

Additionally, Proposals will be evaluated using criteria including but not limited to:

- Proposed exceptions and changes to the Denver Water sample Credit Agreement attached as Exhibit A to this RFP, and acceptance of terms and requirements for the Line of Credit specified in the Statement of Work, as well as acknowledgment of provisions that are generally not acceptable to the Board, which are included in Exhibit D;
- Proposed schedule of pricing, rates (pricing) and/or fees for services proposed, including discounts, if any, including "no use" or commitment fees;
- Previous background and experience relevant to this RFP within the last five years, including references;
- Key structuring elements: term-out provisions for principal repayment following the final maturity of the Line of Credit facility (extending the term of the drawdown Note or an issuance of long-term revenue bonds) – if any, interest charges on drawn and undrawn balances, the pricing proposal including any benchmark against which interest will be indexed, and material events requirements;
- Adequacy and completeness of the Proposal with regard to the information specified herein and creativity in providing alternate solutions.

This list does not reflect or imply any weighting or relative importance of criteria. While price may be a consideration, the Board is not bound to accept the lowest-priced Proposal.

3.3 INTERVIEWS/SHORT LIST/SITE VISITS/PRESENTATIONS:

After review of Proposals submitted, Denver Water may request interviews, oral or visual presentations, demonstrations, and/or the opportunity to ask additional questions of Proposers as deemed necessary during the evaluation process. Denver Water may require additional information from Proposers after the Proposal due date as necessary to complete the evaluation process.

SECTION 4 – STATEMENT OF WORK

4.1 PURPOSE:

The Board is soliciting Proposals from qualified lenders to establish a revolving Line of Credit in the amount of up to \$60,000,000. Proposers should provide a Proposal for a Line of Credit under which funds will be available to the Board. The Board prefers a minimum of three-year, up to a five-year initial term, but Proposers should feel free to provide alternative financing proposals. Draws from the Line of Credit are expected to be fully tax-exempt. The Board will likely select one Lender to provide the \$60,000,000 Line of Credit but reserves the right to make award(s) in the Board's best interest.

4.2 BACKGROUND:

All of Denver Water's outstanding Bonds are currently rated Aaa/AAA/AAA. Additional documentation, including the Board's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017, are available on www.emma.msrb.org and at <https://www.denverwater.org/about-us/investor-relations/financial-information/annual-reports>.

4.3 OBJECTIVES:

The following specific project objectives have been identified:

- Obtain optimal pricing/cost for term provided.
- Utilize similar terms/conditions set forth in the Denver Water sample Credit Agreement attached as Exhibit A. Please note that the Board requires Colorado Law as its Governing Law and venue in either the City and County of Denver or Colorado District Court. See Section 8.09 of Denver Water sample Credit Agreement attached as Exhibit A.
- Select lender with experience and capabilities to perform Scope of Work.

4.4 SCOPE:

For fees that may be contingent upon execution and delivery of the Agreement, such as legal fees or bank fees, Proposers are requested to quote a "not to exceed" amount of each such fee that will be charged to the Board.

Proceeds, if any, drawn by the Board under the Line of Credit must be permitted to be used by the Board for any Capital Project of the Board. The projected initial drawdown schedule is included in Exhibit E.

The obligations of the Board to repay the amounts advanced under the Line of Credit, with interest, may be evidenced by a drawdown Note maturing no later than the final maturity following the effective date of the Line of Credit. The Board may draw any amount, up to and including the available amount under the Line of Credit, while the Line of Credit remains in effect. If the Line of Credit terminates without being extended as set forth in Section 1.12 hereof, the Note may remain outstanding through the date of its maturity unless earlier redeemed by the Board. Interest shall be computed on the basis of a 365-day year, actual number of days elapsed. Principal shall be due on the maturity date of the Note, subject to any term-out provisions offered by the Lender in its proposal and set forth in the Agreement.

The Board may request extension of the term of the Line of Credit for an additional two (2) years by giving notice to the Lender not more than 90 days prior to the then-current expiration date. The Lender shall notify the Board of its decision to extend or not extend not more than 30 days after the date of the extension request. Any increase in fees must be included in the Lender's notification to extend given within such 30-day period; otherwise the existing fees shall remain in effect for the succeeding extended term.

4.5 SECURITY:

Principal and interest due under the Agreement, including the Note, shall be payable solely from Net Revenue on a basis that is subordinate to the payment of the parity Bonds issued by the Board under the terms of the Master Bond Resolution, whether currently outstanding or issued by the Board in the future.

4.6 LEGAL OPINION:

The validity of the Agreement, including the Note, will be subject to approval by Becker Stowe Partners, LLC, Denver, Colorado, bond counsel to the Board, whose opinion, dated the date of the Agreement, is expected to state in substance that the Agreement, including the Note, is the valid and binding special and limited revenue

obligation of the Board, payable on a subordinate lien basis as described above, and is enforceable according to its terms, subject to the effects of bankruptcy, insolvency and laws affecting creditors' rights generally. At the time of each Advance under the Agreement, it is anticipated that the Board will execute and deliver a related Tax Certificate and IRS Form 8038G prepared by Bond Counsel, as defined in the Agreement, with respect to the tax-exempt status of the interest due under the advance, and a relation opinion.

- 4.7 **TRANSFER:**
The Agreement/Note shall not be transferable by the Lender without written agreement of the Board.

SECTION 5 – PROPOSED PRICING / FEE SCHEDULE

5.1 PROPOSED PRICING / FEE SCHEDULE FORMAT:

Proposer must provide a summary of its terms in a format similar to that presented here, using the Proposal template attached as Exhibit B to this RFP. If proposing an alternative structure to the Line of Credit, please provide an additional Summary Table for the alternative structure.

EXHIBIT A – SAMPLE CREDIT AGREEMENT

(See attached PDF)

CREDIT AGREEMENT

dated _____, 2018

between

CITY AND COUNTY OF DENVER, COLORADO,
ACTING BY AND THROUGH ITS BOARD OF WATER COMMISSIONERS

and

_____,
as Lender

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8.02 - Certain Addresses

Exhibits

A - Form of Request for Advance

B - Form of Conversion Notice

C - Form of Note

CREDIT AGREEMENT

This CREDIT AGREEMENT (as it may be amended and supplemented in writing from time to time, this “*Credit Agreement*”) is entered into _____, 2018, between the CITY AND COUNTY OF DENVER, COLORADO, ACTING BY AND THROUGH ITS BOARD OF WATER COMMISSIONERS (“*Denver Water*”), as borrower, and _____, [a national banking association], or its successor (the “*Lender*”), as lender.

The Lender is providing a revolving credit facility to Denver Water on the terms and conditions set forth herein. In consideration of the mutual covenants and agreements contained in this Credit Agreement, the Lender and Denver Water covenant and agree as set forth herein.

ARTICLE I

DEFINITIONS, ACCOUNTING TERMS AND OTHER INTERPRETIVE PROVISIONS

Section 1.01. Defined Terms. In addition to the terms defined above, the terms used in this Credit Agreement shall have the meanings set forth in this Section.

“*Advance(s)*” means amounts loaned by the Lender to Denver Water pursuant to this Credit Agreement.

“*Advance Rate*” means the interest rate payable in respect of Advances not subject to another interest rate, as determined pursuant to Section 2.07(b).

“*Applicable Margin*” means the marginal rate of interest applicable to Loans subject to the Advance Rate and the Revolving Term Loan Rate determined pursuant to Section 2.07(a).

“*Audited Financial Statements*” means the annual financial statements of Denver Water prepared and audited in accordance with the laws of the State of Colorado and the City Charter.

“*Authorizing Resolution*” means the resolution with the short title “2018 Credit Facility (_____) Resolution” adopted by the Board on _____, 2018, authorizing the execution and delivery of this Credit Agreement and the Note, authorizing the Loans, granting to the Lender a subordinate lien on the Net Revenue to secure the Obligations of Denver Water to the Lender under this Credit Agreement and the Note and authorizing and approving various related matters.

“*Availability Period*” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Commitment pursuant to Section 2.11(a), and (c) the date the Lender terminates the Commitment pursuant to Section 7.02.

“*Available Commitment*” means, as of a particular date, the amount of the Commitment available to be drawn (*i.e.*, the difference between the amount of the Commitment and the then Total Outstanding Amount).

“*Basis Point*” equals 0.01% per annum.

“*Board*” means the City and County of Denver, Colorado, acting by and through its the Board of Water Commissioners.

“*Bond Counsel*” means any counsel experienced in matters of municipal law, satisfactory to Denver Water and the Lender, and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication.

“*Business Day*” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the State of Colorado.

“*Capital Improvements*” has the meaning specified in the Master (Parity) Bond Resolution.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home rule charter of the City, as amended from time to time.

“*Closing Date*” means the first date all the conditions precedent in Section 3.01 are satisfied or waived pursuant to Section 8.01.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commitment*” means the Lender’s obligation to make Loans to Denver Water pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed \$____,000, as such amount may be increased or decreased pursuant to Section 2.11.

“*Commitment Fee*” means the quarterly fee payable by Denver Water in respect of the amount of the Available Commitment during the Availability Period as determined pursuant to Section 2.08(a).

“*Conversion Notice*” means a notice of a conversion pursuant to Sections 2.03 and 2.04, which shall be substantially in the form of Exhibit B.

“*C.R.S.*” means the Colorado Revised Statutes, as amended and supplemented.

“*Default*” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“*Default Rate*” means [_____ the rate of interest payable in connection with the Loans upon the occurrence of the events described in Section 2.07(e), which rate shall be, in the case of an Advance or a Revolving Term Loan, the interest rate otherwise applicable to such Advance or Revolving Term Loan plus an Applicable Margin of ____ Basis Points, and in the case of a Term Loan, the interest rate otherwise applicable to such Term Loan plus ____ Basis Points.]

“*Dollars*” and “\$” mean lawful money of the United States.

“*EMMA*” means the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

“*Event of Default*” has the meaning specified in Section 7.01.

“*Fitch*” means Fitch Inc., and its successors.

“GAAP” means generally accepted accounting principles in the United States (as modified by applicable governmental auditing and accounting standards).

“Governmental Authority” means the government of the United States or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of such governments in respect of Denver Water.

“Interest Payment Date” means (1) the first Business Day of each January, April, July, and October, and (2) the Maturity Date, the Revolving Term Loan Maturity Date and the Term Loan Maturity Date, as applicable.

“IRS” means the U.S. Internal Revenue Service.

“Lender’s Office” means the Lender’s address set forth on Schedule 8.02 or such other address as the Lender may from time to time provide to Denver Water pursuant to Section 8.02.

[“Lender’s Prime Rate” means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Lender as its “prime rate.” The “prime rate” is a rate set by the Lender based upon various factors including the Lender’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate. Any change in such rate announced by the Lender shall take effect at the opening of business on the day specified in the public announcement of such change.] [Proposed Alternative]

[“LIBOR Rate” means a rate of interest equal to the rate per annum equal to the London Interbank Offered Rate (or a comparable or successor rate thereto approved by the Lender, as published by Bloomberg (or other commercially available source providing quotations of such rate as selected by the Lender from time to time) as determined for each date on which the LIBOR Rate is adjusted (the “Adjustment Date”) at approximately 11:00 a.m. London time two (2) London Banking Days prior to the Adjustment Date, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term of one month, as adjusted from time to time in the Lender’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available on an Adjustment Date for any reason, then the rate for that interest period will be determined by such alternative method as reasonably selected by the Lender. If the LIBOR Rate shall be less than zero, such rate shall be deemed to be zero for purposes hereof.] [Proposed Alternative]

“Loan” means an Advance, a Revolving Term Loan or a Term Loan.

“Loan Documents” means Authorizing Resolution, this Credit Agreement and the Note.

[“London Banking Day” is a day on which banks in London, England, are open for business and dealing in offshore dollars.]

“Material Adverse Effect” means, as determined in the sole discretion and judgment of the Chief Finance Officer, (a) a material adverse change in, or effect upon, the operations or financial condition of Denver Water; or (b) a material impairment of the ability of Denver Water to provide for any payments due under this Credit Agreement and the Note.

“Maturity Date” means _____, 20__.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Revenue” has the meaning specified in the Master (Parity) Bond Resolution.

“Note” means the promissory note made by Denver Water in favor of the Lender evidencing Loans made by the Lender, substantially in the form set forth in Exhibit C.

“Obligations” means all Denver Water’s obligations in respect of the due and punctual payment of principal and interest on the Loans when and as due, and all fees, expenses, reimbursements and other obligations of Denver Water under this Credit Agreement and the Note.

“Outstanding Amount” means the outstanding principal amount of a Loan as of a particular date.

“Parity Bonds” has the meaning specified in the Master (Parity) Bond Resolution.

“Master (Parity) Bond Resolution” means the Master (03-22-17) Bond Resolution adopted by the Board on March 22, 2017, relating to the issuance of Parity Bonds, constituting the amendment and restatement in full of the Prior Master Bond Resolution as defined therein, as the Master (Parity) Bond Resolution may be amended from time to time, together with all Supplemental Resolutions as defined therein.

“Rating Agency” or *“Rating Agencies”* means, individually and collectively, Moody’s, S&P and Fitch.

“Rating(s)” means the long-term unenhanced credit ratings of the Parity Bonds as assigned by the Rating Agencies.

“Request for Advance” means a request for an Advance pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A.

“Responsible Officer” means the Chief Finance Officer or the Treasurer of Denver Water or any written designee of the Chief Finance Officer or the Treasurer of Denver Water. Any document delivered hereunder that is signed by a Responsible Officer of Denver Water shall be conclusively presumed to have been authorized by all necessary action on the part of Denver Water and such Responsible Officer shall be conclusively presumed to have acted on behalf of Denver Water.

“Revolving Term Loan” has the meaning specified in Section 2.03.

“Revolving Term Loan Maturity Date” means the maturity date of a Revolving Term Loan as determined pursuant to Section 2.03.

“Revolving Term Loan Rate” means the interest rate payable in respect of a Revolving Term Loan as determined pursuant to Section 2.07(c).

“S&P” means S&P Global Ratings, and its successors.

“*Subordinate Lien Obligations*” has the meaning specified in the Master (Parity) Bond Resolution. Denver Water’s Obligations under this Credit Agreement and the Note shall constitute a Subordinate Lien Obligation.

“*System*” has the meaning specified in the Master (Parity) Bond Resolution.

“*Tax Certificate*” means a tax compliance or similar certificate or instrument delivered by Denver Water in connection with an Advance that describes Denver Water’s expectations regarding the use and investment of proceeds of the Advance and other moneys.

“*Term Loan*” has the meaning specified in Section 2.04.

“*Term Loan Base Rate*” has the meaning specified in Section 2.07(d).

“*Term Loan Maturity Date*” means the maturity date of a Term Loan as determined pursuant to Section 2.04.

“*Term Loan Rate*” means the interest rate payable in respect of a Term Loan as determined pursuant to Section 2.07(d).

“*Total Outstanding Amount*” means the aggregate Outstanding Amount of all Loans as of a particular date.

“*United States*” and “*U.S.*” mean the United States of America.

Section 1.02. Time of Day. Unless otherwise specified, all references herein to any time of day shall be prevailing Mountain time.

ARTICLE II

ADVANCES

Section 2.01. Agreement to Make Advances. Subject to the terms and conditions set forth herein, the Lender agrees to make Advances to Denver Water from time to time on any Business Day during the Availability Period. The Total Outstanding Amount of Loans at any time shall never exceed the amount of the Commitment. Within the limits of the Commitment, and subject to the other terms and conditions hereof, Denver Water may borrow under this Section 2.01, repay such amounts under Section 2.06 and re-borrow such amounts under this Section 2.01.

Section 2.02. Procedure for Making Advances.

(a) Each Advance shall be made upon Denver Water’s irrevocable notice to the Lender. Each such notice shall be given by delivery to the Lender of a Request for Advance, appropriately completed and signed by a Responsible Officer of Denver Water, in accordance with Section 8.02, at least two (2) Business Days prior to the requested date of the Advance. Each Request for Advance shall specify (i) the requested date of disbursement (which shall be a Business Day), (ii) the principal amount of the Advance (which shall be in a principal amount of at least \$1,000,000) and (iii) the account(s) of Denver Water to which the Advance is to be disbursed.

(b) Upon satisfaction of the applicable conditions set forth in Section 3.02, the Lender shall make all funds so requested available to Denver Water **by 3:00 p.m. on the Business Day specified** in the related Request for Advance by wire transfer of such funds for deposit to an account specified by Denver Water in the Request for Advance, in each case in accordance with instructions provided to (and reasonably acceptable to) the Lender.

(c) The Lender shall promptly notify Denver Water of the interest rate applicable to any Loan upon determination of such interest rate.

Section 2.03. Conversion to Revolving Term Loan. Provided that (i) no Default or Event of Default shall have occurred and be continuing and (ii) all representations and certifications and agreements herein are then true and correct, Denver Water may elect at any time prior to the 2nd anniversary of the Closing Date to convert all or a portion of the Outstanding Amount of any Advances to one or more term loans (each a “*Revolving Term Loan*”) that shall be payable in full by the earlier of the 3rd anniversary of the date of such conversion or the Maturity Date. Such election shall be exercised by Denver Water by delivery to the Lender of a Conversion Notice, appropriately completed and signed by a Responsible Officer of Denver Water, at least three (3) Business Days to the requested date of conversion. Each Revolving Term Loan shall amortize in equal quarterly installments payable on each Interest Payment Date and shall mature on the Revolving Term Loan Maturity Date specified in the Conversion Notice, which date shall be the first day of January, April, July, and October. Interest on a Revolving Term Loan, at the rate determined in accordance with Section 2.07(c), shall be payable on each Interest Payment Date.

Any conversion pursuant to this Section 2.03 shall also be subject to and conditioned upon the receipt by the Lender of an opinion from Bond Counsel that, based on certain conditions and assumptions stated therein, such conversion will not adversely affect the excludability from gross income of interest on the Loans for federal income tax purposes.

Section 2.04. Conversion to Term Loan. Provided that (i) no Default or Event of Default shall have occurred and be continuing and (ii) all representations and certifications and agreements herein are then true and correct, Denver Water may elect to convert all or a portion of the Outstanding Amount of Advances and Revolving Term Loans effective as of the Maturity Date to one or more term loans (each a “*Term Loan*”) that shall be payable in full by the 3rd anniversary of the Maturity Date. Such election shall be exercised by Denver Water by delivery to the Lender of a Conversion Notice, appropriately completed and signed by a Responsible Officer of Denver Water, at least three (3) Business Days prior to the Maturity Date. Each Term Loan shall amortize in equal quarterly installments payable on each Interest Payment Date and shall mature on the Term Loan Maturity Date specified in the Conversion Notice, which date shall be the first day of January, April, July, and October. Interest on each Term Loan, at the rate determined in accordance with Section 2.07(d), shall be payable on each Interest Payment Date.

Any conversion pursuant to this Section 2.04 shall also be subject to and conditioned upon the receipt by the Lender of an opinion from Bond Counsel that, based on certain conditions and assumptions stated therein, such conversion will not adversely affect the excludability from gross income of interest on the Loans for federal income tax purposes.

Section 2.05. Repayment of Loans. Notwithstanding the amortization payment schedule applicable to Revolving Term Loans and Term Loans, all principal and accrued but unpaid interest and all costs or expenses related to the Loans shall be due and payable in full on the Maturity Date (in respect of Advances), the Revolving Term Loan Maturity Date (in respect of Revolving Term Loans) or the Term Loan Maturity Date (in respect of Term Loans).

Section 2.06. Prepayments. Denver Water, upon notice to the Lender, at any time or from time to time, may voluntarily prepay any Loan in whole or in part without premium or penalty. Such notice must (i) be received by the Lender not later than 10:00 a.m. Mountain Time on the date of prepayment and (ii) specify the date and amount of such prepayment. Any prepayment shall be in a principal amount of at least \$1,000,000 or, if less, the Outstanding Amount of the Loan, plus all accrued interest on the amount prepaid. The prepayment amount specified in such notice shall be due and payable on the date specified therein.

Section 2.07. Interest on Loans.

(Section 2.07 to be revised based upon accepted proposal).

(a) *General; Applicable Margins.* Denver Water shall pay interest on each Loan at the applicable interest rate set forth hereafter plus, in the case of the Advance Rate and the Revolving Term Loan Rate, the Applicable Margin set forth in the following table. No Applicable Margin shall apply to the Term Loan Rate. The interest rate applicable to each Loan shall be determined on the date the Loan is made or converted to a different interest rate mode, as the case may be, and shall continue at that rate until the Loan is either paid or becomes subject to a different interest rate mode.

[Remainder of this page intentionally left blank.]

Applicable Margins				
Rating of the Parity Bonds ¹			Applicable Margin (expressed in Basis Points)	
<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>Advance Rate</u>	<u>Revolving Term Loan Rate</u>
Aaa	AAA	AAA		
Aa1	AA	AA		
Aa3	AA-	AA-		
A1	A+	A+		
A2	A	A		
A3	A-	A-		
Baa1	BBB+	BBB+		
Baa2	BBB	BBB		
Baa3 or below	BBB- or below	BBB- or below		

¹ If Ratings are assigned by all three Rating Agencies and two of such Ratings are equivalent, the Applicable Margins shall be based upon the level at which the two equivalent Ratings appear; (ii) if Ratings are assigned by all three Ratings Agencies and no two Ratings are equivalent, the Applicable Margins shall be based upon the level at which the middle Rating appears; (iii) if Ratings are assigned by only two Rating Agencies and such Ratings are not equivalent, the Applicable Margins shall be based upon the level at which the lower Rating appears; (iv) if a Rating is assigned by only one Rating Agency, the Applicable Margins shall be based upon the level that is the level of such rating; and (v) if there is no Rating assigned by any Rating Agency, the Applicable Margins shall be based upon the lowest level in the table.

(b) *Advance Rate.* Except to the extent subject to another interest rate pursuant to subsections (c), (d) or (e) below, all Advances shall bear interest at a rate per annum equal to **(Insert Accepted Proposal)** plus the Applicable Margin determined in accordance with the table set forth in subsection (a) above.

(c) *Revolving Term Loan Rate.* **(Insert Accepted Proposal)** Advances converted to a Revolving Term Loan shall after the conversion date bear interest at a rate per annum equal to [__% of the greater of:

- (i) Lender's Prime Rate, or
- (ii) the Federal Funds Rate plus __%;

plus the Applicable Margin determined in accordance with the table set forth in subsection (a) above.]

(d) *Term Loan Rate.* **(Insert Accepted Proposal)** Amounts converted to a Term Loan shall after the conversion date bear interest at a rate per annum equal to [the highest of the following (the "Term Loan Base Rate"):

- (i) Lender's Prime Rate plus __%;
- (ii) the Federal Funds Rate plus __%; or
- (iii) __%;

for the following periods beginning on the Maturity Date:

Day 1-60: Term Loan Base Rate
Day 61-120: Term Loan Base Rate plus __%
Day 121+: Term Loan Base Rate plus __%]

(e) *Default Rate.*

(i) If the principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity or otherwise, the unpaid amount shall thereafter bear interest at the Default Rate until paid.

(ii) If any amount (other than principal of any Loan) payable by Denver Water under this Credit Agreement and the Note is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Default Rate until paid, unless interest on such amount is waived by the Lender.

(f) *Computation of Interest.* All computations of interest shall be made on the basis of a 365-day year and actual days elapsed. Interest shall accrue on each Loan for the day on which the applicable Advance is made, and shall not accrue on a Loan or any portion thereof for the day on which the Loan or such portion is paid. Any Loan that is repaid on the same day on which it is made shall bear interest for one day.

(g) *Interest Payments.* Interest on each Loan shall be due and payable in arrears on each Interest Payment Date and at such other times as may be specified herein.

Section 2.08. Fees. **(Section 2.08 to be revised based upon accepted proposal).**

(a) *Commitment Fee.* [Denver Water shall pay the Lender a periodic Commitment Fee computed on the amount of the Available Commitment during each day of the Availability Period. The daily Commitment Fee shall be computed as the product of (i) the Available Commitment as of such day (without taking into account any Advance or Loan prepayment made that day) and (ii) the then-applicable Commitment Fee rate divided by 365. The Commitment Fee shall be payable quarterly in arrears on each Interest Payment Date, commencing January 1, 20__, for the period commencing with the previous Interest Payment Date (or in the case of the first Interest Payment Date, the Closing Date) and extending to and including the day immediately preceding the Interest Payment Date on which the Commitment Fee is due and payable. The applicable Commitment Fee rates are as follows:

[Remainder of this page intentionally left blank]

Commitment Fee Rates			
Rating of the Parity Bonds ¹			Commitment Fee Rate (expressed in Basis Points)
Moody's	S&P	Fitch	
Aaa	AAA	AAA	
Aa1	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	
Baa2	BBB	BBB	
Baa3 or below	BBB- or below	BBB- or below	

¹ If Ratings are assigned by all three Rating Agencies and two of such Ratings are equivalent, the Commitment Fee shall be based upon the level at which the two equivalent Ratings appear; (ii) if Ratings are assigned by all three Ratings Agencies and no two Ratings are equivalent, the Commitment Fee shall be based upon the level at which the middle Rating appears; (iii) if Ratings are assigned by only two Rating Agencies and such Ratings are not equivalent, the Commitment Fee shall be based upon the level at which the lower Rating appears; (iv) if a Rating is assigned by only one Rating Agency, the Commitment Fee shall be based upon the level that is the level of such rating; and (v) if there is no Rating assigned by any Rating Agency, the Commitment Fee shall be based upon the lowest level in the table.

The Lender shall provide Denver Water with a computation of the amount of the Commitment Fee due on each Interest Payment Date **at least ten (10) days prior** to such Interest Payment Date. Such determination by the Lender of the Commitment Fee due hereunder shall be conclusive and binding for all purposes absent manifest error.

(b) *Amendment Fee.* On the date of any amendment, waiver, transfer or consent hereunder, Denver Water agrees to pay to the Lender a fully earned non-refundable amendment fee of \$[_____] (Insert Accepted Proposal) in addition to any amounts due pursuant to Section 8.04. The amendment fee shall not apply to amendments that are solely amendments to the definition of “Maturity Date” to extend the maturity of this Credit Agreement.

Section 2.09. Evidence of Loans. In addition to the Note(s), the Loans made by the Lender shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of business. The accounts or records maintained by the Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lender to Denver Water and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Denver Water to pay any amount owing with respect to the Obligations. The Lender may attach schedules to the Note and endorse thereon the date, amount and maturity of the Loans and payments with respect thereto.

Section 2.10. Payments. All payments to be made by Denver Water pursuant to the Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. All payments by Denver Water hereunder shall be made to the Lender, at the Lender's Office, in Dollars and in immediately available funds not later than 10:00 a.m. Mountain Time on the dates specified herein. All payments received by the Lender after 10:00 a.m. Mountain Time shall be deemed to have been received on the next succeeding Business Day, and any applicable interest or fee shall continue to accrue.

Section 2.11. Change in Amount of the Commitment.

(a) *Termination or Reduction of Commitment.* Denver Water, upon notice to the Lender, may terminate the Commitment, or from time to time permanently reduce the amount of the Commitment. Any such notice shall be received by the Lender not later than 10:00 a.m. Mountain Time three (3) Business Days prior to the date of termination or reduction. Any such partial reduction shall be in an aggregate amount of \$1,000,000 or any multiple thereof. All fees accrued until the effective date of any termination of the Commitment shall be paid on the effective date of such termination.

(b) *Increase in Commitment.* Provided that no Default or Event of Default has occurred and is continuing, upon notice to the Lender, Denver Water may from time to time request an increase in the amount of the Commitment, subject to the Lender's credit approval, by an aggregate amount (for all such requests) not exceeding \$20,000,000. Any such request for an increase shall be in a minimum amount of \$10,000,000, and Denver Water may make a maximum of two such requests. At the time of sending such notice, Denver Water (in consultation with the Lender) shall specify the time period within which the Lender is requested to respond, which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lender. The Lender shall promptly notify Denver Water of the Lender's response to each request made hereunder.

If the amount of the Commitment is increased in accordance with this Section 2.11(b), the Lender and Denver Water shall determine the effective date thereof (the "*Increase Effective Date.*") As a condition precedent to such increase, Denver Water shall deliver to the Lender a certificate of Denver Water dated as of the Increase Effective Date and signed by a Responsible Officer of Denver Water certifying that, as of the Increase Effective Date, the representations and certifications and agreements contained in Article IV hereof remain true and correct with suitable variations in the language of certificate as agreed to between the Lender and Denver Water.

Section 2.12. Extension of Maturity Date. At least sixty (60) days and no more than ninety (90) days prior to the Maturity Date, Denver Water may make a written request to the Lender to extend the Maturity Date for a period not to exceed _____ () years (**Insert Accepted Proposal**). Not more than thirty (30) days after the Lender receives any such notice from Denver Water, the Lender shall notify Denver Water of the initial consent or non-consent of the Lender to such extension request, which consent shall be at the sole and absolute discretion of the Lender. If the Lender consents to such extension request, the Lender shall deliver to Denver Water written notice of the Lender's election to extend the Maturity Date. The Lender's final consent shall be subject to the preparation, execution and delivery of any required legal documentation in form and substance reasonably satisfactory to the Lender, incorporating substantially the terms and conditions contained in the extension request.

Section 2.13. Source of Payment of Obligations; Subordinate Pledge of and Lien on the Net Revenue. All Obligations owed by Denver Water to the Lender pursuant to the Loan Documents shall be payable solely from the Net Revenue; provided, however, that nothing herein shall preclude Denver Water from applying to the payment of such Obligations any other moneys of Denver Water lawfully available therefor.

All Obligations owed to the Lender pursuant to the Loan Documents shall constitute, and shall be expressed to be, Obligations of Denver Water, and to secure such Obligations Denver Water hereby pledges and grants to the Lender a lien on the Net Revenue, which lien shall be subordinate and junior to the prior lien on the Net Revenue of any Parity Bonds issued and outstanding from time to time, and on a parity with the pledge of and lien on the Net Revenue of any Subordinate Lien Obligations hereafter issued by Denver Water with a similar priority lien on the Net Revenue.

The creation, perfection, enforcement and priority of the pledge of Net Revenues, on a subordinate lien basis, to secure or pay the Obligations of Denver Water pursuant to the Loan Documents shall be governed by Section 11-57-208, C.R.S., the Loan Documents and the Master (Parity) Bond Resolution. Such pledge shall be valid and binding from and after the date of delivery of this Credit Agreement, and the Net Revenue pledged to the payment of the amounts due under the Loan Documents shall immediately be subject to the subordinate lien of such pledge without any physical delivery, filing or further act. The subordinate 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 Denver Water (except as herein otherwise provided) irrespective of whether such persons have notice of such subordinate lien.

Section 2.14. Special Obligations. All Obligations of Denver Water due under the Loan Documents shall be payable and collectible solely out of the Net Revenue, which is hereby pledged, on a subordinate lien basis, to the payment of such Obligations. The Lender may not look to any other revenues or sources of funds of Denver Water for the payment of such Obligations. The Loan Documents and the Loans shall not constitute a debt or an indebtedness of Denver Water within the meaning of any constitutional, statutory or City Charter provision or limitation; and none of the Loan Documents or the Loans shall be considered or held to be a general obligation of Denver Water but rather shall constitute its special obligation. No constitutional, statutory or City Charter provision enacted after the execution and delivery of the Loan Documents shall in any manner be construed as limiting or impairing the obligation of Denver Water to comply with the provisions of the Loan Documents or to pay the Obligations of Denver Water under the Loan Documents as herein provided.

Section 2.15. No Pledge of Property. The Obligations of Denver Water under the Loan Documents are not secured by an encumbrance, mortgage or other pledge of property of Denver Water, except for the pledge of Net Revenue on a subordinate lien basis. No property of Denver Water, subject to such exception, shall be liable to be forfeited or taken in payment of such Obligations.

Section 2.16. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Obligations of Denver Water under the Loan Documents, or for any claim based thereon, or otherwise upon the Loan Documents, against any member of the Board or any officer, employee or other agent of Denver Water, past, present or future, either directly or indirectly through the Board, or otherwise, whether by virtue of any penalty or otherwise.

ARTICLE III CONDITIONS PRECEDENT

Section 3.01. Conditions Precedent to Effectiveness of this Credit Agreement. This Credit Agreement shall become binding on the parties hereto upon the satisfaction of the following conditions precedent:

(a) Lender's receipt of the following, in electronic files unless otherwise specified, each properly executed and in form and substance satisfactory to the Lender:

(i) copies of the Master (Parity) Bond Resolution and the Authorizing Resolution (providing for the pledge by Denver Water, on a subordinate lien basis, of the Net Revenue to secure the Obligations of Denver Water to the Lender under this Credit Agreement and certified by the Secretary or an Assistant Secretary of Denver Water as being in full force and effect on the Closing Date;

(ii) executed counterparts of this Credit Agreement;

(iii) the Note duly executed by Denver Water;

(iv) an incumbency certificates of a Responsible Officer of Denver Water evidencing the identity, authority and capacity of each Responsible Officer;

(v) a certificate signed by a Responsible Officer of Denver Water certifying (A) that there has been no event or circumstance since the date of Denver Water's most recent Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents; and (B) with the certification of general counsel to Denver Water of other matters concerning Denver Water and the Loan Documents, including the absence of litigation affecting Denver Water's power to operate the System, collect the Gross Revenues (as defined in the Master (Parity) Bond Resolution) and enter into this Credit Agreement and the Note; and

(vi) such other assurances, certificates, documents, consents or opinions as the Lender may reasonably require.

(b) Any fees required to be paid by Denver Water in respect of this Credit Agreement on or before the Closing Date shall have been paid.

Section 3.02. Conditions Precedent to Advances. The obligation of the Lender to honor any Request for Advance is subject to the following conditions precedent:

(a) *Request for Advance.* The Lender shall have received a timely Request for Advance under Section 2.02(a).

(b) *No Legal and Regulatory Changes.* There shall not have occurred any legal, administrative or regulatory changes that would render the transactions contemplated hereby unlawful.

(c) *No Adverse Events or Conditions.* There shall not have occurred any event or condition that has had or could be reasonably expected to have, in the determination of Denver Water, either individually or in the aggregate, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents.

(d) *No Default.* No Default or Event of Default shall have occurred and be continuing or will exist upon making the requested Advance.

(e) *Representations and certifications.* All the representations and certifications set forth in this Credit Agreement shall be true and correct in all material respects as though made on and as of the date of Advance except as otherwise previously disclosed to the Lender in a notice.

(f) *Compliance.* Denver Water shall have performed and complied with all agreements, terms and conditions contained in this Credit Agreement required to be performed or complied with by Denver Water prior to or on the date of the Advance.

(g) *Tax Documents and Bond Counsel Opinion.* Denver Water shall have executed and delivered a Tax Certificate and IRS Form 8038-G applicable to such Advance and shall have delivered an opinion from Bond Counsel applicable to such Advance that, based on certain conditions and assumptions stated therein, interest on the applicable Loan will be excludable from gross income for federal income tax purposes.

(h) *Payment of Fees.* The Lender shall have received all fees and other amounts which are due and payable by Denver Water prior to the date of the Advance.

(i) *Other Conditions.* The Lender shall have received such other assurances, certificates, documents, consents or opinions as the Lender may reasonably require.

Each Request for Advance submitted by Denver Water shall be deemed to be a representation that the conditions specified in subsections (c), (d), (e) and (f) above have been complied with.

ARTICLE IV REPRESENTATIONS AND CERTIFICATIONS

Denver Water represents to the Lender that:

Section 4.01. Existence, Powers and Authority; Enterprise Status. Denver Water is an independent, autonomous and non-political entity organized under the Charter of the City and County of Denver, Colorado.

Section 4.02. Authorization; No Contravention. The execution, delivery and performance by Denver Water of the Loan Documents have been duly authorized by all necessary legislative action and do not and will not contravene or result in the violation of or constitute a default under, any provision of the Constitution of the State of Colorado, the City Charter or applicable law or regulation or any order, rule or regulation of any court,

governmental agency or instrumentality or any other agreement, resolution or instrument to which Denver Water is a party or by which it or any of its property is bound.

Section 4.03. Validity of Loan Documents. The Loan Documents constitute, or when executed and delivered will constitute, the legal, valid and binding obligations of Denver Water enforceable against Denver Water in accordance with their respective terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

Section 4.04. Other Governmental Authorization and Consents. No approval, consent, exemption, authorization or other action by, notice to or filing with any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, Denver Water of the Loan Documents, except such consents, authorizations, orders and approvals (copies of which have been furnished to the Lender) as have been obtained, were validly issued and are in full force and effect.

Section 4.05. Financial Statements. The Audited Financial Statements of Denver Water as of and for the fiscal year ended December 31, 2017, which have been delivered to the Lender fairly present the financial position of Denver Water at such date, and the results of its operations and changes in financial position for the fiscal year then ended, in conformity with GAAP consistently applied (except as stated therein). Since the date of such Audited Financial Statements, there has been no change in the business or financial condition of Denver Water that has had or could reasonably be expected to have, in the determination of Denver Water, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents, except as may have been disclosed in writing to the Lender.

Section 4.06. No Litigation. There is no action, suit, proceeding or investigation pending or, to the best of the knowledge of Denver Water, threatened against or affecting Denver Water, or relating to the Loan Documents or the Master (Parity) Bond Resolution, in any court or before or by any Governmental Authority (nor to the best of the knowledge of Denver Water is there any basis therefor) which, if adversely determined, might in the determination of Denver Water materially affect the ability or authority of Denver Water to perform its obligations under the Loan Documents or the Master (Parity) Bond Resolution, or which in any manner questions the validity or enforceability of any of the Loan Documents or the Master (Parity) Bond Resolution, except as may have been disclosed in writing to the Lender.

Section 4.07. No Existing Defaults. Denver Water is not in default under (i) any order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to it, (ii) any law or regulation, or (iii) any contract, agreement or instrument to which Denver Water is a party or by which it or its property is bound (including, without limitation, the Master (Parity) Bond Resolution and the Parity Bonds issued pursuant thereto), which default could, either individually or in the aggregate, reasonably be expected to have, in the determination of Denver Water, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents, nor has any event occurred which with notice or the passage of time, or both, would constitute such a default under any such documents which, when taken as a whole, would either individually or in the aggregate reasonably be expected to have, in the determination of Denver Water, a material adverse effect on Denver Water's ability to

perform its obligations under the Loan Documents, except as may have been disclosed in writing to the Lender.

Section 4.08. Taxes. Denver Water has paid all federal, state and other material taxes, assessments, fees and other governmental charges, if any, levied or imposed upon Denver Water or its properties, income or assets, and due and payable, except those which are being contested in good faith by Denver Water.

Section 4.09. Compliance with Requests for Information. To the best of Denver Water's knowledge and belief, Denver Water has complied with all information requests, made in writing, of the Lender. All reports, statements and other information heretofore and hereafter provided by Denver Water to the Lender pursuant to this Credit Agreement are and shall be, to the best of Denver Water's knowledge and belief, true, accurate, complete and correct in all material respects as of the dates the same are provided to the Lender.

Section 4.10. Compliance with Laws. Denver Water is in compliance in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of laws or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have, in the determination of Denver Water, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents, except as may have been disclosed in writing to the Lender.

Section 4.11. Environmental Laws. Denver Water has not received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action, when taken as a whole, could reasonably be expected to have, in the determination of Denver Water, a material adverse effect on Denver Water's ability to perform its obligations under the Loan Documents, except as may have been disclosed in writing to the Lender.

Section 4.12. Use of Proceeds. The proceeds of the Loans will be applied by Denver Water solely for Capital Improvements of Denver Water.

Section 4.13. Ownership of Property. Denver Water's ownership of the System is not in dispute and is free and clear of any material claims or liens other than as heretofore disclosed to the Lender.

ARTICLE V AFFIRMATIVE COVENANTS

So long as any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, Denver Water makes the following affirmative covenants:

Section 5.01. Financial Statements and Budget Denver Water shall deliver or make available to the Lender the following; provided that availability of any such information on EMMA or on Denver Water's website shall constitute delivery of such information:

(a) as soon as available, and in any event within two hundred seventy (270) days after the end of each fiscal year of Denver Water, a copy of the Audited Financial Statements of Denver Water for such fiscal year; and

(b) as soon as available, and in any event within thirty (30) days after the commencement of each fiscal year of Denver Water, the authorized budget of Denver Water for such fiscal year.

Section 5.02. Other Information. Denver Water shall deliver or make available to or for inspection by the Lender, in form and detail satisfactory to the Lender, the following; provided that availability of any such information on EMMA or on Denver Water's website shall constitute delivery of such information:

(a) within ten (10) days after receipt thereof by a Responsible Officer of Denver Water, copies of each notice or other correspondence received from the IRS or the U.S. Securities and Exchange Commission concerning any investigation or possible investigation or other inquiry by either such agency regarding Denver Water;

(b) within ten (10) Business Days after the issuance of any Parity Bonds or other securities of Denver Water, copies of any prospectus, official statement, offering circular, placement memorandum or similar document, and any supplements thereto, that Denver Water made available in connection with the offering for sale of such Parity Bonds or other securities; and

(c) promptly, such additional information, to the extent that such information is by law available to the general public, regarding the business or financial affairs of Denver Water, or compliance with the terms of the Loan Documents, as the Lender may from time to time reasonably request.

Section 5.03. Incorporation of and Compliance with Provisions of the Master (Parity) Bond Resolution. Except to the extent compliance in any case or cases is waived in writing by the Lender, Denver Water shall perform and comply with, abide by and be restricted by each and every agreement, covenant, obligation and undertaking contained in the Master (Parity) Bond Resolution, subject in each case to the cure periods and exceptions set forth in the Master (Parity) Bond Resolution, which agreements, covenants, obligations and undertakings, together with the related definitions, exhibits and ancillary provisions and cure provisions and exceptions applicable thereto, are incorporated herein by reference and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety.

Section 5.04. Rate Covenant; Issuance of Additional Obligations Payable from and Secured by a Lien on the Net Revenue.

(a) *Maintenance of Rates.* Denver Water will use its best efforts to maintain, enforce and collect rates, fees, system development charges, participation payments, tap fees, availability fees, tolls and charges for services furnished by or the use of the System to create Gross Revenue, together with any Other Available Funds, each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount equal to not less than 100% of the amount necessary to pay when due any amounts required to be paid under this Credit Agreement, the Note and the Loans.

(b) *Additional Obligations Payable from the Net Revenue.* Nothing in the Loan Documents shall be deemed to preclude Denver Water from issuing additional obligations in compliance with the Master (Parity) Bond Resolution that are payable from and are secured by a lien on the Net Revenue that is superior to the lien of this Credit Agreement, the Note and the Loans. Additional Subordinate Lien Obligations may be issued by Denver Water for any lawful purpose provided that the following requirements have been complied with:

(i) At the time of issuance of any Additional Subordinate Lien Obligation, Denver Water is not in default in making any payments required by this Credit Agreement, the Note or the Loans.

(ii) The Net Revenue for the 12-month period ending with the most recently completed calendar quarter for which financial statements are available, together with any Other Available Funds, is sufficient to pay an amount representing not less than 100% of the average annual debt service requirements for the Outstanding Note and Loans and the additional Subordinate Lien Obligations proposed to be issued. For purposes of this test, the Net Revenue may be increased if there has been adopted a schedule of increases in rates, fees, system development charges, participation fees, tap fees, availability fees, tolls and charges during or since such preceding 12-month period by adding to the actual Gross Revenue for such preceding 12-month period an estimated sum equal to 100% of the estimated increase in Gross Revenue that would have been realized during such preceding 12-month period had such increase been in effect during all of the preceding 12-month period.

A written certificate by a Responsible Officer that the requirements of (i) and (ii) above have been met shall conclusively determine the right of Denver Water to authorize, issue, sell and deliver additional Subordinate Lien Obligations.

Section 5.05. Compliance with Laws. Denver Water shall comply in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which such requirement of laws or order, write, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted.

Section 5.06. Federal Tax Matters. Denver Water shall not take any action or omit to take any action with respect to the Loans, the proceeds thereof or any other funds of Denver Water if such action or omission (i) would cause the interest on the Loans to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code or (ii) would

cause the interest on the Loans to lose its exclusion from State of Colorado taxable income or State of Colorado alternative minimum taxable income under State of Colorado taxable income under present State of Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full of the Loans until the date on which all obligations of Denver Water in fulfilling this covenant under the Code have been met.

ARTICLE VI NEGATIVE COVENANTS

So long as any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, Denver Water covenants as follows:

Section 6.01. Liens on the Net Revenue. Denver Water shall not create, incur, assume or suffer to exist any lien upon any of the Net Revenue other than the liens created or permitted by the Master (Parity) Bond Resolution and the Loan Documents.

Section 6.02. Amendment of the Master (Parity) Bond Resolution. Denver Water shall not, without the prior written consent of the Lender, amend, supplement, modify or waive any of the provisions of the Master (Parity) Bond Resolution that in the sole determination of Denver Water will materially adversely affect the rights or security of the Lender under the Loan Documents; provided, however, that in no event shall the adoption of a supplement to the Master (Parity) Bond Resolution to authorize the issuance of additional Parity Bonds in accordance with the provisions of the Master (Parity) Bond Resolution be deemed to have a material adverse effect on the Lender.

Section 6.03. Additional Obligations. Except to the extent permitted by the Master (Parity) Bond Resolution, Denver Water shall not issue, enter into or incur any other financial obligation that has a pledge of or lien on the Net Revenue that is superior to the pledge and subordinate lien thereon of the Loans.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. Any of the following shall constitute an Event of Default hereunder:

(a) *Non-Payment.* Denver Water fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any interest on any Loan within five (5) days after the same becomes due, or (ii) any other amount due under the Loan Documents within sixty (60) days after written notice thereof; or

(b) *Specific Covenants.* Denver Water fails to perform or observe any other covenant or agreement (other than in subsection (a) above) contained in the Loan Documents on its part to be performed or observed and such failure remains un-remedied for sixty (60) days after written notice thereof shall have been given by Denver Water to the Lender.

Section 7.02. Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Lender may take any or all of the following actions:

- (a) cease making any further Advances;
- (b) convert a Loan to a Term Loan, which such Term Loan shall conform to the provisions of Sections 2.04 and 2.07(d) hereof;
- (c) cause the Default Rate to apply to all outstanding Obligations of Denver Water; and
- (d) pursue any other remedies to which it is entitled under this Credit Agreement, at law or in equity.

Section 7.03. Application of Funds. After the exercise of remedies provided for in Section 7.02, any amounts received on account of the Obligations shall be applied by the Lender in the following order, subject in all cases to Section 7.04:

FIRST, to payment of that portion of the Obligations constituting fees, expenses and other amounts (including fees, charges and disbursements of counsel to the Lender) payable to the Lender in its capacity as such;

SECOND, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and other Obligations;

THIRD, to payment of that portion of the Obligations constituting unpaid principal of the Loans; and

LAST, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Denver Water or as otherwise required by law.

Section 7.04. Priority of Remedies Upon an Event of Default. Notwithstanding anything contained in this Article to the contrary, upon the occurrence of an Event of Default, the rights and remedies of the Lender are subject to the superior rights and priority of the owners of any outstanding Parity Bonds.

ARTICLE VIII MISCELLANEOUS

Section 8.01. Amendments, Etc. No amendment or waiver of any provision of the Loan Documents shall be effective unless in writing signed by the Lender and Denver Water.

Section 8.02. Notices; Effectiveness; Electronic Communications.

(a) *Notices Generally.* All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by electronic transmission, to the applicable mailing address, electronic mail address or telephone number specified for such person on Schedule 8.02.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received.

(b) *Electronic Communications.* The Lender or Denver Water may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc.* Denver Water or the Lender may change its address (physical or electronic) or telephone/facsimile number for notices and other communications hereunder by written notice to the other party.

(d) *Reliance by the Lender.* The Lender shall be entitled to rely and act upon any notices purportedly given by or on behalf of Denver Water even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. All telephonic notices to and other telephonic communications with the Lender may be recorded by the Lender, and Denver Water hereby consents to such recording.

Section 8.03. No Waiver; Cumulative Remedies; Enforcement. No failure by the Lender to exercise, and no delay by the Lender in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained in the Loan Documents, the authority to enforce rights and remedies under the Loan Documents against Denver Water shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Lender in accordance with Section 7.02 for the benefit of the Lender.

[Remainder of this page intentionally left blank.]

Section 8.04. Expenses.

(a) *Costs and Expenses.* [To be Proposed.]

(b) *Payments.* All amounts due under this Section shall be payable by Denver Water not later than ten (10) Business Days following receipt from the Lender of a demand therefor accompanied by a written statement of such amounts, together with supporting invoices or other documentation evidencing the amounts for which payment is demanded.

(c) *Survival.* The agreements in this Section shall survive the repayment, satisfaction or discharge of all the Obligations.

Section 8.05. Binding Effect; Successors and Assigns. The provisions of this Credit Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Denver Water may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender.

Section 8.06. Counterparts; Integration. This Credit Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single contract. The Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

Section 8.07. Survival of Representations and Certifications. All representations and certifications made under the Loan Documents or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and certifications have been or will be relied upon by, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any Advance, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

Section 8.08. Severability. If any provision of the Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of the Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.09. Governing Law; Venue

This Credit Agreement will be construed and enforced in accordance with applicable federal law, the laws of the State of Colorado, the City Charter and any applicable resolution of the Board, including but not limited to the Master (Parity) Bond Resolution. The Master (Parity) Bond Resolution and the City Charter are expressly incorporated into this Credit Agreement.

Venue for any legal action relating to this Credit Agreement will be in the District Court of the State of Colorado Second Judicial District or, if jurisdictional prerequisites are met, in the U.S. District Court for the District of Colorado.

Section 8.10. USA Patriot Act Notice. The Lender hereby notifies Denver Water that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies Denver Water, which information includes the name and address of Denver Water and other information that will allow the Lender to identify Denver Water in accordance with such Act.

Section 8.11. Time of the Essence. Time is of the essence of the Loan Documents.

Section 8.12. Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature” and words of like import in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable laws, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 8.13. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification of the Loan Documents), Denver Water acknowledges and agrees that: (a) (i) the services regarding this Credit Agreement provided by the Lender are arm’s-length commercial transactions between Denver Water, on the one hand, and the Lender, on the other hand, (ii) Denver Water has consulted its own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (iii) Denver Water is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) (i) the Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary, for Denver Water, and (ii) the Lender does not have any obligation to Denver Water with respect to the transactions contemplated hereby except those obligations expressly set forth in the Loan Documents; and (c) the Lender and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Denver Water, and the Lender has no obligation to disclose any of such interests to Denver Water.

Section 8.14. Governmental Immunity Act. The parties understand and agree that the Board is relying upon, and has not waived, the monetary limitations, and all other rights, immunities and protections provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*, as it may be amended from time to time.

[Signature Page Follows]

IN WITNESS WHEREOF, Denver Water has caused this Credit Agreement to be duly executed as of the date first above written.

ATTESTED:

**CITY AND COUNTY OF DENVER,
acting by and through its
BOARD OF WATER COMMISSIONERS**

By: _____
Secretary

By: _____
President

DATE: _____

APPROVED:

REGISTERED AND COUNTERSIGNED:
CITY AND COUNTY OF DENVER

By: _____
Chief Finance Officer

By: _____
Timothy M. O'Brien, CPA
Auditor

APPROVED AS TO FORM:

By: _____
Office of General Counsel

IN WITNESS WHEREOF, the Lender has caused this Credit Agreement to be duly executed
as of the date first above written.

_____, as Lender

By: _____

Name: _____

Title: _____

**SCHEDULE 8.02
CERTAIN ADDRESSES**

BORROWER/DENVER WATER:

City and County of Denver, Colorado,
Acting by and through its Board of Water Commissioners
1600 West 12th Avenue
Denver, CO 80204
Attention: _____
Telephone: (303) ____ - ____
Fax: (303) ____ - ____

***Denver Water's Account
(for loan proceeds):***

Lender:

***Lender's Office
(for Requests for Advances):***

_____, ____

Attention: _____
Telephone: (____) ____ - ____
E-mail Address: _____

***Lender's Office
(for payments):***

_____ ABA# _____
_____, ____

Acct# _____

For Further Credit To:
City and County of Denver, Colorado,
Acting by and through its Board of Water Commissioners
Obligor # _____

***Lender's Office
(for other notices):***

_____, ____

Attention: [Government Services]
Telephone: (____) ____ - ____
E-mail Address: _____

EXHIBIT A
FORM OF REQUEST FOR ADVANCE

Date: _____, 20__

To: _____

_____, ____

E-mail Address: _____

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated _____, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), between the City and County of Denver, Colorado, acting by and through its Board of Water Commissioners ("*Denver Water*"), and _____, as Lender.

The undersigned, on behalf of Denver Water, hereby requests an Advance:

1. On _____ (a Business Day).
2. In the amount of \$_____.
3. To the following account: **[Select appropriate Account below]**

[CP Account]	[Denver Water's Account]
_____ _____ _____ _____	_____ _____ _____ _____

The Advance requested herein complies with the proviso to the first sentence of Section 2.01 of the Agreement.

Denver Water hereby represents that the conditions specified in Sections 3.02(c), (d), (e) and (f) of the Agreement have been complied with or are true and correct, as applicable, as of the date hereof.

CITY AND COUNTY OF DENVER, COLORADO,
ACTING BY AND THROUGH ITS BOARD OF WATER
COMMISSIONERS

By: _____

Name: _____

Title: _____

EXHIBIT B
FORM OF CONVERSION NOTICE

To: _____

_____, _____

E-mail Address: _____

Ladies and Gentlemen:

This Conversion Notice is delivered pursuant to that certain Credit Agreement, dated _____, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), between the City and County of Denver, Colorado, acting by and through its Board of Water Commissioners ("*Denver Water*"), and _____, as Lender.

1. You are hereby notified that:

☐ Denver Water has elected to convert the followings Loan(s) to a Revolving Term Loan effective as of _____, 20__, and maturing on _____, 20__ (which date is not later than the 3rd anniversary of the conversion date):

Loan Date	Outstanding Principal Amount
-----------	---------------------------------

-or-

☐ Denver Water has elected to convert the followings Loan(s) to a Term Loan effective as of the Maturity Date and maturing on _____, 20__ (which date is not later than the 3rd anniversary of the Maturity Date):

Loan Date	Outstanding Principal Amount	Principal Amount to be Converted
-----------	---------------------------------	-------------------------------------

2. No Default or Event of Default has occurred and is continuing under the Agreement.

3. All representations and certifications of Denver Water in the Agreement are true and correct as of the date of this notice.

CITY AND COUNTY OF DENVER, COLORADO,
ACTING BY AND THROUGH ITS BOARD OF WATER
COMMISSIONERS

By: _____
Name: _____
Title: _____

EXHIBIT C
FORM OF NOTE

\$____,____,000

_____, 2018

FOR VALUE RECEIVED, the undersigned ("*Denver Water*"), hereby promises to pay to _____ or registered assigns ("*Lender*"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to Denver Water under that certain Credit Agreement, dated _____, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*;" the terms defined therein being used herein as therein defined), between Denver Water and the Lender.

Denver Water promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Lender for the account of the Lender in Dollars in immediately available funds at the Lender's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is authorized by the Agreement and entitled to the benefits thereof, and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also secured by a subordinate lien on the Net Revenue as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

Denver Water, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

[Remainder of this page intentionally left blank.]

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF COLORADO.

ATTESTED:

**CITY AND COUNTY OF DENVER,
acting by and through its
BOARD OF WATER COMMISSIONERS**

By: _____
Secretary

By: _____
President

DATE: _____

APPROVED:

**REGISTERED AND COUNTERSIGNED:
CITY AND COUNTY OF DENVER**

By: _____
Chief Finance Officer

By: _____
Timothy M. O'Brien, CPA
Auditor

APPROVED AS TO FORM:

By: _____
Office of General Counsel

LOANS AND PAYMENTS WITH RESPECT THERETO

DATE	AMOUNT OF LOAN MADE	AMOUNT OF PRINCIPAL OR INTEREST PAID THIS DATE	OUTSTANDING PRINCIPAL BALANCE THIS DATE	NOTATION MADE BY
<hr/>				

EXHIBIT B – PROPOSAL TEMPLATE

(See attached Word Document, use this template to prepare and submit your Proposal)



PROPOSAL IN RESPONSE TO
REQUEST FOR PROPOSALS (RFP) No. 503597
FOR DENVER WATER'S
Line of Credit - \$60 Million

To be considered for selection, a duly authorized agent of the Proposer must complete and sign this page and submit it with the Proposal. Signature below indicates that the Proposer has read and understands the requirements set forth in this Request for Proposals.

By / Title:

Duly authorized agent's name and title must be typed or clearly written

Signature:

Proposer hereby acknowledges receipt of Addenda number(s) _____ through _____.

PROPOSER GENERAL INFORMATION	
Proposer's Full Legal Entity Name	
"Doing Business Name" (dba) if applicable	
Business Address	
Primary Contact Name and Title	
Primary Contact Phone Number	
Primary Contact E-Mail Address	
Legal Counsel Name and Phone Number	
Legal Counsel E-mail Address	
Identify the City and State of Company Headquarters	

Proposal Format: With the exceptions of Sections 4, 5, and 6, Proposer may attach all required information in appropriately titled and marked appendices. Proposer should fill out/complete Sections 4, 5, and 6 within this Word document and submit the entire Proposal package together with appendices.

Proposals that are substantially incomplete or lack key information may be rejected and not considered by the Board.

SECTION 1: TRANSMITTAL LETTER AND LETTER OF CREDIT TERMS/CONDITIONS

This section must include the following.

- A. **Transmittal Letter:** Proposer must submit a transmittal letter signed by an authorized representative of the Proposer.
- B. **Denver Water Credit Agreement Terms and Conditions:** Proposer should review thoroughly and explicitly the Sample Credit Agreement attached as Exhibit A to the RFP. After review, Proposer should submit the following:
 - 1. Where the Sample Credit Agreement Form contains (BLANKS/BOLD/BRACKETS), Proposer should provide or propose the requested information. Proposer should also indicate any exceptions and/or proposed changes to the terms and conditions of the Denver Water sample Credit Agreement. Please indicate additional covenants, if any, that would be required. Material changes will be considered as part of the evaluation process. Any changes should be submitted as a redline markup of the Sample Credit Agreement. This document can be submitted as a separate appendix, marked accordingly, but must be in MS Word format.
 - 2. A statement of acceptance of terms and requirements for the Line of Credit as specified in the RFP's Statement of Work.
 - 3. Acknowledgment of provisions that are generally not acceptable to the Board, included in the RFP as Exhibit D.
- C. **Line of Credit Term Sheet:** Provide a term sheet including all material terms and conditions Proposer is proposing in response to the RFP as provided in Section 5. Alternate solutions may be submitted either in the form of a term sheet or an attachment.

SECTION 2: PROJECT APPROACH

This section should include the following:

- A. **Project Approach:** Provide narrative detailing the Proposer's philosophy and approach to the administration and performance of the Line of Credit, including the level of service offered on an ongoing basis to its line of credit customers.

Discuss any trade-offs between the length of interest rate reset periods and available rates. If different contract lengths (three to five years is preferred) are available, please provide an outline of these options and the available rates as outlined in the Proposal Summary Table. Alternatively, if a Term Bond structure is available, please also provide a description of the mechanics for this type of loan and a proposed commitment period and interest rate.

- B. **Detailed Procedure/Disclosure Requirements:** Proposer must provide a detailed explanation of the procedures required to administer the Line of Credit. Include samples of reports/invoices to be provided to the Board and timing. Please describe the process for draws upon the Line of Credit including procedures for initiating draws, the mechanics of setting the interest rate and the timing of payments.

SECTION 3: QUALIFICATIONS AND EXPERIENCE

This section should include the following:

- A. **Experience:** Proposer must submit a general description of the background and experience of the entity and its designated representatives as they relate to providing municipal public entities with lines of credit. Please provide a sample of comparable transactions for which the Proposer has provided Lines of Credit during the past five years. Include dates, amounts, issuer and other relevant detail. Discuss Proposer's previous experience with Denver Water, including the presentation of financing ideas.
- B. **Staff Qualifications:** Provide summary biographies of individual(s) who would be providing services. For each individual, describe their proposed role (including proposed time commitments) and list their relevant experience. If the experience was gained working for another entity, so indicate. Include only personnel who would play a significant role. Identify the principal contact.
- C. **Statement of current long-term and short-term ratings:** Describe any ratings changes that have occurred within the last three years.
- D. **Proposer's financial strength:** including total assets, total capital and excess net capital for the past three years. Please explain any significant changes. Please provide an electronic copy of or website reference to the Annual Report of the Proposer for the most recent fiscal year.

SECTION 4: REFERENCES

- A. **References:** Provide below a minimum of three professional references for the types of credit facilities proposed.

REFERENCE 1	
Customer/Client	
Contact Person's Name and Title	
Contact Person's Phone Number	
Contact Person's E-Mail Address	

REFERENCE 2	
Customer/Client	
Contact Person's Name and Title	
Contact Person's Phone Number	
Contact Person's E-Mail Address	

REFERENCE 3	
Customer/Client	
Contact Person's Name and Title	
Contact Person's Phone Number	
Contact Person's E-Mail Address	

SECTION 5: PROPOSAL SUMMARY TABLE

Proposer must provide a summary of its terms in a format similar to that presented here. If proposing an alternative structure to the Line of Credit, please provide an additional Summary Table for the alternative structure. Proposers should submit any additional Summary Table(s) by simply copying and pasting the format of the below Proposal Summary Table onto the next page of this Proposal, marked or indicated as ALTERNATIVE STRUCTURE SUMMARY TABLE, and completing it accordingly.

Proposal Summary Table	Response
Bank Name:	
Long-Term Ratings & Outlook	
Name of Outside Counsel	
Loan Terms	
<i>Revolving Line of Credit</i>	
Commitment Period (3 to 5 Years)	
Proposed Interest Rate	
Benchmark/Reference Rate	
Interest Reset Dates	
Prepayment Penalties	
Availability of Term Out Period	
<i>Term Bond (or Alternative Terms)</i>	
Commitment Period	
Fixed Rate Period	
Proposed Interest Rate	
Interest Payment Dates	
Term Out Period and Rate	
Default Rate	
Other Fees (Please list separately)	
Legal Considerations	
Acceptance of Lien Structure	
Conflicts of Interest?	

SECTION 6: SMALL BUSINESS ENTERPRISE (SBE) / MINORITY AND WOMEN BUSINESS ENTERPRISE (MWBE) STATUS

Denver Water has SBE and MWBE programs that are described on our web site. Proposers should include relevant SBE and MWBE information at this Section.

For the Board's records only, Proposer should indicate the following:

- ☐ Proposer is a Small Business per federal SBA guidelines
- ☐ Proposer is not a Small Business per federal SBA guidelines
- ☐ Proposer is a Minority-owned Business Enterprise (MBE) and/or Women-owned Business Enterprise (WBE) and a copy of the certification is submitted with this proposal
- ☐ Proposer is not an MBE or WBE
- ☐ Proposer elects not to answer this question

SECTION 7: ADDITIONAL INFORMATION

Proposer should submit the following documents as attachments to this Proposal:

☐ W-9

☐ Provide any additional information that is relevant to this RFP.

Proposer should submit responses to the following:

- Explain any factors including actual or potential scheduling, business, regulatory, legal or ethical conflicts of Proposer or its designated representatives which could in any manner influence or adversely affect the interests of the Board or the pricing, award, closing, advances under or extension of the Line of Credit.
- Identify any material litigation or administrative proceedings Proposer or its designated representatives have been involved in during the past three years which included allegations of securities law violations, and, if applicable, the disposition of the litigation or proceedings.
- Describe any known federal or state regulatory agency actions taken with respect to the Proposer or its designated representatives.
- Provide information with respect to any censure, suspension, or banishment resulting from any violation by Proposer or its employees of any code of conduct.
- Credit Approval: Denver Water would prefer that respondents obtain credit approval for this transaction prior to Proposal submission. Please indicate whether such approval has been obtained and if not, indicate the timing for credit approval once an intent to award is made.

EXHIBIT C – MASTER BOND RESOLUTION

(See attached PDF)

A RESOLUTION DESIGNATED BY THE SHORT TITLE "RESOLUTION (03-22-17) AUTHORIZING AMENDMENT AND RESTATEMENT OF MASTER BOND RESOLUTION"; AUTHORIZING CERTAIN AMENDMENTS TO THE MASTER BOND RESOLUTION RELATING TO THE ISSUANCE OF PARITY BONDS AND THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED MASTER BOND RESOLUTION; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY AND COUNTY OF DENVER:

ARTICLE I DEFINITIONS AND RECITALS

Section 1.01. Short Title. This resolution shall be known as and may be cited by the short title "Resolution (03-22-17) Authorizing Amendment and Restatement of Master Bond Resolution."

Section 1.02. Definitions.

(a) All defined terms in this Resolution have the meanings set forth in the Parity Bonds Resolution, except as otherwise expressly provided herein.

(b) The terms defined in this section shall have the designated meanings for all purposes of this Resolution, except where the context by clear implication requires otherwise.

"Parity Bonds Resolution" means the Master Bond Resolution, as amended and restated pursuant to this Resolution and as amended and supplemented from time to time, together with all Supplemental Resolutions as defined therein.

"Prior Master Bond Resolution" means the original Master (3-14-07) Bond Resolution adopted by the Board on March 14, 2007, as heretofore amended by the Series 2009A (05-13-09) Third Supplemental Bond Resolution, the Series 2010 (09-08-10) Fourth Supplemental Bond Resolution and the Amendment to Master Bond Resolution (04-11-12) Fifth Supplemental Resolution.

"Resolution" or "this Resolution" means this Resolution (03-22-17) Authorizing Amendment and Restatement of Master Bond Resolution.

"Section 8.01(a)(iv) Amendments" means amendments the Board may make to the Prior Master Bond Resolution by Supplemental Resolution, without the consent of or notice to the Owners of Outstanding Parity Bonds, "to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in [the] Master Bond Resolution or any Supplemental Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under [the] Master Bond Resolution or any Supplemental Resolution, or to make any provisions for any other purpose, if such

provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Parity Bonds.”

Section 1.03. Recitals. The Board makes the following recitals in connection with the adoption of this Resolution and the execution and delivery of the amended and restated Master (03-22-17) Bond Resolution.

(a) The Prior Master Bond Resolution is in full force and effect. At the time of the adoption of the original Master Bond Resolution through the adoption of the Fifth Supplemental Resolution, certain issues of Senior Bonds and General Obligation Bonds were Outstanding and were provided for in the Prior Master Bond Resolution. Such issues of Senior Bonds and General Obligation Bonds are no longer Outstanding.

(b) The Board intends to make certain technical and clarifying amendments to the Prior Master Bond Resolution, all of which may be implemented as Section 8.01(a)(iv) Amendments, primarily to delete references to the issues of Senior Bonds and General Obligation Bonds (no longer Outstanding) and to rename defined terms relating to the Supplemental Resolutions authorizing the issuance of Parity Bonds in order to link the defined terms to the series of Parity Bonds having been or being issued, as reflected in the redlined version (indicating deletions, insertions and other changes) of the Master (03-22-17) Bond Resolution set forth as Exhibit A hereto, and to adopt, execute and deliver the amended and restated Master (03-22-17) Bond Resolution in the form set forth as Exhibit B hereto.

ARTICLE II

AUTHORIZATION OF AMENDMENTS TO PRIOR MASTER BOND RESOLUTION AND EXECUTION AND DELIVERY OF MASTER (03-22-17) BOND RESOLUTION

Section 2.01. Authorization to Enter into Section 8.01(a)(iv) Amendments to Prior Master Bond Resolution and Execute and Deliver Amended and Restated Master (03-22-17) Bond Resolution. The Board hereby determines: (a) to authorize and adopt the Section 8.01(a)(iv) Amendments to the Prior Master Bond Resolution set forth in the redlined version (indicating deletions, insertions and other changes) of the Master (03-22-17) Bond Resolution set forth as Exhibit A hereto and execute and deliver the amended and restated Master (03-22-17) Bond Resolution; and (b) that the Master (03-22-17) Bond Resolution set forth as Exhibit B hereto has been and is entered into on a basis that is consistent with the Charter and all of the Board’s covenants and agreements contained in the Prior Master Bond Resolution, all as permitted by the Prior Master Bond Resolution.

Section 2.02. Authorization to Execute and Deliver Master (03-22-17) Bond Resolution. The Master (03-22-17) Bond Resolution shall be executed in the name of the Board and on its behalf with the signature of the President and countersigned with the signature of the Auditor.

ARTICLE III MISCELLANEOUS

Section 3.01. Costs and Expenses. All costs and expenses incurred in connection with the execution and delivery of the Master (03-22-17) Bond Resolution shall be paid from legally available moneys of the Board and the expenditure of such moneys is hereby approved for that purpose.

Section 3.02. Delegation of Authority. The Chief Finance Officer and the Treasurer are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Resolution including the mailing of notice of this Resolution to the Rating Agencies currently rating the Parity Bonds pursuant to Section 8.01(g) of the Prior Master Bond Resolution and the delivery of any documents related to the execution and delivery of the Master (03-22-17) Bond Resolution.

Section 3.03. Ratification. All actions heretofore taken by the Board, the officers, the employees and the members of the Board, not inconsistent with the provisions of the Prior Master Bond Resolution, and this Resolution, relating to the authorization, execution and delivery of the Master (03-22-17) Bond Resolution, are hereby ratified, approved and confirmed.

Section 3.04. This Resolution Irrepealable. After the execution and delivery of the Master (03-22-17) Bond Resolution, it shall be and remain irrepealable until the Parity Bonds and the interest accruing thereon shall have been fully paid, satisfied and discharged as provided in the Parity Bonds Resolution.

Section 3.05. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

Section 3.06. Repealer. All orders, resolutions, bylaws and regulations of the Board, or parts thereof, inconsistent with this Resolution are hereby repealed to the extent only of such inconsistency.

Section 3.07. Recording. This Resolution, immediately on its passage, shall be recorded in the books of resolutions of the Board, respectively, kept for that purpose, shall be authenticated by the signatures of the President and Secretary.

Section 3.08. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

[Signature page follows.]

ADOPTED AND APPROVED this March 22, 2017.



President
Board of Water Commissioners

(SEAL)



Secretary
Board of Water Commissioners

[Signature Page to Bond Resolution]

CITY AND COUNTY OF DENVER, COLORADO
BOARD OF WATER COMMISSIONERS

MASTER BOND RESOLUTION

(AMENDED AND RESTATED ON MARCH 22, 2017)

RELATING TO
WATER REVENUE BONDS

MASTER BOND RESOLUTION

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(This Table of Contents is not a part of this Master
Bond Resolution and is only for convenience of reference)

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MASTER BOND RESOLUTION

A RESOLUTION DESIGNATED BY THE SHORT TITLE "MASTER (03-22-17) BOND RESOLUTION"; AMENDED AND RESTATED IN FULL FROM PRIOR MASTER BOND RESOLUTION; PROVIDING FOR THE EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT OF THE WATER WORKS SYSTEM; ESTABLISHING GENERAL PROVISIONS RELATING TO THE PARITY WATER REVENUE BONDS OF THE BOARD; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM; PLEDGING NET REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM TO THE PAYMENT OF THE PARITY BONDS ISSUED PURSUANT TO THIS MASTER BOND RESOLUTION AND EACH RELATED SUPPLEMENTAL RESOLUTION; PROVIDING VARIOUS COVENANTS, AGREEMENTS AND OTHER DETAILS AND MAKING OTHER PROVISIONS CONCERNING THE SYSTEM, SYSTEM REVENUES, THE PARITY BONDS AND CAPITAL AND REFUNDING PROJECTS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CITY AND COUNTY OF DENVER:

ARTICLE I.
DEFINITIONS, RECITALS, RATIFICATION AND OTHER PROVISIONS

Section 1.01 Short Title; Amendment and Restatement. This resolution shall be known as and may be cited by the short title “Master (03-22-17) Bond Resolution.”

This resolution constitutes the amendment and restatement in full of the original Master (3-14-07) Bond Resolution adopted by the Board on March 14, 2017, as heretofore amended by the Series 2009A (05-13-09) Third Supplemental Bond Resolution, the Series 2010 (09-08-10) Fourth Supplemental Bond Resolution and the Amendment to Master Bond Resolution (04-11-12) Fifth Supplemental Resolution (the original Master (3-14-07) Bond Resolution as amended prior to the date hereof, the “Prior Master Bond Resolution”) and as further amended herein, all in accordance with the provisions of the original Master (3-14-07) Bond Resolution.

Section 1.02 Definitions. The terms defined in this section shall have the designated meanings for all purposes of this Master Bond Resolution, any Supplemental Resolution and, as amended and supplemented by Supplemental Resolutions, the Parity Bonds Resolution, except where the context by clear implication requires otherwise.

“Auditor” means the Auditor of the City as referenced and provided in Section 10.1.8 of the Charter.

“Beneficial Owner” means the beneficial owner of Parity Bonds registered in the name of the Depository or its nominee.

“Board” means the Board of Water Commissioners of the City and County of Denver.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by the Board and experienced in the issuance of municipal bonds and the excludability of interest thereon from gross income for federal income tax purposes.

“Bond Register” means the registration books for the Parity Bonds maintained by or on behalf of the Board by any Registrar.

“Bond Insurance Policy” means, in respect of any series of Parity Bonds, “Bond Insurance Policy” as defined in the related Supplemental Resolution.

“Bond Insurer” means, in respect of any series of Parity Bonds, “Bond Insurer” as defined in the related Supplemental Resolution.

“Business Day” means “Business Day” as defined in any Supplemental Resolution.

“Capital Improvements” means the acquisition of land, easements, facilities, water rights 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.

“Capital Improvements Lease Payments” means the principal and interest components of the annual lease payments due under any lease entered into by the Board, as lessee, in order to provide Capital Improvements.

“Capital Project” means the acquisition, construction and installation of Capital Improvements to the System, as may be more fully described in any Supplemental Resolution.

“Charter” means the home rule charter of the City.

“Chief Finance Officer” means the Chief Finance Officer (formerly Director of Finance) of the Board or the designee of the Chief Finance Officer.

“City” means the City and County of Denver, Colorado.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time.

“Combined Average Annual Debt Service Requirements” means with regard to any two or more particular issues of Securities, the aggregate of all Debt Service Requirements to become due from the date of computation to the date of maturity of the latest maturing obligation of such Securities, divided by the number of years between such dates; *provided that* if any particular issue of Securities, including Commercial Paper Notes, has a single principal payment date and is issued as interim notes or Securities in anticipation of permanent financing, such principal amount shall be excluded from this computation.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation or of the Federal Reserve System, which has capital and surplus of \$10,000,000 or more and which is located within the United States of America.

“Commercial Paper Notes” means any bonds or notes payable from and having an irrevocable lien upon all or a portion of the Net Revenue (a) which have a stated maturity date which is not more than 270 days after the date of issuance thereof and (b) are designated as Commercial Paper Notes in the resolution authorizing their issuance, but does not include any Credit Facility Obligations relating to such bonds or notes.

“Credit Facility” means any letter or line of credit, policy of bond insurance, surety bond or guarantee or similar instrument (other than a Reserve Policy) issued by a financial, insurance or other institution and which specifically provides security, liquidity or both in respect of Securities payable from all or a portion of the Net Revenue.

“Credit Facility Obligations” means repayment or other obligations incurred by the Board in respect of draws or other payments or disbursements made under a Credit Facility.

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

"Debt Service Account" means the book account designated the "Parity Bonds Resolution Debt Service Account" established in the Water Works Fund by this Master Bond Resolution.

"Debt Service Requirements" means for any period, the amount required to pay the principal of, any optional redemption premium then due on, and interest on, any designated Outstanding Securities during such period; *provided that*

(a) the determination of the Debt Service Requirements of any Securities, shall assume the redemption and payment of such Securities on any applicable mandatory Redemption Dates and shall not take into account any mandatory or optional tender for purchase provisions of any Securities;

(b) in any computation relating to the issuance of Parity Bonds there shall be excluded from the computation of Debt Service Requirements any proceeds on deposit in a bond fund for such Securities constituting capitalized interest;

(c) for Variable Rate Bonds such amount shall be calculated assuming that the Variable Rate Bonds bear interest during the related period as follows: (i) if the Variable Rate Bonds have been Outstanding for at least twelve (12) months, assume that the Variable Rate Bonds bear interest at the higher of the actual rate borne by the Variable Rate Bonds on the date of calculation or the average rate borne by the Variable Rate Bonds over the twelve (12) months immediately preceding the date of calculation, and (ii) if the Variable Rate Bonds have been Outstanding for less than twelve (12) months or are not yet Outstanding, assume that the Variable Rate Bonds bear interest at the higher of the actual rate borne by the Variable Rate Bonds on the date of calculation or (A) if interest on the Variable Rate Bonds is excludable from gross income under the applicable provisions of the Code, the average rate set forth on the SIFMA Index over the twelve (12) months immediately preceding the date of calculation, or (B) if interest is not so excludable, the average rate on direct Federal Securities with maturities comparable to the rate reset period;

(d) for purposes of this calculation, if a Financial Products Agreement has been entered into by the Board with respect to any Parity Bonds, interest on such Parity Bonds shall be included in the calculation of such principal and interest by including, for the related period, an amount equal to the amount of interest payable on such Parity Bonds during such period determined as provided in subparagraph (c) above plus any Financial Products Payments payable in the related period minus any Financial Products Receipts receivable in such period; provided that in no event shall any calculation made pursuant to this paragraph (d) result in a number less than zero being included in the calculation of such interest;

(e) in determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swaps or other similar Financial Products Agreement which Financial Products Payments or Financial Products Receipts are based on interest rates that are not fixed in percentage for the entire term of the Financial Products Agreement, such amount shall be calculated by assuming such variable interest rate is a fixed interest rate equal to (i) if the Financial Products Agreement relates to

Variable Rate Bonds, the fixed rate of interest estimated for such Variable Rate Bonds as provided above in subparagraph (c) or (ii) if the Financial Products Agreement relates to the Securities which bear interest at a fixed interest rate, the average of the daily interest rate for such Financial Products Payments or Financial Products Receipts under such Financial Products Agreement during the twelve (12) months preceding the calculation or during the time the Financial Products Agreement has been in effect if less than twelve (12) months and if such Financial Products Agreement is not then in effect, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate for such Financial Products Payments or Financial Products Receipts that would have been applicable if such Financial Products Agreement had been in effect for the preceding twelve (12) month period, which average daily interest rate shall be set forth in a certificate of the Chief Finance Officer;

(f) in determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swap, cap, floor, collar or other similar Financial Products Agreement with respect to Securities that are Variable Rate Bonds, such amount shall be calculated by assuming the interest rate on the related Variable Rate Bonds will be a fixed interest rate equal to the average of the daily interest rate on such Variable Rate Bonds during the twelve (12) months preceding the calculation or during the time the Variable Rate Bonds are Outstanding if less than twelve (12) months and if such Variable Rate Bonds are not at the time of calculation Outstanding, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which such Variable Rate Bonds would have borne if they had been Outstanding for the preceding twelve (12) month period as estimated by the Chief Finance Officer, all as set forth in a certificate of the Chief Finance Officer;

(g) in determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swap, cap, floor, collar or other similar Financial Products Agreement with respect to Securities bearing interest at a fixed rate, such amount shall be the amount payable or receivable annually determined as of the date of issuance of the Securities as set forth in a certificate of the Chief Finance Officer; and

(h) for the purposes of this calculation, if Commercial Paper Notes are then Outstanding or are the Parity Bonds proposed to be issued, it shall be assumed that (i) the principal amount of any Commercial Paper Notes Outstanding is the principal amount of the Commercial Paper Notes Outstanding at the time the calculation is being made and (ii) the Commercial Paper Notes will bear interest on the unpaid principal amount thereof at a fixed rate of interest equal to the twelve (12) month average of the SIFMA Index.

“Denver Water” means the property and personnel under control of the Board to be generally referred to as “Denver Water” as provided in Section 10.1.6 of the Charter.

“Depository” means any qualified securities depository selected by the Board as provided in a Supplemental Resolution in respect of any series of Parity Bonds.

“Event of Default” means any of the events set forth in Section 7.01 of this Master Bond Resolution.

“Federal Securities” means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Fiscal Year” means the 12 months commencing January 1 of any year and ending December 31 of said year.

“Financial Products Agreements” means any interest rate swap, cap, collar, floor, hedging agreement, arrangement or security, however denominated, entered into by the Board with a Provider with respect to any Parity Bonds or specific Securities or as otherwise permitted by State law and providing that any payments by the Board thereunder are payable from a lien on all or a portion of the Net Revenue and for the purpose of (i) reducing or otherwise managing the Board’s risk of interest rate changes or interest rate costs or (ii) effectively converting the Board’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, from a variable rate exposure to a variable rate exposure or from a variable rate exposure to a fixed rate exposure.

“Financial Products Payments” means payments periodically required to be paid to a Provider by the Board pursuant to a Financial Products Agreement but specifically excluding Financial Products Termination Payments.

“Financial Products Receipts” means amounts periodically required to be paid to the Board by a Provider pursuant to a Financial Products Agreement but specifically excluding any Financial Products Termination Payment.

“Financial Products Termination Payment” means any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement as a result of any event of default or termination event thereunder. As provided in Section 4.03 of this Master Bond Resolution, no Financial Products Termination Payment required under any Financial Products Agreement shall be secured by a lien on the Net Revenue that is senior to or on a parity with the lien thereon of the Parity Bonds.

“Gross Revenue” means all income and revenues directly or indirectly derived by the Board from the operation and use of the System, or any part thereof, including without limitation, any rates, fees, system development charges, participation payments, tap fees, availability fees, tolls and charges for the services furnished by, or for the use of, the System, and proceeds realized from any past or future dispositions of System property or rights or related contracts, settlements or judgments, and including investment income accruing from moneys held to the credit of the Water Works Fund; *provided, however*, that there shall be excluded from Gross Revenues any moneys borrowed and used for providing Capital Improvements; any money and securities and investment income therefrom, in any refunding account, escrow fund or similar account pledged to the payment of any bonds or other obligations; any Financial Products Receipts, any Financial Products Termination Payment, and any moneys received as grants or appropriations from the United States, the State, other local governments or enterprises or other sources, the use of which is limited or restricted to the provision of Capital Improvements (including oversizing of facilities or similar 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.

“Independent Accountant” means a certified public accountant or firm of certified public accountants within the meaning of Section 12-2-115, C.R.S., licensed to practice in the State, who is independent in fact and not an officer or employee of the Board.

“Interest Subaccount” means the subaccount of the Debt Service Account so designated and established by this Master Bond Resolution.

“Master Bond Resolution” means this Master Bond Resolution, constituting the amendment and restatement in full of the Prior Master Bond Resolution as described in Section 1.01 hereof.

“Net Revenue” means the Gross Revenue after deducting the Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the Board, paid or accrued, for operating, maintaining and repairing the System, including without limitation legal and other overhead expenses of the Board related to the administration of the System, insurance premiums, payments of claims under a self-insurance program, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor and the cost of materials, supplies for current operations, payments of rebate obligations to the United States of America as further provided in any Supplemental Resolution and any related Tax Certificate of the Board in respect of the Parity Bonds and any similar payment of rebate obligations provision of any resolution (and related tax certificate) in respect of the Capital Improvements Lease Payments, rental payments under operating leases and administrative costs and expenses related thereto; *provided, however*, that there shall be excluded from Operation and Maintenance Expenses any allowance for depreciation, non-cash overhead expenses of the System, 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 issued or entered into to provide Capital Improvements, Capital Improvements Lease Payments, and charges for the accumulation of reserves.

“Other Available Funds” means for any Fiscal Year, the amount determined by the Chief Finance Officer to be transferred from the Water Works Fund to the Debt Service Account; but in no event shall such aggregate amount exceed 10% of the Combined Average Annual Debt Service Requirements of the Parity Bonds and the Capital Improvements Lease Payments.

“Outstanding” means:

(a) when used with reference to any Parity Bonds and as of any particular date all such Parity Bonds theretofore executed, issued and delivered by the Board except:

(i) any Parity Bonds canceled or paid by or on behalf of the Board on or before such date as surrendered to the Board, a Registrar or a Paying Agent for cancellation and any Parity Bonds owned by the Board;

(ii) any Parity Bonds deemed to have been paid as provided in Section 6.01 hereof;

(iii) any Parity Bonds in lieu of, or in substitution for which other Parity Bonds shall have been executed, issued and delivered by the Board and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such other Parity Bonds are duly held by the lawful Registered Owners thereof;

(iv) any Parity Bonds (or portions of Parity Bonds) for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or Redemption Date, shall be held in trust and set aside for such payment or redemption (whether at or prior to the maturity or Redemption Date), provided that if such Parity Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Resolution authorizing the issuance of such Parity Bonds or provision satisfactory to the Registrar of such Parity Bonds shall have been made for the giving of such notice;

(v) any Parity Bonds deemed tendered or purchased as provided by any Supplemental Resolution; and

(vi) any Parity Bonds the principal and/or interest due on which have been paid by the Provider of a Credit Facility.

(b) when used with reference to (i) Securities other than the Parity Bonds and (ii) the Capital Improvements Lease Payments and as of any particular date, all such obligations theretofore issued or incurred and not paid and discharged other than

(A) obligations theretofore cancelled by a trustee or paying agent for such obligations or by the owner of such obligations;

(B) obligations deemed paid and no longer Outstanding as provided in the document pursuant to which the obligations were issued;

(C) any obligations held by the Board; and

(D) obligations in lieu of which other obligations have been authenticated and delivered pursuant to the provisions of the document pursuant to which it was issued regarding transfer or exchange of the obligations or regarding mutilated, destroyed, lost or stolen obligations unless proof satisfactory to the Chief Finance Officer has been received that any such obligations are held by a bona fide purchaser.

“Parity Bonds” means any Securities issued pursuant to the provisions of this Master Bond Resolution that are payable from Net Revenue and which payment is secured by a pledge of and a lien on the Net Revenue, but Parity Bonds does not include (a) the Capital Improvements Lease Payments, (b) any Securities that are Subordinate Lien Obligations and

(c) any Credit Facility Obligations or Financial Products Agreements relating to any such Securities.

“Parity Bonds Resolution” means this Master Bond Resolution as supplemented and amended from time to time by Supplemental Resolution.

“Parity Credit Facility Obligations” means any Credit Facility Obligations payable from all or a portion of the Net Revenue on a parity with the Parity Bonds.

“Parity Financial Products Agreement” means any Financial Products Agreement pursuant to which Financial Products Payments are payable from a lien on all or a portion of the Net Revenue on a parity with the Parity Bonds. As provided in Section 4.03 of this Master Bond Resolution, no Financial Products Termination Payment required under any Parity Financial Products Agreement shall be secured by a lien on the Net Revenue that is senior to or on a parity with the lien thereon of the Parity Bonds.

“Paying Agent” means the commercial or trust bank or its successor designated in a Supplemental Resolution, which shall perform the function of paying agent for the applicable series of Parity Bonds.

“Permitted Investments” means investments or deposits which comply with the requirements of the applicable provisions of the State, the Charter and Board policies relating to the investment or deposit of Board moneys.

“President” means the President of the Board.

“Principal Subaccount” means the subaccount of the Debt Service Account so designated and established by this Master Bond Resolution.

“Project Account” means any account designated a “Project Account” in respect of any series of Parity Bonds established in the Water Works Fund by Supplemental Resolution for the purpose of providing any Capital Project or Refunding Project or any combination thereof, as may be provided by Supplemental Resolution. For any Refunding Project, the Project Account may be designated as a Refunding Escrow Account.

“Project Costs” means the costs properly attributable to any Capital Project, any Refunding Project, or any part thereof, including without limitation:

(a) the costs of labor and materials, of machinery, furnishings and equipment, and of the restoration of property damaged or destroyed in connection with construction work;

(b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes or other municipal or governmental charges lawfully levied or assessed;

(c) administrative and general overhead costs;

(d) the costs of reimbursing funds advanced by the Board in anticipation of reimbursement from bond proceeds;

(e) the costs of surveys, appraisals, plans, designs, specifications and estimates;

(f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors or other agents or employees;

(g) the costs of publishing, reproducing, posting, mailing or recording documents;

(h) the costs of contingencies or reserves;

(i) the costs of issuing the Parity Bonds;

(j) the costs of amending any resolution or other instrument relating to the Parity Bonds, any Capital Project and any Refunding Project;

(k) the costs of repaying any short-term financing, construction loans and other temporary loans, and of the incidental expenses incurred in connection with such loans;

(l) the costs of acquiring any property, rights, water rights, easements, licenses, privileges, agreements and franchises;

(m) the costs of demolition, removal and relocation; and

(n) all other lawful costs as determined by the Board.

“Pro Rata Portion” means when used with respect to a required credit to the Principal Subaccount or the Interest Subaccount, the dollar amount determined by dividing the amount of principal or interest to come due on the next principal or interest payment date by the number of monthly credits required to be made prior to such payment date.

“Provider” means any financial institution or insurance company which is a party to a Financial Products Agreement with the Board.

“Purchaser” means, in connection with any Parity Bonds, the entity purchasing the Parity Bonds or any representative or successor thereof.

“Rating Agencies” or “Rating Agency” means Fitch, Inc., Moody’s Investor Service, Inc., Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. and any other nationally recognized securities rating agency then maintaining a rating with respect to the Parity Bonds.

“Rebate Account” means any book account designated a “Rebate Account” in respect of any series of Parity Bonds established in the Water Works Fund by Supplemental Resolution in respect of each series of Parity Bonds, all as may be provided by Supplemental Resolution.

“Redemption Date” means the date fixed by the Board for the mandatory or optional redemption of any Parity Bonds prior to their respective fixed maturity dates pursuant to the terms of a Supplemental Resolution.

“Redemption Price” means, with respect to any Parity Bond, the principal amount thereof plus the applicable premium, if any, payable upon the Redemption Date as provided in a Supplemental Resolution.

“Refunding Project” means the refunding of any Securities issued by the Board, as may be more fully described in any Supplemental Resolution, including the refunding of any Parity Bonds.

“Registered Owner” or “Owner” means the registered owner of any Parity Bond as shown by the Bond Register.

“Registrar” means the commercial or trust bank or its successor designated in a Supplemental Resolution, which shall perform the registration and transfer functions with respect to the applicable series of Parity Bonds.

“Regular Record Date” means, with respect to a particular series of Parity Bonds, the record date for determining ownership of a Parity Bond for the purpose of paying interest as it becomes due, as such date is provided by Supplemental Resolution.

“Reserve Account” means any account designated a “Reserve Account” in respect of any series of Parity Bonds established in the Water Works Fund by Supplemental Resolution for the purpose of providing for related reserve requirements for a series of Parity Bonds, all as shall be further provided by Supplemental Resolution.

“Reserve Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to any Reserve Account created in respect of any series of Parity Bonds in lieu of or in partial substitution for moneys on deposit therein, issued by a financial, insurance or other entity having a rating at the time such policy is deposited in or credited to such Reserve Account in the highest rating category of each of the Rating Agencies then providing a rating in respect of the related series of Parity Bonds.

“Secretary” means the Secretary of the Board.

“Securities” means bonds, notes, certificates, warrants, leases, contracts or other financial obligations or securities issued or executed by the Board and payable in whole or in part from a lien on the Net Revenue, including the Parity Bonds but not including any Credit Facility Obligations, Financial Products Agreements or any similar contractual arrangements.

“Series Reserve Amount” means, in respect of a series of Parity Bonds and as provided in the applicable Supplemental Resolution authorizing the issuance of the related series of Parity Bonds, an amount, if any, determined pursuant to such applicable Supplemental Resolution.

“SIFMA Index” means *the Securities Industry and Financial Markets Association Swap Index*, most recently produced and published by Municipal Market Data, or if such index is not

published, then such other index selected by the Chief Finance Officer which reflects the yield of tax-exempt seven-day variable rate demand bonds.

“Special Record Date” means, with respect to a series of Parity Bonds, the record date for the determination of ownership of Parity Bonds for the purpose of paying interest not paid when due or interest accruing after maturity, as such date may be determined pursuant to a Supplemental Resolution.

“State” means the State of Colorado.

“Subordinate Credit Facility Obligations” means any Credit Facility Obligations payable in whole or in part from the Net Revenue and having a lien on the Net Revenue which is subordinate to the lien thereon of the Parity Bonds.

“Subordinate Financial Products Agreement” means any Financial Products Agreement pursuant to which Financial Products Payments are payable from a lien on the Net Revenue that is subordinate to the lien thereon of the Parity Bonds. As provided in Section 4.03 of this Master Bond Resolution, no Financial Products Termination Payment required under any Subordinate Financial Products Agreement shall be secured by a lien on the Net Revenue that is senior to or on a parity with the lien thereon of the Parity Bonds.

“Subordinate Lien Obligations” means one or more series of additional bonds, notes, interim securities or other obligations payable from and having a lien on the Net Revenue that is subordinate or junior to the lien of the Parity Bonds, including Subordinate Financial Products Agreements and Subordinate Credit Facility Obligations.

“Supplemental Act” means the Supplemental Public Securities Act, constituting part 2 of article 57 of title 11, C.R.S.

“Supplemental Resolution” means any resolution of the Board amending or supplementing this Master Bond Resolution adopted prior to the date of this Master Bond Resolution pursuant to the provisions of the Prior Master Bond Resolution or on and after the date of this amended and restated in full Master Bond Resolution pursuant to the provisions of this amended and restated in full Master Bond Resolution, including without limitation any such resolution authorizing the issuance of Parity Bonds thereunder or hereunder or any resolution amending or supplementing this amended and restated in full Master Bond Resolution.

“System” means the water works system and plant which is operated under the complete charge and control of the Board and which includes the property and personnel under control of the Board to be referred to generally as Denver Water, all pursuant to Sections 10.1.1 through 10.1.22 of the Charter.

“Tax Certificate” means any tax certificate (in respect of the tax-exempt status of the interest on any series of Parity Bonds) executed and delivered by the Board in connection with the issuance of a particular series of Parity Bonds and as further provided in a related Supplemental Resolution.

“Treasurer” means the Treasurer of the Board or the designee of the Treasurer.

“Variable Rate Bonds” means any Securities issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue or the date of calculation, as the case may be.

“Water Activity Law” means article 45.1 of title 37, C.R.S. and part 4 of article 35 of title 31, C.R.S.

“Water Works Fund” means the fund created and maintained pursuant to Section 10.1.7 of the Charter into which all revenues received from the operation of the System together with all moneys received by the Board from other sources is to be placed.

Section 1.03 Recitals. The Board makes the following recitals in connection with the adoption of this Master Bond Resolution and the issuance of any Parity Bonds hereunder.

(a) The System is operated under the complete charge and control of the Board pursuant to Sections 10.1.1 through 10.1.22 of the Charter.

(b) Denver Water is, and is operated as, an “enterprise” of the City as provided in Section 20, Article X of the constitution of the State and a “water activity enterprise” as provided in the Water Activity Law.

(c) [The Board intends that all series of Parity Bonds issued pursuant to this Master Bond Resolution and Supplemental Resolutions (this Master Bond Resolution as supplemented and amended by Supplemental Resolutions being referred to and defined herein collectively as the “Parity Bonds Resolution”) shall be payable and secured by the Net Revenue of the System and that after the date of this Master Bond Resolution, the Board shall not issue any additional bonds, notes, interim securities or other obligations payable from the Gross Revenue or the Net Revenue and having a lien thereon that is superior to the lien of the Parity Bonds.]

(d) Neither the Board nor the City has pledged or 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 (excluding (i) certain lease agreements heretofore entered into by the Board, as lessee, in order to provide Capital Improvements, which upon annual renewal thereof result in the Capital Improvements Lease Payments, (ii) securities that have heretofore been redeemed in full, as to all principal, premium, if any, and interest, or are otherwise not Outstanding and (iii) obligations with a lien expressly subordinated to the Parity Bonds), with the result that the Net Revenue may be pledged lawfully and irrevocably for the payment of Parity Bonds and Parity Bonds may be made payable from the Net Revenue.

(e) This Master Bond Resolution is (i) adopted pursuant to and in accordance with the applicable provisions of the Charter and the Water Activity Law and (ii) intended to govern the issuance of, and establish general provisions relating to, the Board’s Parity Bonds.

Section 1.04 Master Bond Resolution and Supplemental Resolutions to Constitute a Contract; Equal Security. In consideration of the acceptance of the Parity Bonds by those who shall own the same from time to time, this Master Bond Resolution and the Supplemental Resolutions (or, collectively, the Parity Bonds Resolution), together with any related sale certificates and agreements with the Providers of any Credit Facility or Financial Products

Agreements, shall be deemed to be and shall constitute a contract between the Board and the Owners of the Parity Bonds. The pledge made in the Parity Bonds Resolution by the Board, and the covenants and agreements set forth in the Parity Bonds Resolution to be performed by the Board, shall be for the equal and proportionate benefit, security and protection of all Owners of the Parity Bonds, without preference, priority or distinction as to security or otherwise of any of the Parity Bonds over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Parity Bonds Resolution.

Section 1.05 Ratification. All actions heretofore taken by the Board, the officers, the employees and the members of the Board, not inconsistent with the provisions of this Master Bond Resolution, relating to the authorization, sale, issuance and delivery of the Parity Bonds, are hereby ratified, approved and confirmed.

ARTICLE II. AUTHORIZATION AND ISSUANCE OF PARITY BONDS GENERALLY

Section 2.01 Authorization of Parity Bonds Generally. The Board may issue one or more series of Parity Bonds for any Capital Project, any Refunding Project or any combination thereof, relating to the System, in accordance with the provisions of this Master Bond Resolution.

Section 2.02 General Provisions of Parity Bonds. Each series of Parity Bonds shall be authorized by Supplemental Resolution and shall bear such designation as the Board deems appropriate. The Parity Bonds of each series shall be subject to such terms and conditions as are provided herein and by Supplemental Resolution. The Supplemental Resolution relating to each series of Parity Bonds shall (a) generally describe the Capital Project, the Refunding Project or combination thereof being provided by the proceeds of such series, (b) determine the details of such series, including but not limited to the maximum principal amount and maximum interest rates or interest costs in respect of such series, the dates, maturities and any redemption, tender and conversion provisions of such series, the method of determining interest rates on such series, the debt service reserve requirements of such series, if any, any Credit Facility or Financial Products Agreement to be provided in respect of such series and all other necessary or desirable terms and conditions, (c) designate any Paying Agent, Registrar or other fiduciaries and agents as appropriate and (d) provide for the sale and delivery of such series.

Section 2.03 Destruction of Parity Bonds. Whenever any Outstanding Parity Bond shall be delivered to the related Registrar for cancellation pursuant to this Master Bond Resolution and a Supplemental Resolution, and upon payment of the principal amount and interest represented thereby, or whenever any Outstanding Parity Bond shall be delivered to the Registrar for transfer pursuant to the provisions of this Master Bond Resolution and a Supplemental Resolution, such Parity Bond shall be canceled and destroyed by the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Registrar to the Board.

Section 2.04 Lost Parity Bonds. Any Parity Bond that is lost, stolen, destroyed or mutilated may be replaced or paid by the related Registrar in accordance with and subject to the

limitations of applicable law. The applicant for any such replacement Parity Bond shall post such security or indemnity bond, pay such costs and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the Registrar.

ARTICLE III.
PLEDGE OF NET REVENUES; ESTABLISHMENT OF ACCOUNTS AND
APPLICATION THEREOF

Section 3.01 The Pledge Effected by the Master Bond Resolution. The Parity Bonds are special and limited obligations of the Board, payable from and secured by the revenues and funds pledged therefor. The Board covenants to pay promptly the Debt Service Requirements of the Parity Bonds at the place, on the dates and in the manner specified in this Master Bond Resolution and the related Supplemental Resolution. The Debt Service Requirements of the Parity Bonds shall be payable only out of (a) the Debt Service Account, into which the Board covenants to deposit the Net Revenue in amounts sufficient to pay promptly, when due, the Debt Service Requirements of the Parity Bonds, and (b) if necessary, the related Reserve Account created in respect of a series of Parity Bonds. The Parity Bonds shall constitute an irrevocable and subordinate lien upon the Net Revenue, but not an exclusive subordinate lien, on a parity with the Parity Bonds and the Net Revenue is hereby pledged to the payment of the Parity Bonds.

The Owners of the Parity Bonds may not look to any general or other fund of the Board or the City for the payment of the Debt Service Requirements of the Parity Bonds. The Parity Bonds shall not constitute a debt or an indebtedness or multiple fiscal year debt or other financial obligation of the City within the meaning of any constitutional or statutory provision or limitation, nor shall the Parity Bonds be considered or held to be general obligations of the City.

Amounts, if any, on deposit in any Rebate Account shall not be subject to the lien and pledge of the Parity Bonds Resolution to the extent that such amounts are required to be paid to the United States of America.

Section 3.02 Establishment of Accounts. The Board hereby creates and establishes in the Water Works Fund, as a book account of the Board, the Parity Bonds Resolution Debt Service Account (including therein the Interest Subaccount and the Principal Subaccount). Such account shall be maintained by the Board in accordance with the Parity Bonds Resolution. In respect of each series of Parity Bonds, the Board shall establish by Supplemental Resolution, any related Project Account, Reserve Account, Rebate Account and any other account as may be determined to be necessary for the issuance of the related series of Parity Bonds, including accounts that may be necessary in connection with any Credit Facility or Financial Products Agreement. Such accounts shall be maintained by the Board in accordance with the Parity Bonds Resolution, and, in the case of any Rebate Account, any related Tax Certificate.

The proceeds of each series of Parity Bonds shall be deposited to a Project Account and any other account determined to be necessary, all as provided in the related Supplemental Resolution.

Section 3.03 Project Accounts. The proceeds of Parity Bonds credited to the related Project Account created under a Supplemental Resolution shall be maintained, used and withdrawn for the purpose of paying Project Costs. If not paid from other funds of the Board, the Board shall pay as Project Costs the costs of issuance of the Parity Bonds. Any investment income earned on amounts on deposit in any Project Account shall remain in such account.

Moneys credited to any Project Account may be invested or deposited in securities or obligations that are Permitted Investments. Any moneys remaining in any Project Account after completion of the related Capital Project, excluding investment earnings which may be required to be rebated to the federal government as provided in the related Supplemental Resolution and the related Tax Certificate, shall be deposited in the Debt Service Account and used for the purposes of the Debt Service Account.

Section 3.04 Water Works Fund. The Board shall credit to the Water Works Fund all Gross Revenue immediately upon receipt thereof as provided in Section 10.1.7 of the Charter. There shall be paid from the Water Works Fund all Operation and Maintenance Expenses as they become due and payable. After such payment, the Net Revenue shall be applied in the following order of priority:

FIRST: There shall be credited to the Debt Service Account, concurrently on a *pari passu* basis with any payments required to be made pursuant to any Parity Credit Facility Obligations and Financial Products Payments pursuant to any Parity Financial Products Agreement, on or before the fifteenth (15th) day of each month, commencing with the month in which the initial series of the Parity Bonds are issued and delivered, the following amounts:

(a) to the Interest Subaccount of the Debt Service Account, an amount equal to the Pro Rata Portion of the interest to come due on the Parity Bonds on the next succeeding interest payment date; and

(b) to the Principal Subaccount of the Debt Service Account, an amount equal to the Pro Rata Portion of the principal to come due (including any mandatory sinking fund payment) on the Parity Bonds on the next succeeding principal payment date; and

(c) to any other subaccount that may be created in the Debt Service Account by Supplemental Resolution for the purpose of providing for the Debt Service Requirements of or related to any Series of Parity Bonds.

SECOND: There shall be credited to any Reserve Account created under a Supplemental Resolution, Pro Rata Portions of the amounts, if any, required by any such Supplemental Resolution to cause the amount therein to equal the Series Reserve Amount under such Supplemental Resolution (or for repayment pursuant to any insurance policy, surety bond, letter or line of credit, or similar credit facility utilized in lieu of such account).

THIRD: There shall be credited to any other fund or account hereafter established for the payment of (1) the Debt Service Requirements on Subordinate Lien Obligations,

including any sinking fund, reserve fund or similar fund or account established therefor, in the amounts required by resolution or other enactment authorizing issuance of the Subordinate Lien Obligations, including Subordinate Credit Facility Obligations and Subordinate Financial Products Agreements, Financial Products Termination Payments; and (2) Capital Improvements Lease Payments.

FOURTH: After the payments and accumulations set forth in FIRST through THIRD above have been made, to the credit of any other fund or account as may be designated by the Board, to be used for any lawful purpose.

Section 3.05 Debt Service Account. Moneys credited to the Debt Service Account may be invested or deposited in securities or obligations that are Permitted Investments. Any investment income earned on amounts on deposit in the Debt Service Account shall remain in the Debt Service Account. The credits of Net Revenue to the Debt Service Account in the Pro Rata Portions of interest and principal required by Section 3.04 hereof may be reduced according to the amounts of investment income or other moneys credited to the Debt Service Account at the time any required credit of a Pro Rata Portion of interest or principal is to be made.

Section 3.06 Reserve Accounts. Under each Supplemental Resolution authorizing the issuance of Parity Bonds, a Reserve Account may be established and maintained in a Series Reserve Amount, which amount may be satisfied by cash, a Reserve Policy or Credit Facility or a combination of the foregoing *provided that* a Reserve Account shall not be required for any series of Parity Bonds. A Reserve Account shall be used, if necessary, only to prevent a default in the payment of the principal of or interest on the applicable series of Parity Bonds and such Reserve Account is to be pledged only to the payment of the applicable series of Parity Bonds. In the event the amounts credited to the Debt Service Account with respect to the applicable series of Parity Bonds are insufficient to pay the Debt Service Requirements on the applicable series of Parity Bonds when due, the Board shall transfer from the Reserve Account established for the applicable series of Parity Bonds to the appropriate subaccount or subaccounts of the Debt Service Account an amount which, when combined with moneys in such subaccount or subaccounts, will be sufficient to make such payments when due.

Any Reserve Account shall be maintained in the Series Reserve Amount established under a Supplemental Resolution until such time as the amount credited thereto, when combined with moneys in the related subaccount of the Debt Service Account, will be sufficient to pay the principal of and interest on all of the Parity Bonds of the applicable series, at which time such moneys may be applied for such purpose. If at any time the amounts credited to any Reserve Account are used to pay the principal of or interest on the applicable series of the Parity Bonds, the amount so used shall be replenished from the Net Revenue as soon as possible after such use, but in accordance with and subject to the limitations of Section 3.04 hereof.

Moneys credited to any Reserve Account may be invested or deposited in securities or obligations which are Permitted Investments. All interest income from the investment or reinvestment of moneys shall first be credited to such Reserve Account. In the event that any Reserve Account is then currently funded in an amount in excess of a Series Reserve Amount, such excess amount of investment income shall be deemed to be Gross Revenue and shall be credited to the Water Works Fund. The amount on deposit in any Reserve Account shall never exceed the related Series Reserve Amount.

Section 3.07 Investment or Deposit of Funds. Each of the accounts created under this Master Bond Resolution and any Supplemental Resolution shall be maintained as separate book accounts and subaccounts of the Water Works Fund. Any moneys in any such account may be invested or deposited in securities or obligations that are Permitted Investments subject, however, to the covenants and provisions of any Supplemental Resolution and related Tax Certificates. The moneys in such accounts, except any Rebate Account, may be commingled with moneys or Permitted Investments in any other fund as permitted by applicable law and Board policy.

ARTICLE IV. ADDITIONAL SECURITIES

Section 4.01 No Superior Obligations. No additional bonds, notes, interim securities or other obligations shall be issued payable from the Gross Revenue or Net Revenue and having a lien thereon that is superior to the lien of the Parity Bonds.

Section 4.02 Additional Parity Bonds. After the first issuance of Parity Bonds hereunder, additional Parity Bonds may be issued by the Board for the purpose of paying Project Costs for any Capital Project or any Refunding Project or any combination thereof, provided that the following requirements have been complied with:

(a) At the time of issuance of any Parity Bonds, the Board is not in default in making any payments required by Section 3.04 of this Master Bond Resolution and the Supplemental Resolutions.

(b) At the time of issuance of the additional Parity Bonds, the Board is current in the accumulation of all amounts required to be then accumulated in the Debt Service Account and any Reserve Account as required by any Supplemental Resolution.

(c) The Net Revenue for the 12-month period ending with the most recently completed calendar quarter for which financial statements are available, together with any Other Available Funds, is sufficient to pay an amount representing not less than 120% of the Combined Average Annual Debt Service Requirements for the then Outstanding Parity Bonds, the additional Parity Bonds proposed to be issued and the Capital Improvements Lease Payments. For purposes of this test, the Net Revenue may be increased if there has been adopted a schedule of increases in rates, fees, system development charges, participation fees, tap fees, availability fees, tolls and charges during or since such preceding 12-month period by adding to the actual Gross Revenue for such preceding 12-month period an estimated sum equal to 100% of the estimated increase in Gross Revenue that would have been realized during such preceding 12-month period had such increase been in effect during all of the preceding 12-month period.

(d) In the case of a Refunding Project, compliance with (c) shall not be required so long as the Debt Service Requirements on all Parity Bonds Outstanding after the issuance of such additional Parity Bonds in each Fiscal Year prior to the final maturity date of the bonds to be refunded in the Refunding Project does not exceed the Debt Service Requirements on all Parity Bonds Outstanding prior to the issuance of such additional Parity Bonds in each Fiscal Year.

A written certificate by the Chief Finance Officer or the Treasurer that the requirements of (a) through (d) above have been met shall conclusively determine the right of the Board to authorize, issue, sell and deliver additional Parity Bonds.

Section 4.03 Parity Credit Facility Obligations and Parity Financial Products Agreement; No Senior or Parity Financial Products Termination Payments. The Board may enter into Parity Credit Facility Obligations and Parity Financial Products Agreements relating to the Parity Bonds as is determined by the Board to be in the best interest of the Board and in accordance with the provisions of the Charter and the constitution and laws of the State.

Notwithstanding any other provision of this Master Bond Resolution, no Financial Products Termination Payment required under any such Parity Financial Products Agreements shall be secured by a lien on the Net Revenue that is senior to or on a parity with the lien thereon of the Parity Bonds.

Section 4.04 Subordinate Lien Obligations. So long as no Event of Default shall have occurred and be continuing, nothing herein shall prevent the Board from issuing Subordinate Lien Obligations.

ARTICLE V. PROTECTIVE COVENANTS

Section 5.01 Use of Proceeds. The proceeds derived from the sale of each series of Parity Bonds shall be used solely for the purposes specified in this Master Bond Resolution and the related Supplemental Resolution.

Section 5.02 Maintenance of Rates. Pursuant to Section 10.1.9 of the Charter, the Board is to fix rates for which water shall be furnished for all purposes within the City and rates are to be as low as good service will permit provided, however, that for water furnished to customers outside the boundaries of the City, the Board is not so limited. Rates may be sufficient to provide for (a) operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare and (b) the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

Subject to the provisions of Section 10.1.9 of the Charter, the Board covenants that it will use its best efforts to maintain, enforce and collect rates, fees, system development charges, participation payments, tap fees, availability fees, tolls and charges for services furnished by or the use of the System to create Gross Revenue, together with any Other Available Funds, each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount equal to not less than 110% of the amount necessary to pay when due the Debt Service Requirements on the Parity Bonds and the Capital Improvements Lease Payments coming due during such Fiscal Year, and to make up any deficiencies in any Reserve Account, including the payment of any unreimbursed draws under any related Reserve Policy and associated expenses and accrued interest, if any, owed to any Bond Insurer. In the event that the Gross Revenue at any time is not sufficient to make such payments, the Board shall increase such rates, fees, system development charges, participation payments, tap fees, availability fees,

tolls and charges to an extent which will allow the payments and accumulations required by the Parity Bonds Resolution.

Section 5.03 Operation and Maintenance of the System. The Board will continue to operate and manage the System in an efficient and economical manner, and make or cause to be made such improvements, enlargements, extensions, repairs and betterments thereto as may be necessary or advisable to insure the economical and efficient operation of the System at all times.

Section 5.04 Disposition of System Property. The Board will not sell or alienate any of the property constituting any part or all of the System in any manner or to any extent as might reduce the security provided for the payment of the Parity Bonds, but the Board may sell any portion of such property which shall have been replaced by other similar property of at least equal value, or which shall cease to be necessary for the efficient operation of the System; *provided, however*, that the proceeds realized from any such sale of property shall be included as part of the Gross Revenue.

Section 5.05 Sale of the System. The Board shall not sell or dispose of the System, or any part thereof, other than in the ordinary course of business, unless (a) all Parity Bonds shall have been paid and retired, or (b) the Board shall have received an opinion of Bond Counsel to the effect that such sale shall not adversely affect the excludability of interest on the Parity Bonds that had been issued on a tax-exempt basis from gross income for federal income tax purposes.

Section 5.06 Billing and Collections. The Board will promptly render bills for services furnished by or the use of the System, shall use all legal means to assure prompt payment thereof, and to the extent permitted by law, shall discontinue service to any user who becomes delinquent in the payment of such charges until the delinquency and all interest, costs and expenses incident thereto have been paid in full or satisfactory arrangements for payments have been made.

Section 5.07 Books and Records. The Board shall keep and maintain separate accounts of the receipts and expenses of the Board in such manner that the Gross Revenue and the Net Revenue may at all times be readily and accurately determined.

Section 5.08 Audits and Budgets. At least once a year, the Board will cause an audit to be performed of the records relating to the revenues and expenditures of the System. In addition, at least once a year, the Board will cause a budget to be prepared and adopted.

Section 5.09 Insurance; Insurance Proceeds or Condemnation Awards. The Board will provide for fire and extended coverage, worker's compensation, public liability and such other forms of insurance or self-insurance on insurable System property as would ordinarily be carried by utilities or municipal corporations having similar properties of equal value, such insurance being in such amounts as will protect the System and its operation.

In the event of any loss or damage to the System, or in the event part or all of the System is taken by the exercise of a power of eminent domain, the insurance proceeds or the condemnation award shall be used for restoring, replacing or repairing the property lost, damaged or taken, and the remainder thereof, if any, shall be considered as Gross Revenue;

provided however, that if the Board determines that the operation of the System and the security for the Parity Bonds will not be adversely affected thereby, the Board may determine not to restore, replace or repair the property lost, damaged or taken and all of the insurance proceeds or condemnation award shall be considered as Gross Revenue.

Section 5.10 Fidelity Bonds. Each Board official or other person having custody of any funds derived from operation of the System, or responsible for the handling of such funds, shall be fully bonded at all times.

Section 5.11 Charges and Liens Upon the System. From the Gross Revenue, the Board will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon, or in respect to the System, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System; and the Board will not create nor suffer to be created any lien or charge upon the System or upon the Gross Revenue therefrom except as permitted by this Master Bond Resolution unless it has made adequate provisions to satisfy and discharge within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the System or upon the Gross Revenue; provided however, that nothing herein shall require the Board to pay, or to cause to be discharged, or to make provision for, any such tax, assessments, lien or charge before the time when payment thereof shall be due or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings or in continuing, good faith negotiations.

ARTICLE VI. DEFEASANCE

Section 6.01 Defeasance. When all Debt Service Requirements with respect to any series of Parity Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Parity Bonds shall no longer be deemed to be Outstanding within the meaning of the Parity Bonds Resolution. There shall be deemed to be such due payment of the Parity Bonds when the Board has placed in escrow and in trust with a Commercial Bank located within or without the State, and exercising trust powers, 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, premium, if any, and interest as the same become due to their final maturities. The Federal Securities 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 Board 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 owners thereof to assure such availability as so needed to meet such schedule. The sufficiency of the Federal Securities deposited to any escrow shall be verified by an Independent Accountant. The investment of the amounts deposited in the escrow shall comply with the applicable provisions of the related Supplemental Resolution and related Tax Certificate.

**ARTICLE VII.
EVENTS OF DEFAULT AND REMEDIES**

Section 7.01 Events of Default. Each of the following events is hereby declared an "Event of Default" under the Parity Bonds Resolution:

(a) Payment of Debt Service Requirements on any of the Parity Bonds shall not be made when the same shall become due and payable, either at maturity, by proceedings for prior redemption or otherwise; or

(b) The Board defaults in the punctual performance of the covenants contained in the Parity Bonds Resolution for 60 days after written notice shall have been given by the Registered Owners of not less than 25% of the outstanding principal amount of the Parity Bonds then Outstanding.

Section 7.02 Remedies for Events of Default. Upon the happening of any Event of Default, any Owner of the Parity Bonds, or a trustee therefor, may proceed against the Board to protect and enforce the rights of any Owner of Parity Bonds by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. The Parity Bonds shall not be subject to acceleration upon the occurrence of an Event of Default or for any other reason and neither the Owners of the Parity Bonds nor any trustee therefor or representative thereof shall be permitted to declare the Debt Service Requirements of the Parity Bonds to be due and payable prior to their scheduled payment dates.

All proceedings shall be maintained for the equal benefit and protection of all Owners of the Parity Bonds. The failure of any Owner to proceed does not relieve the Board or any person of any liability for failure to perform any duty hereunder. The foregoing rights are in addition to any other right, and the exercise of any right by any Owner shall not be deemed a waiver of any other right.

**ARTICLE VIII.
AMENDMENT OF MASTER BOND RESOLUTION AND SUPPLEMENTAL
RESOLUTIONS; MISCELLANEOUS**

Section 8.01 Amendment of Master Bond Resolution.

(a) The Board may, without the consent of or notice to the Owners, adopt Supplemental Resolutions, which Supplemental Resolutions shall thereafter form a part hereof, for any one or more of the following purposes:

(i) to authorize the issuance of Parity Bonds and, in connection therewith or otherwise, to specify and determine any matters and things that are not contrary to or inconsistent with this Master Bond Resolution, including without limitation, provisions with respect to Credit Facilities and Financial Products Agreements, provisions creating and applying additional funds or accounts and provisions for the marketing or remarketing of Parity Bonds;

(ii) to subject to the Parity Bonds Resolution or pledge to the payment of the Parity Bonds, additional revenues, properties or collateral;

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

(iv) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in this Master Bond Resolution or any Supplemental Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Master Bond Resolution or any Supplemental Resolution, or to make any provisions for any other purpose, if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Parity Bonds.

For the purposes of Section 8.01(a)(iv), if the Rating Agencies shall confirm in writing that any proposed amendment or supplement, in and of itself, will not result in a downgrade in the then current ratings on the Parity Bonds, such proposed amendment or supplement shall be deemed to “not materially adversely affect the interests of the Owners of the Parity Bonds.”

(b) Except for Supplemental Resolutions adopted pursuant to paragraph (a) of this Section 8.01, the Owners of not less than 51% in aggregate principal amount of the Parity Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption by the Board of such Supplemental Resolutions as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Bond Resolution or any Supplemental Resolution.

(c) Notwithstanding the provisions of subparagraphs (a) and (b) above, no Supplemental Resolution shall permit, without the written consent of the Owner of any Outstanding Parity Bond so affected:

(i) the extension of the maturity of any Parity Bond;

(ii) the reduction of the principal amount or interest rate of any Parity Bond;

(iii) the creation of a lien upon the Net Revenue ranking prior to the lien created by the Parity Bonds Resolution;

(iv) the reduction of the principal amount of the Parity Bonds required for consent to any waiver or modifications; or

(v) the establishment of priorities between Parity Bonds.

(d) If at any time the Board shall desire to adopt a Supplemental Resolution for the purposes of subparagraph (b) above, the Board shall cause notice of the proposed adoption of such Supplemental Resolution to be given by mailing such notice by certified or registered first-class mail to each Owner of a Parity Bond to the address shown in the related Bond Register, at least 30 days prior to the proposed date of adoption of any such Supplemental Resolution. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state

that copies thereof are on file at the offices of the Board or some other suitable location for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Board following the giving of such notice, the Owners of not less than the required percentage in aggregate principal amount of the Parity Bonds then Outstanding at the time of the execution of any such Supplemental Resolution shall have consented to and approved the execution thereof as herein provided, no Owner of any Parity Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the adoption and effectiveness thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

(e) Notwithstanding any provision of this Master Bond Resolution to the contrary and except as limited as set forth below, any Bond Insurer, in respect of the series of Parity Bonds insured by such Bond Insurer shall, at the option of the Board, at all times be deemed the sole and exclusive owner of the Outstanding Parity Bonds of such series for the purposes of all approvals, consents, related notices, including the notice set forth in subparagraph (d) above, waivers, institution of any action and the direction of all remedies pursuant to the Parity Bonds Resolution including but not limited to approval of or consent to any amendment or supplement to the Parity Bonds Resolution that requires the consent or approval of the Owners of not less than 51% in aggregate principal amount of the Parity Bonds then Outstanding. Bond Insurers shall not be deemed the sole and exclusive Owner of the Outstanding Parity Bonds, but shall have the right to consent, with respect to any amendment or supplement to the Parity Bonds Resolution that seeks to amend or supplement the Parity Bonds Resolution for the purposes set forth in Section 8.01(c)(i), (ii), (iii), (iv) or (v) hereof. Bond Insurers shall not have the right to direct or consent to Board, Paying Agent or Owner action as provided herein or approve, consent, waive, institute any action or direct remedies as described above, if:

(i) the Bond Insurer shall be in payment default under its Bond Insurance Policy;

(ii) any material provision of the related Bond Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the Bond Insurer; or

(iii) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Bond Insurer under Article 16 of the Insurance Law of the State of New York or any successor provision thereto and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding.

(f) Upon the execution of any Supplemental Resolution pursuant to this Master Bond Resolution, the Parity Bonds Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Parity Bonds Resolution of the Board, the Registrar, the Paying Agent and all Owners of Parity Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

(g) The Board shall mail notice of any Supplemental Resolution to any Rating Agency then rating the Parity Bonds.

Section 8.02 Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Parity Bonds as provided in the Parity Bonds Resolution shall be governed by Section 11-57-208 of the Supplemental Act and the Parity Bonds Resolution. The revenues pledged for the payment of the Parity Bonds, as received by or otherwise credited to the Board shall immediately be subject to the lien of each such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Parity Bonds and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Board. 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 Board irrespective of whether such persons have notice of such liens.

Section 8.03 No Recourse Against Officers, Agents and Employees. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer, agent or employee of the Board acts in good faith, no civil recourse shall be available against such member, officer, agent or employee for payment of the principal, interest or prior redemption premiums on the Parity Bonds. Such recourse shall not be available either directly or indirectly through the Board or the public entity, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Parity Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Parity Bond specifically waives any such recourse.

Section 8.04 Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, the Parity Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Parity Bonds after their delivery for value.

Section 8.05 Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Parity Bonds shall be paid either from the proceeds of the related series of Parity Bonds or from legally available moneys of the Board, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

Section 8.06 Holidays. If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which the principal office of any Paying Agent or Registrar is authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which the principal office of such Paying Agent or Registrar is authorized or required by law to remain closed.

Section 8.07 Computation of Time.

(a) In computing a period of days, the first day is included and the last day is excluded.

(b) If the last day of any period is a Saturday, Sunday or legal holiday, the period is extended to include the next day which is not a Saturday, Sunday or legal holiday.

(c) If a number of months is to be computed by counting the months from a particular day, the period ends on the same numerical day in the concluding month as the day of the month from which the computation is begun, unless there are not that many days in the concluding month, in which case the period ends on the last day of that month.

Section 8.08 Parity Bonds Resolution Irrepealable. After any of the Parity Bonds have been issued, the Parity Bonds Resolution shall constitute an irrevocable contract between the Board and the Owners, and shall be and remain irrepealable until the Parity Bonds and the interest accruing thereon shall have been fully paid, satisfied and discharged as herein provided.

Section 8.09 Severability. If any section, paragraph, clause or provision of this Master Bond Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Master Bond Resolution, the intent being that the same are severable.

Section 8.10 Repealer. All orders, resolutions, bylaws and regulations of the Board, or parts thereof, inconsistent with this Master Bond Resolution are hereby repealed to the extent only of such inconsistency.

Section 8.11 Recording. This Master Bond Resolution, immediately on its passage, shall be recorded in the books of resolutions of the Board kept for that purpose, shall be authenticated by the signatures of the President and Secretary.

Section 8.12 Effective Date. This amended and restated in full Master Bond Resolution shall take effect immediately upon its adoption and approval.

[Signature page follows.]


ADOPTED AND APPROVED this 22nd day of March, 2017.



President

Board of Water Commissioners

(SEAL)



Secretary

Board of Water Commissioners

EXHIBIT D – TERMS AND PROVISIONS NOT GENERALLY ACCEPTABLE TO THE BOARD

- (1) Indemnification;
- (2) Waiver of Jury Trial;
- (3) Agreement that governing law is any governing law other than Colorado law and agreement to litigate in any jurisdiction other than Colorado;
- (4) Waiver of Sovereign Immunity;
- (5) Provisions requiring the establishment of commercial banking relationships or requirements of a similar nature;
- (6) Acceleration provisions;
- (7) Provisions requiring that financial information or reports be provided in addition to the financial information available on the website of the Board and/or its EMMA filings; and
- (8) Provisions and/or covenants that are not typical provisions for a governmental financing transaction but may be requirements of the bank (e.g. “ERISA plans” or “federal reserve regulations” covenants).

EXHIBIT E - PROJECTED DRAWDOWN SCHEDULE

March 2020	\$60 million
October 2020 (payback)	-\$60 million
March 2021	\$60 million
October 2021 (payback)	-\$60 million
March 2022	\$60 million
October 2022 (payback)	-\$60 million
March 2023	\$60 million
October 2023 (payback)	-\$60 million

The Board is not obligated to follow the above schedule. The drawdown/payback schedule may change at any time based on the financing needs of the Board.

Please note in connection with each advance (draw) under the credit agreement, Denver Water intends to deliver a related tax certificate, IRS Form 8038-G and an opinion of Bond Counsel.