

LA PLATA ARCHULETA WATER DISTRICT
ELECTION RESOLUTION

WHEREAS, the Board of Directors of the La Plata Archuleta Water District (“District”) has determined and hereby determines and declares that the interest of District and the public interest and necessity require that the District incur indebtedness, with regard to the provisions and restrictions set forth in Article X, Section 20 of the Colorado Constitution (“TABOR”) to carry out the objects and purposes of the District; and

WHEREAS, it is necessary to submit to the eligible electors of the District the question of incurring such indebtedness, and the Board hereby determines that such question should be presented to District's eligible electors at the election to be held on November 1, 2011 (“Election”), in accordance with the provisions of the Special District Act (“Act”), the Uniform Election Code of 1992 (“Code”), and TABOR; and

WHEREAS, the objects and purposes for which the indebtedness is proposed shall be for water purposes as more fully described in the ballot title attached hereto as Exhibit A; the estimated cost of which is \$84,767,000, none of which shall be defrayed out of any state or federal grant; and

WHEREAS, the principal amount of the indebtedness shall not exceed \$25,000,000, and the maximum net effective interest rate thereon shall not exceed 6.5% per annum; and

WHEREAS, the Election is being conducted as a coordinated election, and the La Plata County Clerk and Recorder (“County Clerk”) is the Coordinated Election Official for the Election and shall be responsible for mailing the notice required pursuant to Article X, Section 20 of the Colorado Constitution (“TABOR Notice”); and

WHEREAS, the District is required to enter into an Intergovernmental Agreement with the La Plata County Clerk and Recorder on or before August 23, 2011 regarding the conduct of the Election and mailing of the TABOR Notice.

WHEREAS, the District intends to cooperate with the County Clerk to provide all necessary ballot titles and notices and various agreements with the County Clerk for the conduct of the Election.

NOW, THEREFORE, be it resolved by the Board of Directors of the La Plata Archuleta Water District in the County of La Plata, State of Colorado that:

1. A special election of the eligible electors of the District shall be held on Tuesday, November 1, 2011, at which Election there shall be submitted to the eligible electors of the District the question as stated in the form of ballot title hereafter set forth.

2. The Board hereby designates Micki L. Wadhams as the Designated Election Official for the conduct of the Election on behalf of the District, and she is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code, TABOR or other applicable laws. The Election shall be conducted in accordance with the Act, Code, TABOR, and other applicable laws. Among other matters, the Designated Election Official shall arrange for the required notices of election, including the TABOR Notice, (either by mail or publication), and direct that all other appropriate actions be accomplished.

3. The Board hereby approves and authorizes the Designated Election Official to execute and enter into the Intergovernmental Agreement with the County of La Plata Colorado, on behalf of the District, regarding the conduct of the Election and the mailing of the TABOR Notice. The Election and mailing of the District's TABOR Notice shall be in accordance with the provisions of such Intergovernmental Agreement.

4. The Election shall be conducted in coordination with the La Plata County Clerk and Recorder in accordance with all relevant provisions of the Code. The County Clerk is the Coordinated Election Official for the Election and shall be responsible for mailing the TABOR Notice.

5. The ballot title for the debt increase shall be in substantially the form shown on Exhibit A attached hereto and incorporated herein by this reference.

6. If a majority of the votes cast on the question to authorize the incurring of District indebtedness submitted at the Election shall be in favor of incurring such indebtedness as provided in such question, the District acting through the Board shall be authorized to proceed with the necessary action to incur such indebtedness in accordance with such question.

Any authority to contract indebtedness, if conferred by the results of the Election, shall be deemed and considered a continuing authority to contract the indebtedness so authorized at any one time, or from time to time, and neither the partial exercise of the authority so conferred, nor any lapse of time, shall be considered as exhausting or limiting the full authority so conferred.

7. Pursuant to Section 1-11-203.5, C.R.S., any election contest arising out of a ballot issue or ballot question election concerning the order of the ballot or the form or content of the ballot title shall be commenced by petition filed with the proper court within five days after the title of the ballot issue or ballot question is set.

8. If a majority of the votes cast on the question authorize the issuance of bonds as described in the ballot issue set forth above, the District intends to issue such bonds in the approximate aggregate principal amount of \$25,000,000 to pay the costs of

the project, including the reimbursement of certain costs incurred by the District prior to the execution and delivery of such bonds, upon terms acceptable to the District, as authorized in a resolution to be hereafter adopted and to take all further action which is necessary or desirable in connection therewith. The officers, employees and agents of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and shall take all action necessary or desirable to finance the project and to otherwise carry out the transactions contemplated by the resolution. The District shall not use reimbursed moneys for purposes prohibited by Treasury Regulation §1.150-2(h). This Resolution is intended to be a declaration of "official intent" to reimburse expenditures within the meaning of Treasury Regulation §1.150-2.

9. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board's intention that the various provisions hereof are severable.

10. Any and all actions previously taken by the Designated Election Official or the Secretary of the Board of Directors or any other persons acting on their behalf pursuant to the Act, the Code or other applicable laws, are hereby ratified and confirmed.

11. All acts, orders, and resolutions, or parts thereof, of the Board which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

12. The provisions of this Resolution shall take effect immediately.

ADOPTED this 11th day of August, 2011.

LA PLATA ARCHULETA WATER
DISTRICT

By Richard Lunceford
Richard Lunceford, Chairman

ATTEST:

Cheryl Lynn
Cheryl Lynn, Secretary

EXHIBIT A TO ELECTION RESOLUTION

LA PLATA ARCHULETA WATER DISTRICT BALLOT ISSUE 5A:

SHALL LA PLATA ARCHULETA WATER DISTRICT DEBT BE INCREASED \$25,000,000, WITH A REPAYMENT COST OF \$45,378,000, WITHOUT INCREASING EXISTING TAXES OR IMPOSING ANY NEW TAX, BY THE ISSUANCE OF BONDS OR OTHER FINANCIAL OBLIGATIONS TO ACQUIRE, PLAN AND CONSTRUCT A RURAL DOMESTIC WATER SYSTEM, INCLUDING:

- POTABLE WATER TREATMENT PLANTS, PUMPS, PIPELINES, WATER STORAGE TANKS AND VALVES;
- WATER LOADING STATIONS;
- BUILDINGS, WATER METERS AND METER READERS;
- EXCAVATION EQUIPMENT AND PIPE INSTALLATION EQUIPMENT;
- WATER QUALITY MONITORING EQUIPMENT;
- COMPUTERS, SOFTWARE AND COMMUNICATION EQUIPMENT;

AND SHALL THE REVENUE FROM THE DISTRICT'S EXISTING CAPITAL IMPROVEMENT, OPERATIONS AND MAINTENANCE MILL LEVY OF 5.0 MILLS BE USED AS NECESSARY, ALONG WITH ANY OTHER REVENUE OF THE DISTRICT, TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT (OR TO CREATE A RESERVE FOR SUCH PAYMENT), SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF BONDS OR OTHER FINANCIAL OBLIGATIONS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 6.5%; SUCH BONDS OR OBLIGATIONS TO BE SOLD IN ONE SERIES OR MORE, FOR A PRICE ABOVE OR BELOW THE PRINCIPAL AMOUNT OF SUCH SERIES, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS PERMITTED BY LAW AND AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF A PREMIUM OF NOT MORE THAN THREE PERCENT; AND SHALL THE DISTRICT BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT SUCH REFUNDING DEBT, ALONG WITH ANY OTHER DEBT INCURRED BY THE DISTRICT PURSUANT TO THIS AUTHORIZATION, IS ISSUED ON TERMS WHICH DO NOT EXCEED THE PRINCIPAL, INTEREST AND REPAYMENT COSTS AUTHORIZED IN THIS QUESTION; AND SHALL THE EARNINGS FROM THE INVESTMENT OF SUCH BOND PROCEEDS AND TAX REVENUES BE COLLECTED, RETAINED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?