

RESOLUTION 11- 2012

**RESOLUTION OF THE BOARD OF DIRECTORS OF COLORADO CITY
METROPOLITAN DISTRICT, ACTING BY AND THROUGH ITS WATER
ENTERPRISE AND WASTEWATER ENTERPRISE, APPROVING FORBEARANCE
AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION**

WHEREAS, Colorado City Metropolitan District is a special district and political subdivision of the State of Colorado, acting pursuant to certain powers set forth in the Colorado Special District Act, C.R.S. § 32-1-101, *et seq.*; and

WHEREAS, Colorado City Metropolitan District may enter into contracts and agreements affecting the affairs of the District pursuant to § 32-1-1001(1)(d)(I), C.R.S.; and

WHEREAS, Colorado City Metropolitan District, acting by and through its Water Enterprise and Wastewater System Enterprise (the "District"), and U.S. Bank National Association ("Bank") are parties to a certain Loan Agreement dated as of December 18, 2009 (the "Loan Agreement"), pursuant to which the Bank has extended a certain loan to the District in the original principal amount of \$2,414,248.00 ("Loan"); and

WHEREAS, Bank has asserted that the District failed to comply with various covenants set forth in Loan Agreement (the "Financial Covenant Default"), and the District is not contesting those assertions for purposes of the Forbearance Agreement; and

WHEREAS, the District has requested that Bank forbear from exercising its rights and remedies under the Loan Agreement until December 18, 2013 with respect to the Financial Covenant Default, to allow the District time to refinance the Loan with another financial provider; and

WHEREAS, staff of the District has provided the Board of Directors with a draft Forbearance Agreement for its consideration; and

WHEREAS, the Board of Directors hereby finds that it is in the best interest of the residents, customers and taxpayers of the District to enter into the Forbearance Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

1) The District, acting by and through its Water System Enterprise and Wastewater System Enterprise, hereby approves the Forbearance Agreement in substantially the form presented to the Board, subject to any minor changes that are approved by the District Manager, District Finance Manager, and the District's attorney.

2) The Board authorizes the execution and delivery of the Forbearance Agreement to U.S. Bank.

3) The Board hereby directs its Manager and Finance Director to pursue options for re-financing the U.S. Bank Loan.

COLORADO CITY METROPOLITAN DISTRICT



Jacque Wachob, Chairperson

[SEAL]

ATTEST:



Roger Lowe, Secretary

STATE OF COLORADO)
) SS
COUNTY OF PUEBLO)

At a regular meeting of the Board of Directors of Colorado City Metropolitan District, State of Colorado, held at 4497 Bent Brothers Blvd., Colorado City, CO 81019 on Tuesday, the 25th day of September, 2012 there were present:

Jacque Wachob
Roger Lowe
Mary K Sanford
Ray Ingraham
Terry Milsom

When the following proceedings among others were had and done, to wit:

The motion to adopt the attached Resolution of the Board of Directors of Colorado City Metropolitan District, Acting by and through its Water Enterprise and Wastewater Enterprise, Approving Forbearance Agreement with U.S. Bank National Association was made by Director Sanford, duly seconded by Director Lowe, put to a vote, and carried upon the following vote:

Those voting AYE: All


Those voting NAY:

Those absent:

Thereupon Director Wachob declared the motion had carried and the Resolution duly passed and adopted. After consideration of other business to come before the Board, the meeting was adjourned.

[SEAL]

ATTEST:



Jacque Wachob, Chairperson



Roger Lowe, Secretary