

RESOLUTION

WHEREAS, Alpensee Water District, Summit County, Colorado (the "District"), is a quasi-municipal corporation duly organized and existing as a water district under the constitution and laws of the State of Colorado; and

WHEREAS, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 2, 1999 (the "1999 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 1999 Election voted in favor of, inter alia, the issuance of general obligation indebtedness by the District in the aggregate principal amount of \$1,875,000, for the purpose of providing a water system for the District and its inhabitants, the question relating thereto being as follows:

QUESTION NO. 5A (WATER IMPROVEMENT)

"SHALL ALPENSEE WATER DISTRICT DEBT BE INCREASED \$1,875,000 WITH A REPAYMENT COST OF \$7,500,000 AND SHALL DISTRICT TAXES BE INCREASED \$7,500,000 ANNUALLY FOR THE PURPOSE OF FINANCING WATER IMPROVEMENTS FOR THE DISTRICT INCLUDING BUT NOT LIMITED TO, THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND COMPLETION OF A COMPLETE POTABLE LOCAL WATER SUPPLY, STORAGE, WELLS, TREATMENT FACILITIES, PUMPS, TRANSMISSION, AND DISTRIBUTION SYSTEM WHICH MAY INCLUDE TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, STORAGE FACILITIES, BUILDINGS AND ALL OTHER NECESSARY, INCIDENTAL, APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, WATER RIGHTS, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR UP TO 50 MILLS BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE; SUCH DEBT TO BE EVIDENCED BY GENERAL OBLIGATION BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 12.00%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL THE EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND TAX REVENUES BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION, AS A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?"

WHEREAS, the returns of the 1999 Election were duly canvassed and the result thereof duly declared; and

WHEREAS, the result of the 1999 Election was certified by the District by certified mail to the board of county commissioners of the county in which the District is located within forty-five days after the election, and with the division of securities as set forth in §11-51-701, C.R.S.; and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the District, and the residents and taxpayers thereof, that water bonds be issued and that for such purpose there shall be issued general obligation limited tax bonds in the total principal amount of \$1,500,000 (the "Bonds"); and

WHEREAS, the Bonds shall be limited mill levy obligations of the District, payable solely from the Pledged Revenue (as defined herein) and certain improvement fees described herein; and

WHEREAS, the Bonds 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; and

WHEREAS, the Bonds are to be issued to financial institutions or institutional investors within the meaning of §32-1-1101(6)(a)(IV), and §32-1-103(6.5), C.R.S.; and

WHEREAS, in addition to the District's limited tax pledge, the Bonds are secured by a pledge of revenues derived from an improvement fee (the "Improvement Fee") imposed by Resolution No. ____ of the District, adopted on August 31, 2000; and

WHEREAS, in order to provide security for the payment of the Improvement Fee, the Developer has entered into that certain Improvement Fee Agreement dated as of August 31, 2000 (the "Improvement Fee Agreement"), pursuant to which the Developer has agreed to pay the Improvement Fee pursuant to a schedule set forth therein, and has further agreed to provide an irrevocable stand-by letter of credit (the "Letter of Credit"). The irrevocable stand-by letter of credit shall be maintained by the Developer at Four Hundred Eighteen Thousand Dollars (\$418,000) until the amount payable under Schedule 1 of the Improvement Fee Agreement is reduced to Four Hundred Eighteen Thousand Dollars (\$418,000.00), and at that time the letter of credit may be reduced within three (3) business days of each payment of an Improvement fee in an amount equal to the Improvement Fee paid to the District by the Developer for the purpose of providing partial security for the Developer's obligations under such agreement; and

WHEREAS, the Letter of Credit will be held and drawn upon by The Bank of Cherry Creek, N.A., as trustee under that certain Indenture of Trust dated as of August 1, 2000 (the "Indenture"); and

WHEREAS, additionally the Bonds shall be secured by a pledge of the Net Revenues of the System if the Limited Mill Levy and Improvement Fees are not sufficient to pay when due the principal and interest on the Bonds; and

WHEREAS, the Board has been presented with a proposal in the form of a Bond Purchase Agreement from American Fronteer Financial Corporation, of Denver, Colorado (the "Underwriter"), to purchase the Bonds upon the terms and conditions set forth in the Bond Purchase Agreement; and

WHEREAS, after consideration, the Board has determined that the sale of the Bonds to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement is in the best interests of the District and the residents thereof; and

WHEREAS, pursuant to §32-1-902(3), C.R.S., and §18-8-308, C.R.S., all known potential conflicting interests of the Directors 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 §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, said officials have stated for the record immediately prior to the adoption of this Resolution the fact that they have said interests and the summary nature of such interests and the participation of said officials is necessary to obtain a quorum or otherwise enable the Board to act; and

WHEREAS, there has been presented to this meeting of the Board: (i) the Preliminary Official Statement; (ii) the forms of the Indenture, the Improvement Fee Agreement and the Paying Agent and Registrar Agreement; (iii) the Letter of Representations; and (iv) the Bond Purchase Agreement (all as defined hereafter); and

WHEREAS, the Board desires to authorize the issuance and sale of the Bonds and the execution of the foregoing documents;

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ALPENSEE WATER DISTRICT, SUMMIT COUNTY, COLORADO:

Section 1. Definitions. As used herein, the following capitalized terms shall have the respective meanings set forth below, unless the context indicates otherwise.

Audited Financial Statements: the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

Beneficial Owner: any person for which a Participant acquires an interest in the Bonds.

Board: the Board of Directors of the District.

Bonds: the General Obligation Limited Tax Bonds, Series 2000, dated September 1, 2000, issued in the aggregate principal amount of \$1,500,000, as authorized by this Resolution.

Bond Account: the "Alpensee Water District General Obligation Limited Tax Bond Account, 2000", established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

Bond Purchase Agreement: the agreement dated August 31, 2000, between the District and the Underwriter concerning the purchase of the Bonds by the Underwriter.

Bond Registrar: The Bank of Cherry Creek, N.A., in Denver, Colorado, or its successor, which shall perform the function of registrar with respect to the Bonds.

Cede: Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

Certified Public Accountant: a certified public accountant within the meaning of § 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

Code: the Internal Revenue Code of 1986, as amended.

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

Depository: any securities depository as the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

Developer: Farmers Korner, Inc.

District: Alpensee Water District, Summit County, Colorado.

DTC: the Depository Trust Company, New York, New York, and its successors and assigns.

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

Financial Information: the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the District of the type included in the Official Statement and appearing in the sections thereof entitled "DISTRICT FINANCIAL INFORMATION," and which shall include, at a minimum, that financial information and operating data which is customarily prepared by the District and is publicly available; which Financial Information may, but is not required to, include Audited Financial Statements; and quarterly property sales and Improvement Fee collection information.

Fiscal Year: the twelve (12) months commencing January 1 of any year and ending December 31 of said year.

Gross Revenue: all income and revenues directly or indirectly derived by the District from the operation and use of the System, or any part thereof, including without limitation, any rates, fees, plant investment fees, standby charges, availability fees, tolls, and charges for the services furnished by, or the use of, the System, and all income attributable to any past or future dispositions of property or rights or related contracts, settlements, or judgments held or obtained in connection with the System or its operations; provided however, that there shall be excluded from Gross Revenue any moneys borrowed and used for providing improvements to the System; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado, or other sources, the use of which is limited or restricted by the grantor or donor to the provision of improvements to the System 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.

Improvement Fee: that certain improvement fee imposed pursuant to the Improvement Fee Resolution, including any amendments thereto made in accordance herewith.

Improvement Fee Agreement: that certain agreement between the District and the Developer dated as of August 31, 2000, pursuant to which the Developer agrees to pay the Improvement Fee pursuant to a schedule set forth therein.

Improvement Fee Resolution: Resolution No. _____, adopted by the District on August 31, 2000, pursuant to which the Improvement Fee is imposed.

Improvement Fee Revenue: the revenue derived by the District directly or indirectly from the Improvement Fee, including without limitation the proceeds from the Improvement Fee Agreement or the Letter of Credit and any proceeds or property derived from any foreclosure or other action to enforce the payment of the Improvement Fee, less any costs of collection.

Indenture: that certain Indenture of Trust dated as of September 1, 2000, between the District and the Trustee, including any amendments made thereto in accordance with the provisions hereof.

Letter of Credit: the irrevocable stand-by letter of credit issued to the Trustee for the purpose of securing the Developer's obligations under the Improvement Fee Agreement, including any replacement or substitute letter of credit provided pursuant to the Indenture. The letter of credit shall be maintained by the Developer at Four Hundred Eighteen Thousand Dollars (\$418,000) until the amount payable under Schedule 1 of the Improvement Fee Agreement is reduced to Four Hundred Eighteen Thousand Dollars (\$418,000.00), and at that time the letter of credit may be reduced within three (3) business days of each payment of an Improvement fee in an amount equal to the Improvement Fee paid to the District by the Developer.

Letter of Representations: the letter of representations from the District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

Limited Mill Levy: shall mean an ad valorem mill levy (a mill being equal to \$1.00 per \$1,000.00 of assessed value) imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50 mills.

Material Event: any of the following events, if material, with respect to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds;
and

(11) Rating changes.

Material Event Notice: written or electronic notice of a Material Event.

MSRB: the Municipal Securities Rulemaking Board.

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

NRMSIR: a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

Official Statement: the final version of the Preliminary Official Statement.

Operation and Maintenance Expenses: all reasonable and necessary current expenses of the District, paid or accrued, for operating, maintaining, and repairing the System, including without limitation legal and overhead expenses of the District directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries and administrative expenses, labor, and the cost of materials and supplies for current operation; provided however, that there shall be excluded from Operation and Maintenance Expenses any allowance for depreciation, payments in lieu of taxes or franchise fees, legal liabilities not based on contract expenses incurred in connection with improvements to the System, payments due in connection with any bonds or other obligations issued to provide improvements to the System, and charges for the accumulation of reserves.

Owner: the registered owner of any Bond, as shown by the registration books maintained by the Bond Registrar.

Participants: any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

Paying Agent: The Bank of Cherry Creek, N.A., in Denver, Colorado, or its successor, which shall perform the function of paying agent with respect to the Bonds.

Paying Agent and Registrar Agreement: the agreement dated as of September 1, 2000 between the District and the Paying Agent/Bond Registrar, concerning the registration, transfer, exchange, and payment of the Bonds.

Permitted Investments: shall mean any investment or deposit the District is permitted to make under then-applicable law.

Pledged Revenue: collectively (i) the moneys derived by the District from the Limited Mill Levy, after payment of any costs of collection, and (ii) any other legally available moneys which may be credited to the Bond Account by the District, including Improvement Fees and Net Revenue.

Preliminary Official Statement: the Preliminary Official Statement dated July 28, 2000 concerning the Bonds and the District.

Record Date: the last day of the calendar month next preceding each interest payment date.

Resolution: this Resolution which authorizes the issuance of the Bonds.

Rule: Section (d)(2) of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12).

SID: a state information depository as operated or designated by the State as such for the purposes referred to in the Rule.

Special Record Date: the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to this Resolution.

System: shall mean the Districts water facilities, improvements and system.

Underwriter: American Fronteer Financial Corporation, of Denver, Colorado, the original purchasers of the Bonds.

Section 2. Authorization. In accordance with the Constitution of the State of Colorado; Title 32, Article 1, C.R.S.; and all other laws of the State of Colorado thereunto enabling, there shall be issued the Bonds for the purpose of: (i) paying the costs of providing water system improvements for the District; and (ii) paying other costs in connection with the issuance of the Bonds.

Section 3. Limited Tax Obligations. The Bonds shall constitute limited tax obligations of the District as provided herein. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue, and the Pledged Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable and first lien on the Pledged Revenue. The Bonds shall constitute an irrevocable first and exclusive pledge of the Improvement Fee Revenue. The Pledged Revenue may or may not be sufficient to pay the principal of and interest on the Bonds when due, and no representation is made by the District or the employees, agents, or attorneys for the District

that the Pledged Revenue will be sufficient to pay the principal of and interest on the Bonds when due.

Section 4. Bond Details. The Bonds shall be issued only as fully registered Bonds without coupons in the denomination of \$500,000 each or any integral multiple of \$5,000 in excess thereof, provided that (i) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date, and (ii) in the event a Bond is partially redeemed and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$500,000, in integral multiples of not less than \$5,000. each or any integral multiple thereof. Unless the District shall otherwise direct, the registered Bonds shall be numbered separately from 1 upward, with the number of each Bond preceded by "R-".

The Bonds shall be dated as of September 1, 2000, and shall bear interest at the rate at 8.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue and Improvement Fee Revenue available therefor semiannually on each June 15 and December 15, commencing on December 15, 2000, and shall mature on December 15, 2030.

The maximum net effective interest rate authorized for this issue of Bonds is 12.00% per annum, and the actual net effective interest rate of the Bonds does not exceed such maximum rate. The total repayment cost of the Bonds and the maximum annual repayment costs thereof do not exceed the limitations of the District's voted authorization as set forth in the preambles hereto.

Section 5. Payment of Bonds; Paying Agent and Bond Registrar. The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Paying Agent. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Bond Registrar, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Bond Registrar on a date selected by the Bond Registrar. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Paying Agent mailed on or before the interest payment date to the Owners. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent; provided that the District shall not be required to make funds available to the Paying Agent prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

The principal of, premium if any, and interest on the Bonds shall be paid in accordance with the terms of the Paying Agent and Registrar Agreement and the Letter of Representations.

Section 6. Prior Redemption. All Bonds of this issue are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in whole or in part on December 15, 2010, and on any interest payment date thereafter, upon payment of par and accrued interest without redemption premium.

The Bonds maturing on December 15, 2030, also are subject to mandatory sinking fund redemption, in part, by lot, on December 15, 2001, and on each December 15 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

<u>Year of Redemption</u>	<u>Redemption Amount</u>
2001	\$150,000
2002	300,000
2003	5,000
2004	5,000
2005	5,000
2006	10,000
2007	10,000
2008	15,000
2009	15,000
2010	20,000
2011	20,000
2012	20,000
2013	35,000
2014	45,000
2015	50,000
2016	50,000
2017	60,000
2018	65,000
2019	70,000
2020	75,000
2021	80,000

2022	85,000
2023	90,000
2024	95,000
2025	100,000
2026	5,000
2027	5,000
2028	5,000
2029	5,000
2030 *	5,000

* final maturity, not a sinking fund redemption

On or before forty-five (45) days prior to each sinking fund installment date set forth above, the Bond Registrar shall select for redemption, by lot in such manner as the Bond Registrar may determine, from the outstanding Bonds a principal amount of such Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date may be reduced by the principal amount of any Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Bond Registrar shall determine. The Bonds shall be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a portion of any Bond is redeemed, the Bond Registrar shall, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Bond Registrar. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Section 7. Book-Entry System. The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede.

With respect to Bonds registered in the name of Cede or held by a Depository, the District, the Bond Registrar, and the Paying Agent shall have no responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the Depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or person other than the Owner, of any notice concerning the Bonds, including notice of redemption; (iii) the payment to any Participant, Beneficial Owner, or person other than the Owner, of the principal of and interest on or in connection with the Bonds. The District, the Bond Registrar, and the Paying Agent may treat the Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest with respect to such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the payment of the same. No person, other than a Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Resolution.

DTC may determine to discontinue providing its service as Depository with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Additionally, the Board may terminate the services of DTC if it determines in its sole and absolute discretion, that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book entry transfers through DTC is not in the best interests of the Beneficial Owners or the District. Such termination shall be effected by written notice of the same from the District to DTC and to the Bond Registrar and Paying Agent. Upon the termination of the services of DTC, a substitute Depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the District or, if the Board determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the District that the Beneficial Owners be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a Depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

Section 8. Form and Execution of Bonds. The Bonds shall be signed with the facsimile or manual signature of the President of the District, sealed with a facsimile or manual impression of the seal of the District, and attested by the facsimile or manual signature of the Secretary of the District. Should any officer whose facsimile or manual signature appears on the

Bonds cease to be such officer before delivery of the Bonds to a purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

The Bonds may contain a reproduction of the opinion of nationally recognized municipal bond counsel as to the Bonds and a certification of such opinion by the Secretary of the District.

The Bonds shall be in substantially the following form:

[Form of Bond]

No. R-1

\$1,500,000

[Front of Bond]

UNITED STATES OF AMERICA
STATE OF COLORADO
COUNTY OF SUMMIT

ALPENSEE WATER DISTRICT

GENERAL OBLIGATION LIMITED TAX BOND, SERIES 2000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>CUSIP</u>
8.00%	December 15, 2030	September 1, 2000	020711 AA 5

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Alpensee Water District, in the County of Summit and State of Colorado, a special district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue and Improvement Fee Revenue (both as defined below), to the registered owner named above, or registered assigns, on the maturity date specified above or on the date of prior redemption, the principal amount specified above. In like manner the District promises to pay interest on such principal amount (computed on the basis of a 360-day year of twelve 30-day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 15, 2000, in which event this Bond shall bear interest from September 1, 2000, at the interest rate per annum specified above, payable semiannually on June 15 and December 15 each year, commencing on December 15, 2000, until the principal amount is paid at maturity or upon prior redemption.

The principal of this Bond and premium, if any, are payable in lawful money of the United States of America to the registered owner hereof upon maturity or prior redemption and presentation at the principal office of The Bank of Cherry Creek, N.A., in Denver, Colorado, or its successor, as Paying Agent. Payment of each installment of interest shall be made to the registered owner hereof whose name shall appear on the registration books of the District maintained by or on behalf of the District by The Bank of Cherry Creek, N.A., in Denver, Colorado, or its successor, as Bond Registrar, at the close of business on the last day of the calendar month next preceding each interest payment date (the "Record Date"), and shall be paid by check or draft of the Paying Agent

mailed on or before the interest payment date to such registered owner at his address as it appears on such registration books. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent as provided in the resolution authorizing the issuance of this Bond (the "Bond Resolution"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") established for the payment of any defaulted interest. Notice of the Special Record Date and the date fixed for the payment of defaulted interest shall be given by first-class mail to the registered owner hereof as shown on the registration books on a date selected by the Bond Registrar.

This Bond is one of a series aggregating One Million Five Hundred Thousand Dollars (\$1,500,000) par value, all of like date, tenor, and effect except as to number, principal amount, and date of maturity, issued by the Board of Directors of Alpengsee Water District, in the County of Summit and State of Colorado, for the purpose of providing a water supply system for the District and its inhabitants, by virtue of and in full conformity with the Constitution of the State of Colorado; Title 32, Article 1, C.R.S.; and all other laws of the State of Colorado thereunto enabling, and pursuant to the duly adopted Bond Resolution.

It is hereby recited, certified, and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond. It is hereby further recited, certified, and warranted that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; that at the election lawfully held within the District on November 2, 1999, the issuance of this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election; and that provision has been made for the levy and collection of an ad valorem tax on all of the taxable property within the District in the amount of the Limited Mill Levy (defined below) for the purpose of paying the principal of and interest on this Bond as the same respectively become due. This Bond constitutes a limited tax obligation of the District as provided in the Bond Resolution. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue and the Improvement Fee Revenue, and the Pledged Revenue and Improvement Fee Revenue is hereby pledged to the payment of the Bonds. The Bonds shall constitute an irrevocable first pledge of the Pledged Revenue. The Bonds shall constitute an irrevocable first and exclusive pledge of the Improvement Fee Revenue, and the Bond Resolution provides that no additional obligations may be issued having a pledge of the Improvement Fee Revenue.

The Pledged Revenue is defined by the Bond Resolution as (i) the moneys derived by the District from the Limited Mill Levy, after payment of any costs of collection, and (ii) any other legally available moneys credited to the Bond Account, including Improvement Fees and Net Revenue. The Limited Mill Levy is defined by the Bond Resolution as an ad valorem mill levy (a mill being equal to 1/10 of 1 ¢) imposed upon all taxable property in the District each year in an

amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50 mills.

The Pledged Revenue also includes the revenues derived from an improvement fee ("Improvement Fee") imposed by the District. Pursuant to an Improvement Fee Agreement (the "Improvement Fee Agreement") between the District and the current owner of most of the undeveloped property in the District, such owner has agreed to pay the Improvement Fee in accordance with a schedule set forth in the Improvement Fee Agreement, and has additionally provided to The Bank of Cherry Creek, N.A., as Trustee under that certain Indenture of Trust dated of even date with the Bonds (the "Indenture"), a Letter of Credit (the "Letter of Credit"), as partial security for the payment of the Improvement Fee. Pursuant to the Indenture, the Trustee is directed to draw the full amount of the Letter of Credit upon an Event of Default under the Improvement Fee Agreement and transfer the moneys so drawn to the Paying Agent to be used for the payment of the Bonds. In addition, the Trustee is given certain enforcement rights in the event of a default in payment of any Improvement Fee due under the Improvement Fee Agreement. The Improvement Fee Revenue is defined as the revenue derived by the District directly or indirectly from the Improvement Fee, including without limitation the proceeds from the Improvement Fee Agreement or the Letter of Credit and any proceeds or property derived from any foreclosure or other action to enforce the payment of the Improvement Fee, less any costs of collection.

The Pledged Revenue also includes the Net Revenues of the System if necessary to pay when due the principal and interest on the Bonds. Subject to expressed conditions, obligations in addition to the Bonds of this issue may be issued and made payable from the Pledged Revenue, except Improvement Fees, having a lien thereon subordinate and junior to the lien of the Bonds of this issue.

The principal of, premium if any, and interest on this Bond are payable solely from and to the extent of the Pledged Revenue, which may or may not be sufficient to pay the principal of and interest on the Bonds when due. No representation is made by the District or the employees, agents, or attorneys for the District that the Pledged Revenue will be sufficient to pay the principal of and interest on this Bond when due.

Reference is hereby made to the Bond Resolution and Indenture for an additional description of the nature and extent of the security for the Bonds, the accounts and revenues pledged to the payment thereof, the manner in which the property subject to the Improvement Fee Agreement may be foreclosed on and the priority of the lien thereof, the manner in which the Letter of Credit may be drawn upon, the rights and remedies of the registered owners of the Bonds, the manner in which the Bond Resolution, Indenture, and other financing documents may be amended, the limitations on the issuance of additional obligations by the District, and the other terms and conditions upon which the Bonds are issued, copies of which are on file for public inspection at the office of the District Secretary.

All Bonds of this issue are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in whole or in part, on December 15, 2010 and on any interest payment date thereafter, upon payment of par and accrued interest without redemption premium.

The Bonds also are subject to mandatory sinking fund redemption, in part, by lot, on December 15, 2001, and on each December 15 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, pursuant to sinking fund installments provided in the Bond Resolution.

The Bonds will be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Such Bond will be treated for the purposes of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a portion of this Bond is redeemed, the Bond Registrar shall, without charge to the registered owner of this Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion.

Notice of prior redemption shall be given by mailing a copy of the redemption notice, not less than thirty (30) days prior to the date fixed for redemption, to the registered owner of this Bond at the address shown on the registration books maintained by the Bond Registrar, in the manner set forth in the Bond Resolution. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice. All Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date; or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

This Bond may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of other authorized denominations. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Bond Registrar, but only in the manner, subject to the limitations, and upon

payment of the charges provided in the Bond Resolution and upon surrender and cancellation of this Bond. This Bond may be transferred upon the registration books upon delivery to the Bond Registrar of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the owner of this Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

If the date for making any payment or performing any action shall be a legal holiday or a day on which the principal office of the Paying Agent or Bond 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 the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the authorizing Bond Resolution until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN TESTIMONY WHEREOF, the Board of Directors of Alpengsee Water District has caused this Bond to be signed by the manual or facsimile signature of the President of the District, sealed with a manual impression or a facsimile of the seal of the District, and attested by the manual or facsimile signature of the Secretary thereof, all as of September 1, 2000

(S E A L)

ALPENSEE WATER DISTRICT,
SUMMIT COUNTY, COLORADO

By: _____
President

ATTESTED:

By: _____
Secretary

[Form of Bond Registrar's Certificate of Authentication for Bonds]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Bond Resolution.

Date of Registration and Authentication: THE BANK OF CHERRY CREEK, N.A.
Denver, Colorado
as Bond Registrar

Authorized Signatory

[Form of DTC Legend]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[Form of Transfer for Bonds]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

SOCIAL SECURITY OR FEDERAL EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint , attorney, to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature of Registered Owner:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

(Bank, Trust Company, or Firm)

Section 9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 10. Delivery of Bonds. Upon the adoption of this Resolution, the District shall execute the Bonds and deliver them to the Bond Registrar, and the Bond Registrar shall authenticate the Bonds and deliver them to the purchasers thereof, as directed by the District, and in accordance with the Bond Purchase Agreement.

Section 11. Registration, Exchange, and Transfer of Bonds; Persons Treated as Owners. The Bond Registrar shall maintain the books of the District for the registration of ownership of each Bond as provided in this Resolution. Bonds may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. Bonds may be transferred upon the registration books upon delivery of the Bonds to the Bond Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the Owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, along with the social security number or federal employer identification number of such transferee. No transfer of any Bond shall be effective until entered on the registration books.

In all cases of the transfer of a Bond, the Bond Registrar shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time. The Bond Registrar shall charge the Owner of a Bond for every such transfer or exchange an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The District and Bond Registrar shall not be required to issue or transfer any Bonds: (a) during a period beginning at the close of business on the Record Date and ending at the opening of business on the first business day following the ensuing interest payment date; or (b) during the period beginning at the opening of business on a date forty-five (45) days prior to the date of any redemption of Bonds and ending at the opening of business on the first business day following the day on which the applicable notice of redemption is mailed. The Bond Registrar shall not be required to transfer any Bonds selected or called for redemption, in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same obligation as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The District, the Paying Agent, and the Bond Registrar may deem and treat the registered Owner of any Bond as the absolute owner thereof for all purposes (whether or not such Bond shall be overdue), and any notice to the contrary shall not be binding upon the District, the Paying Agent, or the Bond Registrar.

Section 12. Cancellation of Bonds. Whenever any Bond shall be delivered to the Bond Registrar for cancellation pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, or whenever any Bond shall be delivered to the Bond Registrar for transfer or exchange pursuant to the provisions hereof, such Bond shall be cancelled by the Bond Registrar and counterparts of a certificate of cancellation evidencing such cancellation shall be furnished by the Bond Registrar to the District.

Section 13. Lost Bonds. Any Bond that is lost, stolen, destroyed, or mutilated may be replaced by the Bond Registrar in accordance with and subject to the limitations of applicable law. The applicant for any such replacement Bond shall post such security, 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 Bond Registrar.

Section 14. 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. 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.

The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applied to the Bonds and the Prior Bonds from time to time. The payment of such rebate amounts as required by this paragraph supersedes all other provisions of this Resolution concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject

to any lien created hereunder for the benefit of the Owners. This covenant shall survive the payment in full or the defeasance of the Bonds.

The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 15. Creation of Account. There is hereby created and established the Bond Account, which shall be established as a line item account of the District's general fund or otherwise and maintained by the District in accordance with the provisions of this Resolution.

Section 16. Initial Credits to Account. Immediately upon issuance of the Bonds and from the proceeds thereof, and after payment of the Underwriter's discount and the other costs of issuing the Bonds, the District shall credit to the Bond Account, the accrued interest on the Bonds from the dated date thereof to the date of issuance, if any and the amount of \$95,000 as capitalized interest..

Section 17. Flow of Funds. The District shall deposit the Pledged Revenue to the credit of the Bond Account in the amounts required by the Section hereof entitled "Bond Account."

Section 18. Bond Account.

(a) There shall be credited to the Bond Account an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Account (provided that Improvement Fee Revenue shall not be used or pledged for the payment of any obligations or purpose other than the Bonds and shall remain in the Bond Account to be used solely for payment of principal and interest on the Bonds), will be sufficient to pay the principal of, premium if any, and interest on the Bonds when due. Moneys in the Bond Account shall be used by the District solely to pay the principal of, premium if any, and interest on the Bonds, in the following order:

FIRST: to the payment of interest due in connection with the Bonds; and

SECOND: to the extent any moneys are remaining in the Bond Account after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds whether due at maturity or upon prior redemption.

(b) In the event that available moneys in the Bond Account are insufficient for the payment of the principal of, premium if any, and interest due on the Bonds on any due date, the District shall on the due date pay such amounts as are available, proportionally in accordance with the amount of interest, principal, and premium, if any, due on each Bond, as partial payment of the amounts due, but in accordance with the priority set forth in paragraph (a) above. Any partial payments of principal shall be in the amount of \$5,000 or integral multiples thereof, and the Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot.

(c) Moneys credited to the Bond Account may be invested or deposited in Permitted Investments only and in accordance with the laws of the State of Colorado. The investment of moneys credited to the Bond Account shall, however, be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants". All interest income from the investment or reinvestment of moneys credited to the Bond Account shall remain in and become part of the Bond Account.

(d) Simultaneously with the issuance of the Bonds, the District is issuing its Subordinate Lien Bond in the principal amount of \$313,310.61. The Subordinate Lien Bond shall accrete at the rate of 8.00% compounded interest for a two year period and shall begin to pay interest on June 15, 2003; provided however, that there will be an amount in the Bond Account to provide for six months principal and interest at that time on the Bonds authorized by this Resolution.

Section 19. Imposition of Limited Mill Levy. For the purpose of paying the principal of, premium if any, and interest on the Bond, there shall be levied by the Board of County Commissioners of Summit County, Colorado, on all of the taxable property in the District, in addition to all other taxes, direct annual taxes in each of the years 2000 to 2029, inclusive (and, to the extent necessary to make up any deficit in each year subsequent) in the amount of the Limited Mill Levy. Nothing herein shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds in excess of the Limited Mill Levy. If there is a surplus of funds derived from the Limited Mill Levy after payments each year of principal and interest on the Bonds and any subordinate lien bonds, such surplus shall remain in the Bond Account to be used for future debt service payments on the Bonds.

The foregoing provisions of this Resolution are hereby declared to be the certificate of the Board to the Board of County Commissioners of Summit County, Colorado, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due are hereby appropriated for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium if any, and interest on the Bonds.

Section 20. Improvement Fee. In addition to the foregoing provisions for tax levies, the District hereby covenants and agrees to impose and maintain the Improvement Fee in

accordance with the Improvement Fee Resolution and the provisions hereof. The District will use its best efforts to collect all amounts due pursuant to the Improvement Fee Resolution, including all amounts due under the Improvement Fee Agreement, and will cooperate with the Trustee in any action brought under the Indenture to enforce payment of amounts due under the Improvement Fee Agreement. The District will provide written notice to the Trustee of: (i) any default under the Improvement Fee Agreement, including specifically any failure to pay any amounts due thereunder; and (ii) any failure to pay the Improvement Fee when due under the Improvement Fee Agreement, such notices to be given within ten (10) days of the District's knowledge of such default or failure.

To the extent that any Improvement Fee is overdue, whether due by contract or otherwise, the District will proceed with such actions as may be determined by the Board to be necessary or appropriate and efficacious, including without limitation an action to foreclose any lien that may exist with respect thereto. Notwithstanding the foregoing or any decision by the District with regard to enforcement of the payment of the Improvement Fee, the District hereby covenants to proceed with such actions to enforce the payment of the Improvement Fee as may be directed in writing by the Trustee.

All Improvement Fee Revenue so collected is hereby irrevocably pledged for the payment of the principal of, premium if any, and interest on the Bonds. Within five (5) days after collection of any Improvement Fee Revenue, the District shall transfer such moneys to the Paying Agent to be irrevocably held for the payment of the Bonds.

The District hereby agrees and covenants that so long as any of the Bonds are outstanding, the Improvement Fee Revenue shall not be pledged for the payment of any other debt or obligation, nor will the District further encumber such Improvement Fee Revenue. The foregoing shall not prohibit the imposition of additional or other fees, rates, tolls and charges for services provided by the District, or the pledging thereof to the payment of other obligations of the District.

Section 21. Net Revenue; Maintenance of Rates. Following the connection of the first customer to the District's water system the District hereby covenants that it will establish, maintain, enforce, and collect rates, fees, plant investment fees, availability fees, tolls, and charges for services furnished by or the use of the System to create gross revenue each fiscal year sufficient (i) to pay operation and maintenance expenses; (ii) to pay an amount, together with the Limited Mill Levy and Improvement Fees, equal to not less than 100% of the amount necessary to pay when due the principal of and interest on the Bonds and any subordinate lien Bonds coming due during such fiscal year; and (iii) to pay all other amounts required to be paid hereunder. Following the connection of the first customer to the District's water system, in the event that the gross revenue at any time is not sufficient to make such payments, the District shall increase such rates, fees, plant investment fees, availability fees, tolls, and charges to an extent which will ensure the payments and accumulations required by this Resolution.

Section 22. Additional Bonds.

(a) Additional bonds, notes, interim securities, or other obligations may not be issued payable from the Net Revenue and having a lien thereon which is superior to or a parity with the lien of the Bonds.

(b) If the District is in substantial compliance with the covenants of this Resolution and there have been no events of default, the District may issue bonds or obligations payable from Pledged Revenue (other than Improvement Fees) which are subordinate to the Bonds. See Section 18(d) of this Resolution.

Section 23. Defeasance. When all principal, interest, and premiums, if any, in connection with any Bond have been duly paid, the pledge and lien and all obligations of the District hereunder with respect to such Bond shall be discharged and such Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow and in trust with a commercial bank located within or without the State of Colorado, 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, interest, and premiums, if any, on such Bond or Bonds, as the same become due to their final maturities or upon designated prior redemption dates. 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 District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of the escrow shall be determined by a Certified Public Accountant.

Section 24. Events of Default. The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder:

(a) failure by the District to impose the Limited Mill Levy or to apply the proceeds thereof as required by the terms of this Resolution;

(b) the District defaults in the performance of any other of its covenants in this Resolution, and such default continues for sixty (60) days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owners of fifty percent (50%) in aggregate principal amount of the Bonds then outstanding; or

(c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Bonds.

Section 25. Remedies For Events of Default. Upon the occurrence and continuance of an Event of Default, the Owner of any Bond may proceed to protect and enforce the rights of any Owner under this Resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction. All such proceedings shall be instituted, had, and maintained for the equal benefit of all Owners of the Bonds then outstanding.

Section 26. Permitted Amendments. The District may, without the consent of the Owners but only upon notice as provided in this Section, adopt amendments or supplements to this Resolution, the Indenture (subject to the agreement of the Trustee), the Improvement Fee Resolution, and the Improvement Fee Agreement (subject to the agreement of the Developer), which amendments or supplements shall thereafter form a part hereof or thereof, as the case may be, for any one or more of the following purposes:

(a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in such documents, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under such documents, 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 Bonds;

(b) to subject to this Resolution or the Indenture or pledge to the payment of the Bonds additional revenues, properties, or collateral; and

(c) 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; provided however, that prior to the adoption of any such amendment or supplement, the District shall provide written notice to each Owner of such amendment or supplement, which notice shall be given by mailing to the addresses shown on the registration books of the Bond Registrar not less than thirty (30) days prior to the effectiveness of such amendments or supplements.

Section 27. Amendments Requiring Consent of Owners. Except for amendatory or supplemental resolutions and agreements adopted pursuant to the Section hereof entitled "Permitted Amendments", the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the District of amendments or supplements to this Resolution, the Indenture, the Improvement Fee Resolution, and the Improvement Fee Agreement as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained therein; provided however, that without the consent of the Owners of all the Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of any Bond, in the principal amount of any Bond or the rate of interest thereon, or in the terms of prior redemption of any Bond;

(b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the Bonds when due, or for the enforcement of the payment of the Improvement Fee;

(c) a privilege or priority of any Bond or any premium or interest payment over any other Bond or premium or interest payment; or

(d) a reduction in the percentage in principal amount of the Bonds the consent of whose Owners is required for any such amendatory or supplemental resolution.

If at any time the District shall desire to adopt an amendatory or supplemental resolution or agreement for any of the purposes of this Section, the District shall cause notice of the proposed adoption of such amendatory or supplemental resolution or agreement to be given by mailing such notice by certified or registered first-class mail to each Owner of a Bond at the address shown on the registration books of the Bond Registrar, at least thirty (30) days prior to the proposed date of adoption of any such amendatory or supplemental resolution or agreement. Such notice shall briefly set forth the nature of the proposed amendatory or supplemental resolution or agreement and shall state that copies thereof are on file at the offices of the District or some other suitable location for inspection by all Owners. If, within sixty (60) days or such longer period as shall be prescribed by the District following the giving of such notice, the Owners of not less than the required percentage in aggregate principal amount of the Bonds then outstanding at the time of the execution of any such amendatory or supplemental resolution or agreement shall have consented to and approved the execution thereof as herein provided, no Owner of any 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 District from adopting the same or from taking any action pursuant to the provisions thereof.

Section 28. Effect of Amendment. Upon the execution of any amendatory or supplemental resolution or agreement pursuant to this Resolution, the resolution or agreement so amended or supplemented shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations thereunder of the District, any other parties thereto, the Trustee, the Bond Registrar, the Paying Agent, and all Owners of Bonds then outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

Section 29. Removal or Resignation of Bond Registrar or Paying Agent; Successors. The Paying Agent and Bond Registrar may resign, or may be removed by the District at any time, with or without cause; provided that such removal or resignation shall not relieve the District of the obligation to pay the Paying Agent's and Bond Registrar's reasonable fees and expenses. In the event of the removal or resignation of the Bond Registrar or Paying Agent, the District shall appoint a successor as soon thereafter as may be practicable, and in such event, shall give written notice thereof to each Owner by mailing to the addresses shown on the registration books for the Bonds. Any successor Paying Agent shall:

- (a) be a trust company or bank in good standing located in or incorporated under the laws of the State of Colorado;
- (b) be duly authorized to exercise trust powers;
- (c) be subject to examination by a federal or state authority; and

(d) maintain a reported capital and surplus of not less than ten million dollars (\$10,000,000).

Section 30. Authorization to Execute Documents. The President and Secretary of the District shall, and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the execution of the Indenture, the Paying Agent and Registrar Agreement, and the Letter of Representations in substantially the forms presented to this meeting of the Board, and such certificates and affidavits as may be reasonably required by the Underwriter. The execution by the President of the District of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

Section 31. Limited Undertaking to Provide Ongoing Disclosure.

(a) This Section constitutes the written undertaking for the benefit of the Owners of the Bonds required by Securities and Exchange Commission Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended. Specifically, this Section is intended to comply with the provisions of (d)(2) of such rule. The District hereby represents and warrants that no "obligated person" within the meaning of the Rule will be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from paragraph (b)(5) of the Rule pursuant to paragraph (d)(1) thereof.

(b) The District, as an obligated person within the meaning of the Rule, undertakes to provide the following information:

(1) Upon request to any person or at least annually to the appropriate SID, if any, Financial Information; and

(2) In a timely manner, to each then existing NRMSIR or to the MSRB, and to the appropriate SID, if any, Material Event Notices, and any such Material Event Notice shall be so captioned and shall prominently state the date, title, and CUSIP numbers (if any) of the Bonds.

(c) The Official Statement shall identify by name, address, and telephone number the persons from which the foregoing information, data, and notices can be obtained.

(d) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

(e) The continuing obligation hereunder of the District to provide Financial Information and Material Event Notices shall terminate immediately once the Bonds no longer are

outstanding. This Section, or any provision hereof, shall be null and void in the event that the District delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This Section may be amended without the consent of the Owners, but only upon the delivery by the District to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Section and by the District with the Rule.

(f) Any failure by the District to perform in accordance with this Section shall not constitute an Event of Default, and the rights and remedies provided in the Section hereof entitled "Events of Default" shall not apply to any such failure.

Section 32. Costs and Expenses. All costs and expenses incurred in connection with the issuance and payment of the Bonds, including without limitation all expenses related to the refunding procedure, 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 33. Acceptance of Bond Purchase Agreement. The Board does hereby reaffirm its determination to accept the Bond Purchase Agreement as submitted by the Underwriter, and to sell the Bonds to the Underwriter upon the terms, conditions, and provisions as set forth in the Bond Purchase Agreement. The President of the District is hereby authorized to execute the Bond Purchase Agreement and the Secretary is hereby authorized to attest to such execution, all on behalf of the District.

Section 34. Official Statement. The Preliminary Official Statement is hereby authorized and approved. The Preliminary Official Statement is hereby deemed by the Board to be final as of its date within the meaning of Rule 15c2-12(b)(1) of the U.S. Securities and Exchange Commission. The Board hereby authorizes the preparation and distribution of a final Official Statement in conjunction with an offer of the Bonds to the public. The Official Statement 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 Preliminary Official Statement and the Official Statement on behalf of the District.

Section 35. 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 the Paying Agent or Bond 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 the Paying Agent or Bond Registrar is authorized or required by law to remain closed.

Section 36. Ratification and Approval of Prior Actions. All actions heretofore taken by the 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, are hereby ratified, approved, and confirmed.

Section 37. 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.

Section 38. 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 39. 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 40. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED This 31st day of August, 2000.

(SEAL)

President

ATTESTED:

Secretary

Thereupon, Director _____ moved the adoption of the foregoing resolution. The motion to adopt the resolution was duly seconded by Director _____, put to a vote, and carried on the following recorded vote:

Those voting AYE:

Those voting NAY:

Thereupon, the President, as Chairman of the meeting, declared the Resolution duly adopted and the Secretary was directed to enter the foregoing proceedings and resolution upon the minutes of the Board.

Thereupon, after consideration of other business before the Board, the meeting was adjourned.

(S E A L)

Secretary

STATE OF COLORADO)
)
SUMMIT COUNTY)
)
ALPENSEE WATER DISTRICT)

I, _____, Secretary of Alpengsee Water District, Summit County, Colorado, do hereby certify that the foregoing pages numbered 2 to 35, inclusive, constitute a true and correct copy of that portion of the record of proceedings of the Board of Directors of said District relating to the adoption of a resolution authorizing the issuance of general obligation limited tax bonds, adopted at a special meeting of the Board held at 16195 Highway 9, Farmers Korner Mobile Home Park, Managers Office, in Frisco, Colorado, on Thursday, the 31st day of August, 2000 at the hour of 5:00 p.m., as recorded in the official record of proceedings of said District kept in my office; that the proceedings were duly had and taken; that the meeting was duly held; that the persons therein named were present at said meeting and voted as shown therein; and that a notice of meeting, in the form herein set forth at page 1, was posted at three public places within the District, and at the office of the Clerk and Recorder of Summit County, Colorado, at least three days prior to the meeting, in accordance with law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the District, this 31st day of August, 2000.

(SEAL)

Secretary