WATERVIEW NORTH METROPOLITAN DISTRICT NOS. 1&2
Monday, December 2nd, 2024 – 1:30 PM
Joint Special Board Meeting

NOTICE IS HEREBY GIVEN that the Boards of Directors of **Waterview North Metropolitan District Nos. 1 & 2**, City of Colorado Springs, County of El Paso, State of Colorado, will hold a special meeting at 1:30 PM on December 2, 2024 at 614 N. Tejon St.,Colorado Springs, CO 80903 and remotely at:

https://video.cloudoffice.avaya.com/join/669748943
You can also dial in using your phone.
United States: +1 (213) 463-4500
Access Code: 669748943

This Joint Special Board Meeting is for the purpose of conducting such business as may come before the Boards including the business on the attached agenda. The meeting is open to the public.

P.A. Koscielski
President, Term to May 2027

Charles Cothern
Treasurer, Term to May 2027

Raymond O'Sullivan
Secretary, Term to May 2027

Heath Herber
Assistant Secretary, Term to May 2025

Vacant
Term to May 2025

AGENDA

1. Call to order
2. Declaration of Quorum/Director Qualifications/Disclosure Matters
3. Approval of Agenda
4. Public Comment – Members of the public may express their views to the Boards on matters that affect the Districts. Comments will be limited to three (3) minutes
5. Consent agenda - The items listed below are a group of items to be acted on with a single motion and vote by the Board. An item may be removed from the consent agenda and placed on the regular agenda by any Board member. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board.
    a. Approve Minutes from November 11, 2024, November 18, 2024, and November 22, 2024 Joint Special Meetings (enclosed)
6. Legal Matters
    a. Consider Adoption of Resolution Authorizing the Issuance of General Obligation Indebtedness Consisting of its: Limited Tax General Obligation Bonds, Series 2024A, and Subordinate Limited Tax General Obligation Bonds, Series 2024B, in the collective aggregate maximum principal amount of $16,000,000, which amount

is subject to increase or decrease as determined by the Board, or as otherwise permitted by any resolution adopted by the Board at such meeting, and, in connection therewith, the Board will consider a resolution: authorizing the issuance of such indebtedness; authorizing the Indentures of Trust, a Bond Purchase Agreement, a Continuing Disclosure Agreement, the form of Limited Offering Memorandum and other related documents; approving, ratifying and confirming the execution of certain documents; making determinations and findings as to other matters related to such financing transaction; authorizing incidental action; and repealing prior inconsistent actions. (District No. 1) (enclosed)

7. Financial Matters
8. Other Businesses
9. Adjourn


WSDM
DISTRICT MANAGERS

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
WATERVIEW NORTH METROPOLITAN DISTRICT NOS. 1 & 2
HELD NOVEMBER 11, 2024 AT 10:30 AM

Pursuant to posted notice, the joint special meeting of the Board of Directors of the Waterview North Metropolitan District Nos. 1 & 2 was held on Thursday, November 11, 2024, at 10:30 a.m., virtually via video teleconference.

ATTENDANCE

In attendance were Directors:
P.A. Koscielski, President
Raymond O'Sullivan, Secretary
Charles Cothern, Treasurer

Also in attendance were:
Jak Pattamasaevi, WSDM
Rebecca Harris, WSDM
Erin Stutz, White Bear Ankle Tanaka & Waldron
Heath Herber
Blair Dickhoner, Esq. White Bear Ankle

1. Call to Order: O'Sullivan called the meeting to order at 10:41 a.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters: Mr. Pattamasaevi declared a quorum was present and confirmed that the director qualifications and filings of disclosures were made previously.

3. Approval of Agenda: Mr. Cothern moved to approve the Agenda as presented with the exception of adding item 10a; seconded by Director Koscielski. Motion passed unanimously.

4. Public Comment: There was no public comment.

5. Director Matters:

    a. Consider Appointment of qualified Individual: Mr. O'Sullivan noted that Steven Hammers intends to join the board of directors; Mr. Hammers was unable to attend due to inclement weather. Mr. Dickhoner advised Mr. Hammers was not qualified to be appointed that day due to lack of his signature. Mr. O'Sullivan suggested delaying the decision until the following board meeting. Mr. O'Sullivan also moved to nominate Heath Herber to fill a vacancy. With permission from legal counsel, the decision to appoint the two individuals will be delayed until the following board meeting.
    b. Election of Officers

6. Consent of Agenda:

a. Ratify 2023 Annual Report
b. Ratify 2023 Audit Exemption Applications
c. Approve Minutes from August 29, 2024, Special Meeting
d. Adopt Amended and Restated Joint Public Records Request Policy
e. After review, Director Cothern moved to approve all items on the Consent Agenda, seconded by President Koscielski. The motion passed unanimously.

7. Legal Matters
    a. 2024 Legislative Update: Mr. Dickhoner reported that new legislation was passed that limited increases in property taxes for districts to 5.25%. New construction is excluded from this legislation. Mr. Dickhoner suggested that the Board may vote for the exception of the cap in the election in May since there are no residents on the Board.
    b. Consider adoption of the Joint Annual Administrative Resolution (2025). Mr. Dickhoner advised Resolution outlines what legal and WSDM each do to maintain legal compliance. The Next budgeting meeting was set for November 10, 2025, at 10:30 am. Director Koscielski moved to approve resolution, seconded by Director Cothern. Motion carried unanimously.
    c. Discuss May 2025 Election
        1. Adopt Joint Resolution Calling Election: after consideration, Koscielski moved to hold an election for both the directors and for the TABOR election, seconded by Mr. O'Sullivan. Motion carried unanimously.
    d. Conduct Public Hearing on Petition of Inclusion from ROS Equity Holdings-Independence, LLC n/k/a RJ Development, LLC (District No. 1). Public hearing was open at 11:16 AM. No public was present. Public hearing was closed.
        1. Adopt Resolution and Order of Board Approving Inclusion: Mr. Dickhoner noted the Resolution was to include the 4 additional acres into District 1. Director Koscielski moved to approve resolution, seconded by Director Cothern. Motion passed unanimously.
    e. Conduct Public Hearing on Petition for Inclusion from Waterview Commercial Investors, West Greeley Associates, LLC, and Steven Johnston (District No. 2). Public hearing was open at 11:17 AM. No public was present. Public hearing closed.
        1. Adopt Resolution and Order of Board Approving Inclusion Mr. Dickhoner explained Resolution was to include the 22 acres for District 2. Director Koscielski moved to approve the motion, seconded by Director Cothern. Motion carried unanimously. Mr. Dickhoner clarified that no further approval is required by the County, and the last step for both inclusion resolutions was to file them with the court.
    f. Adopt Joint Resolution Adopting a Digital Accessibility Policy and Designating a Compliance Officer: Mr. Dickhoner discussed new legislation that passed regarding ADA compliance on websites and its public documents. Mr. Pattamasaevi confirmed that WSDM's employee is the compliance officer. Director Koscielski moved to approve the motion, seconded by Director Cothern. Motion carried unanimously.
    g. Approve First Amendment to Independent Contractor Agreement (Management Services) with WSDM, LLC. Mr. Pattamasaevi explained that included is a $1000/month cap on WSDM fees and that assistance with the bond issuance is a separate fee that gets paid out of the bond proceeds. Director Cothern moved to approve Amendment, seconded by Director Koscielski. Motion carried unanimously.

h. Discuss General Liability Insurance and Consider Approval and Authorization to Bind Coverage: After discussion, Mr. Pattamasaevi advised he did not have the numbers yet but will include them in the payable packet and send it to Mr. O'Sullivan for signature.

8. Financial Matters
    a. Claims/Financials: Mr. Pattamasaevi noted he has been working with Mr. O'Sullivan to get the developers advance to pay vendors. Mr. Pattamasaevi asked the board to approve paying WSD, legal counsel, and the CO Dept of Health for the permit. Director Koscielski moved to approve payment request for bills dated October 7, 2024, seconded by Director Cothern. Motion carried unanimously.

    b. Conduct Public Hearing on 2025 Proposed Budgets. Public hearing was open at 11:07 am. No members of the public were present. Public hearing was closed.

        i. Adopt Resolution Adopting Budget 2025 Budget, Appropriating Funds and Certifying Mill Levies for 2025 (District No. 1). Mr. Pattamasaevi advised budget can be amended if needed. After review, Director Koscielski moved to approve the 2025 budget, seconded by Director Cothern. Motion passed unanimously.

        ii. Adopt Resolution Adopting Budget 2025 Budget, Appropriating Funds and Certifying Mill Levies for 2025 (District No. 2) After review, Director Koscielski moved to approve the 2025 budget, seconded by Director Cothern. Motion passed unanimously.

9. Discuss Bond Issuance: There was no discussion.

10. Other Business
    a. IGA Agreement: Mr. O'Sullivan advised that a lift station that is being built north of the northern boundary on the airport property. Mr. O'Sullivan sought authorization from the Board for both him and Mr. Cothern to negotiate on behalf of the district either enter into or draft of an IGA agreement to contribute 48% of cost, which would be about $5-6 million. The board will review the agreement at the next meeting. The IGA would allow the district to have CSU sewer service and save $10,000-$12,000 per house in tap fees. Mr. Dickhoner agreed to follow up regarding getting a term sheet circulated. Mr. Koscielski moved to have Mr. Cothern spearhead coordination of the lift station, seconded by Mr. O'Sullivan. Motion carried unanimously.

11. Adjourn: Meeting was adjourned at 11:14 a.m.

Approved,

_____

Officer of the District


WSDM
DISTRICT MANAGERS

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
WATERVIEW NORTH METROPOLITAN DISTRICT NOS. 1 & 2
HELD NOVEMBER 18, 2024 AT 10:00 AM

Pursuant to posted notice, the joint special meeting of the Board of Directors of the Waterview North Metropolitan District Nos. 1 & 2 was held on Thursday, November 18, 2024, at 10:00 a.m., virtually via video teleconference.

ATTENDANCE

In attendance were Directors:
P.A. Koscielski, President
Raymond O'Sullivan, Secretary
Charles Cothern, Treasurer

Also in attendance were:
Jak Pattamasaevi, WSDM
Heath Herber
Blair Dickhoner, Esq. White Bear Ankle

1. Call to Order: Mr. O'Sullivan called the meeting to order at 10:02 a.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters: Mr. O'Sullivan declared a quorum was present and confirmed that the director qualifications and filings of disclosures were made previously.

3. Approval of Agenda: After review, Director Cothern moved to approve the Agenda, seconded by President Koscielski. The motion passed unanimously.

4. Director Matters

    a. Consider Appointment of Qualified Individuals: Mr. Steve was not responsive and had reticence about joining the board. Mr. O'Sullivan suggested that Mr. Steve should no longer be considered for appointment. Mr. Dickoner advised Mr. Steve may not be legally appointed without signing documents. After discussion, Mr. Cothern moved to approve Mr. Herber's appointment to the board of Both Districts 1 and 2, seconded by Mr. Koscielski. Motion passed unanimously. Mr. Herber stated he will sign the oaths for both Districts.
    b. Election of Officers: After discussion, Mr. Koscielski moved to appoint Mr. Herber as Assistant Secretary of the Board seconded by Mr. Cothern. Motion passed unanimously.

5. Public Comment: no public in attendance.

6. Legal Matters

a. Review and consider approval of proposals for engineering services: Mr. Dickhoner gave a brief summary of all three proposals and advised all three proposals are qualified. After review, Mr. Koscielski moved to approve the proposal for the Connextion Group, seconded by Mr. Cothern. Motion passed unanimously.
    1. Ranger Engineering:
    2. Independent District Engineering Services:
    3. The Connextion Group

7. Discuss Lift Station Intergovernmental Agreement: Mr. O'Sullivan advised Zachary Knight requested that Board reads through the document with them and legal counsel. Mr. O'Sullivan reported the other party wanted the board to make full payment without having bids for the job. Mr. O'Sullivan's plan was to submit periodic payments during the construction process. At Mr. Dickhoner's suggestion, Mr. O'Sullivan and Mr. Cothern will conference with Mr. Knight and then review to legal counsel before making a decision.
8. Financial Matters
    a. Conduct Public Hearing on 2023 Proposed Budgets. Public hearing was open at 10:37 a.m. No public was present.
        1. Adopt Resolution Adopting Budget 2023 Budget (District No. 1)
        2. Adopt Resolution Adopting Budget 2023 Budget (District No. 2)
        Mr. Pattamasaevi confirmed the Budgets are at $0 and the notices were posted at the 3 public locations within the district last week. After review, Mr. Cothern moved to approve the 2023 Budgets for Districts 1 and 2, seconded by Mr. Koscielski. Motions passed unanimously.
9. Other Business
    a. Discuss Special Meeting: Mr. Dickhoner advised that the newspaper did not publish notices for the inclusion hearing for District 1, so the meeting will need to be rescheduled. Legal Counsel advised a special meeting was needed for the bond resolution.

10. Adjourn: Meeting was adjourned at 10:40 a.m. After review, Mr. Koscielski moved to adjourn the meeting, seconded by Mr. Cothern. Motion passed unanimously.

Approved,

_____
Officer of the District


WSDM
DISTRICT MANAGERS

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
WATERVIEW NORTH METROPOLITAN DISTRICT NOS. 1 & 2
HELD NOVEMBER 22, 2024 AT 3:00 PM

Pursuant to posted notice, the joint special meeting of the Board of Directors of the Waterview North Metropolitan District Nos. 1 & 2 was held on Thursday, November 22, 2024, at 3:00 p.m., virtually via video teleconference.

ATTENDANCE

In attendance were Directors:
P.A. Koscielski, President
Raymond O'Sullivan, Secretary
Charles Cothern, Treasurer
Heath Herber, Assistant Secretary

Also in attendance were:
Jak Pattamasaevi, WSDM
Blair Dickhoner, Esq. White Bear Ankle

1. Call to Order: Mr. O'Sullivan called the meeting to order at 3:07 p.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters: Mr. O'Sullivan declared a quorum was present and confirmed that the director qualifications and filings of disclosures were made previously.

3. Approval of Agenda: After review, President Koscielski moved to approve the Agenda, seconded by Director Cothern. The motion passed unanimously.

4. Public Comment: no public in attendance.

5. Legal Matters:
    a. Conduct Public Hearing on Petition for Inclusion from ROS Equity Holdings – Independence, LLC n/k/a RJ Development, LLC (District No. 1) Public hearing was opened. No public present. Public hearing was closed.
        1. Adopt Resolution and Order of Board Approving Inclusion: Director. O'Sullivan explained that the inclusion contained 4.18 acres south of Bradley Road. Legal counsel advised that public notice was published on time in the newspaper. Legal counsel also advised that after approval of the inclusion, the document will be sent to the Board for signage and requested the Board to sign as soon as possible. After review, Director O'Sullivan moved to adopt Resolution and Order of Board Approving Inclusion, seconded by Mr. Cothern. Motion passed unanimously.
6. Financial Matters: Mr. Pattamasaevi advised there was no update.
7. Other Business

a. Special Meeting week of December 2nd: The time for the meeting on December 2 was set for 1:30 p.m. Mr. Dickhoner advised the goal of adopting the bond resolution, and he advised to costs certified in advance of closing if possible. Legal counsel also noted that funds can be requisitioned after the bond proceeds close. Mr. O'Sullivan advised that a budget for District 1 for the inclusion has been completed.

8. Adjourn: Director O'Sullivan motion to adjourn the meeting 3:20 p.m., seconded by Director Koscielski. Motion passed unanimously.

Approved,

_____
Officer of the District


WSDM
DISTRICT MANAGERS

STATE OF COLORADO	)	
	)	
EL PASO COUNTY	)	ss
	)	
SUNSET PARKS	)	
METROPOLITAN DISTRICT	)	

I, the Secretary or Assistant Secretary of the Waterview North Metropolitan District No. 1, in the City of Colorado Springs, El Paso County, Colorado (the "District"), do hereby certify that:

1. Attached hereto is a true and correct copy of a resolution (the "**Resolution**") adopted by the Board of Directors (the "**Board**") of the District at a special meeting held on Monday, December 2, 2024 at 1:30 P.M., at 614 N. Tejon St., Colorado Springs, CO 80903, and via video/telephone conference at:

Link: https://video.cloudoffice.avaya.com/join/669748943
Call-in Number: +1 (213) 463-4500
Password: 669748943

2. Notice of such meeting was posted no less than 24 hours prior to the holding of the meeting on a public website of the District or in a designated public place within the boundaries of the District, in accordance with law.

3. In accordance with §11-57-211, C.R.S., one or more of the members of the Board participated in this meeting and voted through the use of a telephone conference, and there was at least one person physically present at the designated meeting area to ensure that the public meeting was in fact accessible to the public.

4. Upon roll call, the members of the Board not marked absent below, were present, constituting a quorum, and the Resolution was duly introduced, moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of the Board as follows:

Board Member	**Yes**	**No**	**Absent**	**Abstaining**
P.A. Koscielski, President	____	_____	_____	_____
Charles K. Cothern, Treasurer	____	_____	_____	_____
Raymond F. O'Sullivan, Secretary	____	_____	_____	_____
Heath A. Herber, Assistant Secretary	____	_____	_____	_____

5. The Resolution was duly approved by the Board, signed by the President of the District, sealed with the District's seal, attested by the Secretary or Assistant Secretary of the District and recorded in the minutes of the Board.

6. The meeting at which the Resolution was adopted was noticed, and all proceedings relating to the adoption of the Resolution were conducted in accordance with all applicable bylaws, rules, regulations and resolutions of the District, in accordance with the normal procedures of the District relating to such matters, and in accordance with applicable constitutional provisions and statutes of the State of Colorado.

WITNESS my hand and the seal of the District this 2nd day of December, 2024.

By _____
Secretary or Assistant Secretary

[SEAL]

(Attach copy of notice of meeting, as posted)

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RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE BY WATERVIEW NORTH METROPOLITAN DISTRICT NO. 1, IN THE CITY FO COLORADO SPRINGS, EL PASO COUNTY, COLORADO, OF ITS LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2024A AND SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2024B, FOR THE PURPOSE OF FINANCING OR REIMBURSING THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS, FUNDING AN INITIAL DEPOSIT TO A SURPLUS FUND SECURING THE SERIES 2024A BONDS, FUNDING CAPITALIZED INTEREST ON THE SERIES 2024A BONDS AND PAYING THE COSTS OF ISSUANCE OF THE BONDS; AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST (SENIOR) AND AN INDENTURE OF TRUST (SUBORDINATE); AND APPROVING OTHER DOCUMENTS RELATING TO THE BONDS.

WHEREAS, the District is a quasi-municipal corporation and political subdivision of the State of Colorado (the "**State**") duly organized and existing as a metropolitan district under the constitution and laws of the State, including particularly Title 32, Article 1, Colorado Revised Statutes, as amended ("**C.R.S.**"); and

WHEREAS, the District was organized as "Waterview North Metropolitan District No. 1" by Order and Decree of the District Court for El Paso County, Colorado issued on November 22, 2023 recorded in the real property records of El Paso County, Colorado (the "**County**") on December 19, 2023 at Reception No. 223103274; and

WHEREAS, the District is authorized by Title 32, Article 1, Part 1, C.R.S. (the "**Act**"), to furnish certain public facilities and services, including, but not limited to, street improvements, water, storm sewer, sanitation and wastewater treatment and parks and recreation in accordance with the Consolidated Service Plan for Waterview North Metropolitan District Nos. 1 & 2, in the City of Colorado Springs, Colorado, approved by the City Council of the City of Colorado Springs, Colorado (the "**City**") on September 26, 2023 by Resolution No. 131-23 as amended by a Non-Material Administrative Amendment dated October 4, 2024 (as further amended and restated from time to time, the "**Service Plan**") for the District and Waterview North Metropolitan District No. 2, in the City of Colorado Springs, Colorado ("**District No. 2**" and together with the District, the "**Districts**"); and

WHEREAS, at elections of the qualified electors of the District, duly called and held on November 7, 2023 (the "**Election**"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Elections voted in favor of, inter alia, the issuance of District indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities (as more particularly defined herein, the "**Facilities**"), and for the refunding of such indebtedness, as follows, the questions relating thereto being as set forth in Exhibit C to the Senior Indenture and the Subordinate Indenture (each as defined herein); and

WHEREAS, the returns of the Election were duly canvassed and the results thereof duly declared; and

WHEREAS, the results of the Election were certified by the District by certified mail to the board of county commissioners of each county in which the District is located or to the governing body of a municipality that has adopted a resolution of approval of the special district pursuant to Section 32-1-204.5, C.R.S., and with the division of securities created by Section 11-51-701, C.R.S. within forty-five (45) days after the Election; and

WHEREAS, the Board of Directors of the District (the "**Board**") has previously determined that it was necessary to acquire, construct, and install a portion of the Facilities (the "**Project**"); and

WHEREAS, the District and CPR Entitlements, LLC, a Colorado limited liability company. (the "**Developer**") have entered into the Infrastructure Acquisition and Reimbursement Agreement dated as of February 1, 2024 (the "**Reimbursement Agreement**"), pursuant to which the District has agreed to reimburse the Developer for costs of providing the Facilities; and

WHEREAS, in accordance with the Service Plan and the Special District Act, the Board has previously determined and hereby determines that the Facilities proposed to be financed with proceeds of the Bonds (defined below) are in the nature of community improvements intended for the general direct and indirect benefit of the planned residential community within the District and will serve the future taxpayers and inhabitants of the District and, accordingly, it is necessary to acquire, construct, and install such Facilities; and

WHEREAS, for the purpose of financing or reimbursing a portion of the Project (including paying amounts due or to become due under the Reimbursement Agreement), the Board hereby determines to issue its Limited Tax General Obligation Bonds, Series 2024A (the "**Series 2024A Senior Bonds**") and Subordinate Limited Tax General Obligation Bonds, Series 2024B, (the "**Series 2024B Subordinate Bonds**" and, together with the Series 2024A Senior Bonds, the "**Bonds**") in a combined aggregate principal amount not to exceed $[14,000,000]; and

WHEREAS, the Series 2024A Senior Bonds shall be equally and ratably secured by certain revenues to be received by the District and pledged under an Indenture of Trust (Senior) (the "**Senior Indenture**") by and between the District and UMB Bank, n.a., as trustee (the "**Trustee**"), and shall be payable solely from the sources set forth in the Senior Indenture, including the Pledged Revenue (as defined therein); and

WHEREAS, the Series 2024B Subordinate Bonds shall be equally and ratably secured by certain revenues to be received by the District and pledged under an Indenture of Trust (Subordinate) (the "**Subordinate Indenture**" and together with the Senior Indenture, the "**Indentures**") by and between the District and the Trustee, and shall be payable solely from the sources set forth in the Subordinate Indenture, including the Subordinate Pledged Revenue (as defined therein); and

WHEREAS, the principal amount of the Bonds shall be allocated to the District's electoral authorization in accordance with the use of net proceeds of the Bonds, as more

particularly provided in the recitals of the Senior Indenture and the Subordinate Indenture, respectively; and

WHEREAS, the Service Plan limits the aggregate Debt (as such term is defined in the Service Plan) that may be issued by the Districts to $40,000,000; and

WHEREAS, the Districts have not previously issued Debt (as such term is defined in the Service Plan) and the aggregate amount of the Bonds and the 2024B Subordinate Bonds does not exceed $40,000,000; and

WHEREAS, the Bonds shall be issued pursuant to the provisions of Title 32, Article 1, Part 11, C.R.S., the Service Plan and all other laws thereunto enabling; and

WHEREAS, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

WHEREAS, the Series 2024A Senior Bonds shall be limited tax general obligations of the District, and shall be payable solely from the Pledged Revenue (as defined in the Senior Indenture); and

WHEREAS, the Series 2024B Subordinate Bonds shall be subordinate limited tax general obligations of the District, and shall be payable solely from the Subordinate Pledged Revenue (as defined in the Subordinate Indenture); and

WHEREAS, the Bonds initially shall be issued in denominations of $500,000 each, and in integral multiples above $500,000 of not less than $1,000 each, and will be exempt from registration under the Colorado Municipal Bond Supervision Act (as defined in the Indentures); and

WHEREAS, pursuant to the provisions of Section 32-1-1101(6)(a)(IV), C.R.S., the Bonds are being issued only to "financial institutions or institutional investors" as such terms are defined in Section 32-1-103(6.5), C.R.S.; and

WHEREAS, in accordance with the Service Plan, the Bonds will be initially issued only to "accredited investors" within the meaning of Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; and

WHEREAS, there has been presented at or prior to this meeting of the Board a proposal from D.A. Davidson & Co., Denver, Colorado (the "**Underwriter**"), to purchase the Bonds in accordance with the terms and conditions set forth in a Bond Purchase Agreement (the "**Bond Purchase Agreement**"), a form of which has been presented at or prior to the Board at this meeting; and

WHEREAS, after consideration, the Board has determined that the financing of the Project, and the sale of the Bonds to the Underwriter upon the terms and conditions presented to the Board and set forth in the Bond Purchase Agreement (a final form of which will be approved by the Sale Delegate (defined below) subject to the limitations of the authority delegated to the

Sale Delegate set forth herein) is in the best interests of the District and the taxpayers thereof; and

WHEREAS, there has been presented at or prior to this meeting of the Board substantially final forms of the following (all as defined herein): the Senior Indenture, the Subordinate Indenture, the Continuing Disclosure Agreement, the Post-Issuance Tax Compliance Policy and the Bond Purchase Agreement; and

WHEREAS, the Board desires to authorize the issuance and sale of the Bonds and the execution of the foregoing documents; delegate the authority to the Sale Delegate pursuant to Section 11-57-205(1), C.R.S. to execute and deliver the Bond Purchase Agreement and make other determinations regarding the Bonds; and authorize the execution, completion, and delivery of such certificates and other documents as may be necessary to effect the intent of this Resolution, the Senior Indenture and the Subordinate Indenture, as such delegation authority is more specifically delineated by, and subject to the limitations set forth in, this Resolution; and

WHEREAS, the Board desires, as provided in the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, C.R.S., to delegate the authority to the President of the District to determine certain provisions of the Bonds to be set forth in the Bond Purchase Agreement, in accordance with the provisions of this Resolution; and

WHEREAS, pursuant to Section 32-1-902(3), C.R.S., and Section 18-8-308, C.R.S., all known potential conflicting interests of the Directors of the Board were disclosed to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bonds in writing to the Secretary of State and the Board; finally, the Board members have stated for the record immediately prior to the adoption of this Resolution the fact that they have such interests and the summary nature of such interests and the participation of those Board members is necessary to obtain a quorum or otherwise enable the Board to act.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WATERVIEW NORTH METROPOLITAN DISTRICT NO. 1, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO:

Section 1. Definitions. Unless the context indicates otherwise, as used herein, capitalized terms shall have the meanings ascribed by the preambles hereto, the Senior Indenture and the Subordinate Indenture, respectively, and the following capitalized terms shall have the respective meanings set forth below:

"*Act*" means the "Special District Act," being Title 32, Article 1, C.R.S.

"*Bonds*" means the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement to be dated as of the date of issuance of the Bonds, by and among the District, the Developer and the Trustee.

"*Developer*" means CPR Entitlements, LLC, a Colorado limited liability company, and its successors and assigns.

"*Facilities*" means public facilities the debt for which was approved at the Elections, including without limitation necessary or appropriate equipment.

"*Financing Documents*" means, collectively, this Resolution, the Senior Indenture, the Subordinate Indenture, the Tax Compliance Certificate, the Bond Purchase Agreement and the Continuing Disclosure Agreement.

"*Limited Offering Memorandum*" means the final Limited Offering Memorandum relating to the offer and sale of the Bonds.

"*Post-Issuance Tax Compliance Policy*" means the Post-Issuance Tax Compliance Policy to be set forth as an exhibit to the Tax Compliance Certificate.

"*Project*" means the financing, acquisition, construction or installation of the Facilities.

"*Resolution*" means this Resolution which authorizes the issuance of the Bonds.

"*Sale Delegate*" means the President of the Board.

"*Series 2024A Senior Bonds*" means the District's Limited Tax General Obligation Bonds, Series 2024A.

"*Series 2024B Subordinate Bonds*" means the District's Subordinate Limited Tax General Obligation Bonds, Series 2024B.

"*Supplemental Act*" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, C.R.S.

"*Tax Compliance Certificate*" means the Tax Compliance Certificate of the District in a form approved by bond counsel to the District governing issues relating to the Bonds under the Code.

"*Underwriter*" means D.A. Davidson & Company, of Denver, Colorado, the original purchaser of the Series 2024A Senior Bonds and the Series 2024B Subordinate Bonds.

Section 2. Approval and Authorization of Financing Documents. The Financing Documents are incorporated herein by reference and are hereby approved. The District shall enter into and perform its obligations under the Financing Documents in the form of such documents presented at or prior to this meeting or, with respect to the Tax Certificate, in the form approved by bond counsel to the District, with such changes as are made pursuant to this Section 2 and are not inconsistent herewith (including specifically the provisions of Section 5

hereof). The President or Vice President of the District and the Secretary or Assistant Secretary of the District are hereby authorized and directed to execute and attest the Financing Documents and the certificated Bond forms and to affix the seal of the District thereto, and the President or Vice President of the District, Secretary or Assistant Secretary of the District, and other appropriate officers of the District are further authorized to execute and authenticate such other documents, instruments, or certificates as are deemed necessary or desirable in order to issue, secure, sell, deliver and administer the Bonds, and to accomplish the financing of the Project (to the extent of proceeds available therefor), including to authorize the payment of net proceeds of the Series 2024A Senior Bonds, after payment of the Underwriter's discount in accordance with the Bond Purchase Agreement, for costs of issuance of the Bonds, to fund an initial deposit to a Surplus Fund securing the Series 2024A Senior Bonds, and to fund a portion of interest on the Series 2024A Senior Bonds, in addition to the other uses contemplated by the Senior Indenture and the Subordinate Indenture, respectively. The Financing Documents and such other documents are to be executed in substantially the forms presented at or prior to this meeting of the Board or, with respect to the Tax Certificate, in the form approved by bond counsel to the District, provided that such documents may be completed, corrected, or revised as deemed necessary and approved by the officer(s) of the District executing the same in order to carry out the purposes of this Resolution, subject to the limitations of Section 5 hereof, such approval to be evidenced by their execution thereof. To the extent any Financing Document has been executed prior to the date hereof, said execution is hereby ratified and affirmed. Copies of all of the Financing Documents shall be delivered, filed, and recorded as provided therein.

Upon execution of the Financing Documents, the covenants, agreements, recitals, and representations of the District therein shall be effective with the same force and effect as if specifically set forth herein, and such covenants, agreements, recitals, and representations are hereby adopted and incorporated herein by reference.

The appropriate officers of the District are hereby authorized and directed to prepare and furnish to any interested person certified copies of all proceedings and records of the District relating to the Bonds and such other affidavits and certificates as may be required to show the facts relating to the authorization and issuance thereof.

The execution of any instrument by the President or Vice President of the District, Secretary or Assistant Secretary of the District or other appropriate officer of the District in connection with the issuance, sale, delivery or administration of the Bonds not inconsistent herewith shall be conclusive evidence of the approval by the District of such instrument in accordance with the terms thereof and hereof.

Section 3. Authorization of Bonds. In accordance with the Constitution of the State; the Act; the Supplemental Act; the Elections; and all other laws of the State thereunto enabling, there shall be issued the Bonds for the purposes of funding costs of the Project, including paying amounts due or to become due under the Reimbursement Agreement, paying costs of issuance of the Bonds, and providing for, if necessary, from the proceeds of the Series 2024A Senior Bonds, capitalized interest for payment of a portion of the interest on the Series 2024A Senior Bonds, and the funding of an initial deposit to a Surplus Fund securing the Series 2024A Senior Bonds, all as further provided in the Senior Indenture and the Subordinate Indenture, respectively. The Series 2024A Senior Bonds shall constitute limited tax general obligations of the District and the

Series 2024B Subordinate Bonds shall constitute subordinate limited tax general obligations of the District as provided in the Senior Indenture and the Subordinate Indenture, respectively, secured by the respective Trust Estates as defined and more particularly provided therein.

Section 4. Bond Details. The Series 2024A Senior Bonds shall be issued only as fully registered bonds in the aggregate principal amount as set forth in the Bond Purchase Agreement and dated the date of delivery of the Series 2024A Senior Bonds. The Series 2024B Subordinate Bonds shall be issued only as fully registered bonds in the aggregate principal amount as set forth in the Bond Purchase Agreement and dated the date of delivery of the Series 2024B Subordinate Bonds. The Bonds shall mature and shall be subject to optional and mandatory redemption prior to maturity, and shall bear interest as provided in the Bond Purchase Agreement, the Senior Indenture and/or the Subordinate Indenture, as applicable. The Bonds shall be issued in Authorized Denominations (as defined in the Senior Indenture and the Subordinate Indenture, as applicable), and be payable, shall be registered, numbered and subject to transfer and exchange, and shall otherwise be subject to the terms and conditions as provided in the Senior Indenture and the Subordinate Indenture.

Section 5. Delegation and Parameters.

(a) Pursuant to Section 11-57-205, C.R.S., the Board hereby delegates to the Sale Delegate the authority to determine and set forth in the Bond Purchase Agreement and/or the Senior Indenture and the Subordinate Indenture, as applicable: (i) the matters set forth in subsection (b) of this Section, subject to the applicable parameters set forth in subsection (c) of this Section; and (ii) any other matters that, in the judgment of the Sale Delegate, are necessary or convenient to be set forth in the Bond Purchase Agreement and/or the Senior Indenture and the Subordinate Indenture, as applicable, and are not inconsistent with the Act, the Supplemental Act, or the parameters set forth in subsection (c) of this Section. The Board hereby authorizes and directs the Sale Delegate to execute the Bond Purchase Agreement, in accordance with such determinations. Upon the execution of the Bond Purchase Agreement, the Senior Indenture, and the Subordinate Indenture, the matters described in (i) and (ii) above and set forth in the Bond Purchase Agreement and/or the Senior Indenture and the Subordinate Indenture, as applicable, shall be incorporated into this Resolution with the same force and effect as if they had been set forth herein when this Resolution was adopted.

(b) The Bond Purchase Agreement and/or the Senior Indenture and the Subordinate Indenture, as applicable, shall set forth the following matters and other matters permitted to be set forth therein pursuant to subsection (a) of this Section, but each such matter must fall within the applicable parameters set forth in subsection (c) of this Section:

(i) the rates of interest on the Bonds;

(ii) the terms on which and the prices at which the Bonds may be redeemed prior to maturity, including, without limitation, the principal amounts of the Series 2024A Senior Bonds subject to mandatory sinking fund redemption and

the years in which such Series 2024A Senior Bonds will be subject to such redemption;

(iii) the prices at which the Bonds will be sold;

(iv) the principal amounts of the Bonds;

(v) the dates on which principal and interest shall be paid;

(vi) the amount of principal maturing in any particular year; and

(vii) the existence and amount of any capitalized interest, surplus funds or reserve funds.

(c) The authority delegated to the Sale Delegate by this Section shall be subject to the following parameters:

(i) in no event shall the Sale Delegate be authorized to execute the Bond Purchase Agreement after the date that is one year after the date of adoption of this Resolution and in no event may the Bonds be issued after such date, absent further authorization by the Board;

(ii) the final maturity date of the Bonds shall not exceed December 15, 2055;

(iii) the combined aggregate principal amount of the Bonds shall not exceed $[14,000,000];

(iv) the net effective interest rate borne by the Series 2024A Senior Bonds shall not exceed [___]%;

(v) the net effective interest rate borne by the Series 2024B Subordinate Bonds shall not exceed [___]%;

(vi) any redemption premium shall not be in excess of 3.00% of the principal amount so redeemed; and

(vii) the total repayment cost of the Bonds and the maximum annual repayment costs thereof shall not exceed, respectively, the total repayment cost and maximum annual tax increase limitations of the Elections.

Section 6. Permitted Amendments to Bond Resolution. Except as otherwise provided herein, the District may amend this Resolution in the same manner, and subject to the same terms and conditions, as apply to an amendment or supplement to the Senior Indenture and the Subordinate Indenture, respectively, as provided in the Senior Indenture and the Subordinate Indenture.

Section 7. Appointment of District Representatives. The President of the Board is hereby appointed as a District Representative, as defined in the Senior Indenture and the Subordinate Indenture. A different or additional District Representative may be appointed by resolution adopted by the Board and a certificate filed with the Trustee.

Section 8. Disposition and Investment of Proceeds; Tax Covenants. The Bonds shall be issued and sold for the purposes aforesaid. Neither the Underwriter nor any subsequent Owners of the Bonds shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

All or any portion of the Bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations which are both lawful investments and which are Permitted Investments (as defined in the Senior Indenture and the Subordinate Indenture, as applicable). It is hereby covenanted and agreed by the District that it will not make, or permit to be made, any use of the original proceeds of the Bonds, or of any moneys treated as proceeds of the Bonds within the meaning of the Code and applicable regulations, rulings, and decisions, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions.

Section 9. Post-Issuance Tax Compliance Policy. The Board hereby approves and adopts the Post-Issuance Tax Compliance Policy and designates the person so identified therein as the "Responsible Person."

Section 10. Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Bonds shall be paid either from the proceeds of the Bonds or from legally available moneys of the District, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

Section 11. Limited Offering Memorandum. The completion of a Preliminary Limited Offering Memorandum (a preliminary form of the Limited Offering Memorandum, a draft of which has been presented to the Board) and its use and distribution in connection with the sale of the Bonds is hereby authorized and approved. The Board hereby authorizes the preparation and distribution of a supplement to the Preliminary Limited Offering Memorandum if deemed necessary by the Underwriter in connection with its marketing of the Bonds. The Board hereby authorizes the preparation and distribution of a final Limited Offering Memorandum. The Limited Offering Memorandum shall contain such corrections and additional or updated information so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The President of the District is hereby authorized to execute copies of the Limited Offering Memorandum on behalf of the District.

Section 12. Pledge of Revenues. The creation, perfection, enforcement, and priority of the revenues pledged to secure or pay the Bonds as provided herein and in the Senior Indenture and the Subordinate Indenture, respectively, shall be governed by Section 11-57-208 C.R.S., this Resolution, the Senior Indenture and the Subordinate Indenture. The revenues pledged for the

payment of the Bonds, as received by or otherwise credited to the District or the Trustee, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues of the District and the obligation to perform the contractual provisions made herein and in the Senior Indenture and the Subordinate Indenture shall have priority over any or all other obligations and liabilities of the District. 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 District irrespective of whether such persons have notice of such liens.

Section 13. No Recourse Against Officers and Agents. Pursuant to Section 11-57-209 C.R.S., if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Section 14. Conclusive Recital. Pursuant to Section 11-57-210 C.R.S., the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Section 15. Limitation of Actions. Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than thirty (30) days after the authorization of such securities.

Section 16. Ratification and Approval of Prior Actions. All actions heretofore taken by the consultants to or officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, sale, issuance, and delivery of the Bonds, or the execution of any documents in connection with the Bonds, are hereby ratified, approved, and confirmed.

Section 17. Resolution Irrepealable. After any of the Bonds have been issued, this Resolution shall constitute a contract between the Owners and the District and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided and as provided in the Senior Indenture and the Subordinate Indenture.

Section 18. Repealer. All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

Section 19. 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 20. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

Section 21. Electronic Signatures. Any individual or individuals who are authorized to execute or consent to this Resolution on behalf of the District are hereby authorized to execute this Resolution and any other Financing Document electronically via facsimile or email signature pursuant to Article 71.3 of Title 24, C.R.S., also known as the "Uniform Electronic Transactions Act." Any electronic signature so affixed to this Resolution shall carry the full legal force and effect of any original, handwritten signature.

Section 22. Confirmation of Seal; Electronic Production and Reproduction. The Board hereby affirms the adoption of the seal appearing on the signature page of this Resolution in accordance with Section 32-1-902, C.R.S., regardless of whether initially produced electronically or manually. The requirement of any District resolution, proceeding or other document (including this Resolution, the Bonds and any Financing Document) to "affix" the District seal thereto, including for the purpose of satisfying any applicable State law, shall be satisfied by manual impression or print, facsimile reproduction or electronic reproduction or inclusion of the image of such seal. Without limiting the foregoing, any electronic production or reproduction of the image of the seal shall constitute an electronic record of information, as defined in the Uniform Electronic Transactions Act, and the Board hereby authorizes its use for the purposes provided herein in accordance with the authority provided by Section 24-71.3-118, C.R.S.

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ADOPTED AND APPROVED this 2nd day of December, 2024.

(S E A L)

WATERVIEW NORTH METROPOLITAN DISTRICT NO. 1, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO

_____
President

ATTESTED:

_____
Secretary or Assistant Secretary


WSDM
DISTRICT MANAGERS

POST-ISSUANCE TAX COMPLIANCE POLICY

Adopted December 2, 2024

Waterview North Metropolitan District No. 1, in the City of Colorado Springs, El Paso County, Colorado (the "District") hereby adopts the procedures described herein (the "Procedures") as its written procedures for post-issuance tax compliance and remedial action applicable to tax-advantaged bonds, notes, leases, certificates of participation or similar (collectively, "Obligations") heretofore and hereafter issued or executed and delivered by it or on its behalf. These Procedures are intended to supplement any previous post-issuance tax compliance and remedial action procedures that may have been adopted by the District and any procedures evidenced in writing by any tax document for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns filed in connection with any Obligations and the instructions to such information returns.

1. **Responsible Person**. The District has assigned to the [District Accountant] (the "Responsible Person") the responsibility for ensuring post-issuance tax and remedial action compliance with the requirements of any tax and financing documents for Obligations. This responsibility is included in the job description for the Responsible Person, and such person has or will review any prior post-issuance tax compliance and remedial action procedures, these Procedures, any tax documents for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns, if any, filed in connection with any Obligations (such as IRS Forms 8038, 8038-G, 8038-TC or 8038-CP) and the instructions to such information returns, and consult with bond counsel and other professionals as needed.

2. **Succession Planning**. The District will ensure that, when the current Responsible Person leaves such person's current position at the District, the responsibility for financing and tax covenant compliance will be explained in detail to his or her successor, such successor will be provided compliance training (as further described in the following section).

3. **Training**. Compliance training for the Responsible Person should include, among other things, annual meetings with bond counsel to discuss monitoring compliance with applicable tax laws and attendance at post-issuance tax compliance trainings organized by bond counsel or the Internal Revenue Service or entities such as the Government Finance Officers Association or similar organizations.

4. **Procedures for Timely Expenditure of Proceeds**. The District understands that at least 85 percent of the net sale proceeds of new money Obligations must be spent to carry out the projects financed with the proceeds of the Obligations within three years of the date such Obligations are originally issued, entered into or executed and delivered. The District will treat as "sale proceeds" any amounts actually or constructively received by the District from issuance or execution and delivery of the Obligations, including amounts used to pay accrued interest other than pre-issuance accrued interest. "Net sale proceeds" means the sale proceeds less any amounts deposited into reasonably required reserve or replacement funds. The District has

established or will establish reasonable accounting procedures for tracking and reporting to the Responsible Person the expenditure of net sale proceeds.

5. **Compliance with Arbitrage Yield Restriction and Rebate Requirements**. The Responsible Person will create a system to ensure that for all applicable Obligations, not less than six months prior to each five-year anniversary of the closing date for Obligations, the District will retain an arbitrage rebate consultant to prepare a report determining the yield of the Obligations under the Internal Revenue Code of 1986, as amended (the "Code"), and whether there is any amount owed to the Internal Revenue Service under Section 148 of the Code; provided, however, that the foregoing shall not apply with respect to any Obligations that have met applicable spending exceptions to such requirements, as described in the applicable tax certificates for the Obligations.

6. **Ongoing Procedures**. The Responsible Person will review any prior procedures, these Procedures, tax and financing documents relating to Obligations, information returns for obligations and related instructions to such information returns, and the status and use of the obligation-financed or refinanced property *on at least an annual basis and at the following intervals*: (a) six months prior to each five-year anniversary of the issue or execution and delivery date of the Obligations; (b) within 30 days of the date the Obligations are finally retired, defeased, refunded or terminated; (c) when any rebate payment is made; (d) when property financed or refinanced with proceeds of Obligations is placed in service; (e) if the District determines that property planned to be financed or refinanced with proceeds of Obligations will not be completed; and (f) if any of the representations, statements, circumstances or expectations of the District that are set forth in the tax or financing documents for Obligations are no longer true, have changed or have not come to pass as described in such documents. This review will be made for the purposes of identifying any possible violation of federal tax requirements related to Obligations and to ensure the timely correction of those violations pursuant to the remedial action provisions outlined below or through the Voluntary Closing Agreement Program. If any possible violation is identified, the Responsible Person will notify the District and the District's counsel or the District's bond counsel so that any existing or expected violation can be corrected.

7. **Additional Policies and Procedures**. The District acknowledges that certain types of Obligations, such as tax credit obligations, may have special rules regarding the timely expenditure of proceeds, arbitrage yield restriction and rebate requirements and remediation requirements, all of which will be described in the tax certificates for the Obligations. Such rules are incorporated herein (except to the extent that these Procedures have been revised to incorporate any of such rules), and the District agrees to follow such rules with respect to Obligations, if applicable.

8. **Recordkeeping**. The Responsible Person will develop and implement a system for maintaining records relating to these Procedures. Such records must be kept and maintained for the life of the related Obligations, and any Obligations that refund or refinance such obligations, plus at least four years (or such longer period as may be required in related tax documents for such obligations). These records may be maintained on paper, by electronic media or by any combination thereof.

9. **Procedures to Comply with Remediation Requirements**. The Responsible Person will establish and maintain a system for tracking and monitoring the use of the property financed or refinanced with the proceeds of Obligations to ensure that the use of all of such property will not violate the private business tests or the private loan financing test under Section 141 of the Code. If, after the issuance or execution and delivery of Obligations, the use of the property financed or refinanced with the proceeds of Obligations changes so that the private business tests or the private loan financing test would be met, or if another violation of these procedures occurs which requires correction, the District will, in connection with consulting bond counsel, undertake a closing agreement through the Voluntary Closing Agreement Program of the Internal Revenue Service or take one of the remedial actions described in the next section, if available.

10. **Reporting of Change in Use; Remedial Action Procedures**. The Responsible Person will report to the Board of Directors of the District (the "Board") and to bond counsel any change in the use of the property financed or refinanced with the proceeds of Obligations after the issuance or execution and delivery of Obligations. In such event, the Board will seek advice from bond counsel and other consultants deemed appropriate by the Board regarding whether a Deliberate Action (as defined below) has occurred, and the permissible remedial actions that may be taken to remediate the effect of any Deliberate Action upon the federal tax status of the Obligations. If a deliberate action is taken with respect to the Obligations and the property financed or refinanced by the Obligations (the "Financed Property") subsequent to the issuance or execution and delivery of the Obligations which action is not in compliance with the tax requirements of the Code or Regulations (a "Deliberate Action"), then the District will take remedial actions in accordance with the recommendations of bond counsel, and in consultation with other consultants to the District, Possible remedial actions, and the conditions to taking any such remedial actions, are described below.

(a) Conditions to Remedial Actions. None of the remedial actions described in (b) below are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(i) the District reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the private business tests nor the private loan financing test of Section 141 of the Code and the Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(ii) the average weighted maturity of the Obligations did not, as of such date, exceed 120 percent of the average economic life of the Financed Property;

(iii) unless otherwise excepted under the Regulations, the District delivers a certificate, instrument or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is bona fide and arm's-length, and that the non-exempt person using either the Financed Property

or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(iv) any disposition must be made at fair market value and any Disposition Proceeds (defined below) actually or constructively received by the District as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield of the Obligations subsequent to the date of the Deliberate Action; and

(v) Proceeds of the Obligations affected by the remedial action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in (b)(i) below).

"Disposition Proceeds," as such term is used in this section 10, means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of property (other than investments) financed with the proceeds of the Obligations.

(b) Types of Remedial Action. Subject to the conditions described in (a) above, and only if the District obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of remedial actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(i) *Redemption or Defeasance of Obligations*.

(A) If the Deliberate Action causing either the private business use test or the private loan financing test of Section 141 of the Code and the Regulations thereunder to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the District may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations (defined below) *pro rata* across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the District may (subject generally to the limitations described in (C) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow (defined below) for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(B) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the District may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from gross income for federal income tax purposes) for the redemption of all Nonqualified Obligations within

90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(C) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this section 10 is for general information only, and bond counsel must be contacted to discuss other available options.

"Nonqualified Obligations," as such term is used in this section 10, means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the private business use test or the private loan financing test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"Defeasance Escrow," as such term is used in this section 10, means an irrevocable escrow established to redeem Obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay all the principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

(ii) *Alternative Use of Disposition Proceeds*. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(A) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(B) the District reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(C) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the private activity bond tests;

(D) no action is taken after the date of the Deliberate Action to cause the private activity bond tests to be satisfied with respect to the Obligations, the Financed Property or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Regulations); and

(E) Disposition Proceeds used in a manner that satisfies the private activity bond tests or which are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in (i) above.

(iii) *Alternative Use of Facilities*. The District may be considered to have taken sufficient remedial actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(A) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(B) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from gross income under Section 103 of the Code for purposes of federal income taxation; and

(C) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield of the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the private security or payment test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.