

***\$1,645,000***  
***East Boulder County Water District***  
***In Boulder County, Colorado***  
***General Obligation Refunding and Improvement Bonds, Series 2010***

**CLOSING INDEX**

March 30, 2010

**LIST OF PARTIES**

<i>District</i>	-	East Boulder County Water District
<i>Escrow Agent, Paying Agent and Registrar</i>	-	UMB Bank, n.a.
<i>District Counsel</i>	-	Lyons Gaddis Kahn & Hall, P.C.
<i>Bond Counsel</i>	-	Kutak Rock LLP
<i>Underwriter</i>	-	George K. Baum & Company

**DOCUMENTS AND CERTIFICATES**

1. Certified Debt Service Schedule
2. Bond Resolution
3. Escrow Agreement (including as an exhibit the accountant's verification report)
4. Preliminary Official Statement
5. Rule 15c2-12 Certificate
6. Bond Purchase Agreement
7. Bond Sale Certificate
8. Official Statement
9. Specimen Bonds
10. Paying Agent and Registrar Agreement
11. Limited Continuing Disclosure Undertaking
12. Omnibus Certificate

13. Tax Compliance Certificate
14. Form 8038-G with evidence of filing with Internal Revenue Service
15. Certificate of Escrow Agent, Paying Agent and Registrar
16. DTC Blanket Letter of Representations
17. Rating Letter
18. Colorado Division of Securities Exemption from Registration
19. Division of Local Government Form 32
20. Underwriter's Closing Memorandum
21. Delivery Certificate and Cross Receipt
22. Opinion of Bond Counsel
23. Letter of Kutak Rock regarding Official Statement
24. Opinion of District Counsel

**CERTIFIED COPY OF DEBT SERVICE  
SCHEDULE**

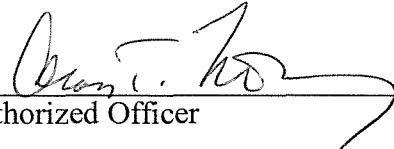
***\$1,645,000***

***East Boulder County Water District  
In Boulder County, Colorado***

***General Obligation Refunding and Improvement Bonds, Series 2010***

The undersigned, on behalf of George K. Baum & Company, hereby certifies that attached hereto as EXHIBIT A is a true, correct and accurate schedule of the principal and interest payments to accrue on that certain series of General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 issued by the East Boulder County Water District, in Boulder County, Colorado, as of this 30<sup>th</sup> day of March, 2010.

*George K. Baum & Company*

By  \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**(Debt Service Schedule for the Bonds)**

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
 3/16/10 A+ Rated, FINAL - UPDATED SLGS

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
06/01/2010	-	-	7,757.38	7,757.38
12/01/2010	50,000.00	2.500%	22,890.63	72,890.63
06/01/2011	-	-	22,265.63	22,265.63
12/01/2011	150,000.00	2.500%	22,265.63	172,265.63
06/01/2012	-	-	20,390.63	20,390.63
12/01/2012	135,000.00	2.250%	20,390.63	155,390.63
06/01/2013	-	-	18,871.88	18,871.88
12/01/2013	150,000.00	2.250%	18,871.88	168,871.88
06/01/2014	-	-	17,184.38	17,184.38
12/01/2014	155,000.00	2.250%	17,184.38	172,184.38
06/01/2015	-	-	15,440.63	15,440.63
12/01/2015	150,000.00	2.500%	15,440.63	165,440.63
06/01/2016	-	-	13,565.63	13,565.63
12/01/2016	160,000.00	3.250%	13,565.63	173,565.63
06/01/2017	-	-	10,965.63	10,965.63
12/01/2017	170,000.00	3.250%	10,965.63	180,965.63
06/01/2018	-	-	8,203.13	8,203.13
12/01/2018	175,000.00	3.000%	8,203.13	183,203.13
06/01/2019	-	-	5,578.13	5,578.13
12/01/2019	175,000.00	3.125%	5,578.13	180,578.13
06/01/2020	-	-	2,843.75	2,843.75
12/01/2020	175,000.00	3.250%	2,843.75	177,843.75
<b>Total</b>	<b>\$1,645,000.00</b>	<b>-</b>	<b>\$301,266.85</b>	<b>\$1,946,266.85</b>

**Yield Statistics**

Bond Year Dollars.....	\$10,216.24
Average Life.....	6.210 Years
Average Coupon.....	2.9489026%
Net Interest Cost (NIC).....	2.9719020%
True Interest Cost (TIC).....	2.9640016%
Bond Yield for Arbitrage Purposes.....	2.6923069%
All Inclusive Cost (AIC).....	3.3538722%
<b>IRS Form 8038</b>	
Net Interest Cost.....	2.7082072%
Weighted Average Maturity.....	6.169 Years

STATE OF COLORADO )  
 EAST BOULDER COUNTY WATER DISTRICT ) ss.  
 BOULDER COUNTY )

As the Secretary of the Board of Directors of East Boulder County Water District, in Boulder County, Colorado (the "District"), I do hereby certify that:

- Attached is a true and correct copy of a resolution (the "Resolution") adopted by the Board of Directors (the "Board") at a regular meeting held on March 8, 2010.
- Notice of such meeting was posted in a public place within the boundaries of the District designated by the Board for the posting of notices of meetings of the Board no less than 24 hours prior to the holding of the meeting.
- The Resolution was duly moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of the Board as follows:

Board Member	Attendance			Voting		
	Present in Person	Present via Telecommunications Device	Absent	Yes	No	Abstain
Mark A. Johns, President	X	---	---	X	---	---
Richard Moeller, Vice President	X	---	---	X	---	---
Robert Champ, Secretary	X	---	---	---	X	---
J. Nicholas Bennett	X	---	---	X	---	---
Lynne Deane	X	---	---	X	---	---

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

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

WITNESS my hand and the seal of the District this 8<sup>th</sup> day of March, 2010.

By Robert B. Champ  
 Secretary

[SEAL]

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### APPENDIX A - FORM OF BOND

**A RESOLUTION AUTHORIZING THE ISSUANCE BY EAST BOULDER COUNTY WATER DISTRICT OF ITS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS FOR THE PURPOSE OF ADVANCE REFUNDING OUTSTANDING BONDS OF THE DISTRICT AT LOWER INTEREST RATES; PROVIDING FOR THE ESTABLISHMENT OF AN ESCROW ACCOUNT TO PAY THE REFUNDED BONDS, FOR THE LEVY OF PROPERTY TAXES TO PAY THE REFUNDING AND IMPROVEMENT BONDS AND OTHER DETAILS IN CONNECTION THEREWITH; AND APPROVING DOCUMENTS RELATING TO THE REFUNDING.**

WHEREAS, East Boulder County Water District, in Boulder County, Colorado (the "District") is a duly organized and validly existing special district, political subdivision and body corporate of the State (unless otherwise indicated, capitalized terms used in this preamble shall have the meanings set forth in Section 1 of this Resolution); and

WHEREAS, Article X, Section 20 of the Colorado Constitution provides that voter approval in advance is not required for refinancing district bonded debt at a lower interest rate; and

WHEREAS, the District previously held a special election on Tuesday, November 2, 1999, at which qualified electors of the District voted in favor of the issuance of general obligation indebtedness in the aggregate principal amount of \$2,475,000 for the purpose of paying, reimbursing, or financing all or any part of the costs of acquiring, constructing, relocating, installing, completing, and otherwise providing, within or without the boundaries of the District, a complete potable and non-potable water supply, storage, transmission, and distribution system, including transmission lines, distribution mains and laterals, irrigation facilities and storage facilities; and

WHEREAS, following such election, the District issued its General Obligation Bonds, Series 2000, which bonds were issued in the original principal amount of \$1,995,000, are currently outstanding in the aggregate principal amount of \$1,465,000, bear interest at the rates ranging from 6.0% to 6.5% and are subject to prior redemption on December 1, 2010 at a price of par, accrued interest and a redemption premium of one percent of the principal amount so redeemed; and

WHEREAS, the District currently has \$480,000 of authorized but unissued general obligation indebtedness remaining from the 1999 Authorization; and

WHEREAS, the principal of and interest on the Series 2000 Bonds are payable at UMB Bank, n.a. (as successor in interest to The Bank of Cherry Creek, N.A.), in Denver, Colorado, as paying agent for such bonds; and

WHEREAS, George K. Baum & Company of Denver, Colorado has presented a proposal to the Board to refund the Series 2000 Bonds through the issuance by the District of its General Obligation Refunding and Improvement Bonds at a lower interest rate than the bonds to be refunded to effect a present value savings to the District; and



WHEREAS, the principal amount of the Bonds is expected to exceed the principal amount of the Refunded Bonds, however, in accordance with Section 11-56-107 of the Colorado Revised Statutes, the principal amount of the Bonds will not exceed the original authorized principal amount of the Series 2000 Bonds of \$2,475,000; and

WHEREAS, at the time of their issuance, the Bonds will represent the only general obligation indebtedness of the District and the principal amount of the Bonds will not exceed fifty percent of the valuation of assessment of taxable property in the District, therefore issuance of the Bonds is permitted pursuant to § 32-1-1101(6), C.R.S. and is exempt from registration under the Colorado Municipal Bond Supervision Act as provided by § 11-59-110(1)(b), C.R.S. upon appropriate filing for such exemption; and

WHEREAS, the District has received and there is available if requested by a member of the Board the proposed form of agreements relating to the Bonds, including the Bond Purchase Agreement, the Paying Agent Agreement and the Escrow Agreement, as well as the form of the Preliminary Official Statement; and

WHEREAS, no member of the Board has a potential conflict of interest in connection with the authorization, issuance, sale or use of proceeds of the Bonds; and

WHEREAS, this Resolution is being adopted to authorize the issuance, sale and delivery of the Bonds for the purpose of: (i) advance refunding the Refunded Bonds, (ii) financing waterline replacements and other water system capital improvements, and (iii) paying the costs of issuing the Bonds, and to provide for the details and payment of the Bonds; and

WHEREAS, the Board desires, as provided in the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes, as amended, to delegate the authority to the Sale Delegate to determine certain provisions of the Bonds, all of which is to be set forth in the Sale Certificate in accordance with the provisions of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EAST BOULDER COUNTY WATER DISTRICT, IN BOULDER COUNTY, COLORADO:

**Section 1. Definitions.** The following terms shall have the following meanings as used in this Resolution:

“*Acts*” means Article 56 of Title 11, Colorado Revised Statutes, as amended, Article 1 of Title 32, Colorado Revised Statutes, as amended and Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended, or any successor statutes thereto.

“*Ballot Issue Authorization*” means the bond ballot issue approved by a majority of the District’s electors at the election held November 2, 1999, and pursuant to which the Series 2000 Bonds were issued.

“*Bank*” means UMB Bank, n.a. in Denver, Colorado, or its successor, a national banking association duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation, and having full and complete trust powers.

“*Board*” means the Board of Directors of the District, and any successor body.

“*Bond Account*” means the “General Obligation Bond Account,” established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

“*Bond Counsel*” means (a) as of the date of issuance of the Bonds, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the District with nationally recognized expertise in the issuance of municipal bonds.

“*Bond Obligation*” means, as of any date, the principal amount of the Bonds Outstanding as of such date.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, pursuant to which the District has agreed to sell, and the Underwriter has agreed to purchase, the Bonds at the prices and on the terms set forth therein.

“*Bonds*” mean the Bonds authorized by the Section hereof entitled “Authorization and Purpose of Bonds.”

“*Business Day*” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed for business.

“*Call Date*” means the date on which the Refunded Bonds which do not otherwise mature shall be called for optional prior redemption, which date is expected to be December 1, 2010 or such other date as established in the Sale Certificate.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

“*County*” means Boulder County, Colorado.

“*Dated Date*” means the original dated date for the Bonds, which shall be the date of delivery of the Bonds or such other date as established in the Sale Certificate.

“*Defeasance Securities*” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct, non-callable obligations of the United States of America or which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to the extent such investments are Permitted Investments.

“*District*” means East Boulder County Water District, in Boulder County, Colorado, and any successor thereto.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors in interest and assigns.

“*DTC Blanket Letter of Representations*” means the letter of representations from the District to DTC to induce DTC to act as securities depository for the Bonds.

“*Escrow Account*” means the account established and designated as such in the section hereof entitled “Escrow Account; Payment of Refunded Bonds” to be maintained by the Bank in accordance with the Escrow Agreement and the provisions hereof.

“*Escrow Agreement*” means an agreement between the District and the Bank concerning the establishment of a trust account for the payment of the Refunded Bonds and the duties and obligations of the Bank with respect thereto.

“*Event of Default*” means any of the events specified in the Section hereof entitled “Events of Default.”

“*Federal Securities*” means 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.

“*Financing Project*” means (i) advance refunding the Refunded Bonds, (ii) financing the waterline replacements and other water system capital improvements, (iii) paying the costs of issuing the Bonds, and (iv) any other purpose for which proceeds of the Bonds may be expended pursuant to the 1999 Authorization and under the Acts.

“*Interest Payment Date*” means each June 1 and December 1, commencing June 1, 2010, or such other dates as established in the Sale Certificate.

“*Outstanding*” means, as of any date, all Bonds issued and delivered by the District, except the following:

- (a) any Bond cancelled by the District or the Paying Agent, or otherwise on the District’s behalf, at or before such date;
- (b) any Bond held by or on behalf of the District;
- (c) any Bond for the payment or the redemption of which moneys or Defeasance Securities sufficient to meet all of the payment requirements of the principal of, premium, if any, and interest on such Bond to the date of maturity or prior redemption thereof, shall have theretofore been deposited in trust for such purpose in accordance with the Section hereof entitled “Defeasance”; and
- (d) any lost, apparently destroyed, or wrongfully taken Bond in lieu of or in substitution for which another bond or other security shall have been executed and delivered.

“*Owner*” means the Person or Persons in whose name or names a Bond is registered on the registration books maintained by the Paying Agent pursuant hereto.

“*Paying Agent*” means the Bank and its successors in interest or assigns approved by the District.

“*Paying Agent Agreement*” means an agreement between the District and the Paying Agent concerning the duties and obligations of the Paying Agent with respect to the Bonds.

“*Permitted Investments*” means any investment in which funds of the District may be invested under the laws of the State at the time of such investment.

“*Person*” means a corporation, firm, other body corporate, partnership, association or individual and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“*Principal Payment Date*” means December 1, or such other date or dates of each year as established in the Sale Certificate.

“*Project Account*” means the account established by the provisions hereof for the purpose of paying the costs properly attributable to the improvement portion of the Financing Project. The Project Account shall be a subsidiary account of the appropriate fund or account of the District, and separately accounted for by the District in accordance with the provisions hereof.

“*Record Date*” means, with respect to each Interest Payment Date, the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which such Interest Payment Date occurs.

“*Refunded Bonds*” means all of the Series 2000 Bonds, or such maturities of the Series 2000 Bonds as later determined by the Sale Delegate and identified in the Sale Certificate as the Refunded Bonds.

“*Refunded Bonds Paying Agent*” means UMB Bank, n.a. (as successor in interest to The Bank of Cherry Creek, N.A.), in Denver, Colorado, as paying agent for the Refunded Bonds, or any successor thereto.

“*Refunded Bond Requirements*” means the principal and interest due in connection with the Refunded Bonds up to the date of prior redemption, as set forth in the Escrow Agreement.

“*Refunded Bond Resolution*” means the resolution of the District authorizing the issuance of the Refunded Bonds, which resolution was adopted by the Board on or about March 6, 2000.

“*Resolution*” means this Resolution, including any amendments or supplements hereto.

“*Sale Certificate*” means the certificate executed by the Sale Delegate under the authority delegated pursuant to this Resolution which sets forth the terms of the Bonds described in the Section hereof entitled “Delegation and Parameters.”

“*Sale Delegate*” means the President of the Board or, in the absence of the President, the Vice President of the Board.

“*Series 2000 Bonds*” means the District’s General Obligation Bonds, Series 2000, which bonds were issued pursuant to the Refunded Bond Resolution in the original principal amount of \$1,995,000, are currently outstanding in the aggregate principal amount of \$1,465,000.

“*State*” means the State of Colorado.

“*Tax Letter of Instructions*” means the Tax Letter of Instructions, dated the date on which the Bonds are originally issued and delivered to the District by Bond Counsel, as such instructions may be superseded or amended in accordance with their terms.

“*Underwriter*” means George K. Baum & Company.

“*1999 Authorization*” means the \$2,475,000 of authorized general obligation indebtedness approved by qualified electors at a special election of the District held on Tuesday, November 2, 1999.

**Section 2. Authorization and Purpose of Bonds.** Pursuant to and in accordance with the Acts, the District hereby authorizes, and directs that there shall be issued, the “East Boulder County Water District, in Boulder County, Colorado, General Obligation Refunding and Improvement Bonds” for the purpose of providing funds for the Financing Project. The Bond caption also shall include “Series 2009 Bonds” or “Series 2010 Bonds” based upon the calendar year in which the Bonds are issued.

**Section 3. Bond Details.**

(a) ***Registered Form, Denominations, Dated Date and Numbering.*** The Bonds shall be issued in fully registered form, shall be dated as of the Dated Date, and shall be registered in the names of the Persons identified in the registration books maintained by the Paying Agent pursuant hereto. The Bonds shall be issued in denominations of \$5,000 in principal amount or any integral multiple thereof. The Bonds shall be consecutively numbered, beginning with the number one, preceded by the letter “R.”

(b) ***Maturity Dates, Principal Amounts and Interest Rates.*** The Bonds shall mature on the Principal Payment Date of the years and in the principal amounts, and shall bear interest at the rates per annum (calculated based on a 360 day year of twelve 30 day months) set forth in the Sale Certificate.

(c) ***Interest Accrual and Dates for Payment.*** Interest on the Bonds shall accrue at the rates set forth in the Sale Certificate from the later of the Dated Date or the latest Interest Payment Date (or in the case of defaulted interest, the latest date) to which interest has been paid in full and shall be payable on each Interest Payment Date.

(d) ***Manner and Form of Payment.*** Principal of each Bond shall be payable to the Owner thereof upon presentation and surrender of such Bond at the principal office of the Paying Agent in the city identified in the definition of Paying Agent in the Section hereof entitled “Definitions” or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on each Bond shall be payable

by check or draft of the Paying Agent mailed on each Interest Payment Date to the Owner thereof as of the close of business on the corresponding Record Date; provided that interest payable to any Owner may be paid by any other means agreed to by such Owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required hereunder or increase the costs borne by the District hereunder. All payments of the principal of and interest on the Bonds shall be made in lawful money of the United States of America.

(e) **Book-Entry Registration.** Notwithstanding any other provision hereof, the Bonds shall be delivered only in book-entry form registered in the name of Cede & Co., as nominee of DTC, acting as securities depository of the Bonds principal of and interest on the Bonds shall be paid by wire transfer to DTC; provided, however, if at any time the Paying Agent determines, and notifies the District of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Bonds, the Paying Agent may, at its discretion, either (i) designate a substitute securities depository for DTC and reregister the Bonds as directed by such substitute securities depository or (ii) terminate the book-entry registration system and reregister the Bonds in the names of the beneficial owners thereof provided to it by DTC. Neither the District nor the Paying Agent shall have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Bonds are reregistered at the direction of any substitute securities depository, any beneficial owner of the Bonds or any other Person for (A) any determination made by the Paying Agent pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Bonds are reregistered.

(f) **Final Determination of Bond Details.** The authority to determine other details of the Bonds is delegated to the Sale Delegate in the Section hereof entitled "Delegation and Parameters."

#### **Section 4. Delegation and Parameters.**

(a) **Delegation.** The Board hereby delegates to the Sale Delegate the authority to determine and set forth in the Sale Certificate: (i) the matters set forth in subsection (b) of this Section, subject to the applicable parameters set forth in subsection (c) of this Section; and (ii) any other matters that, in the judgment of the Sale Delegate, are necessary or convenient to be set forth in the Sale Certificate and are not inconsistent with the parameters set forth in subsection (c) of this Section.

(b) **Sale Certificate.** The Sale Certificate shall set forth the following matters and other matters permitted to be set forth therein pursuant to subsection (a) of this Section, but each such matter must fall within the applicable parameters set forth in subsection (c) of this Section:

- (i) the Series 2000 Bonds which shall be Refunded Bonds and part of the Financing Project;

- (ii) the Dated Date of the Bonds;
- (iii) the Principal Payment Date;
- (iv) the Interest Payment Date;
- (v) the aggregate principal amount of the Bonds;
- (vi) the price at which the Bonds will be sold pursuant to the Bond Purchase Agreement;
- (vii) the amount of principal of the Bonds maturing in any particular year and the respective interest rates borne by the Bonds;
- (viii) the Bonds which may be redeemed at the option of the District, the dates upon which such optional redemption may occur, and the prices at which such Bonds may be optionally redeemed;
- (ix) the principal amounts, if any, of Bonds subject to mandatory sinking fund redemption, and the years in which such Bonds will be subject to such redemption; and
- (x) the Call Date.

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

- (i) in no event shall the Sale Delegate be authorized to execute the Bond Purchase Agreement and Sale Certificate after the date that is one hundred twenty (120) days after the date of adoption of this Resolution;
- (ii) the aggregate principal amount of the Bonds shall not exceed \$1,670,000;
- (iii) the final maturity of the Bonds shall be no later than December 1, 2025;
- (iv) the net effective interest rate on the Bonds shall not exceed 4.5%;
- (v) the maximum annual debt service on the Bonds shall not exceed the maximum amount established pursuant to the Ballot Issue Authorization, which amount is \$275,000; and
- (vi) the present value savings as a percentage of the aggregate principal amount of the Refunded Bonds shall be at least two percent (2%) computed based upon the arbitrage yield for the Bonds to the date of delivery of the Bonds, assuming semi-annual compounding.

## **Section 5. Redemption of Bonds Prior to Maturity.**

(a) ***Optional Redemption.*** The Bonds shall be subject to redemption at the option of the District, in whole or in part, and if in part in such order of maturities as the District shall determine and by lot within a maturity on such dates and at such prices as set forth in the Sale Certificate.

(b) ***Mandatory Sinking Fund Redemption.*** All or any principal amount of the Bonds may be subject to mandatory sinking fund redemption by lot on the Principal Payment Date of the years and in the principal amounts specified in the Sale Certificate, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

At its option, to be exercised on or before the forty-fifth day next preceding each sinking fund redemption date, the District may (i) deliver to the Paying Agent for cancellation any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption and (ii) receive a credit in respect of its sinking fund redemption obligation for any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Paying Agent at the principal amount thereof to the obligation of the District on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund on such date shall be accordingly reduced.

(c) ***Redemption Procedures.*** Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Resolution funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

## **Section 6. Security for the Bonds.**

(a) ***General Obligations.*** The Bonds shall be general obligations of the District and the full faith and credit of the District are pledged for the punctual payment of the principal of and interest on the Bonds. The Bonds shall not constitute a debt or



indebtedness of the County, the State or any political subdivision of the State other than the District.

(b) ***Levy of Ad Valorem Taxes.*** For the purpose of paying the principal of and interest on the Bonds when due, respectively, the Board shall annually determine and certify to the Board of County Commissioners of the County, a rate of levy for general ad valorem taxes, without limitation as to rate, on all of the taxable property in the District, in an amount sufficient to pay the principal of and interest on the Bonds when due, respectively, whether at maturity or upon earlier redemption.

(c) ***Application of Proceeds of Ad Valorem Taxes.*** The general ad valorem taxes levied pursuant to subsection (b) of this Section, when collected, shall be deposited in the Bond Account and shall be applied solely to the payment of the principal of and interest on the Bonds and for no other purpose until the Bonds, including principal and interest, are fully paid, satisfied and discharged.

(d) ***Appropriation and Budgeting of Proceeds of Ad Valorem Taxes.*** Moneys received from the general ad valorem taxes levied pursuant to subsection (b) of this Section in an amount sufficient to pay the principal of and interest on the Bonds when due, respectively, are hereby appropriated for that purpose, and all amounts required to pay the principal of and interest on the Bonds due, respectively, in each year shall be included in the annual budget and appropriation resolution to be adopted and passed by the Board for such year.

(e) ***Use or Advance of Other Legally Available Moneys.*** Nothing herein shall be interpreted to prohibit or limit the ability of the District to use legally available moneys other than the proceeds of the general ad valorem property taxes levied pursuant to subsection (b) of this Section to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the District may, but shall not be required to, (i) reduce the amount of taxes levied for such purpose pursuant to subsection (b) of this Section or (ii) use proceeds of taxes levied pursuant to subsection (b) of this Section to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds. If the District selects alternative (ii) in the immediately preceding sentence, the taxes levied pursuant to subsection (b) of this Section shall include amounts sufficient to fund the reimbursement.

(f) ***Certification to County Commissioners.*** It is hereby declared that, if the District does not otherwise determine and certify to the Board of County Commissioners of the County a rate of levy for general ad valorem property taxes as required by subsection (b) of this Section, the foregoing provisions of this Section shall constitute a certificate from the Board to the Board of County Commissioners of the County showing the aggregate amount of ad valorem taxes to be levied by the Board of County Commissioners of the County from time to time, as required by law, for the purpose of paying the principal of and interest on the Bonds when due.

(g) ***Deposit of Moneys to Pay Bonds with, and Payment of Bonds by Paying Agent.*** No later than three Business Days immediately preceding each date on which a payment of principal of or interest on the Bonds is due, the District, from moneys in the Bond Account or other legally available moneys, shall deposit moneys with the Paying Agent in an amount sufficient to pay the principal of and interest on the Bonds due on such date. The Paying Agent shall use the moneys so deposited with it to pay the principal of and interest on the Bonds when due.

**Section 7. Form of Bonds.** The Bonds shall be in substantially the form set forth in Appendix A hereto with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the District executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). All covenants, statements, representations and agreements contained in the Bonds are hereby approved and adopted as the covenants, statements, representations and agreements of the District. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Resolution and are incorporated herein as if set forth in full in the body of this Resolution.

**Section 8. Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the District with the manual or facsimile signature of the President of the Board, shall bear a manual or facsimile of the seal of the District and shall be attested by the manual or facsimile signature of the Secretary of the Board, all of whom are hereby authorized and directed to prepare and execute the Bonds in accordance with the requirements hereof. Should any officer whose manual or facsimile signature appears on the Bonds cease to be such officer before delivery of any Bond, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes. When the Bonds have been duly executed, the officers of the District are authorized to, and shall, deliver the Bonds to the Paying Agent for authentication. No Bond shall be secured by or entitled to the benefit of this Resolution, or shall be valid or obligatory for any purpose, unless the certificate of authentication of the Paying Agent has been manually executed by an authorized signatory of the Paying Agent. The executed certificate of authentication of the Paying Agent upon any Bond shall be conclusive evidence, and the only competent evidence, that such Bond has been properly authenticated and delivered hereunder.

**Section 9. Registration of Bonds in Registration Books Maintained by Paying Agent.** The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name any Bond shall be registered on such registration book shall be deemed to be the absolute owner thereof for all purposes, whether or not payment on any Bond shall be overdue, and neither the District nor the Paying Agent shall be affected by any notice or other information to the contrary.

**Section 10. Filing Requirements.** The Board hereby directs that the following filings or recordings be made as set forth below:

(a) ***Colorado Municipal Bond Supervision Act.*** At least five days prior to the first sale of the Bonds, there shall be filed with the State Securities Commissioner a notice of claim of exemption, a copy of the Official Statement and the exemption fees, all as more specifically required pursuant to § 11-59-110(2), C.R.S.

(b) **Notice of General Obligation Indebtedness.** Within thirty days following the issuance of the Bonds, there shall be recorded with the Clerk and Recorder of the County notice of such action in the form prescribed by the Director of the State Division of Local Government in the Department of Local Affairs. Copies of such notice shall be sent to the State Division of Local Government and with the Board of County Commissioners of the County. Such actions shall be in accordance with the requirements of § 32-1-1604, C.R.S. and § 32-1-1101.5(1), C.R.S.

**Section 11. Transfer and Exchange of Bonds.** The Bonds may be transferred or exchanged at the principal office of the Paying Agent in the city identified in the definition of Paying Agent in the Section hereof entitled “Definitions” or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate, upon payment by the transferee of a reasonable transfer fee established by the Paying Agent, together with any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Upon surrender for transfer of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his or her attorney duly authorized in writing, the District shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee a new Bond. Notwithstanding any other provision hereof, the Paying Agent shall not be required to transfer any Bond (i) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date or (ii) between the Record Date for any Interest Payment Date and such Interest Payment Date.

**Section 12. Replacement of Lost, Destroyed or Stolen Bonds.** If any Bond shall become lost, apparently destroyed, stolen or wrongfully taken, it may be replaced in the form and tenor of the lost, destroyed, stolen or taken Bond and the District shall execute and the Paying Agent shall authenticate and deliver a replacement Bond upon the Owner furnishing, to the satisfaction of the Paying Agent: (a) proof of ownership (which shall be shown by the registration books of the Paying Agent), (b) proof of loss, destruction or theft, (c) an indemnity to the District and the Paying Agent with respect to the Bond lost, destroyed or taken, and (d) payment of the cost of preparing and executing the new Bond.

**Section 13. Creation of Accounts; Initial Credits of Bond Proceeds.**

(a) **Creation of Accounts.** There is hereby established the Bond Account and Project Account, which shall be accounts or subaccounts within the District’s Water Enterprise Fund or other appropriate fund or account as determined by the Board. The foregoing account shall be maintained by the District in accordance with the provisions of this Resolution.

(b) **Initial Credits of Bond Proceeds.** Upon payment to the District of the purchase price of the Bonds in accordance with the Bond Purchase Agreement, the Bonds shall be delivered to, or as directed by, the Underwriter and the proceeds received by the District from the sale of the Bonds shall be applied as a supplemental appropriation by the District for the payment of the costs of issuance of the Bonds and as follows:

(i) to the Bond Account, the accrued interest on the Bonds from the Dated Date thereof to the date of issuance, if any;

(ii) to the Escrow Account, an amount sufficient, together with any legally available moneys of the District, to fund the Escrow Account in accordance with the report of a certified public accountant as required by the provisions hereof; and

(iii) to the Project Account, the remaining proceeds of the Bonds.

**Section 14. Escrow Account; Payment of Refunded Bonds.**

(a) ***Establishment and Maintenance of Escrow Account.*** There is hereby established a special account designated as the “General Obligation Refunding and Improvement Bonds Escrow Account,” which shall be maintained in accordance with the provisions hereof and of the Escrow Agreement. The Escrow Account shall be maintained in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities to pay the Refunded Bond Requirements. Except as may be otherwise provided in the Escrow Agreement, the District shall have no right or title to the moneys credited to or held in the Escrow Account, and such title shall be and is hereby transferred to the Bank in trust for the payment of the Refunded Bond Requirements pursuant to the Escrow Agreement. Moneys shall be withdrawn by the Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of the Refunded Bond Requirements. If for any reason the amount in the Escrow Account shall at any time be insufficient for the purpose hereof, the District shall forthwith from the first moneys available therefor deposit in such account such additional moneys as shall be necessary to permit the payment in full of the Refunded Bond Requirements.

(b) ***Call of Refunded Bonds.*** Subject to the issuance of the Bonds, the Board does hereby declare its intent to exercise on behalf of and in the name of the District its option to redeem all of the Refunded Bonds on the Call Date, which is the earliest date or dates on which the Refunded Bonds can be called and redeemed. The Board hereby authorizes the Sale Delegate to irrevocably instruct the Bank to give or cause to be given a notice, which may be conditional, of refunding, defeasance and redemption of the Refunded Bonds.

**Section 15. Investments.** Proceeds of the Bonds delivered to the District pursuant to the Section hereof entitled “Establishment of Bond Account; Initial Credits of Bond Proceeds,” moneys on deposit in the Bond Account and any moneys held by the Paying Agent with respect to the Bonds shall be invested in Permitted Investments, provided that the investment of such moneys shall be subject to any applicable restrictions set forth in the Tax Letter of Instructions and in the “Tax Compliance Certificate” or similar certificate delivered by the District in connection with the issuance of the Bonds that describes the District’s expectations regarding the

use and investment of proceeds of the Bonds and other moneys and the use of the Financing Project.

**Section 16. Various Findings, Determinations, Declarations and Covenants.** The Board, having been fully informed of and having considered all the pertinent facts and circumstances, hereby finds, determines, declares and covenants with the Owners of the Bonds that:

(a) it is in the best interest of the District and its residents that the Bonds be authorized, sold, issued and delivered at the time, in the manner and for the purposes provided in this Resolution;

(b) pursuant to Article X, Section 20 of the Colorado Constitution, voter approval is not required for the issuance of the Bonds because the issuance of the Bonds will result in a lower interest rate than the interest rates on the Refunded Bonds;

(c) the issuance of the Bonds will not cause the District to exceed its debt limit under applicable State law;

(d) the DTC Blanket Letter of Representations entered into with DTC will govern the book entry registration system for the Bonds;

(e) the issuance of the Bonds and all procedures undertaken incident thereto are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Constitution and laws of the State, including the Acts, all conditions and limitations of the Acts and other applicable law relating to the issuance of the Bonds have been satisfied;

(f) the District will comply with the terms of the Continuing Disclosure Undertaking; however, failure to comply with the provisions of the Continuing Disclosure Undertaking shall not be deemed an Event of Default under this Resolution; and

(g) in accordance with Section 11-57-204, C.R.S., the District hereby elects to apply all of the provisions of the Part 2 of Article 57 of Title 11, Colorado Revised Statutes, to the issuance of the Bonds.

**Section 17. Federal Income Tax Covenants.** For purposes of ensuring that the interest on the Bonds is and remains excluded from gross income for federal income tax purposes, the District hereby covenants that:

(a) ***Prohibited Actions.*** The District will not use or permit the use of any proceeds of the Bonds or any other funds of the District from whatever source derived, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code, or would otherwise cause the interest on any Bond to be includible in gross income for federal income tax purposes.

(b) ***Affirmative Actions.*** The District will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by the District on the Bonds shall not be includible in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, the District represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the Bonds and the Financing Project will not be used in a manner that will cause the Bonds to be considered “private activity bonds” within the meaning of the Code; (ii) the Bonds are not and will not become directly or indirectly “federally guaranteed”; and (iii) the District will timely file an Internal Revenue Service Form 8038-G with respect to the Bonds, which shall contain the information required to be filed pursuant to Section 149(e) of the Code.

(c) ***Tax Letter of Instructions.*** The District will comply with the Tax Letter of Instructions delivered to it on the date of issuance of the Bonds, including but not limited by the provisions of the Tax Letter of Instructions regarding the application and investment of Bond proceeds, the use of the capital improvements originally funded from the debt obligation represented by the Refunded Bonds, the calculations, the deposits, the disbursements, the investments and the retention of records described in the Tax Letter of Instructions; provided that, in the event the Tax Letter of Instructions are superseded or amended by new Tax Letter of Instructions drafted by, and accompanied by an opinion of, Bond Counsel stating that the use of the new Tax Letter of Instructions will not cause the interest on the Bonds to become includible in gross income for federal income tax purposes, the District will thereafter comply with the new Tax Letter of Instructions.

(d) ***Designation of Bonds as Qualified Tax Exempt Obligations.*** The District hereby designates the Bonds as qualified tax exempt obligations within the meaning of Section 265(b)(3) of the Code. The District covenants that the aggregate face amount of all tax exempt obligations issued by the District, together with governmental entities which derive their issuing authority from the District or are subject to substantial control by the District, shall not be more than \$30,000,000 during calendar year in which the Bonds are issued. The District recognizes that such tax exempt obligations include notes, leases, loans and warrants, as well as bonds. The District further recognizes that any bank, thrift institution or other financial institution that owns the Bonds will rely on the District’s designation of the Bonds as qualified tax exempt obligations for the purpose of avoiding the loss of 80% of any otherwise available interest deduction attributable to such institution’s tax exempt holdings.

**Section 18. Defeasance.** Any Bond shall not be deemed to be Outstanding hereunder if it shall have been paid and cancelled or if Defeasance Securities shall have been deposited in trust for the payment thereof (whether upon or prior to the maturity of such Bond, but if such Bond is to be paid prior to maturity, the District shall have given the Paying Agent irrevocable directions to give notice of redemption as required by this Resolution, or such notice shall have been given in accordance with this Resolution). In computing the amount of the deposit described above, the District may include the maturing principal of and interest to be earned on the Defeasance Securities. If less than all the Bonds are to be defeased pursuant to this Section, the District, in its sole discretion, may select which of the Bonds shall be defeased.

**Section 19. Events of Default.** Each of the following events constitutes an Event of Default:

(a) ***Nonpayment of Principal or Interest.*** Failure to make any payment of principal of or interest on the Bonds when due.

(b) ***Breach or Nonperformance of Duties.*** Breach by the District of any material covenant set forth herein or failure by the District to perform any material duty imposed on it hereunder and continuation of such breach or failure for a period of 60 days after receipt by the Superintendent of the District of written notice thereof from the Paying Agent or from the Owners of at least 10% of the aggregate amount of the Bond Obligation, provided that such 60 day period shall be extended so long as the District has commenced and continues a good faith effort to remedy such breach or failure.

(c) ***Bankruptcy or Receivership.*** An order of decree by a court of competent jurisdiction declaring the District bankrupt under federal bankruptcy law or appointing a receiver of all or any material portion of the District's assets or revenues is entered with the consent or acquiescence of the District or is entered without the consent or acquiescence of the District but is not vacated, discharged or stayed within 30 days after it is entered.

**Section 20. Remedies for Events of Default.**

(a) ***Remedies.*** Upon the occurrence and continuance of any Event of Default, the Owners of not less than 25% of the aggregate amount of the Bond Obligation, including, without limitation, a trustee or trustees therefor may proceed against the District to protect and to enforce the rights of the any Owners under this Resolution by mandamus, injunction or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction: (i) for the payment of interest on any installment of principal of any Bond that was not paid when due at the interest rate borne by such Bond; (ii) for the specific performance of any covenant contained herein; (iii) to enjoin any act that may be unlawful or in violation of any right of any Owner of any Bond; (iv) for any other proper legal or equitable remedy; or (v) any combination of such remedies or as otherwise may be authorized by applicable law; provided, however, that acceleration of any amount not yet due on the Bonds according to their terms shall not be an available remedy. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of Bonds then Outstanding.

(b) ***Failure to Pursue Remedies Not a Release; Rights Cumulative.*** The failure of any Owner of any Outstanding Bond to proceed in accordance with subsection (a) of this Section shall not relieve the District of any liability for failure to perform or carry out its duties under this Resolution. Each right or privilege of any such Owner (or trustee therefor) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege of such Owner.

## **Section 21. Amendment of Resolution.**

(a) *Amendments Permitted Without Notice To or Consent of Owners.* The District may, without the consent of or notice to the Owners of the Bonds, adopt one or more resolutions amending or supplementing this Resolution (which resolutions shall thereafter become a part hereof) for any one or more or all of the following purposes:

(i) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision of this Resolution;

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

(iii) to institute or terminate a book-entry registration system for the Bonds or to facilitate the designation of a substitute securities depository with respect to such a system;

(iv) to maintain the then existing or to secure a higher rating of the Bonds by any nationally recognized securities rating agency; or

(v) to make any other change that does not materially adversely affect the Owners of the Bonds.

(b) *Amendments Requiring Notice to and Consent of Owners.* Except for amendments permitted by subsection (a) of this Section, this Resolution may only be amended (i) by a resolution of the District amending or supplementing this Resolution (which, after the consents required therefor, shall become a part hereof); and (ii) with the written consent of the Owners of at least 66-2/3% of the Bond Obligation; provided that any amendment that makes any of the following changes with respect to any Bond shall not be effective without the written consent of the Owner of such Bond: (A) a change in the maturity of such Bond; (B) a reduction of the interest rate on such Bond; (C) a change in the terms of redemption of such Bond; (D) a delay in the payment of principal or interest on such Bond; (E) a reduction of the Bond Obligation the consent of the Owners of which is required for an amendment to this Resolution; or (F) the establishment of a priority or preference for the payment of any amount due with respect to any other Bond over such Bond.

(c) *Procedure for Notifying and Obtaining Consent of Owners.* Whenever the consent of an Owner or Owners of Bonds is required under subsection (b) of this Section, the District shall mail a notice to such Owner or Owners at their addresses as set forth in the registration books maintained by the Paying Agent and to the Underwriter, which notice shall briefly describe the proposed amendment and state that a copy of the amendment is on file in the office of the District for inspection. Any consent of any Owner of any Bond obtained with respect to an amendment shall be in writing and shall be final and not subject to withdrawal, rescission or modification for a period of 60 days after it is delivered to the District unless another time period is stated for such purpose in the notice mailed pursuant to this subsection.



**Section 22. Appointment and Duties of Paying Agent.** The Paying Agent identified in the Section hereof entitled “Definitions” is hereby appointed as paying agent, registrar and authenticating agent for the Bonds unless and until the District removes it as such and appoints a successor Paying Agent, in which event such successor shall automatically succeed to the duties of the Paying Agent hereunder and its predecessor shall immediately turn over all its records regarding the Bonds to such successor. The Paying Agent shall agree to perform all duties and to take all actions assigned to it hereunder in accordance with the terms hereof.

**Section 23. Approval of Related Documents.** The Board hereby ratifies and approves the distribution and use in connection with the offering of the Bonds of the Preliminary Official Statement relating to the Bonds in the form provided or made available to the Board; authorizes and directs the preparation of, and authorizes and directs the execution by the President of the Board of, an Official Statement for use in connection with the sale of the Bonds in substantially the form of the Preliminary Official Statement, with such changes therein, if any, not inconsistent herewith, as are approved by the President of the Board (whose signature thereon shall constitute conclusive evidence of such approval); and for a period of one hundred twenty days following the adoption of this Resolution, the Sale Delegate is authorized to execute the Bond Purchase Agreement, which shall be in substantially the form previously presented to the District and shall be completed in accordance with the terms of this Resolution (which, once executed, shall constitute conclusive evidence of approval of the District). The President of the Board, the Secretary of the Board and all other appropriate officers of the Board are also hereby authorized and directed to execute an undertaking to facilitate compliance with Securities and Exchange Commission Rule 15c2 12 (17 C.F.R. § 240.15c2 12), the DTC Blanket Letter of Representations, the Escrow Agreement, the Paying Agent Agreement, a “Tax Compliance Certificate” or similar certificate describing the District’s expectations regarding the use and investment of proceeds of the Bonds, an Internal Revenue Service Form 8038 G with respect to the Bonds and all other documents and certificates necessary or desirable to effectuate the issuance or administration of the Bonds, the investment of proceeds of the Bonds and the transactions contemplated hereby.

**Section 24. Events Occurring on Days That Are Not Business Days.** Except as otherwise specifically provided herein with respect to a particular payment, event or action, if any payment to be made hereunder or any event or action to occur hereunder which, but for this Section, is to be made or is to occur on a day that is not a Business Day, such payment, event or action shall instead be made or occur on the next succeeding day that is a Business Day with the same effect as if it was made or occurred on the date on which it was originally scheduled to be made or occur.

**Section 25. Limitation of Actions.** In accordance with Section 11-57-212, Colorado Revised Statutes, no legal or equitable action can be brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds more than 30 days after the authorization of such securities.

**Section 26. Resolution is Contract With Owners of Bonds and Irrepealable.** After the Bonds have been issued, this Resolution shall be and remain a contract between the District and the Owners of the Bonds and shall be and remain irrepealable until all amounts due with

respect to the Bonds shall be fully paid, satisfied and discharged and all other obligations of the District with respect to the Bonds shall have been satisfied in the manner provided herein.

**Section 27. Headings, Table of Contents and Cover Page.** The headings to the various sections and subsections to this Resolution, and the cover page and table of contents that appear at front of this Resolution, have been inserted solely for the convenience of the reader, are not a part of this Resolution and shall not be used in any manner to interpret this Resolution.

**Section 28. Severability.** It is hereby expressly declared that all provisions hereof and their application are intended to be and are severable. In order to implement such intent, if any provision hereof or the application thereof is determined by a court or administrative body to be invalid or unenforceable, in whole or in part, such determination shall not affect, impair or invalidate any other provision hereof or the application of the provision in question to any other situation; and if any provision hereof or the application thereof is determined by a court or administrative body to be valid or enforceable only if its application is limited, its application shall be limited as required to most fully implement its purpose.

**Section 29. Repeal of Inconsistent Resolutions, Bylaws, Rules and Orders.** All resolutions, bylaws, rules and orders, or parts thereof, that are inconsistent with or in conflict with this Resolution, are hereby repealed to the extent of such inconsistency or conflict.

**Section 30. Ratification of Prior Actions.** All actions heretofore taken (not inconsistent with the provisions of this Resolution or the Acts) by the Board or by the officers and employees of the District directed toward the issuance of the Bonds for the purposes herein set forth are hereby ratified, approved and confirmed.


**Section 31. Effective Date.** This Resolution shall be in full force and effect immediately upon adoption by the Board.

ADOPTED AND APPROVED this 8<sup>th</sup> day of March, 2010.

[DISTRICT SEAL]

By   
President, Board of Directors

Attest:

By   
Secretary, Board of Directors

**APPENDIX A**

**FORM OF BOND**

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. R-\_\_

\$ \_\_\_\_\_

**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 20\_\_**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Dated Date</b>	<b>CUSIP</b>
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\_\_\_\_\_ %

REGISTERED OWNER: Cede & Co.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\* DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the

day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and Improvement Bonds, Series 20\_\_, issued in the principal amount of \$\_\_\_\_\_ (the "Bonds"). The Bonds have been issued pursuant to, under the authority of, and in full conformity with, the Constitution and the laws of the State, including, in particular, Article 56 of Title 11, as amended, and Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (collectively, the "Acts"); pursuant to the Resolution adopted by the Board of Directors of the District. THE RESOLUTION CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE DISTRICT. THIS BOND IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE RESOLUTION, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

The Bonds have been issued by the District for the purpose of providing funds for the Financing Project described in the Resolution. The Bonds are general obligations of the District and the full faith and credit of the District are pledged for the punctual payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, respectively, the Board in the Resolution has covenanted annually to determine and certify to the Board of County Commissioners of Boulder County a rate of levy for general ad valorem taxes, without limitation as to rate, on all of the taxable property in the District, in an amount sufficient to pay the principal of and interest on the Bonds when due, respectively, whether at maturity or upon earlier redemption.

[The redemption provisions from Section 4 of the Resolution and the Sale Certificate shall be set forth herein.]

Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Resolution funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name this bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this bond shall be overdue, and neither the District nor the Paying Agent shall be affected by any notice or other information to the contrary. This bond may be transferred or

exchanged at the principal office of the Paying Agent in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount of Bonds of other authorized denominations (\$5,000 or any integral multiple thereof) of the same maturity and interest rate, upon payment by the transferee of a reasonable transfer fee established by the Paying Agent, together with any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Notwithstanding any other provision of the Resolution, the Paying Agent shall not be required to transfer any Bond (a) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date; or (b) between the Record Date for any Interest Payment Date and such Interest Payment Date.

The Resolution may be amended or supplemented from time to time with or without the consent of the registered owners of the Bonds as provided in the Resolution.

It is hereby certified that all conditions, acts and things required by the Constitution and laws of the State, including the Acts, and the resolutions of the District, to exist, to happen and to be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed, and that neither this bond nor the other bonds of the issue of which this bond is a part exceed any limitations prescribed by the Constitution or laws of the State, including the Acts, or the resolutions of the District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the Paying Agent shall have signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Board of Directors of the District has caused this bond to be executed with the signature of its President and attested by the signature of its Secretary, and has caused the seal of the District to be impressed or imprinted hereon, all as of the date set forth below.

[DISTRICT SEAL]

EAST BOULDER COUNTY WATER DISTRICT

By \_\_\_\_\_  
President, Board of Directors

Attest:

By \_\_\_\_\_  
Secretary, Board of Directors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds of the issue described in the within-mentioned Resolution.

Dated: \_\_\_\_\_

UMB Bank, n.a., as Paying Agent

By \_\_\_\_\_  
Authorized Signatory

## APPROVING LEGAL OPINION

Set forth below is a true copy of the approving legal opinion of Kutak Rock LLP, delivered on the date on which the Bonds were originally issued:

\$ \_\_\_\_\_  
East Boulder County Water District  
in Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 20\_\_

We have been engaged by East Boulder County Water District, in Boulder County, Colorado (the “District”), to act as bond counsel for the issuance of its General Obligation Refunding and Improvement Bonds, Series 20\_\_, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”). We have examined the constitution and the laws of the State of Colorado (the “State”); the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay the principal of and the interest on the Bonds when due. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Under the statutes, regulations, rulings and judicial decisions existing on the date hereof, interest on the Bonds is not includible in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. Also, because the District has properly designated the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code, any bank, thrift institution or other financial institution owning the Bonds may be able to avoid the loss of 100% of any otherwise available interest deduction attributable to its tax exempt holdings. The opinions set forth in the preceding sentence assume compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest to be includible in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Bonds. The District has covenanted in the resolution adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the “Resolution”) and in the Tax Compliance

Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

4. Under State statutes existing on the date hereof, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of any statement, memorandum, prospectus or official statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

/s/ Kutak Rock LLP

I, the undersigned Secretary of the Board of Directors of East Boulder County Water District, Boulder County, Colorado, do hereby certify that the foregoing approving opinion of Kutak Rock LLP, Denver, Colorado, is a true and complete copy of a manually executed and dated copy thereof on file in the official records of the District.

By (facsimile signature)  
Secretary, Board of Directors



**ASSIGNMENT**

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

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**(Please print or typewrite name and address of Transferee)  
(Tax Identification or Social Security No.)**

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

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Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

**TRANSFER FEE MAY BE REQUIRED**

## REFUNDING ESCROW AGREEMENT

This **REFUNDING ESCROW AGREEMENT** (this "Agreement") is dated as of the 30<sup>th</sup> day of March, 2010, by and between the **EAST BOULDER COUNTY WATER DISTRICT**, Boulder County, Colorado (the "District"), and **UMB BANK, N.A.** (as successor in interest to The Bank of Cherry Creek, N.A.), a national banking association duly organized and existing under the laws of the United States, being a member of the Federal Deposit Insurance Corporation, having full and complete trust powers, and having an office and place of business in the State of Colorado (the "Bank"), as escrow agent;

### WITNESSETH:

WHEREAS, the District has heretofore authorized, issued, and delivered its General Obligation Bonds, Series 2000, presently outstanding in the aggregate principal amount of \$1,465,000, (the "Series 2000 Bonds"); and

WHEREAS, the Board of Directors (the "Board") of the District adopted a resolution on March 8, 2010, as affirmed on March 22, 2010 (the "Authorizing Resolution"), authorizing the District to issue its General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds"), which Bonds are being issued as of the date hereof in the aggregate principal amount of \$1,645,000 for the purpose of advance refunding a portion of the Series 2000 Bonds maturing on and after December 1, 2011 in the aggregate principal amount of \$1,355,000 (the "Refunded Bonds"); and

WHEREAS, the Refunded Bonds are subject to prior redemption on December 1, 2010, and on any date thereafter, at a redemption price equal to the principal amount of the Series 2000 Bonds to be redeemed at a redemption price of 101% of par outstanding, plus accrued interest to the redemption date; and

WHEREAS, the principal of and interest on the Refunded Bonds are payable at UMB Bank, n.a. (as successor in interest to The Bank of Cherry Creek, N.A.), Denver, Colorado, or its successor, as paying agent (the "Refunded Bonds Paying Agent"); and

WHEREAS, the net proceeds derived from the issuance of the Bonds are to be deposited by the District in the "General Obligation Refunding and Improvement Bonds Escrow Account," created and authorized pursuant to the Authorizing Resolution, to be used to refund and pay the Refunded Bonds; and

WHEREAS, the resolution of the District adopted on March 6, 2000 authorizing the issuance of the Refunded Bonds (the "Refunded Bonds Resolution") provides that all or any portion of the Refunded Bonds may be deemed discharged upon the payment of all principal and interest in connection with such bonds there shall be deemed to be due such 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 direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the "Federal Securities") in

which such amount may be initially invested) to meet all requirements of principal and interest on such Refunded Bonds as the same become due to their final maturities; and

WHEREAS, the Authorizing Resolution also provides that with the available proceeds of the Bonds, and any interest derived from the investment and any temporary reinvestment of such funds in Federal Securities, the District shall pay in full the principal of, premium if any, and interest on the Refunded Bonds in the manner and at the times hereinafter set forth;

**NOW THEREFORE, IT IS AGREED:** That in consideration of the mutual covenants herein contained and in consideration of the sum of ten dollars and other good and valuable consideration duly paid by, or on behalf of, the District to the Bank at or before the execution and delivery of this Agreement, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Refunded Bonds, according to the schedule set forth herein, the parties hereto mutually undertake, promise, and agree for themselves, their respective representatives, successors and assigns, as follows:

**Section 1.** The District shall deposit with the Bank in a special fund and irrevocable trust account, designated as the “General Obligation Refunding and Improvement Bonds Escrow Account” (the “Escrow Account”), the total amount of \$1,452,413.45, representing a portion of the net proceeds of the Bonds plus other legally available funds of the District, if any, which amount will be at all times at least sufficient to pay the principal of and interest on the Refunded Bonds in accordance with the schedule set forth in the special report of a certified public accountant (the “Verification Report”), attached hereto as Exhibit A and made a part hereof.

The Refunded Bonds which have not otherwise matured on December 1, 2010 shall be called for redemption prior to maturity and shall be paid on the date and at the price set forth below:

**Prior Redemption  
Date and Price**

December 1, 2010 at  
a price equal to 101% of par  
and accrued interest

The Bank, in its capacity as the Refunded Bonds Paying Agent, will notify the registered owners of each of the Refunded Bonds of the call and redemption of their respective bonds in the time and manner required by the Refunded Bonds Resolution.

At the time of actual execution of this Agreement, the Bank will immediately invest the funds on deposit in the Escrow Account in the Federal Securities, if any, listed in the Verification Report, which report verifies that the computations regarding the sufficiency of the amounts on deposit in the Escrow Account to pay the principal of and interest on the Refunded Bonds as set forth in this Section 1 are mathematically correct, and shall fully secure any cash balance in the Escrow Account in the manner set forth herein. Such Federal Securities, if any, are irrevocably pledged and placed in escrow and in trust for the payment of the principal of, premium if any, and interest on the Refunded Bonds.

**Section 2.** If, for any reason, at any time the funds on hand in the Escrow Account shall be insufficient to meet such payments, as the same shall be about to become due and payable, the District shall forthwith deposit in the Escrow Account such additional legally available funds as may be required fully to meet the amounts so about to become due and payable. Notice of such insufficiency shall be given as hereinafter provided, but the Bank shall in no manner be responsible for the District's failure to make such deposit.

**Section 3.** The Bank shall hold said special deposit, together with the obligations herein authorized to be purchased, at all times in a special fund and irrevocable trust account, wholly segregated from other funds and securities on deposit with it; shall never commingle such deposit nor securities with other funds or securities of the Bank; shall never at any time use, loan, or borrow the same in any way; and shall from time to time invest and reinvest said deposit to the fullest extent possible, but in all events within the limitations set forth herein, and only in Federal Securities, in such manner that sufficient funds will be available to pay the principal of, premium if any, and interest on the Refunded Bonds, as the same accrue and become due and payable from time to time according to the schedule hereinabove set forth. Nothing herein contained shall be construed as requiring the Bank to keep on hand the identical moneys, or any part thereof, received for the Escrow Account, but moneys of an equal amount, except to the extent such are represented by the Federal Securities contained in the Escrow Account, must always be maintained on hand as funds held by the Bank as trustee, and a special account thereof, evidencing such fact, shall at all times be maintained on the books of the Bank.

**Section 4.** The Bank shall from time to time redeem at maturity all or any appropriate portion of the Federal Securities in the Escrow Account, according to the schedules of maturities set forth in the Verification Report, without notice to the District, in sufficient amounts so that the proceeds therefrom and the interest thereon as the same accrues, will be sufficient to pay the principal of, premium if any, and interest on the Refunded Bonds as the same become due in accordance with the schedule set forth in the Verification Report attached hereto as Exhibit B.

**Section 5.** The Bank shall maintain the Escrow Account until thirty (30) days after the date upon which the Refunded Bonds are fully redeemed and paid, as to principal, premium if any, and interest, whereupon the Bank shall redeem any obligations remaining in the Escrow Account and shall remit to the District all moneys, if any, then remaining in the Escrow Account; provided however, that before such remittance is made to the District, sufficient funds must have been deposited with the appropriate paying agent for the Refunded Bonds to pay the principal of, premium if any, and interest on each series of the Refunded Bonds which remain outstanding on such date.

**Section 6.** The Bank shall fully collateralize the moneys in the Escrow Account not so invested, if any, by Federal Securities only, in an amount at all times at least equal to the total unexpended amount of said moneys.

**Section 7.** The Bank shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with its provisions.

**Section 8.** The funds received by the Bank shall not be considered as a banking deposit by the District. The funds so received by the Bank as escrow agent and trustee shall not be subject to checks drawn or withdrawals made by the District.

**Section 9.** The Refunded Bonds Paying Agent, shall forward or transfer to the appropriate Refunded Bonds debt service payment accounts, sums which shall be sufficient for the payment of the principal of, premium if any, and interest becoming due on each principal or interest payment date for the Refunded Bonds in accordance with the schedule set forth herein and in the Verification Report attached hereto. The amount so forwarded or transferred shall be in sufficient time to permit such payment on time without default. It shall not be necessary for the District to take any affirmative action whatsoever as a condition precedent to the duty of the Bank to forward or transfer such funds to the proper paying agent at the necessary times.

**Section 10.** The Bank shall immediately notify the District by certified or registered, first class United States mail, postage prepaid or by overnight delivery service, whenever, for any reason, the funds on hand in the Escrow Account, plus the securities therein and interest on said securities, as the same accrues, will be insufficient to pay the principal of, premium if any, and interest on the Refunded Bonds in accordance with the schedule set forth herein.

**Section 11.** The Bank, during the month of January of each calendar year, commencing in the first calendar year following the issuance of the Bonds, so long as the Escrow Account is maintained, shall forward to the District a statement in detail of the income, investments, redemptions, and transfers of moneys from the Escrow Account for the immediately preceding fiscal year, which, for the purpose of this Agreement, commences the first day of January of each calendar year and ends on the last day of December of the same year. In addition, the District shall have the right, at any time, to examine all the Bank's records regarding the status of the Escrow Account and the details of said income, investments, redemptions, and transfers.

**Section 12.** The Bank shall be under no obligation to inquire into or be in any way responsible for the performance or non-performance by the District or any paying agent of any of the District's or paying agent's obligations, or to protect any of the District's rights under any bond documents or any of the District's other contracts with or franchises or privileges from any state, county, municipality, or other governmental agency, or with any corporation or individual; and the Bank shall not be liable for any act done or step taken or omitted by it or for any mistake of fact or law or for anything which it may do or refrain from doing, except for its negligence or its default in the performance of any obligations imposed upon it hereunder.

**Section 13.**

(a) In order to insure continuing compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the Bank agrees that, except as provided in this Section, it will not invest or reinvest any cash received in payment of the principal of and interest on the Federal Securities in the Escrow Account.

(b) The Bank shall invest or reinvest any such cash balance, at the written direction of the District, if invested in Federal Securities that mature in an amount at least

equal to the purchase price of such Federal Securities on the next scheduled payment date for the Refunded Bonds and if the District and the Bank have been advised in writing by nationally recognized municipal bond counsel that in the opinion of said bond counsel, the investment or reinvestment of such cash balance could be unlimited, or limited as set forth in said opinion, and said opinion would also state:

(i) the investment or reinvestment of any cash balance as directed would not adversely affect the exclusion from gross income of the interest paid or to be paid on the Bonds; and

(ii) that such investment or reinvestment would not cause the District to be or become subject to any sanctions or penalties pursuant to any applicable law.

The Bank shall thereafter, at the written direction of the District, invest and reinvest any of said cash held in the Escrow Account to the greatest extent possible, in noncallable Federal Securities maturing prior to any date on which such moneys will be required in the Escrow Account, such computations having been verified in writing by a certified public accountant, in the manner provided in this Agreement, limited only as herein otherwise provided and by any limitation expressed in said opinion of bond counsel in its original form or as the same may, from time to time, be modified. The cash derived from such investment or reinvestment in excess of the amounts needed in the Escrow Account to pay the principal of, premium if any, and interest on the Refunded Bonds as they become due in accordance with the schedule set forth herein, shall be paid to the District by the Bank. The District shall deposit such moneys in its Bond Account and shall use such moneys for the payment of debt service on the Bonds. Until such use, the District will not invest such moneys at a yield in excess of the yield on the Bonds.

**Section 14.** The Bank, on behalf of the District, shall file an appropriate notice, by written or electronic means, of the defeasance of the Refunded Bonds with Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>, which notice shall be captioned "Material Event Notice," shall prominently state the date, title and CUSIP numbers of the Refunded Bonds and shall describe the defeasance of such Refunded Bonds. A form of such notice is attached hereto as Exhibit B.

**Section 15.** This Agreement shall be effective on the date the Escrow Account is fully funded in accordance with Section 1 hereof. Time shall be of the essence in the performance of the obligations from time to time imposed upon the Bank by this Agreement.

**Section 16.** In the event of a violation of any provision of this Escrow Agreement, the District may remove the Bank as escrow agent hereunder by notifying the Bank and may appoint a successor escrow agent. Upon any such removal, the District shall promptly appoint a successor escrow agent by an instrument in writing, which successor escrow agent shall give notice of such appointment to all Owners as soon as practicable; provided that in the event the District does not appoint a successor escrow agent within 60 days following the giving of any such notice of removal, the removed Bank may petition any appropriate court having jurisdiction to appoint a successor escrow agent.

Any removal of the Bank and appointment of a successor escrow agent shall become effective only upon the acceptance of the appointment by the successor escrow agent and the transfer by the retiring Bank to the successor escrow agent of all property held by it hereunder as escrow agent. Any rating agency maintaining a rating on the Bonds or the Refunded Bonds shall be notified on or about the date of any such removal and appointment of successor escrow agent.

**Section 17.** The liability of the Bank to transfer funds for the payment of the principal of, premium, if any, and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances that have been deposited into the Escrow Account.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the District and shall not be considered as made by, or imposing any obligation or liability upon, the Bank.

The Bank, in its capacity as such, is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Bank may be a place of payment and paying agent and/or a paying agent/registrars therefor). In its capacity as escrow agent, it is agreed that the Bank need look only to the terms and provisions of this Agreement.

The Bank makes no representations as to the value, conditions or sufficiency of the Escrow Account, or any part thereof, or as to the title of the District thereto, or as to the security afforded thereby or hereby, and the Bank shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Bank shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

Unless it is specifically otherwise provided herein, the Bank has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the District with respect to arrangements or contracts with others, with the Bank's sole duty hereunder being to safeguard the Escrow Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Bank is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Bank shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Bank shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Bank may request from the District or any other person such reasonable additional evidence as the Bank in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the District at any time. The Bank may consult with counsel, who may be counsel of or to the District, with regard to legal questions, and the opinion of such counsel, if such counsel is acceptable to the District, shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance herewith.

**Section 18.** The Bank shall receive fees for performing the services hereunder and for the expenses incurred or to be incurred by the Bank in the administration of this Agreement as set forth in Exhibit C hereto. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement (but not including costs of investments under Section 3 which will be billed to District at usual and customary rates, if applicable), and if the Bank renders any service hereunder not provided for in this Agreement, or the Bank is made a party to or intervenes in any litigation pertaining to this Agreement, or institutes interpleader proceedings relative thereto, the Bank shall be compensated reasonably by the District for such extraordinary services approved in writing by the District and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. The Bank hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Account for any fees for its services, whether regular or extraordinary, as Bank, or in any other capacity, or for reimbursement for any of its expenses as Bank or in any other capacity.

**Section 19.** Any corporation or association with or into which the Bank may be merged or converted or with or into which it may be consolidated, or to which the Bank may sell or transfer its corporate trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Bank hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

If at any time the Bank or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Bank hereunder. In such event the District, by appropriate action, promptly shall appoint an escrow agent to fill such vacancy. If no successor escrow agent shall have been appointed by the District within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then defeased by an instrument or instruments in writing filed with the District, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor escrow agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor escrow agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor escrow agent.

Any successor escrow agent shall be a corporation organized and doing business under the laws of the United States or the State of Colorado, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor escrow agent shall execute, acknowledge and deliver to the District and the Bank an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor escrow agent, subject to the terms of this Agreement, all the rights, powers and trusts of the escrow agent hereunder. Upon the request of



any such successor escrow agent, the District shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor escrow agent all such rights, powers and duties.

The obligations assumed by the escrow agent pursuant to this Agreement may be transferred by the Bank to a successor escrow agent if (a) the requirements of this Section 20 with respect to a successor escrow agent are satisfied; (b) the successor escrow agent has assumed all the obligations of the Bank under this Agreement; and (c) all of the Escrowed Securities and money held by the Bank pursuant to this Agreement have been duly transferred to such successor escrow agent.

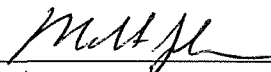
**Section 20.** This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the owners of the Refunded Bonds or the Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies (if any) which are then rating the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which are then rating the Refunded Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Escrow Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

EAST BOULDER COUNTY WATER  
DISTRICT

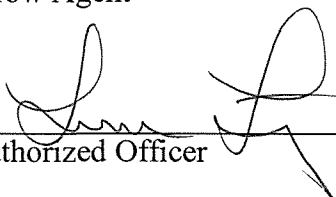
[SEAL]

By   
President

Attest:

By   
Secretary

UMB BANK, N.A. (as successor in interest to  
The Bank of Cherry Creek, N.A.),  
as Escrow Agent

By   
Authorized Officer

[Signature Page to Escrow Agreement]

**EXHIBIT A**  
**to**  
**REFUNDING ESCROW AGREEMENT**

(Attach Verification Report)

A REPORT TO  
GEORGE K. BAUM & COMPANY  
IN REGARD TO THE  
GENERAL OBLIGATION  
BONDS, SERIES 2000  
ISSUED BY THE EAST BOULDER COUNTY WATER DISTRICT  
BOULDER COUNTY, COLORADO  
DEBT PAYMENT SCHEDULE AND  
PROPOSED ESCROW FUND TRANSACTIONS  
RELATED TO MARCH 30, 2010  
ADVANCE REFUNDING

George K. Baum & Company  
Denver, Colorado  
and  
East Boulder County Water District  
Boulder County, Colorado  
and  
Kutak Rock LLP  
Denver, Colorado

We have reviewed the arithmetical accuracy of the computations prepared by George K. Baum & Company, (attached as Exhibits I and II) of the principal and interest requirements designed to advance refund a portion of (as further described in Exhibit I) the principal and related interest of the following outstanding bond issue of the East Boulder County Water District, Boulder County, Colorado described as follows:

General Obligation Bonds, Series 2000 (the "Series 2000 Bonds")

In connection with our review, we have read the applicable portions of the Official Statement relating to the Series 2000 Bonds, insofar as the obligations are described with respect to principal outstanding, interest rates, maturity dates and redemption provisions. Also, based upon information supplied by George K. Baum & Company, it is our understanding that none of the currently outstanding Series 2000 Bonds have been redeemed or canceled in advance of scheduled maturity other than those disclosed in Exhibit I.

In our opinion, based upon the recitals set forth in the above Official Statement referred to in the previous paragraph and assuming all scheduled payments will have been made through March 30, 2010, the computations relating to the presently outstanding Series 2000 Bonds as described above are accurate as presented in the accompanying schedule of debt payments (Exhibit I).

We understand that the debt payments set forth in Exhibit I will be satisfied through the purchase of certain U.S. Treasury Securities and cash in the amount of \$0.45 (Exhibit II) which are to be placed in irrevocable escrow. As summarized in Exhibit II and assuming that the cash will be deposited to the escrow fund on March 30, 2010, in our opinion, the cash deposit described above will be sufficient for the timely payment of principal and interest when due up to and including the optional redemption date of December 1, 2010 and to redeem the Series 2000 Bonds on such redemption date as further described in Exhibit I.

Based upon the assumptions referred to in the preceding paragraph and the related information provided by, George K. Baum & Company in the accompanying Exhibits, in our opinion, the projected yield of 0.27069% on the U S Treasury Securities (Exhibit II) deposited to the refunding escrow fund acquired with the proceeds of the General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010 (the "Series 2010 Bonds"), as set forth in Exhibit IV is not more than the yield on the Series 2010 Bonds of 2.69231 % (Exhibit III). Each of the projected yields was calculated on the basis of a semiannually compounded method utilizing a 360 day year.

The scope of our engagement was limited to verifying the mathematical accuracy of the computations contained in the attached Exhibits, to the extent described herein. We express no opinion on the tax status of the Series 2010 Bonds. The terms of our engagement are such that we have no obligation to update this report because of events occurring, or data or information coming to our attention, subsequent to the date of this report.

---

*Simmons & Walsh P.C.*

March 30, 2010

**East Boulder County Water District, Boulder County, Colorado**  
**General Obligation Bonds, Series 2000**  
**Debt Service Schedule and Total Disbursements**  
**March 30, 2010 to December 1, 2010**

	<u>Principal</u>	<u>Coupon Rate</u>	<u>Optional Redemption (1)</u>	<u>Redemption Premium</u>	<u>Interest</u>	<u>Total Disbursements</u>
06/01/10					\$ 43,218.75	\$ 43,218.75
12/01/10			\$ 1,355,000.00	\$ 13,550.00	43,218.75	1,411,768.75
	\$ 0.00		\$ 1,355,000.00	\$ 13,550.00	\$ 86,437.50	\$ 1,454,987.50

(1) \$1,355,000 in bonds estimated to mature on or after December 1, 2011 through 2019 (as further described below) will be called on December 1, 2010 at par plus accrued interest with a redemption premium of 1%. Bonds scheduled to mature on December 1, 2010 in the amount of \$110,000 and the related interest are not a part of this refunding.

**Optional Redemption on December 1, 2010**

	<u>Principal Not Part of Refunding</u>	<u>Principal Redeemed</u>	<u>Coupon Rate</u>
12/01/10	\$ 110,000.00	\$	
12/01/11		115,000.00	6.100%
12/01/12		125,000.00	6.150%
12/01/13		130,000.00	6.200%
12/01/14		140,000.00	6.250%
12/01/15		150,000.00	6.500%
12/01/16		155,000.00	6.500%
12/01/17		170,000.00	6.500%
12/01/18		180,000.00	6.500%
12/01/19		190,000.00	6.500%
	\$ 110,000.00	\$ 1,355,000.00	

**East Boulder County Water District, Boulder County, Colorado  
 General Obligation Bonds, Series 2000  
 Proposed Escrow Fund Transactions  
 March 30, 2010 to December 1, 2010**

<u>Date</u>	U.S. Treasury Cert *	U.S. Treasury Cert *	<u>Total Receipts</u>	<u>Disbursements (Exhibit I)</u>	<u>Cash Balance</u>
	\$43,209.00 0.1300% maturing on <u>06/01/10</u>	\$1,409,204.00 0.2700% maturing on <u>12/01/10</u>			
Beginning Cash					\$ 0.45
06/01/10	\$ 43,218.69		\$ 43,218.69	\$ 43,218.75	0.39
12/01/10	<u>                    </u>	\$ 1,411,768.36	<u>1,411,768.36</u>	<u>1,411,768.75</u>	0.00
	<u>\$ 43,218.69</u>	<u>\$ 1,411,768.36</u>	<u>\$ 1,454,987.05</u>	<u>\$ 1,454,987.50</u>	

\* U.S. Treasury Certificates (State and Local Government Series)



**East Boulder County Water District, Boulder County, Colorado**  
**Debt Service Schedule Related to the General Obligation Refunding and Improvement Bonds, Series 2010**  
**Refunding Bond Yield and Escrow Yield Limitation Calculated**  
**As of March 30, 2010**

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Total Disbursements</u>	<u>Present Value Using A Semiannually Compounded Yield Of 2.69231%</u>
06/01/10			\$ 7,757.38	\$ 7,757.38	7,722.31
12/01/10	\$ 50,000.00	2.500%	22,890.63	72,890.63	71,597.26
06/01/11			22,265.63	22,265.63	21,580.05
12/01/11	150,000.00	2.500%	22,265.63	172,265.63	164,743.70
06/01/12			20,390.63	20,390.63	19,241.26
12/01/12	135,000.00	2.250%	20,390.63	155,390.63	144,683.98
06/01/13			18,871.88	18,871.88	17,338.18
12/01/13	150,000.00	2.250%	18,871.88	168,871.88	153,087.04
06/01/14			17,184.38	17,184.38	15,371.20
12/01/14	155,000.00	2.250%	17,184.38	172,184.38	151,970.85
06/01/15			15,440.63	15,440.63	13,446.97
12/01/15	150,000.00	2.500%	15,440.63	165,440.63	142,165.49
06/01/16			13,565.63	13,565.63	11,502.30
12/01/16	160,000.00	3.250%	13,565.63	173,565.63	145,211.56
06/01/17			10,965.63	10,965.63	9,052.40
12/01/17	170,000.00	3.250%	10,965.63	180,965.63	147,407.31
06/01/18			8,203.13	8,203.13	6,593.18
12/01/18	175,000.00	3.000%	8,203.13	183,203.13	145,291.86
06/01/19			5,578.13	5,578.13	4,365.06
12/01/19	175,000.00	3.125%	5,578.13	180,578.13	139,430.89
06/01/20			2,843.75	2,843.75	2,166.60
12/01/20	175,000.00	3.250%	2,843.75	177,843.75	133,695.85
	\$ <u>1,645,000.00</u>		\$ <u>301,266.85</u>	\$ <u>1,946,266.85</u>	\$ <u>1,667,665.30</u>

The aggregate present value of the total disbursements equal the following:

Par value of the refunding bonds	\$ 1,645,000.00
Reoffering premium	<u>22,665.30</u>
	\$ <u>1,667,665.30</u>

East Boulder County Water District, Boulder County, Colorado  
General Obligation Bonds, Series 2000  
Escrow Yield as of March 30, 2010

<u>Date</u>	Total Escrow Receipts (Exhibit II)	Present Value Using A Semiannually Compounded Yield Of 0.27069%
06/01/10	\$ 43,218.69	\$ 43,198.88
12/01/10	<u>1,411,768.36</u>	<u>1,409,214.12</u>
	\$ <u>1,454,987.05</u>	\$ <u>1,452,413.00</u>
Cost of Escrow Receipts		\$ <u>1,452,413.00</u>

**EXHIBIT B**

**FORM OF MATERIAL EVENT NOTICE**

**MUNICIPAL SECONDARY MARKET DISCLOSURE**

**East Boulder County Water District  
General Obligation Bonds, Series 2000  
dated March 16, 2000**

NOTICE IS HEREBY GIVEN that all of the outstanding East Boulder County Water District, General Obligation Bonds, Series 2000, dated March 16, 2000, originally issued in the aggregate principal amount of \$1,995,000, maturing on and after December 1, 2011 in the aggregate principal amount of \$1,355,000 (the "Refunded Bonds"), have been refunded and the Refunded Bonds will be called for redemption on December 1, 2010. The Refunded Bonds which have been refunded more specifically include the following bonds:

<b>Principal Amount</b>	<b>Maturity Date (December 1)</b>	<b>CUSIP Numbers</b>
\$115,000	2011	271144 AL1
125,000	2012	271144 AM9
130,000	2013	271144 AN7
140,000	2014	271144 AP2
845,000	2019	271144 AQ0

The Refunded Bonds have been defeased by action of the East Boulder County Water District, there being on deposit with UMB Bank, n.a. (as successor in interest to The Bank of Cherry Creek, N.A.), Denver, Colorado (the "Bank"), under an Escrow Agreement between the District and the Bank, 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, the maturing principal of and interest on which, together with cash held in escrow, will be sufficient to pay the interest on the Refunded Bonds in accordance with their terms until December 1, 2010, on which date the Refunded Bonds shall be called for optional redemption at a price of par, accrued interest and a redemption premium of one percent (1%) of the principal amount so redeemed.

**EXHIBIT C**  
**FEE SCHEDULE**

[Attach Fee Schedule of Escrow Agent]

**EAST BOULDER COUNTY WATER DISTRICT  
BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2010**

**FEES AND EXPENSES**

Fees for services are as follows:

**Acceptance Fee**

Review documents, establish accounts, authenticate Bonds	\$ 200
Escrow Agent one-time fee	\$ 400

**Administrative Fee**

Administration/Paying Agent/Registrar	\$ 200
Dissemination Agent (if applicable)	\$ -

The Acceptance Fee is due and payable at closing. Administrative Fees will be billed annually in advance. Other fees and expenses will be billed as incurred.

Typical out-of-pocket expenses and other expenses connected with paying agent and registrar services for bond issues of similar size and type are for: postage, supplies, bond redemptions (\$250 per redemption/non maturity), courier, wire transfer and long distance telephone.

The fees specified herein are for the typical and customary services as paying agent and registrar. Fees for additional or extraordinary services not now a part of the customary services provided, such as special services during default or additional government reporting requirements, will be charged at the then current rates for such services.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 9, 2010**

**NEW ISSUE  
BOOK-ENTRY-ONLY  
BANK QUALIFIED**

**RATING: Standard & Poor's "A+"  
See ("MISCELLANEOUS-Rating")**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds also is exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. The District has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS."*

**\$1,660,000\***  
**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2010**

**Dated: Date of Delivery**

**Due: December 1, as shown below**

The Bonds are being issued as fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. Interest on the Bonds, at the rates set forth below, is payable semiannually on June 1 and December 1 each year, commencing June 1, 2010. Capitalized terms used on the cover page of this Official Statement are defined in the Introduction herein. UMB Bank, n.a., Denver, Colorado, will act as Paying Agent for the Bonds and DTC will act as securities depository for the Bonds. The Bonds will be issued in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds.

**MATURITY SCHEDULE\***  
**CUSIP \_\_\_\_\_<sup>10</sup>**

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u>	<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u>
2010	\$ 50,000				2016	\$160,000			
2011	145,000				2017	165,000			
2012	145,000				2018	170,000			
2013	155,000				2019	175,000			
2014	155,000				2020	180,000			
2015	160,000								

The Bonds are general obligations of the District and are secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay the principal of and interest on the Bonds when due.

The Bonds are subject to redemption prior to maturity as set forth herein.

Proceeds from the sale of the Bonds will be used to: (i) advance refund a portion of the District's General Obligation Bonds, Series 2000; (ii) finance waterline replacements; and (iii) pay the costs of issuance of the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter named below, subject to legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the District by Lyons Gaddis Kahn & Hall, P.C., Longmont, Colorado, as counsel to the District. Kutak Rock LLP has acted as Special Counsel to the District for purposes of assisting the District with the preparation of this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2010.

**George K. Baum & Company**

**This Official Statement is dated \_\_\_\_\_, 2010.**

\* Preliminary; subject to change.

<sup>1</sup> The District takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

<sup>10</sup> Copyright 2010, American Bankers Association, Standard & Poor's, CUSIP Service Bureau, A Division of The McGraw-Hill Companies, Inc.

**EAST BOULDER COUNTY WATER DISTRICT  
in Boulder County, Colorado**

**Board of Directors**

Mark A. Johns, President  
Richard Moeller, Vice President  
Robert Champ, Secretary  
J. Nicholas Bennett  
Lynne Deane

**General Counsel**

Lyons Gaddis Kahn & Hall, P.C.  
Longmont, Colorado

**Underwriter**

George K. Baum & Company  
Denver, Colorado

**Paying Agent**

UMB Bank, n.a.  
Denver, Colorado

**Bond Counsel**

Kutak Rock LLP  
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the District or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the District and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.



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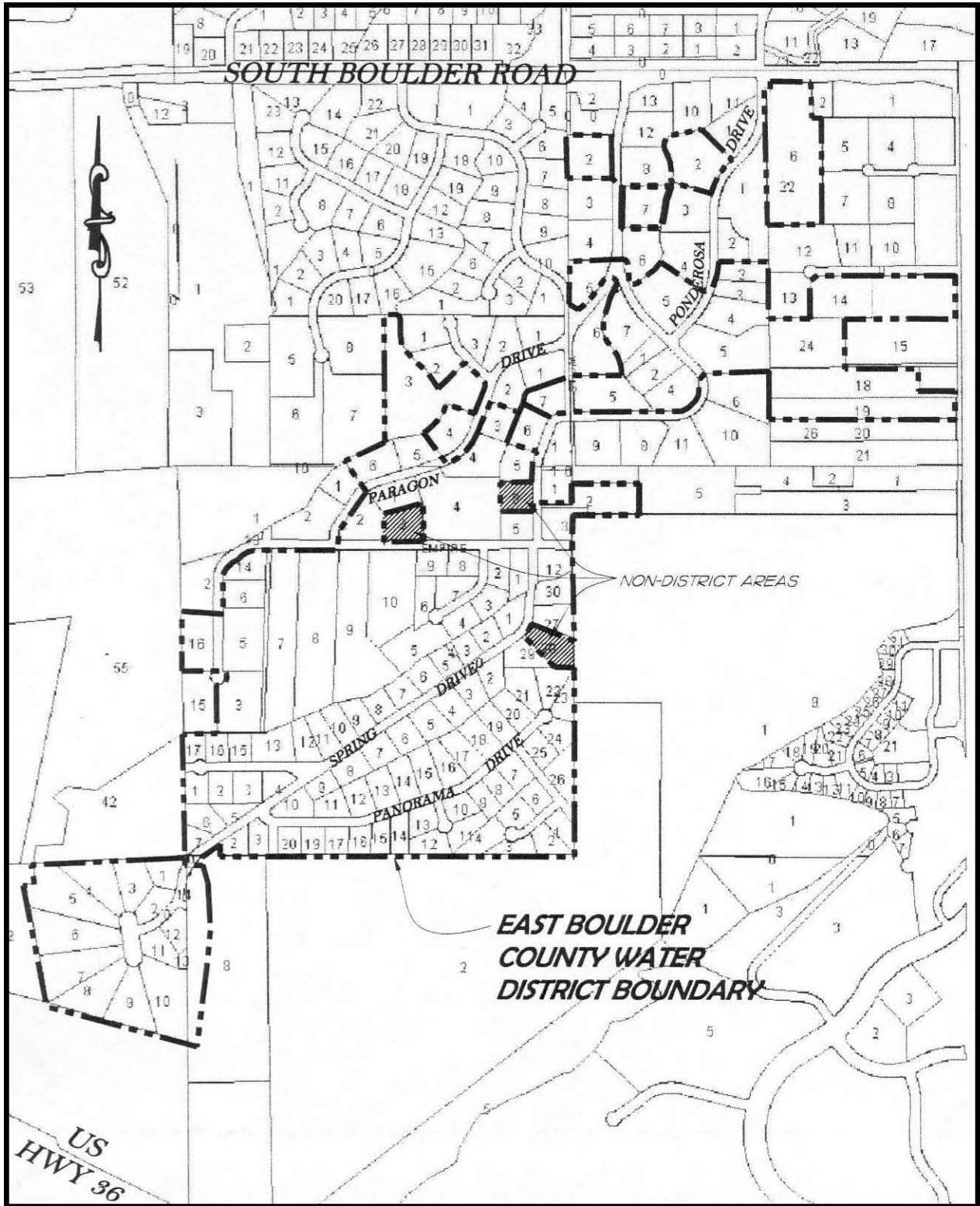
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# VICINITY MAP



**District  
Vicinity**

**DISTRICT BOUNDARY MAP**



## INTRODUCTION

This Official Statement is furnished in connection with the issuance by the East Boulder County Water District, in Boulder County, Colorado (the “District”), of its \$1,660,000\* General Obligation Refunding and Improvement Bonds, Series 2010, dated as of the date of delivery (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

*The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.*

**Issuer** ..... The District was organized in 1999 and encompasses approximately 145 acres in southeast Boulder County (the “County”) adjacent to the western boundary of the City of Louisville approximately 7 miles southeast of the City of Boulder and approximately 20 miles northwest of central Denver. Development within the District consists of established residential neighborhoods including approximately 160 residential parcels of which 118 are currently receiving service from the District. Homes within the District range in price from approximately \$900,000 to \$2,500,000 and are located on lots generally ranging from 1 to 3 acres in size. The District was created to provide water to District property owners that had previously been served by private wells or community wells. Pre-treated water is purchased from the City of Lafayette, Colorado (“Lafayette”) and distributed through District owned lines and meters pursuant to the Lafayette IGA (defined herein). The District has an estimated population of 500 residents. See “THE DISTRICT.” The District’s 2009 certified assessed valuation was \$9,300,330. See “DISTRICT FINANCIAL INFORMATION.”

**Security** ..... The Bonds are general obligations of the District, and are secured by the District’s full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem property taxation without limitation as to rate or amount to pay the Bonds and the interest thereon when due. See “THE BONDS—Security for the Bonds.”

**Purpose** ..... Proceeds from the sale of the Bonds will be used to: (i) advance refund a portion of the District’s General Obligation Bonds, Series 2000 (the “Series 2000 Bonds”); (ii) finance waterline replacements; and (iii) pay the costs of issuance of the Bonds. See “THE BONDS—Application of Bond Proceeds.”

**Prior Redemption**..... The Bonds are subject to redemption prior to maturity as set forth herein.

**Registration and Denominations**..... The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

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\* Preliminary; subject to change.

**Exchange and Transfer .....** While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC) may be made as described in “APPENDIX E—Book-Entry-Only System.”

**Book-Entry-Only Registration.....** The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of the District pursuant to the Bond Resolution, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX E—Book-Entry-Only System” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

**Payment Provisions.....** The Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on June 1, 2010. Payments for the principal of and interest on the Bonds will be made as described in “APPENDIX E—Book-Entry-Only System.”

**Tax Status .....** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds also is exempt from State of Colorado taxation, except inheritance, estate and transfer taxes. The District has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS.”

**Authority for Issuance .....** The Bonds are issued in full conformity with the constitution and laws of the State of Colorado (the “State”), specifically Article 56 of Title 11, Colorado Revised Statutes, as amended (“C.R.S.”), Article 1 of Title 32, C.R.S. (the “Special District Act”), Part 2 of Article 57 of Title 11, C.R.S. (the “Supplemental Public Securities Act”), and pursuant to an

authorizing resolution (the “Bond Resolution”) adopted by the District’s Board of Directors (the “Board”).

**Delivery Information .....** The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2010.

**Financial Statements.....** The audited general purpose financial statements of the District as of and for the year ended December 31, 2008 are attached hereto as Appendix A. These are the most recent audited financial statements available for the District.

**Debt Ratios .....** The following are selected District general obligation debt ratios upon issuance and delivery of the Bonds:

2009 Certified Assessed Valuation <sup>1</sup> .....	\$9,300,330
2009 Statutory “Actual” Valuation <sup>1</sup> .....	\$110,256,700
General Obligation Debt Outstanding Upon Issuance of the Bonds * .....	\$1,770,000
Estimated Population .....	500
District Debt as a Ratio of:	
2009 Certified Assessed Valuation * <sup>1</sup> .....	19.03%
2009 Statutory “Actual” Valuation * <sup>1</sup> .....	1.61%
District Debt Per Capita * .....	\$3,540
Estimated Overlapping General Obligation Debt .....	\$529,440
Sum of District and Overlapping Debt * .....	\$2,299,440
District and Overlapping Debt as a Ratio of:	
2009 Statutory Valuation * <sup>1</sup> .....	24.72%
2009 Statutory “Actual” Valuation * <sup>1</sup> .....	2.09%
District and Overlapping Debt Per Capita * .....	\$4,599

\* Preliminary; subject to change.

<sup>1</sup> For definitions of and descriptions of the methodology used in computing assessed valuation, statutory “actual” value, estimated population, general obligation debt outstanding, and estimated overlapping general obligation debt, see “THE BONDS—Security for the Bonds,” “REVENUES AVAILABLE FOR DEBT SERVICE” and “DEBT AND OTHER FINANCIAL OBLIGATIONS.”

Sources: Boulder County Assessor’s Office, the District, and individual overlapping entities

ALL OF THE SUMMARIES OF THE CONSTITUTIONAL PROVISIONS, STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: East Boulder County Water District, P.O. Box 18641, Boulder, Colorado 80308-1641, Telephone: (303) 554-0031; George K. Baum & Company, 1400 Wewatta Street, Suite 800, Denver, Colorado 80202, Telephone: (303) 292-1600.

## THE BONDS

### Description

The Bonds are general obligations of the District and are issued in the total principal amount, dated as of the dated date, maturing on the dates and bearing interest at the rates set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail in "INTRODUCTION" and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds; exchange and transfer of the Bonds; payment of the principal of and interest on the Bonds; a description of the authority for issuance of the Bonds; and information regarding delivery of the Bonds. See "INTRODUCTION" for a description of the matters referred to in the previous sentence, as well as other information relating to the Bonds.

### Prior Redemption

*Optional Redemption.* The Bonds maturing on or before December 1, 2017 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 2018 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

*Redemption Procedures.* The portion of any Bond to be redeemed shall be in the principal amount of \$5,000, or any integral multiple thereof. In selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000.

Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first class, postage prepaid mail, not more than 60 days nor less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with the Bond Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

### Application of Bond Proceeds

*The Refunding Plan.* A portion of Bond proceeds will be used for the purpose of advance refunding a portion of the District's outstanding Series 2000 Bonds. The Series 2000 Bonds were originally issued in the aggregate principal amount of \$1,995,000, and are now outstanding in the aggregate principal amount of \$1,465,000. The Series 2000 Bonds maturing on December 1, 2010 in the amount of \$110,000 will not be a part of the refunding and are expected to be paid with available District funds in accordance with their terms. The outstanding Series 2000 Bonds maturing on and after December 1, 2011 are part of the refunding (the "Refunded Bonds"). As provided in the Bond Resolution, the District is refinancing the Refunded Bonds at a lower interest rate and, therefore, advance voter approval is not required pursuant to Section 20 of Article X of the Colorado Constitution. The

Refunded Bonds bear interest at rates ranging from 6.0% to 6.5% per annum. The Refunded Bonds are subject to prior redemption on December 1, 2010 and any date thereafter at a price of 100% of the principal amount so redeemed plus accrued interest to the redemption date, with a redemption premium of 1.0%.

Upon issuance of the Bonds, a portion of the net proceeds of the Bonds will be deposited into an escrow account (the “Escrow Account”) created pursuant to an Escrow Agreement (the “Escrow Agreement”) by and among the District and UMB Bank, n.a., Denver, Colorado, as escrow agent (the “Escrow Agent”). The moneys in the Escrow Account will be used by the Escrow Agent to acquire direct, noncallable general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America (“U.S. Government Obligations”), the maturing principal of and interest on which when due, together with cash held in the Escrow Account, will be sufficient to redeem, on December 1, 2010, the outstanding Refunded Bonds and to pay the interest on the Refunded Bonds as the same become due prior to such date.

A firm of certified public accountants will deliver a report verifying (a) the adequacy of the amount of the sum of the maturing principal of and interest on the U.S. Government Obligations when due and the cash on deposit in the Escrow Account to pay the Redemption Price of the Refunded Bonds on the Redemption Date, and (b) certain computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder.

**The Project.** A portion of Bond proceeds in the approximate amount of \$150,000 is expected to be used to replace certain aging waterlines within the District. The District expects to begin the replacement in 2010 and be complete by 2013.

**Sources and Uses of Proceeds.** The estimated sources and uses of the proceeds of the Bonds is set forth below.

<b>SOURCES</b>	
Par Amount of Bonds .....	
Total.....	
 <b>USES</b>	
Deposit to Escrow Account .....	
Deposit to Project Account .....	
Costs of issuance, including underwriting discount, <sup>1</sup> rating agency fees, professional fees, printing costs and contingency.....	
Total.....	

<sup>1</sup> See “MISCELLANEOUS—Underwriting.”

**Security for the Bonds**

**General Obligation Debt.** The Bonds are general obligations of the District. The full faith and credit of the District are pledged for the payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, the Board will annually determine and certify to the Board of County Commissioners of Boulder County, a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property in the District,



sufficient to pay the principal of and interest on the Bonds when due, whether at maturity or upon earlier redemption.

The District may use legally available moneys other than the proceeds of the general ad valorem property taxes levied pursuant to the Bond Resolution to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the District may, but will not be required to, (a) reduce the amount of taxes levied for such purpose pursuant to the Bond Resolution or (b) use proceeds of taxes levied pursuant to the Bond Resolution to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

The District's obligation to pay the principal of and interest on the Bonds is on a parity with the District's obligation to pay the principal of and interest on its other general obligation debt, including any general obligation debt issued or incurred after the issuance of the Bonds. The Bond Resolution does not restrict the District's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds, including, but not limited to, constitutional and statutory provisions requiring voter approval of general obligation debt and statutory limitations on the dollar amount of general obligation debt. After the issuance of the Bonds, the District will have no authorized but unissued general obligation debt. For a description of the District's outstanding general obligation debt upon issuance of the Bonds, see "DEBT STRUCTURE—General Obligation Debt." The annual debt service on the Bonds is set forth in "—Debt Service Requirements" below. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "DISTRICT FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending" and "DEBT STRUCTURE—Required Elections."

***Bond Resolution Irrepealable.*** The Bond Resolution provides that after the Bonds have been issued, the Bond Resolution shall be and remain a contract between the District and the registered owners of the Bonds, and shall be and remain irrepealable until all amounts due with respect to the Bonds shall be fully paid, satisfied and discharged and all other obligations of the District with respect to the Bonds have been satisfied in the manner provided in the Bond Resolution.

***Supplemental Resolutions.*** The District may, without the consent of or notice to the registered owners of the Bonds, adopt one or more resolutions amending the Bond Resolution if such amendment does not materially adversely affect the interests of the registered owners of the Bonds.

***Future Changes in Laws.*** Various State and federal constitutional provisions, laws and regulations apply to the operations of the District and the imposition, collection and expenditure of ad valorem property taxes and other funds of the District. There is no assurance that there will not be any change in such constitutional provisions, laws or regulations, or judicial or administrative interpretations thereof, which would have a material effect, directly or indirectly, on the operations of the District or the imposition, collection or expenditure of ad valorem property taxes or other funds of the District to pay debt service on the Bonds.

***Limitations on Remedies Available to Owners of Bonds.*** There is no bond trustee or similar person to monitor or enforce the provisions of the Bond Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the District and certain other

public officials to perform the terms of the Bond Resolution) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Bonds cannot foreclose on property within the boundaries of the District or sell such property in order to pay the debt service on the Bonds. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes” for a description of property tax collection and enforcement.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel’s opinion. The opinion will state, in part, that the obligations of the District with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America. Bankruptcy proceedings or the exercise of other powers of the federal government, or the exercise of the police powers of the State, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of rights. Sections 362 and 922 of the United States Bankruptcy Code (Title 11 of the United States Code) provide that, in the event the District files a petition in bankruptcy, the enforcement of a lien on or arising out of taxes or assessments owed will be stayed, with the result that payments of principal of and interest on the Bonds after the District filed such petition may be subject to a plan for the adjustment of the District’s debts approved by the bankruptcy court.

**Debt Service Requirements**

Set forth in the following table are the debt service requirements for the Bonds. See the cover page of this Official Statement for the actual interest rates for each maturity of the Bonds.

**TABLE I  
Debt Service Requirements**

<b>Year</b>	<b>Principal*</b>	<b>Interest</b>	<b>Annual Amount</b>
2010	\$ 50,000		
2011	145,000		
2012	145,000		
2013	155,000		
2014	155,000		
2015	160,000		
2016	160,000		
2017	165,000		
2018	170,000		
2019	175,000		
2020	<u>180,000</u>		
<b>Total</b>	<b><u>\$1,660,000</u></b>		

\*Preliminary; subject to change.  
Source: The Underwriter

## DISTRICT FINANCIAL INFORMATION

The District currently utilizes revenues from the use of the water system for operations and maintenance expenses. The Bonds are payable from ad valorem property taxes which may be levied against all taxable property within the District without limitation as to rate in an amount sufficient to pay the principal of and interest on the Bonds when due. See “THE BONDS—Security for the Bonds.”

### **Ad Valorem Property Taxes**

The Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the District. Property taxes are uniformly levied against the assessed valuation of all taxable property within the District. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

***Property Tax Reduction for Senior Citizens and Disabled Veterans.*** On November 7, 2000 and November 7, 2006, respectively, the electors of the State of Colorado approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first \$200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution. However, during the 2009 Legislative Session the Colorado State Legislature has disallowed the qualified senior citizens exemption for the 2009 levy year (2010 collection year).

***Property Subject to Taxation.*** Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and non-profit cemeteries.

***Assessment of Property.*** All taxable property is listed, appraised and valued for assessment as of January 1 of each year. The “actual” value of taxable property is determined by the county assessor. The “actual” value of most taxable property is determined based on a “level of value,” which is the “actual” value of such property as ascertained from manuals and associated data prepared and published by the State property tax administrator for a statutorily defined period preceding the assessment date. The statutorily defined period for the valuation of property for any odd numbered year is the period beginning two years and ending six months prior to January 1 of such year. The statutorily defined period for the valuation of property does not change during even numbered years. The classes of property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property is subject to change from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential

property at the same level as it was in the property tax year commencing January 1, 1985 (the “Gallagher Amendment”). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45%/55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. Over the past nine years the residential ratio has decreased from 9.74% for the 2000 levy year and 9.15% for the 2001 and 2002 levy years, to 7.96% for the 2003 through 2009 levy years. The Colorado Legislative Council Staff’s December 2009 forecast (as contained in its “Focus Colorado: Economic and Revenue Forecast, 2009-2012”), projects that the residential assessment ratio will remain at 7.96% through the 2012 levy year (for tax collection in 2013).

Beginning in May of each year, each county assessor hears taxpayers’ objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District’s assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

**Taxation Procedure.** The assessed valuation and statutory “actual” valuation of taxable property within the District is required to be certified by the county assessor to the District no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its General Fund and Bond Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in “—Constitutional Amendment Limiting Taxes and Spending” and “—Budgetary Process and Information.” The Board must certify the District’s levy to the board of county commissioners no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the county, the board of county commissioners levies against the assessed valuation of all taxable property within the county the applicable property taxes. Such levies are certified by the board of county commissioners to the county assessor, who thereupon delivers the tax list and warrant to the county treasurer for the collection of taxes.

**Property Tax Collections.** Taxes levied in one year are collected in the succeeding year. Taxes certified in 2009, for example, are being collected in 2010. Taxes are due on January 1 in the year of collection; however, they may be paid, at the election of the taxpayer, in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent on, and interest thereon will accrue from, March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The

county treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the county treasurer’s duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the amount of taxes, penalty interest and costs due on the property can be recovered by the county treasurer. Further, the treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the county. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the board of county commissioners.

**Property Tax Data.** The District’s assessed valuation, ad valorem property tax collections, and mill levies from 2004 to date are set forth in the following table. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years.

**TABLE II**  
**History of District’s Assessed Valuation, Mill Levies and Tax Collections**

<b>Levy/Collection Year</b>	<b>Assessed Valuation</b>	<b>Percent Change</b>	<b>Bond Fund Mill Levy</b>	<b>Total Taxes Levied</b>	<b>Total Taxes Collected<sup>1</sup></b>
2004/2005	\$7,553,870	--	23.500	\$177,516	\$177,111
2005/2006	7,882,750	4.35%	23.950	188,792	189,955
2006/2007	8,291,340	5.18%	23.549	195,253	195,473
2007/2008	9,382,570	13.16	21.825	204,775	203,379
2008/2009	9,503,720	1.29	22.755	216,257	216,569
2009/2010	9,300,330 <sup>2</sup>	(2.14)	22.283	207,239	--

<sup>1</sup>Tax collections include current taxes, prior taxes, and interest charges. Treasurers fees have not been deducted from these amounts.

<sup>2</sup> According to the Boulder County Assessor’s office the decrease in the District’s 2009 assessed valuation is primarily the result of the downturn in the economy and the resulting decrease in the value of residential real estate over the current reappraisal period. See “—*Assessment of Property*.”

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2004-2008 Property Tax Annual Reports, the Boulder County Assessor’s Office, and the Boulder County Treasurer’s Office

Property within the District consists primarily of single family residential homes generally ranging in price from \$900,000 to \$2,500,000. No District taxpayer represents greater than 2.5% of the District’s total 2009 assessed valuation.

The following table sets forth the 2009 assessed and “actual” valuations of specific classes of property within the District. As shown below, residential properties have accounted for the largest percentage of the assessed valuation.

**TABLE III**  
**2009 Assessed and “Actual” Valuation of Classes of Property in the District**

<b>Class</b>	<b>Assessed Valuation</b>	<b>Percent of Assessed Valuation</b>	<b>“Actual” Valuation</b>	<b>Percent of “Actual” Valuation</b>
Residential	\$8,578,230	92.24%	\$107,766,700	97.74%
Vacant	662,770	7.13	2,285,400	2.07
State Assessed	59,330	0.63	204,600	0.19
<b>Total</b>	<b><u>\$9,300,330</u></b>	<b><u>100.00%</u></b>	<b><u>\$110,256,700</u></b>	<b><u>100.00%</u></b>

Sources: Boulder County Assessor’s Office

**Overlapping Mill Levies**

Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the Boulder County Assessor’s Office, there are currently six entities overlapping all or a portion of the District. The following table is representative of the total 2009 mill levy (for payment in 2010) attributable to taxpayers within the District. Additional taxing entities may overlap the District in the future. See also “DEBT STRUCTURE—Estimated Overlapping General Obligation Debt.”

**TABLE IV**  
**Total Sample 2009 Mill Levy<sup>1</sup>**

<b>Taxing Entity</b>	<b>2009 Mill Levy<sup>1</sup></b>
Boulder County	23.667
Boulder Soil Conservation District	0.000
Boulder Valley School District RE-2	39.999
Urban Drainage and Flood Control District	0.508
Rocky Mountain Fire District	13.445
Regional Transportation District	<u>0.000</u>
Sample Overlapping Mill Levy	77.619
The District	<u>22.283</u>
Sample Total Mill Levy	<u>99.902</u>

<sup>1</sup> One mill equals 1/10 of one cent. Mill levies certified in 2009 are for the collection of ad valorem property taxes in 2010.  
Source: Boulder County Assessor’s Office

**Water Revenues**

The District currently provides water service to 118 taps, all of which are residential. All water service is metered and read electronically. The District has established a schedule of rates, fees and charges for the connection of and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed monthly with each customer subject to a minimum monthly charge which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a non-connected monthly charge is assessed.

Lafayette provides and bills for water provided to the District through District owned facilities pursuant to the Lafayette IGA. Lafayette currently bills water to the District at \$1.91 per 1,000 gallons for the first 322,000 gallons. The District then marks up the water purchased from Lafayette by the rate of \$1.25 per 1,000 gallons after 5,000 gallons of usage, with such cost incorporated into District rates and charges. The District reviews water rates on an annual basis, with any change in the cost of water from Lafayette being implemented immediately. District rates are determined based on operating costs, including debt service, and system deferred maintenance funds. The District is in the process of phasing in a progressive rate structure over a number of years to meet future revenue needs and promote conservation. The base monthly service charge currently being charged for a residential tap (5/8") connected to the system is \$51.50 for up to 5,000 gallons used and \$26.65 for non-connected customers. Additional fees based on usage range from \$3.75 per 1,000 gallons over 5,000 gallons to \$12.50 per 1,000 gallons used over 244,000 gallons. The District has budgeted to receive \$151,000 in water fees in 2010, representing approximately 92% of total District revenues in the Water Enterprise Fund. See "THE DISTRICT—Facilities and Services" and "—Historical and Budgeted Financial Information."

In addition to service charges, the District charges a one time tap fee that must be paid by a new customer before connection to the system. The current tap fee for a 5/8" tap is \$30,457, \$28,457 of which are passed on to Lafayette under terms of the Lafayette IGA. The District retains \$2,000 of the tap fee to cover operations and maintenance. See "THE DISTRICT—District Facilities and Services."

*Water revenues are not pledged to the payment of debt service on the Bonds.*

### **Accounting Policies and Financial Statements**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. For auditing purposes, the District accounts for all of its financial operations as a proprietary fund, the Water Enterprise Fund. For budgeting purposes, the District utilizes the Water Enterprise Fund and also maintains a separate governmental fund, the Debt Service Fund, which is used to account for the accumulation of resources to pay general obligation bond principal and interest.

In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's office. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State Auditor 30 days thereafter. Failure to comply with this requirement to file an audit report may result in the withholding of the District's property tax revenue by the county treasurer pending compliance. The District received an exemption for audit from the State Auditor's office for the fiscal year ended December 31, 2007. The District's audited financial statements for the year ended December 31, 2008 are appended hereto and represent the District's most current audited financial statements.

### **Budget and Appropriation Procedure**

The District's budget is prepared on a calendar year basis as required by Article 1 of Title 29, C.R.S. The budget must present a complete financial plan for the District, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the District's budget officer must submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published stating, among other

things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote of the Board following proper notice. If the District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The Board adopt the District's 2010 budget and appropriation resolution pursuant to the above described procedure and file such budget with the State division of local government.

***Limitation on Certain Tax Revenues.*** It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the District, and the debt service requirements of the District's outstanding bonds and other obligations that the rate of mill levy is determined each year. Pursuant to the provisions of Section 20 of Article X of the Colorado Constitution (defined herein as TABOR), the District is subject to tax revenue limitations as described in "—Constitutional Amendment Limiting Taxes and Spending."

### **Historical and Budgeted Financial Information**

Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balance for the District's Water Enterprise Fund. Such information should be read together with the financial statements and accompanying notes appended hereto. Preceding years' financial statements may be obtained from the sources noted in "MISCELLANEOUS—Additional Information."



**TABLE V**  
**History of Revenues, Expenses and Changes in Net Assets of the Water Enterprise Fund**

	2004	2005	2006	2007 (unaudited) <sup>1</sup>	2008
Operating Revenues					
Water Sales	\$ 84,871	\$ 102,479	\$ 134,604	\$141,060	\$ 146,076
Other	<u>1,281</u>	<u>1,174</u>	<u>863</u>	<u>2,292</u>	<u>4,470</u>
Total Operating Revenues	<u>86,152</u>	<u>103,653</u>	<u>135,467</u>	<u>143,352</u>	<u>150,546</u>
Operating Expenses					
Operating	42,837	63,535	84,580	89,224	98,960
Administrative and General	13,121	14,217	12,213	19,424	15,171
Engineering	--	--	6,104	--	6,698
Depreciation	<u>16,597</u>	<u>29,036</u>	<u>33,915</u>	<u>33,915</u>	<u>33,915</u>
Total Operating Expenses	<u>82,555</u>	<u>106,788</u>	<u>136,812</u>	<u>142,563</u>	<u>154,744</u>
Operating Loss	3,597	(3,135)	(1,345)	789	(4,198)
Non-Operating Revenues (Expenses)					
Property Taxes	167,453	176,772	189,536	195,253	203,082
Specific Ownership Taxes	12,017	13,210	13,389	13,453	12,403
Earnings on Investments	4,557	6,408	7,842	10,849	6,106
Interest Expense	(119,045)	(116,476)	(113,295)	(109,254)	(108,111)
County Treasurer Fees	(2,520)	(2,657)	(2,849)	--	(3,051)
Amortization	(5,031)	(2,010)	(2,558)	--	--
Paying Agent Fees	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>--</u>	<u>(150)</u>
Total Non-Operating	<u>57,281</u>	<u>75,097</u>	<u>91,925</u>	<u>110,301</u>	<u>110,279</u>
Income Before Contributions	60,878	71,962	90,580	111,090	106,081
Net Capital Contributions	6,000	7,500	4,000	3,014	2,000
Changes in Net Assets	<u>66,878</u>	<u>79,462</u>	<u>94,580</u>	<u>108,076</u>	<u>108,081</u>
Beginning Net Assets	<u>1,480,041</u>	<u>1,546,919</u>	<u>1,626,381</u>	<u>1,720,961</u>	<u>1,829,037</u>
Ending Net Assets	<u>\$1,546,919</u>	<u>\$1,626,381</u>	<u>\$1,720,961</u>	<u>\$1,829,037</u>	<u>\$1,937,118</u>

<sup>1</sup> The District received an Exemption from Audit for the fiscal year ended December 31, 2007.

Source: District Annual Financial Statements for the years ended December 31, 2004-2006 and 2008, and the District

Set forth hereafter is a comparison of the District's 2010 and 2009 budgets as well as a comparison to 2009 year end, unaudited actual figures.

**TABLE VI**  
**Water Enterprise Fund Budget Summary and Comparison** <sup>1,2</sup>

	2010 Budget	2009 Budget	2009 Actual (unaudited) <sup>3</sup>
Ordinary Income			
Water Revenue	\$151,000	\$151,000	\$132,719
Standby Fee	3,700	4,200	3,678
Other Tax Revenue	7,000	10,000	10,531
Other Fees and Charges	300	600	290
Interest Income	750	5,000	993
Total Revenues	<u>162,750</u>	<u>170,800</u>	<u>148,211</u>
Ordinary Expense			
Audit	3,000	2,500	3,010
Bank Charges	--	200	--
Bookkeeping Labor	5,000	4,600	4,690
Directors' Fees	3,000	3,000	3,000
Dues and Subscriptions	500	500	372
Election Expense	500	--	--
Insurance	2,500	2,500	2,278
Workers' Comp	400	400	347
Legal	1,000	1,000	1,132
Maintenance	10,000	3,000	16,905
Maintenance Labor	8,000	8,000	4,731
Meetings	800	800	800
Meter Reading	3,600	2,800	2,742
Miscellaneous	500	500	656
Office	1,500	1,500	1,046
Payroll Taxes	928	640	716
Systems Operations Backup	2,000	2,000	190
Utilities	6,500	6,500	4,563
Water	85,000	85,000	64,331
Water Testing	1,000	1,000	400
Capital Expenses	<u>52,234</u>	<u>52,234</u>	<u>52,234</u>
Total Expense	<u>187,962</u>	<u>178,674</u>	<u>164,143</u>
Net Ordinary Income/Expense	(25,212)	(7,874)	(15,934)
Other Income/Expense			
Other Income			
Tap Fees	30,457	121,828	125,448
Lafayette Tap Fees	<u>(28,457)</u>	<u>(113,828)</u>	<u>(116,948)</u>
Total Other Income	<u>2,000</u>	<u>8,000</u>	<u>8,500</u>
Other Expense			
Transfer (to) From Reserves	23,212	126	--
Majestic View Expenses	<u>--</u>	<u>--</u>	<u>33,674</u>
Total Other Expense	<u>23,212</u>	<u>126</u>	<u>33,674</u>
Net Other Income	<u>25,212</u>	<u>7,874</u>	<u>42,174</u>
Net Income	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,240</u>

<sup>1</sup> Includes information on District operations only. For budgeting purposes the District maintains two funds, an operations fund, and a debt service fund, while for auditing purposes the District reports operations and debt service in one fund.

<sup>2</sup> Figures have been rounded to the nearest dollar.

<sup>3</sup> Unaudited and unadjusted.

Sources: District 2010 and 2009 Budgets and the District

Further information relating to the Water Enterprise Fund may be found in the financial statements of the District for the fiscal year ended December 31, 2008 appended hereto.

### **Deposit and Investment of District Funds**

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. For further discussion of the deposit and investment of District funds, see Note 2 of the District's general purpose financial statements appended hereto.

### **Risk Management**

The Board acts to protect the District against loss and liability by maintaining certain insurance coverages which the District's Board believes to be adequate. However, there can be no assurance that the District will continue to maintain its current level of coverage. For more information see Note 5 of the District's general purpose financial statements appended hereto.

### **Constitutional Amendment Limiting Taxes and Spending**

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights ("TABOR"), and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and requirements on the State of Colorado and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd-numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

***Proposed Amendments - November 2010 Election.*** Three initiated measures (the “Amendments”) have been placed on the November, 2010 statewide general election ballot which would amend TABOR (as well as Article XI of the Colorado Constitution) through the addition of the following:

Proposition 101 would amend State tax statutes to substantially reduce several sources of State and local revenue, including the State income tax, vehicle fees and taxes and telecommunication charges.

Amendment 60 would amend the Colorado Constitution to further restrict the ability of local governments to impose and collect property taxes, require voter approval of property tax increases and extensions of expiring taxes but limit the effectiveness of such approvals to 10 years, and prohibit voters from approving the collection and spending of property tax revenues in excess of TABOR limits for periods greater than 4 years.

Amendment 61 would amend the Colorado Constitution to (a) prohibit the State, its agencies and instrumentalities from borrowing, entering into lease purchase agreements or contracting loans in any other form for any purpose or any period of time and (b) require all local government financing, whether in the form of bonds, lease purchase agreements, etc., and whether or not issued by enterprises, to be approved by the voters of the local government unit and to mature within 10 years, without extension.

Each of the Amendments would take effect on or after January 1, 2011. It is not possible to predict whether any or all of the Amendments will be approved by a majority of the voting electors at the November 2010 election.

## **DEBT STRUCTURE**

The following is a discussion of the District’s authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

### **Required Elections**

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, TABOR requires that, with certain exceptions, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect District debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

### **General Obligation Debt**

***Statutory Debt Limit.*** The District is subject to a statutory debt limitation established pursuant to § 32-1-1101(6), C.R.S., which provides that, with specific exceptions, the total principal amount of general obligation debt issued by a special district shall not at the time of issuance exceed the greater of \$2 million or 50% of the district’s assessed valuation. The District’s 2009 assessed valuation is \$9,300,330. Upon issuance of the Bonds, the District’s outstanding debt will be less than \$2 million.

***Outstanding and Authorized but Unissued Debt.*** At an election held on November 2, 1999, District voters authorized the issuance of \$2,475,000 of general obligation bonds. After issuance of the Bonds, the Series 2000 Bonds maturing on December 1, 2010 in the amount of \$110,000 and the Bonds will represent the District’s only outstanding general obligation indebtedness and the District will have \$325,000 of authorized but unissued general obligation indebtedness remaining.

**Estimated Overlapping General Obligation Debt.** Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the District are also authorized to incur general obligation debt, and to the extent that properties within the District are also within such overlapping public entities, such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity’s outstanding debt chargeable to District property owners is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District’s assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which District property owners are responsible will also change. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Official Statement.

The District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

**TABLE VII  
Estimated Overlapping General Obligation Debt**

<b>Overlapping Entity</b>	<b>Outstanding General Obligation Debt</b>	<b>Net Outstanding General Obligation Debt Chargeable to Properties within the District</b>	
		<b>Percent</b>	<b>Amount</b>
Boulder Valley School District RE-2	\$220,600,000	0.24%	\$529,440

Sources: Boulder County Assessor’s Office and individual entities

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**General Obligation Debt Ratios.** Set forth in the following table are selected historical general obligation debt ratios for the District for the years ended December 31, 2005-2009. See “INTRODUCTION—Debt Ratios” for general obligation debt ratios for the District upon issuance and delivery of the Bonds.

**TABLE VIII  
Historical Debt Ratios**

	<b>Fiscal Years Ended December 31</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Debt Outstanding	\$1,820,000	\$1,750,000	\$1,670,000	\$1,575,000	\$1,465,000
Estimated Population	500	500	500	500	500
Debt Per Capita	\$3,640	\$3,500	\$3,340	\$3,150	\$2,930
Assessed Value	\$7,882,750	\$8,291,340	\$9,382,570	\$9,503,720	\$9,300,330
Ratio of Debt to Assessed Value	23.09%	21.11%	17.80%	16.57%	15.75%
Personal Income Per Capita (Boulder County)	\$46,753	\$49,038	\$51,388	unavailable	unavailable
Ratio of Debt Per Capita to Personal Income Per Capita (Boulder County)	7.79%	7.14%	6.50%	unavailable	unavailable

Sources: District Audited Financial Statements, 2005-2008; the Boulder County Assessor’s Offices; State of Colorado, Division of Property Taxation, Annual Reports 2005-2008; Regional Economics Information System Bureau of Economic Analysis; and the District

**Revenue and Other Financial Obligations**

The District also has the authority, subject to voter approval, to issue revenue obligations payable from the net revenue of District facilities. The District is also authorized to enter into obligations which do not extend beyond the current fiscal year and to incur certain other obligations. As of the date of this Official Statement the District does not have any revenue or other financial obligations outstanding.

**THE DISTRICT**

**Organization and Description**

The District is a quasi-municipal corporation and a political subdivision of the State of Colorado created on November 17, 1999, for the purpose of providing water improvements and services for the residents of the District.

The District encompasses approximately 145 acres adjacent to the western boundary of the City of Louisville approximately 7 miles southeast of the City of Boulder and approximately 20 miles northwest of central Denver. Development within the District consists of established residential neighborhoods including approximately 160 residential parcels of which 118 are currently receiving service from the District. Homes within the District range in price from \$900,000 to \$2,500,000 and are located on lots generally ranging from 1 to 3 acres in size. The District was created to provide water to District property owners that had previously been served by private wells or community wells. Pre-

treated water is purchased from Lafayette and distributed through District owned lines and meters pursuant to the Lafayette IGA. See “—Facilities and Services.”

**District Powers**

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State of Colorado, particularly Title 32, Article 1, C.R.S., which provides that the District has the power: to enter into contracts and agreements; to sue and be sued; to borrow money and incur and refund indebtedness; to fix and from time to time increase or decrease certain fees or charges and to pledge such revenue for the payment of any indebtedness of the District; to acquire, dispose of, and encumber real and personal property, and any interest therein, including leases and easements; and to have the management, control, and supervision of all the business affairs of the District, and the construction, installation, operation, and maintenance of the District improvements therein.

Subject to compliance with statutory procedures, the Board may order the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of the District; however, such excluded property is obligated to the same extent as all other property within the District for the payment of the Bonds.

**Governing Board**

The District is governed by a board of directors which consists of five members. The members must be electors of the District as defined by State law and are elected to alternating four year terms of office at successive biennial elections. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Pursuant to State law, directors are not and cannot be employees of the District. The present directors, their positions on the Board, principal occupations, and lengths of service to the District, are as follows:

<b>Name</b>	<b>Office</b>	<b>Principal Occupation</b>	<b>Years of Service</b>	<b>Term Expires (May)</b>
Mark A. Johns	President	Construction Manager	7	2010
Richard Moeller	Vice President	College Professor	8	2010
Robert Champ	Secretary	Retired	10	2012
J. Nicholas Bennett	Director	IT Consultant	5	2012
Lynne Deane	Director	Landscape Architect	1	2010

**Potential Conflicts of Interest**

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, shall be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids

and such Board member or the owner submits the lowest responsible and responsive bid. Board members have represented that they have no conflicts of interest with respect to the issuance of the Bonds or the expenditure of proceeds therefrom.

### **District Administration and Employees**

The Board is responsible for the overall management and administration of the affairs of the District. The District employs two licensed operators on a part time basis to perform meter reader, operating and maintenance services. The District has retained Lyons Gaddis Kahn & Hall, P.C., Longmont, Colorado as its general counsel, Watkins & Schommer, Inc., Greeley, Colorado as its auditor, and FLW, Inc., for accounting, billing and bookkeeping support.

### **District Facilities and Services**

Historically, water service to all homes in the District had been provided by five common wells and numerous individual wells or cisterns. The water level of several wells had been dropping and water quality problems had become more evident prompting the formation of the District in 1999 and the issuance of the Series 2000 Bonds to provide for the financing, construction, and operation of a potable water system to provide District property owners and residents with adequate water quantity, water quality, and fire protection. The District utilized proceeds from the Refunded Bonds to construct a master meter station, piping, fire hydrants, and to purchase and improve an existing booster pump station, water storage tank and distribution system (the “Improvements”). Projects completed by the District since its organization include construction of a waterline extension on Ponderosa Drive, a buried 100,000 gallon storage tank, a booster pump, and the purchase of an emergency generator. The District is in the process of completing the construction of a waterline extension to property owners within the Majestic View subdivision. Pursuant to a Line Extension Participation and Reimbursement Agreement executed on September 19, 2009 (the “Extension Agreement”), the District agreed to construct the waterline with the District to be reimbursed construction costs by the homeowners as set forth in the Extension Agreement. Improvements are owned, operated and maintained by the District. The District utilizes system development fees, monthly service charges and property tax revenue to pay for its ongoing operations, maintenance costs and for debt service. See “DISTRICT FINANCIAL INFORMATION.”

The Improvements were connected to Lafayette’s existing potable water system with Lafayette providing water service to the District through a master meter pursuant to a Water Service Agreement executed on May 16, 2000, as amended in December of 2000 (the “Lafayette IGA”). As set forth in the Lafayette IGA, the District pays per tap for water taps and pays in-city rates for water used through the master meter. In addition, the District may include additional properties and Lafayette will provide water for them provided they are within the boundaries of the District’s Service Area as defined therein. Lafayette assesses monthly service charges to the users of the system within the District.

### **Capital Plan**

The District maintains a Long Range Plan (the “Plan”) that identifies specific capital improvement projects through 2020 that are determined to be necessary pursuant to the Lafayette IGA or the Board. The Plan is updated annually during the budget process. As set forth in the 2010 Budget, for the years 2010 through 2017, the District expects to deposit \$52,234 annually to capital reserves for the financing of capital projects. See also “THE BONDS—Use of Proceeds.”



## **Other Services Available Within the District**

The District receives police protection from Boulder County, fire protection from the Rocky Mountain Fire District, gas and electric service from Xcel Energy and wastewater treatment is provided by individual septic tank/leach field systems at each residence.

## **LEGAL MATTERS**

### **Sovereign Immunity**

The Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the “Governmental Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which was not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$150,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$600,000, except in such instance, no person may recover in excess of \$150,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

### **Pending and Threatened Litigation**

In connection with the issuance of the Bonds, the District will deliver a certificate stating that, as of the date of issuance of the Bonds, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District, wherein an unfavorable decision, ruling or finding would have a material adverse affect upon the District’s ability to comply with its obligations under the Bond Resolution.

## Legal Representation

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kutak Rock LLP, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the District by Bernard Lyons Gaddis & Kahn, P.C., Longmont, Colorado, as counsel to the District. In addition to acting as Bond Counsel, Kutak Rock LLP has been retained to advise the District concerning, and has assisted the District in the preparation of, this Official Statement.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## TAX MATTERS

*Generally.* In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In the opinion of Bond Counsel, under existing statutes, the interest on the Bonds is exempt from State of Colorado taxation except inheritance, estate and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

**Bank Qualified.** The District has represented that it does not reasonably anticipate issuing greater than \$30,000,000 of tax-exempt obligations (excluding certain private activity and refunding bonds) in calendar year 2010 and that it has properly designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

**Changes in Federal and State Tax Law.** From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

## MISCELLANEOUS

### Rating

Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. (“S&P”), has assigned the rating to the Bonds shown on the cover page hereof. Such rating reflects only the view of such rating agency. Any explanations of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **Registration of Bonds**

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

The “Colorado Municipal Bond Supervision Act,” Article 59 of Title 11, C.R.S., (the “Act”) generally provides for the Colorado Securities Commissioner (the “Commissioner”) to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the Act requires that all bonds, debentures, or other obligations (defined in the Act as “bonds”) issued by a special district must first be registered with the Commissioner unless exempt under the Act. Exempted from the registration requirement are, among others, an issue of general obligation bonds where the total obligation represented by the issue together with any other general obligation of the district does not at the time of issuance exceed the greater of \$2 million or 50% of the valuation for assessment of the taxable property in the district as certified by the assessor. The Bonds will be exempt from registration pursuant to said exemption, among others. See “DEBT STRUCTURE.”

## **Undertaking to Provide Ongoing Disclosure**

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the District has agreed for the benefit of the holders of the Bonds to provide certain financial information, other operating data and notices of material events after the Bonds are issued (the “Continuing Disclosure Undertaking”). A form of the District’s Continuing Disclosure Undertaking is attached as Appendix B to this Official Statement. The District has not failed to comply with previous undertakings under Rule 15c2-12.

## **Interest of Certain Persons Named in this Official Statement**

The legal fees to be paid to Kutak Rock LLP, as Bond Counsel, are contingent upon the sale and delivery of the Bonds.

## **Underwriting**

The Bonds are being sold by the District to the Underwriter at a discount of \$\_\_\_\_\_ pursuant to a bond purchase agreement entered into between the Underwriter and the District. Expenses associated with the issuance of the Bonds are being paid by the District from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public.

## **Independent Auditors**

The general purpose financial statements of the District as of and for the year ended December 31, 2008 that are attached to this Official Statement as Appendix A, have been audited by

independent auditors, Watkins & Schommer, Inc., Accountants & Consultants, Greeley, Colorado, as set forth in their report appearing therein.

**Additional Information**

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted under “INTRODUCTION.”

**Official Statement Certification**

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is not to be construed as an agreement or contract between the District and the purchasers or holders of any Bond.

**EAST BOULDER COUNTY WATER  
DISTRICT**

By /s/ \_\_\_\_\_  
President

**APPENDIX A**

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE DISTRICT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**



## INDEPENDENT AUDITORS' REPORT

July 15, 2009

Board of Directors  
East Boulder County Water District  
Boulder, Colorado

We have audited the accompanying basic financial statements of East Boulder County Water District (the "District") as of December 31, 2008, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Boulder County Water District at December 31, 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements. The Schedule of Expenses and Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Watkins & Schommer, Inc.  
Certified Public Accountants



America Counts on CPAs®

**East Boulder County Water District  
Management Discussion and Analysis  
For the Year Ended December 31, 2008**

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statement (beginning on page 7).

**2008 Highlights - Business-Type Activities**

- In 2008, net assets were \$1,937,118 or an increase of \$108,081 (5.9%) when compared to 2007.
- Total operating revenues increased to \$150,546 during 2008, which was \$7,193 or 5.0% more when compared to 2007.
- Total operating expenses were \$154,744 or an increase of \$13,174 (9.3%) in 2008 when compared to 2007.
- Net capital assets were \$1,526,310 in 2008 compared to \$1,560,225 in 2007 for a decrease of \$33,915 or 2.2%.
- Long-term debt decreased to \$1,575,000 during 2008, which was \$95,000 or 5.37% less when compared to 2007.

**Using this Annual Report**

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

**Statement of Net Assets** - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 7).

**Statement of Revenues, Expenses and Changes in Fund Net Assets** - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 8).

**Statement of Cash Flows** - reports the District's cash flows from operating activities, investing, capital and non-capital activities. (See page 9).



## Statement of Net Assets

The net assets of the District increased to \$1,937,118 during 2008, a \$108,081 increase over 2007. Capital assets decreased during 2008 from 2007 due to depreciation expense of \$33,915. Long-term debt decreased primarily as a result of the retirement of \$95,000 of bond principal on the 2000 General Obligation Bonds.

<b>Year Ending December 31</b>	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Assets</b>		
Current Assets	465,545	227,438
Capital Assets	1,526,310	1,560,225
Other Noncurrent Assets	<u>1,751,248</u>	<u>1,754,781</u>
<b>Total Assets</b>	<u><b>3,743,103</b></u>	<u><b>3,542,444</b></u>
Current Liabilities	340,985	138,407
Non-Current Liabilities	<u>1,465,000</u>	<u>1,575,000</u>
<b>Total Liabilities</b>	<u><b>1,805,985</b></u>	<u><b>1,713,407</b></u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	(48,690)	(109,775)
Restricted:		
Debt Service	38,683	25,977
TABOR Emergency Reserve	4,700	4,626
Unrestricted		
Board Designated for Capital Improvements	109,820	57,586
Undesignated	<u>1,832,605</u>	<u>1,850,623</u>
<b>Total Net Assets at December 31,</b>	<u><u><b>1,937,118</b></u></u>	<u><u><b>1,829,037</b></u></u>

## Review of Revenues

Year Ending December 31	2008	2007
Operating Revenues		
Water-Treated	146,076	136,267
Other Income	4,470	7,085
	<hr/>	<hr/>
<u>Subtotal</u>	150,546	143,352
	<hr/>	<hr/>
Non-Operating Revenues		
Property Taxes	203,082	195,253
Specific Ownership Taxes	12,403	13,453
Earnings on Investments	6,106	10,849
	<hr/>	<hr/>
<u>Subtotal</u>	221,591	219,555
	<hr/>	<hr/>
<u>Total Revenue</u>	<u>372,137</u>	<u>362,907</u>

Water sales were \$146,076 or 106.7% of budget and an increase of \$9,809 compared to 2007. Earnings on investments were down \$4,742 or (43.7%) when compared to 2007. Total revenues were up \$9,230 from 2007 primarily due to an increase in water revenues and approximately a \$9,809 increase in tax revenues.

## Review of Expense

Year Ending December 31	2008	2007
Operating Expenses		
Operating Expenses	98,960	92,429
Administration and General Expenses	15,171	15,226
Engineering	6,698	-
Depreciation	33,915	33,915
	<hr/>	<hr/>
<u>Total Expenses</u>	<u>154,744</u>	<u>141,570</u>

Total District expenditures were 16.6% under budget and up 9.3% from the previous year \$24,227 due primarily to no capital expenditures in 2008, \$6,694 increase in the cost of water purchased from Lafayette and a \$15,000 increase in principal paid on bonded debt. Operating expenses increased 7.1% in 2008 compared to 2007. Budget constraints held many costs even with the previous year or were down slightly.

### Capital Contributions and Transfers

Year Ending December 31	2008	2007
Capital Contributions	30,457	-
Reimbursement of Contributions	(28,457)	-
<u>Net Contributions</u>	2,000	-

### Capital Assets (Net of Depreciation) and Debt Administration

Year Ending December 31	2008	2007
Transmission and Distribution Lines	1,477,778	1,511,693
Construction in Progress	48,532	48,532
<u>Total</u>	1,526,310	1,560,225

Major additions in 2008 were:

There were no major construction projects during 2008.

#### **Debt and Other Financial Obligations**

The District long-term debt was \$1,575,000 and \$1,670,000 in 2008 and 2007, respectively. The decrease was due to the retirement of \$95,000 of the 2000 General Obligation Bonds during 2008. (See pages 14 and 15).

#### **Contracts and Agreements**

The District is a party to several contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities. According to the general counsel for the District, to the best of his knowledge, with the exception of the contracts and agreements referenced hereafter or set forth below, there are no contracts or agreements in effect which would potentially have a material, pecuniary adverse effect on the District.

**City of Lafayette Agreement** - Pursuant to a declaration of understanding with the City of Lafayette, Colorado, executed in May 2000, and amended in December, 2000, the City will provide the District with potable water via a master meter arrangement. The District will pay per tap for water taps pursuant to the Lafayette City Code and will pay in-city rates for water used through the master meter. The agreement provides for the City to withdraw from the agreement only after a lengthy Notice Period. The District may include additional properties and the City will provide water for them, provided they are within the boundaries of the original service area as described in the IGA. The original service area contains approximately 125 properties and is entirely residential single-family (or vacant land zone for such use). The December 2000 amendment specifies certain improvements the District will undertake and a schedule for those improvements. The improvements include additional storage tank capacity and the construction of some line connection loops.

### **Economic and Other Factors**

Overall, the District has shown minor fluctuations in water revenues as a result of weather and economic demand. Water taps have been sold where new homes are constructed or infill inclusions are processed. The District's water rate structure is primarily organized on the principle of sufficiently marking up Lafayette's water rates so as to ensure the District will continue as a financially sound entity. Operating expenses have been consistent over the last few years and reflect only limited increases. Construction costs are primarily driven by the need to meet the aforementioned demands of the Lafayette IGA as well as to ensure stability of domestic and emergency supply.

### **Financial Contract**

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact the District at East Boulder County Water District, P.O. Box 18641, Boulder, Colorado 80308.

## **BASIC FINANCIAL STATEMENTS**

**East Boulder County Water District  
Statement of Net Assets  
December 31, 2008**

<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	237,150
Accounts Receivable	11,817
Property Taxes Receivable	216,157
Prepaid Items	421
<u>Total Current Assets</u>	465,545
<u>Non-Current Assets</u>	
Bond Issuance Costs - Net	57,491
Distribution System - Net of Accumulated Depreciation	1,526,310
System Inclusion Fee	1,693,757
<u>Total Noncurrent Assets</u>	3,277,558
 <u>Total Assets</u>	 3,743,103
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Current Portion of Long-Term Liabilities	110,000
Accounts Payable	6,181
Accrued Interest Payable	8,294
Accrued Wages Payable	353
Deferred Revenue	216,157
<u>Total Current Liabilities</u>	340,985
<u>Non-Current Liabilities</u>	
General Obligation Bond Payable	1,465,000
<u>Total Liabilities</u>	1,805,985
 <u>NET ASSETS</u>	
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	(48,690)
Restricted	
Tabor Emergency Reserve	4,700
Debt Service	38,683
Unrestricted	
Board Designated for Capital Improvements	178,016
Undesignated	1,764,409
<u>Total Net Assets</u>	1,937,118

The accompanying notes are an integral part of these financial statements.

Exhibit 1

**East Boulder County Water District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Year-Ended December 31, 2008**

<u>Operating Revenues</u>	
Water Sales	146,076
Other Income	4,470
	150,546
<u>Operating Expenses</u>	
Operating Expenses	98,960
Administrative and General Expenses	15,171
Engineering	6,698
Depreciation	33,915
	154,744
<u>Operating Loss</u>	(4,198)
<u>Non-Operating Revenues (Expenses)</u>	
Property Taxes	203,082
Specific Ownership Taxes	12,403
Earnings on Investments	6,106
Interest Expense	(108,111)
County Treasurer Fees	(3,051)
Paying Agent Fees	(150)
	110,279
<u>Income Before Contributions</u>	106,081
Capital Contributions - Net	2,000
	108,081
<u>Change in Net Assets</u>	108,081
<u>Net Assets - Beginning of Year</u>	1,829,037
<u>Net Assets - End of Year</u>	1,937,118

The accompanying notes are an integral part of these financial statements.

Exhibit 2

**East Boulder County Water District  
Statement of Cash Flows  
Year-Ended December 31, 2008**

	2008
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	139,746
Cash Paid to Suppliers	(147,443)
Other Operating Revenues	4,470
<u>Net Cash From Operating Activities</u>	(3,227)
<u>Cash Flows from Non-Capital Financing Activities</u>	
Taxes	215,485
County Treasurer Fees	(3,051)
<u>Net Cash From Non-Capital Financing Activities</u>	212,434
<u>Cash Flows from Capital and Related Financing Activities</u>	
Contributed Capital	2,000
Interest Expense	(104,578)
Principal Paid on Long-Term Debt	(95,000)
Acquisition of Capital Assets	-
Paying Agent Fees	(150)
<u>Net Cash From Capital and Related Financing Activities</u>	(197,728)
<u>Cash Flows from Investing Activities</u>	
Earnings on Investments	6,106
<u>Net Cash From Investing Activities</u>	6,106
<u>Net Change in Cash and Cash Equivalents</u>	17,585
<u>Cash and Cash Equivalents - Beginning of Year</u>	219,565
<u>Cash and Cash Equivalents - End of Year</u>	237,150
<u>Reconciliation of Operating Income (Loss) to Net Cash From by Operating Activities</u>	
Operating Loss	(4,198)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided by Operating Activities	
Depreciation	33,915
Changes in Assets and Liabilities:	
Receivables	(17,712)
Prepaid Items	1,965
Accounts Payable	(27,764)
Accrued Interest Payable	(459)
Accrued Wages Payable	(356)
Deferred Revenue	11,382
<u>Net Cash From Operating Activities</u>	(3,227)
<u>Non-Cash Investing, Capital, and Financing Activities:</u>	
Amortization of Bond Issuance Costs.	3,533

The accompanying notes are an integral part of these financial statements.

Exhibit 3



EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Form of Organization

East Boulder County Water District (the District) is organized under the provisions of Section 32-1-305 (6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all the powers thereof which included the power to levy taxes against property within the District.

Financial Reporting Entity

For financial reporting purposes, management has considered all potential component units. The District meets the criteria of an "other stand alone government" as defined in GASB NO. 14.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

Basis of Accounting

The proprietary funds are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Revenues are recorded in the accounting period in which they are earned and become measurable; expenses are recorded in the period in which they are incurred and become measurable. Total net assets are segregated into amounts invested in capital assets, net of related debt, restricted for debt service and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreased (e.g., expenses) in net total assets. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Operating Revenues and Receivables

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are water treatment and delivery service charges. The District is responsible for billing and collection of these charges on a monthly basis.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the State Statutes. The budget is prepared on a basis consistent with generally accepted accounting principles except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board of Directors.
4. Unused appropriations lapse at the end of each year.
5. Budgeted amounts reported in the accompanying financial statements are as adopted and amended by the Board of Directors throughout the year. The following is a summary of the original budget, total revisions and revised for the year 2008:

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	170,950	-	170,950
Debt Service Fund	206,271	-	206,271
<u>District Total</u>	377,221		377,221

The following is a reconciliation of GAAP basis Change in Net Assets to budget basis Change in Net Assets:

<u>Changes in Net Assets</u>	108,081
Add: Depreciation	33,915
Less: Capital Outlay	-
Debt Principal Paid	(95,000)
<u>Budget Basis Revenues Over (Under)</u>	
<u>Budget Basis Expenditures</u>	46,996

Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The District's investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. Additions to capital assets during 2006 include no capitalized interest.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used are as follows:

	<u>Years</u>
Distribution System	50

Depreciation expense total \$33,915 for the year ended December 31, 2008.

Intangible Assets

Issuance costs and discounts related to the 2000 general obligation bonds have been capitalized and are being amortized over the life of the bonds using the effective interest method based upon the amount of interest paid each year. Amortization of such fees totaled \$3,533 for the year ended December 31, 2008.

Note 2 - Cash and Cash Equivalents

Deposits

Colorado state statutes govern the entity's deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires the state regulators to certify eligible depositories for public deposit. The Act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of their uninsured deposits.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 2 - Cash and Cash Equivalents (Continued)

Deposits (Continued)

Cash deposits and investments held by the District at December 31, 2008 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
<i>Cash Deposits</i>		
Insured Deposits	33,578	30,721
Collateralized Deposits	-	-
	<u>33,578</u>	<u>30,721</u>
 Total Cash in Bank	 33,578	 <u>30,721</u>
 Uncategorized:		
Colotrust	202,812	
Cash with County Treasurer	<u>760</u>	
 Total Cash Deposits	 <u>237,150</u>	

At December 31, 2008, the District had invested \$202,812 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to [www.colotrust.com](http://www.colotrust.com).

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2008 none of the District's deposits were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through the Public Deposit Insurance Act.

Interest Rate Risk - Colorado Revised Statutes limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 3 - Capital Assets

The following is a summary of Capital Assets as of December 31, 2008:

	Capital Assets 12/31/07	Additions	Deletions	Capital Assets 12/31/08
Capital assets, not being depreciated:				
Construction in progress	48,532	-	(48,532)	-
Total capital assets not being depreciated	48,532	-	(48,532)	-
Capital assets, being depreciated:				
Distribution system	1,695,760	48,532	-	1,744,292
Total capital assets, being depreciated	1,695,760	-	-	1,744,292
Less accumulated depreciation for:				
Distribution system	(184,067)	(33,915)	-	(217,982)
Total accumulated depreciation	(184,067)	(33,915)	-	(217,982)
Total capital assets being depreciated, net	1,511,693	(33,915)	(48,532)	1,526,310
Total capital assets, net	1,560,225	(33,915)	(48,532)	1,526,310

Note 4 - Long-Term Debt

\$1,995,000 March 1, 2000, general obligation bonds due in installments of \$110,000 in 2009, increasing to \$190,000 in 2019. Interest varies from 5.00% to 6.50%.

A summary of changes in debt is as follows:

	Balance 12/31/07	Additions	Debt Retired	Balance 12/31/08	Due Within One Year
2000 Revenue Bonds	1,670,000	-	95,000	1,575,000	110,000

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 4 - Long-Term Debt (Continued)

Future annual principal and interest requirements are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	110,000	99,528	209,528
2010	110,000	93,038	203,038
2011	115,000	86,438	201,438
2012	125,000	79,422	204,422
2013	130,000	71,735	201,735
2014-2018	795,000	222,925	1,017,925
2019	190,000	12,350	202,350
	<u>1,575,000</u>	<u>665,436</u>	<u>2,240,436</u>

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeds commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Note 6 - TABOR Compliance

In November 1992, Colorado voter passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has set aside \$4,700 for emergencies as defined by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

## APPENDIX B

### FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING

This Limited Continuing Disclosure Agreement (the “Undertaking”) is executed and delivered as of \_\_\_\_\_, 2010 by East Boulder County Water District, in Boulder County, Colorado (the “District”).

**Section 1. Purpose.** This Undertaking is being executed and delivered by the District in connection with the issuance of that certain issue of General Obligation Refunding and Improvement Bonds, Series 2010, dated as of the date of delivery, in the aggregate principal amount of \$1,660,000\*. The Bonds are issued pursuant to an approving resolution of the District finally adopted by the District Board prior to the date of issuance of the Bonds (the “Bond Resolution”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution. This Undertaking is intended to facilitate compliance with Section (d)(2) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”), and to assist the Underwriter, as a Participating Underwriter under the Rule, to comply with the Rule.

**Section 2. Definitions.** Capitalized terms in this Section and elsewhere in this Undertaking shall have the meanings set forth herein. Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Resolution. The following capitalized terms shall have the following meanings for purposes of this Undertaking:

“*Annual Financial Information*” means 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 of Colorado.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

“*Final Official Statement*” means the Official Statement with respect to the Bonds.

“*Material Event*” means any of the following events, if material, with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) modifications to rights of holders of Bonds;
- (h) bond calls (other than mandatory sinking fund redemptions);
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; and
- (k) rating changes.

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\* Preliminary; subject to change.

“*Material Event Notice*” means written or electronic notice of a Material Event.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is Suite 600, 1900 Duke Street, Alexandria, Virginia 22314; Facsimile: (703) 797-6700.

**Section 3. Information To Be Provided.** The District undertakes to provide the Annual Financial Information and Material Event Notices as provided herein.

**Section 4. Procedures for Providing Information.**

(a) ***Financial Information.*** The District, as the “obligated person” for purposes of the Rule, hereby undertakes and agrees, upon request to any person or at least annually to EMMA, to provide or cause to be provided Financial Information, if any.

(b) ***Identity of Person From Which Information Can be Obtained.*** The name, address and telephone number of the person from which the information referenced above may be obtained is

Richard Lyons  
Lyons, Gaddis, Kahn & Hall P.C.  
515 Kimbark Street  
Longmont, Colorado 80502-0978  
Telephone (303) 776-9000

(c) ***Material Events.*** If a Material Event occurs while any Bonds are Outstanding, the District shall, in a timely manner, provide a Material Event Notice to EMMA, which Material Event Notice shall be captioned “Material Event Notice,” shall prominently state the date, title and CUSIP numbers of the Bonds and shall describe the Material Event.

(d) ***Means of Transmitting Information.*** 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 information to be received pursuant to this Undertaking.

**Section 5. Termination.** The obligations of the District under this Undertaking shall terminate immediately once the Bonds no longer are Outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the District delivers to EMMA, an opinion of Bond Counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the District shall have provided notice of such delivery and the cancellation of this Undertaking or any provision hereof to EMMA.

**Section 6. Amendment.** Notwithstanding any other provision of this Undertaking, this Undertaking may be amended by the District, without the consent of the holders of the Bonds, but only upon the delivery by the District to EMMA, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking and by the District with the Rule and that such amendment complies with this Section. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:



(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District, or type of business conducted.

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment does not materially impair the interest of holders of the Bonds, as determined by Bond Counsel, or by approving vote of holders of the Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

The initial Annual Financial Information provided by the District hereto after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

**Section 7. No Event of Default.** Any failure by the District to perform in accordance with this Undertaking shall not constitute an Event of Default under the Bond Resolution, and the rights and remedies provided by the Bond Resolution upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Undertaking, any Owner of a Bond may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations hereunder.

**Section 8. Governing Law.** This Undertaking shall be governed by and construed in accordance with the laws of the State of Colorado; provided that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

**Section 9. Beneficiaries.** This Undertaking shall inure solely to the benefit of the Underwriter and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the District is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Other economic and demographic information not presented herein may be available concerning the area in which the District is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the District or its officers, employees, or advisors.*

#### Population

The following table sets forth population statistics for the City of Louisville (“Louisville”), Boulder County (the “County”) and the State of Colorado (the “State”).

<b>Population</b>						
<b>Year</b>	<b>City of Louisville</b>	<b>Percent Change</b>	<b>Boulder County</b>	<b>Percent Change</b>	<b>State of Colorado</b>	<b>Percent Change</b>
1960	2,073	--	74,254	--	1,753,947	--
1970	2,409	16.2%	131,889	77.6%	2,207,259	25.8%
1980	5,593	132.2	189,625	43.8	2,889,735	30.9
1990	12,331	120.5	225,339	18.8	3,294,394	14.0
2000	18,937	53.6	269,814	19.7	4,301,261	30.6
2008 <sup>1</sup>	19,237	1.6	298,685	10.7	5,011,390	16.5

<sup>1</sup>Estimated.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government

#### School Enrollment

The following table presents a five-year history of school enrollment for the Boulder Valley School District RE-2, the school district serving the District.

<b>School Enrollment</b>		
<b>School Year</b>	<b>Number of Pupils</b>	<b>Percent Change</b>
2005/2006	27,933	--
2006/2007	28,171	0.9%
2007/2008	28,696	1.9
2008/2009	28,875	0.6
2009/2010	29,011	0.5

Source: Colorado Department of Education and the school district

## Income

The following tables set forth historical median household effective buying income and the percentage of households by classification of effective buying income (“EBI”) levels for the County, the State and the United States.

### Median Household Effective Buying Income

	2005	2006	2007	2008	2009
Boulder County	\$51,311	\$50,059	\$51,456	\$50,880	\$52,504
Colorado	44,489	45,594	45,477	44,711	45,490
United States	39,324	40,529	41,255	41,792	42,513

Source: CLARITAS INC. 2009

### Percent of Households by Effective Buying Income Groups—2009

	Less Than \$24,999	\$25,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000- \$149,999	\$150,000 or more
Boulder County	17.8%	26.9%	20.6%	14.9%	12.6%	7.2%
Colorado	21.6	33.8	21.5	12.1	7.4	3.6
United States	26.6	32.8	19.9	10.9	6.4	3.4

Source: CLARITAS INC. 2009

### Per Capita Personal Income

	2003	2004	2005	2006	2007
Boulder County	\$40,759	\$42,833	\$46,753	\$49,038	\$51,388
Colorado	34,041	35,594	37,611	39,612	41,192
United States	31,530	33,157	34,690	36,794	38,615

Source: Bureau of Economic Analysis, Regional Economic Accounts

## Housing Stock

According to the 2000 Census, there were 7,389 housing units in Louisville, and 119,900 housing units in the County as compared with 10,275 units in Louisville in 2007 and 125,237 housing units in the County in 2007.

## Building Permit Activity

Set forth hereafter is a five-year history of building permit activity for Louisville and unincorporated Boulder County.

### History of Estimated Building Activity in the City of Louisville

Year	Single Family		Multi-Family		Non-Residential	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2005	2	\$ 789,560	4	\$ 9,145,490	6	\$10,898,120
2006	8	3,652,000	1	220,000	2	5,150,000
2007	5	1,811,944	2	14,000,000	4	11,416,394
2008	17	5,490,497	6	4,568,827	3	5,684,000
2009	17	4,129,692	0	--	0	--

Source: City of Louisville Planning and Building Department

### Unincorporated Boulder County Historical Building Permit Activity

Year	Single Family		All Other Permits	
	Permits	Valuation	Permits	Valuation
2005	101	\$53,464,608	1,919	\$ 56,640,373
2006	121	73,983,197	1,868	70,900,126
2007	89	48,275,555	1,757	60,959,467
2008	76	45,146,490	1,684	50,969,600
2009	37	18,639,388	1,650	104,391,767

Source: Boulder County Land Use Department

## Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee over the past five years.

### History of Foreclosures in Boulder County

Year	Number of Foreclosures Filed	Percent Change
2005	619	--
2006	790	27.6
2007	1,011	28.0
2008	1,041	3.0
2009	1,441	38.4

Source: Boulder County Public Trustee's Office

## Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. The following table sets forth retail sales figures for Louisville and the County as reported by the State.

Retail Sales							
Year	City of Louisville	Percent Change	Boulder County	Percent Change	City as % of County	Colorado	Percent Change
2004	\$577,788,059	--	\$6,550,736,737	--	8.8%	\$114,280,780,304	--
2005	592,356,033	2.5%	7,078,206,479	8.1%	8.4	122,907,090,008	7.6%
2006	595,175,522	0.5	7,496,573,224	5.9	7.9	133,531,307,352	8.6
2007	649,021,766	9.1	8,724,107,329	16.4	7.4	148,673,215,731	11.3
2008	716,509,302	10.4	8,779,669,886	0.6	8.2	152,747,684,188	2.7
2009 <sup>1</sup>	304,462,154	--	3,628,710,148	--	8.4	62,915,698,735	--

<sup>1</sup>Retail sales through June 30, 2009.

Source: State of Colorado, Department of Revenue, *Sales Tax Statistics*, 2004-2009

## Employment

The following tables set forth employment statistics by industry and the most recent historical labor force estimates for the County.

### Total Business Establishments and Employment—Boulder County

Industry <sup>1</sup>	Second Quarter 2008		Second Quarter 2009		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, forestry, fishing and hunting	54	287	52	390	(2)	103
Mining	31	538	31	410	0	(128)
Utilities	29	241	29	252	0	11
Construction	954	4,540	939	4,496	(15)	(44)
Manufacturing	558	15,792	552	15,449	(6)	(343)
Wholesale trade	917	5,104	932	4,903	15	(201)
Retail trade	1,155	15,539	1,147	15,439	(8)	(100)
Transportation and warehousing	92	1,055	94	1,055	2	--
Information	356	8,974	360	8,765	4	(209)
Finance and insurance	722	4,993	720	4,987	(2)	(6)
Real estate and rental and leasing	684	2,110	674	2,163	(10)	53
Professional and technical services	3,174	21,941	3,199	21,380	25	(561)
Management of companies and enterprises	123	1,015	122	1,007	(1)	(8)
Administrative and waste services	645	5,519	659	5,585	14	66
Educational services	243	2,117	240	2,052	(3)	(65)
Health care and social assistance	1,153	17,550	1,157	17,608	4	58
Arts, entertainment, and recreation	205	2,693	204	2,653	(1)	(40)
Accommodation and food services	778	13,565	790	14,173	12	608
Other services, except public administration	908	4,329	928	4,329	20	--
Non-classifiable	8	6	12	15	4	(2)
Government	117	25,865	117	26,275	0	410
<b>Total</b>	<b>12,906</b>	<b>153,772</b>	<b>12,958</b>	<b>153,361</b>	<b>52</b>	<b>(411)</b>

<sup>1</sup>Information provided herein reflects only those employers who are subject to State unemployment insurance law.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages ("QCEW") Colorado

### Labor Force Estimates

Year	Boulder-Longmont MSA		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2004	165,264	5.0%	2,510,392	5.6%
2005	167,589	4.5	2,547,895	5.0
2006	173,079	3.7	2,651,718	4.3
2007	176,047	3.3	2,705,557	3.8
2008	179,179	4.2	2,730,447	4.9
2009 <sup>1</sup>	175,720	7.0	2,706,352	7.3

<sup>1</sup> Labor force estimates through October 31, 2009.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

The following table sets forth selected major employers in the Denver Metropolitan Area. No independent investigation has been made of and there can be no representation as to the stability or financial condition of the entities listed below, or the likelihood that they will maintain their status as major employers.

#### Selected Major Employers in the Denver Metropolitan Area <sup>1</sup>

Firm	Product or Service	Estimated Number of Employees
Federal Government	Federal Government	37,302
State of Colorado	State Government	33,700
Wal-Mart Stores Inc.	Retail Discount Variety and Grocery	25,959
University of Colorado System	Health Care Services	14,790
City & County of Denver	City Government	13,000
Centura Health	Health Care Services	13,000
Jefferson County Public Schools	Education	12,840
Denver Public Schools	Education	12,580
Safeway, Inc.	Retail Grocery	10,698
King Soopers, Inc.	Retail Grocery	9,676

<sup>1</sup> As of May 2009.

Source: *Denver Business Journal*, May 29-June 4, 2009

## APPENDIX D

### FORM OF BOND COUNSEL OPINION

East Boulder County Water District  
Boulder County, Colorado

George K. Baum & Company  
Denver, Colorado

\$1,660,000\*  
East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 2010

Ladies and Gentlemen:

We have been engaged by East Boulder County Water District (the “District”), as bond counsel, in connection with the issuance of its General Obligation Refunding and Improvement Bonds, Series 2010, dated \_\_\_\_\_, 2010, in the aggregate principal amount of \$1,660,000\* (the “Bonds”). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the governing body of the District. We have examined the constitution and the laws of the State of Colorado (the “State”); the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation, without limitation as to rate and in an amount sufficient to pay the principal of and the interest on the Bonds when due. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, because the District has properly designated the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code, in the

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\* Preliminary; subject to change.

case of certain banks, thrift institution or other financial institution owning the Bonds, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on the Bonds. The opinions set forth in the preceding sentences assume continuing compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

4. Under State statutes existing on the date hereof, the Bonds and the income therefrom are exempt from taxation by the State of Colorado, except for inheritance, estate, and transfer taxes. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of any statement, memorandum, prospectus or official statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the District and the Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

## **RULE 15c2-12 CERTIFICATE**

***\$1,645,000***

***East Boulder County Water District  
In Boulder County, Colorado***

***General Obligation Refunding and Improvement Bonds, Series 2010***

The undersigned hereby certifies and represents to George K. Baum & Company, the Underwriter within the meaning of the hereinafter defined Rule (the "Underwriter") that he is the duly appointed and acting President of East Boulder County Water District, in Boulder County, Colorado (the "District"), and as such is authorized to execute and deliver this Certificate, and further certifies on behalf of the District to the Underwriter as follows:

1. This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale by the District, of its General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds").
2. In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated March 9, 2010, setting forth information concerning the Bonds and the District (the "Preliminary Official Statement").
3. As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds and any underlying obligations depending on such matters and the identity of the Underwriter, all with respect to the Bonds and any underlying obligations.
4. The information with respect to the District included in the Preliminary Official Statement is final within the meaning of the Rule except for Permitted Omissions and, to the best of the undersigned's knowledge, is accurate and complete in all material respects except for Permitted Omissions.
5. If, at any time prior to the formal award of the Bonds to the Underwriter, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Underwriter thereof.
6. The District hereby designates the Underwriter as its agent for purposes of delivery of final official statements pursuant to paragraph (b)(3) of the Rule.
7. The Limited Continuing Disclosure Undertaking set forth in an appendix to the Preliminary Official Statement is the form of undertaking the District expects to execute for the benefit of the owners of the Bonds, by which the District will undertake to provide ongoing disclosure in accordance with the Rule.



## **BOND PURCHASE AGREEMENT**

**\$1,645,000**

**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2010**

March 16, 2010

Board of Directors  
East Boulder County Water District

Ladies and Gentlemen:

1. George K. Baum & Company (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement (this "Agreement") with the East Boulder County Water District, in Boulder County, Colorado (the "District"). This offer is made subject to the District's acceptance, which shall be evidenced by the District's execution of this Agreement and delivery of it to the Underwriter on or before the day following the Date of this Agreement. Upon the District's acceptance of this offer, this Agreement shall be binding upon the Underwriter and the District, subject to the further provisions hereof. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in paragraph 10 below.

2. Subject to the further provisions hereof, the Underwriter agrees to purchase from the District, and the District agrees to sell and deliver to the Underwriter, all of the East Boulder County Water District, in Boulder County, Colorado, General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds") at the Purchase Price. The Bonds will mature, bear interest and be sold at the prices indicated in Exhibit A hereto. The Purchase Price is to be used for the purposes set forth in the resolution of the District adopted on March 8, 2010, authorizing the issuance of the Bonds (the "Bond Resolution").

3. The District shall deliver the duly issued and executed Bonds to UMB Bank, n.a., in its capacity as Paying Agent for the Bonds (the "Paying Agent"), to hold for The Depository Trust Company ("DTC") pursuant to the FAST balance sheet agreement in effect between the Paying Agent and DTC, prior to, and the Underwriter shall deliver the Purchase Price to the District in immediately available funds by 9:00 a.m., Denver Time, on the Closing Date, or at such other place and time as shall be mutually agreed upon by the District and the Underwriter. (Such deliveries are referred to as the "Closing.") The documents to support the Closing will be held and may be examined at the offices of Kutak Rock LLP in Denver, Colorado at the same time on the Closing Date.

4. The District shall cooperate with, and shall take all actions reasonably requested by, the Underwriter to facilitate the Underwriter's offer and sale of the Bonds to third parties,

including but not limited to (i) the preparation of the Preliminary Official Statement relating to the Bonds dated March 9, 2010, and any supplements or amendments thereto that the Underwriter reasonably determines are necessary (the “Preliminary Official Statement”) and the final Official Statement relating to the Bonds to be dated prior to the date of the Closing and any supplements or amendments thereto that the Underwriter reasonably determines are necessary (the “Official Statement”), and (ii) all actions necessary under the securities or “blue sky” laws of the jurisdictions specified by the Underwriter to enable it to offer and sell the Bonds in or to residents of such jurisdictions. In addition, in order to facilitate compliance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District (A) has certified, and hereby affirms its certification, that the Preliminary Official Statement is “final” as of its date as required by Rule 15c2-12; (B) hereby authorizes and ratifies the distribution of the Preliminary Official Statement to any potential customers (as defined in Rule 15c2-12) until the Official Statement is available; (C) hereby agrees to make available to the Underwriter, within seven business days of the Date of this Agreement, as many copies of the Official Statement as the Underwriter deems sufficient for purposes of complying with Rule 15c2-12; (D) hereby authorizes and approves the distribution and use of the Official Statement in connection with the offering and sale of the Bonds; and (E) hereby agrees to enter into a written agreement or contract, constituting an undertaking (the “Continuing Disclosure Undertaking”) to provide ongoing disclosure about the District, for the benefit of the owners of the Bonds on or before the date of delivery of the Bonds as required by Rule 15c2-12, which Undertaking shall be in the form attached as Appendix B to the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriter.

5. The Underwriter’s obligation to purchase the Bonds shall be subject to the Underwriter’s receipt of each of the following in form and substance satisfactory to the Underwriter:

- (a) a certified copy of the Bond Resolution;
- (b) an executed copy of the Sale Certificate, dated as of the date hereof (the “Sale Certificate”);
- (c) an executed copy of the Paying Agent and Registrar Agreement, dated as of the Closing Date (the “Paying Agent Agreement”), by and between the District and the Paying Agent;
- (d) an executed copy of the Escrow Agreement, dated as of the Closing Date (the “Escrow Agreement”), by and between the District and UMB Bank, n.a., as escrow agent;
- (e) an executed copy of the Blanket Issuer Letter of Representations (the “Letter of Representations”) between the District and The Depository Trust Company;
- (f) the unqualified approving opinion of Kutak Rock LLP, Bond Counsel;
- (g) a letter from Kutak Rock LLP as to their participation in the preparation of, and as to the material set forth in, the Official Statement;

(h) evidence satisfactory to the Underwriter that the Bonds have been rated “A+” by Standard & Poor’s Ratings Services;

(i) certificates of the District as to (i) the facts necessary to support the opinions referred to in clauses (d) and (e) above; (ii) the enforceability of the Bonds, the Bond Resolution, this Agreement, the Paying Agent Agreement, the Escrow Agreement, the Letter of Representations; (iii) the accuracy of the Preliminary Official Statement and the Official Statement; (iv) litigation affecting the District; and (v) such other matters as are customary with respect to the issuance of obligations such as the Bonds or as the Underwriter may reasonably request;

(j) an opinion of Lyons Gaddis Kahn & Hall, P.C. satisfactory to the Underwriter; and

(k) such additional agreements, documents, instruments, opinions and certificates as the Underwriter may reasonably request.

6. The Underwriter’s obligation to purchase the Bonds also shall be subject to the Underwriter’s right, in its absolute discretion, to elect to terminate this Agreement by written notice to the District if at any time after the Date of this Agreement and prior to the Closing:

(a) Any event shall have occurred, or information becomes known, which, in the Underwriter’s opinion, makes untrue, in any material respect, any statement or information contained in the Official Statement or the Preliminary Official Statement (except as modified by the Official Statement), or has the effect that the Official Statement or the Preliminary Official Statement (except as modified by the Official Statement) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(b) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(c) The United States shall have become engaged in hostilities, whether or not a war shall have been declared, or there shall have occurred an escalation of any hostilities involving the armed forces of any country, or any other national emergency or other national calamity relating to the effective operation of government or of the financial community shall have occurred, which, in the Underwriter’s opinion, materially adversely affects the market price of the Bonds; provided that the hostilities referred to in this paragraph shall not be interpreted to include the current state of the operations of the armed forces of the United States and its allies in Afghanistan and Iraq existing as of the date of this Agreement;

(d) There shall have occurred a general suspension or material limitation of trading on The New York Stock Exchange or any other national securities exchange as the result of an event affecting the national economy, or minimum or maximum prices for



trading shall have been established on any exchange and be in force, or maximum ranges for prices for securities shall be in force on any such exchange;

(e) The New York Stock Exchange, any other national securities exchange or any governmental authority shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force or being enforced, or increase materially those now in force or being enforced, with respect to the extension of credit by, or charges to the net capital requirement of, or financial responsibility requirements of, the Underwriter;

(f) A general banking moratorium shall have been established by federal, New York or Colorado authorities;

(g) Any rating of any obligations of the District shall have been downgraded or withdrawn by any rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(h) Legislation is adopted by either house of the United States Congress, or favorably reported for passage to either house of the United States Congress by any committee of such house to which such legislation has been referred for consideration, legislation is actively considered for enactment by the United States Congress, legislation is recommended to the United States Congress for passage by the President of the United States, a decision by a court of the United States or the United States Tax Court is rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency is made, with respect to federal taxation upon revenues or other income of the District or upon interest payable on obligations of the general character of the Bonds or which would change directly or indirectly the federal income tax consequences of interest on obligations of the general character of the Bonds in the hands of the owners thereof, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds; or

(i) Any change shall have occurred which, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the financing assumptions upon which payment of debt service on the Bonds is predicated.

7. The District shall pay or cause to be paid, from the proceeds from the sale of the Bonds or other funds available to it, the expenses incident to the issuance and sale of the Bonds (the "Costs of Issuance"), including but not limited to the Underwriter's Discount and the expenses of the Underwriter, the fees and disbursements of Kutak Rock LLP and any other attorneys, accountants or other experts or consultants retained in connection with the issuance and sale of the Bonds (including but not limited to the District's independent accountants), fees and charges of any paying agent or other agent retained in connection with the payment of, or the administration of the payment of, the Bonds, fees to register the Bonds with The Depository Trust Company of New York, CUSIP fees, clearing and delivery fees, the costs of printing and distributing the Preliminary Official Statement and the Official Statement, and any costs incurred in connection with the rating of the Bonds, including but not limited to rating agency fees. In

order to facilitate the payment of the Costs of Issuance, the Underwriter will pay the Costs of Issuance directly from the Costs of Issuance Withheld, pursuant to paragraph 2 above, and the Underwriter is to apply the Costs of Issuance Withheld to the payment of the Costs of Issuance and is to return any amount in excess of the actual Costs of Issuance to the District no later than 60 days following the Closing Date.

8. This Agreement may be executed in several counterparts, which together shall constitute one and the same instrument. Photostatic copies of executed counterparts hereof or copies of executed counterparts hereof transmitted by facsimile transmission shall be binding to the same effect as originally signed counterparts.

9. This Agreement shall be governed by the laws of the State of Colorado.

10. For purposes of this Agreement, the following terms have the meanings specified:

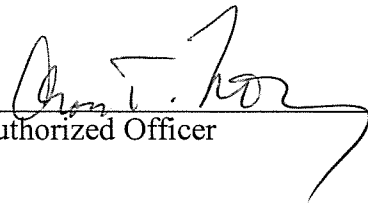
Date of this Agreement:	March 16, 2010
Aggregate Principal Amount:	\$ 1,645,000.00
Original Issue Premium (net of original issue discount)	\$ 22,665.30
Underwriter's Discount:	\$ (25,014.98)
Purchase Price (Aggregate Principal Amount, plus net Original Issue Premium less Underwriter's Discount):	\$ 1,642,650.32
Costs of Issuance Withheld: <sup>(1)</sup>	\$ 35,000.00
Closing Date:	March 30, 2010

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<sup>(1)</sup> As provided in paragraph 7 above, any portion of such amount in excess of the actual Costs of Issuance shall be returned to the District no later than 60 days following the Closing Date.

GEORGE K. BAUM & COMPANY

By   
Authorized Officer

This Bond Purchase Agreement is hereby accepted by the District on the date and at the time set forth below:

EAST BOULDER COUNTY WATER  
DISTRICT

By   
President

Date of Signature: March 17, 2010

Time of Signature: 7:43 a.m.

[Signature Page to Bond Purchase Agreement]

## **EXHIBIT A**

[Attached Bond Pricing and Related Financial Information]

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**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

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**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

**Total Issue Sources And Uses**

Dated 03/30/2010 | Delivered 03/30/2010

	Refunding Component	New Money Component	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds.....	\$1,490,000.00	\$155,000.00	\$1,645,000.00
Reoffering Premium.....	20,420.50	2,244.80	22,665.30
<b>Total Sources.....</b>	<b>\$1,510,420.50</b>	<b>\$157,244.80</b>	<b>\$1,667,665.30</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (1.500%).....	22,656.31	2,358.67	25,014.98
Costs of Issuance.....	31,702.14	3,297.86	35,000.00
Deposit to Project Construction Fund.....	-	151,588.27	151,588.27
Deposit to Net Cash Escrow Fund.....	1,452,223.87	-	1,452,223.87
Rounding Amount.....	3,838.18	-	3,838.18
<b>Total Uses.....</b>	<b>\$1,510,420.50</b>	<b>\$157,244.80</b>	<b>\$1,667,665.30</b>

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

**Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Existing D/S	Net New D/S
12/01/2010	50,000.00	2.500%	30,648.01	80,648.01	116,600.00	197,248.01
12/01/2011	150,000.00	2.500%	44,531.26	194,531.26	-	194,531.26
12/01/2012	135,000.00	2.250%	40,781.26	175,781.26	-	175,781.26
12/01/2013	150,000.00	2.250%	37,743.76	187,743.76	-	187,743.76
12/01/2014	155,000.00	2.250%	34,368.76	189,368.76	-	189,368.76
12/01/2015	150,000.00	2.500%	30,881.26	180,881.26	-	180,881.26
12/01/2016	160,000.00	3.250%	27,131.26	187,131.26	-	187,131.26
12/01/2017	170,000.00	3.250%	21,931.26	191,931.26	-	191,931.26
12/01/2018	175,000.00	3.000%	16,406.26	191,406.26	-	191,406.26
12/01/2019	175,000.00	3.125%	11,156.26	186,156.26	-	186,156.26
12/01/2020	175,000.00	3.250%	5,687.50	180,687.50	-	180,687.50
<b>Total</b>	<b>\$1,645,000.00</b>	<b>-</b>	<b>\$301,266.85</b>	<b>\$1,946,266.85</b>	<b>\$116,600.00</b>	<b>\$2,062,866.85</b>

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
12/01/2010	50,000.00	2.500%	30,648.01	80,648.01
12/01/2011	150,000.00	2.500%	44,531.26	194,531.26
12/01/2012	135,000.00	2.250%	40,781.26	175,781.26
12/01/2013	150,000.00	2.250%	37,743.76	187,743.76
12/01/2014	155,000.00	2.250%	34,368.76	189,368.76
12/01/2015	150,000.00	2.500%	30,881.26	180,881.26
12/01/2016	160,000.00	3.250%	27,131.26	187,131.26
12/01/2017	170,000.00	3.250%	21,931.26	191,931.26
12/01/2018	175,000.00	3.000%	16,406.26	191,406.26
12/01/2019	175,000.00	3.125%	11,156.26	186,156.26
12/01/2020	175,000.00	3.250%	5,687.50	180,687.50
<b>Total</b>	<b>\$1,645,000.00</b>	<b>-</b>	<b>\$301,266.85</b>	<b>\$1,946,266.85</b>

**Yield Statistics**

Bond Year Dollars.....	\$10,216.24
Average Life.....	6.210 Years
Average Coupon.....	2.9489026%
Net Interest Cost (NIC).....	2.9719020%
True Interest Cost (TIC).....	2.9640016%
Bond Yield for Arbitrage Purposes.....	2.6923069%
All Inclusive Cost (AIC).....	3.3538722%
<b>IRS Form 8038</b>	
Net Interest Cost.....	2.7082072%
Weighted Average Maturity.....	6.169 Years



**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

**Pricing Summary**

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2010	Serial Coupon	2.500%	0.750%	50,000.00	101.165%	50,582.50
12/01/2011	Serial Coupon	2.500%	1.000%	150,000.00	102.476%	153,714.00
12/01/2012	Serial Coupon	2.250%	1.200%	135,000.00	102.749%	138,711.15
12/01/2013	Serial Coupon	2.250%	1.450%	150,000.00	102.847%	154,270.50
12/01/2014	Serial Coupon	2.250%	1.720%	155,000.00	102.367%	158,668.85
12/01/2015	Serial Coupon	2.500%	2.120%	150,000.00	102.018%	153,027.00
12/01/2016	Serial Coupon	3.250%	2.550%	160,000.00	104.265%	166,824.00
12/01/2017	Serial Coupon	3.250%	2.830%	170,000.00	102.874%	174,885.80
12/01/2018	Serial Coupon	3.000%	3.160%	175,000.00	98.792%	172,886.00
12/01/2019	Serial Coupon	3.125%	3.330%	175,000.00	98.314%	172,049.50
12/01/2020	Serial Coupon	3.250%	3.440%	175,000.00	98.312%	172,046.00
<b>Total</b>	-	-	-	<b>\$1,645,000.00</b>	-	<b>\$1,667,665.30</b>

**Bid Information**

Par Amount of Bonds.....	\$1,645,000.00
Reoffering Premium or (Discount).....	22,665.30
Gross Production.....	\$1,667,665.30
Total Underwriter's Discount (1.500%).....	\$(25,014.98)
Bid (99.857%).....	1,642,650.32
Total Purchase Price.....	\$1,642,650.32
Bond Year Dollars.....	\$10,216.24
Average Life.....	6.210 Years
Average Coupon.....	2.9489026%
Net Interest Cost (NIC).....	2.9719020%
True Interest Cost (TIC).....	2.9640016%

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**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

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**Detail Costs Of Issuance**

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Dated 03/30/2010 | Delivered 03/30/2010

**COSTS OF ISSUANCE DETAIL**

Bond Counsel.....	\$25,000.00
Escrow Fee.....	\$1,000.00
Rating Agency Fee.....	\$4,800.00
POS/Official Statement.....	\$1,500.00
Miscellaneous.....	\$1,700.00
CPA Verification.....	\$1,000.00
<b>TOTAL.....</b>	<b>\$35,000.00</b>



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**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*

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**Call Provisions**

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Dated 03/30/2010 | Delivered 03/30/2010

First available call date..... 12/01/2017  
Call Price..... 100.0000000%



**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*Refunding Component*

**Gross Debt Service Comparison**

Date	Principal	Coupon	Interest	New D/S	OLD D/S	Savings
12/01/2010	40,000.00	2.500%	27,790.31	67,790.31	86,437.50	18,647.19
12/01/2011	140,000.00	2.500%	40,512.50	180,512.50	201,437.50	20,925.00
12/01/2012	120,000.00	2.250%	37,012.50	157,012.50	204,422.50	47,410.00
12/01/2013	135,000.00	2.250%	34,312.50	169,312.50	201,735.00	32,422.50
12/01/2014	140,000.00	2.250%	31,275.00	171,275.00	203,675.00	32,400.00
12/01/2015	135,000.00	2.500%	28,125.00	163,125.00	204,925.00	41,800.00
12/01/2016	145,000.00	3.250%	24,750.00	169,750.00	200,175.00	30,425.00
12/01/2017	155,000.00	3.250%	20,037.50	175,037.50	205,100.00	30,062.50
12/01/2018	160,000.00	3.000%	15,000.00	175,000.00	204,050.00	29,050.00
12/01/2019	160,000.00	3.125%	10,200.00	170,200.00	202,350.00	32,150.00
12/01/2020	160,000.00	3.250%	5,200.00	165,200.00	-	(165,200.00)
<b>Total</b>	<b>\$1,490,000.00</b>	<b>-</b>	<b>\$274,215.31</b>	<b>\$1,764,215.31</b>	<b>\$1,914,307.50</b>	<b>\$150,092.19</b>

**PV Analysis Summary (Gross to Gross)**

Gross PV Debt Service Savings.....	151,839.42
Contingency or Rounding Amount.....	3,838.18
<b>Net Present Value Benefit.....</b>	<b>\$155,677.60</b>
Net PV Benefit / \$1,355,000 Refunded Principal.....	11.489%
Net PV Benefit / \$1,490,000 Refunding Principal.....	10.448%

**Refunding Bond Information**

Refunding Dated Date.....	3/30/2010
Refunding Delivery Date.....	3/30/2010

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*Refunding Component*

**Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Existing D/S	Net New D/S
12/01/2010	40,000.00	2.500%	27,790.31	67,790.31	116,600.00	184,390.31
12/01/2011	140,000.00	2.500%	40,512.50	180,512.50	-	180,512.50
12/01/2012	120,000.00	2.250%	37,012.50	157,012.50	-	157,012.50
12/01/2013	135,000.00	2.250%	34,312.50	169,312.50	-	169,312.50
12/01/2014	140,000.00	2.250%	31,275.00	171,275.00	-	171,275.00
12/01/2015	135,000.00	2.500%	28,125.00	163,125.00	-	163,125.00
12/01/2016	145,000.00	3.250%	24,750.00	169,750.00	-	169,750.00
12/01/2017	155,000.00	3.250%	20,037.50	175,037.50	-	175,037.50
12/01/2018	160,000.00	3.000%	15,000.00	175,000.00	-	175,000.00
12/01/2019	160,000.00	3.125%	10,200.00	170,200.00	-	170,200.00
12/01/2020	160,000.00	3.250%	5,200.00	165,200.00	-	165,200.00
<b>Total</b>	<b>\$1,490,000.00</b>	<b>-</b>	<b>\$274,215.31</b>	<b>\$1,764,215.31</b>	<b>\$116,600.00</b>	<b>\$1,880,815.31</b>

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*Refunding Component*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
12/01/2010	40,000.00	2.500%	27,790.31	67,790.31
12/01/2011	140,000.00	2.500%	40,512.50	180,512.50
12/01/2012	120,000.00	2.250%	37,012.50	157,012.50
12/01/2013	135,000.00	2.250%	34,312.50	169,312.50
12/01/2014	140,000.00	2.250%	31,275.00	171,275.00
12/01/2015	135,000.00	2.500%	28,125.00	163,125.00
12/01/2016	145,000.00	3.250%	24,750.00	169,750.00
12/01/2017	155,000.00	3.250%	20,037.50	175,037.50
12/01/2018	160,000.00	3.000%	15,000.00	175,000.00
12/01/2019	160,000.00	3.125%	10,200.00	170,200.00
12/01/2020	160,000.00	3.250%	5,200.00	165,200.00
<b>Total</b>	<b>\$1,490,000.00</b>	<b>-</b>	<b>\$274,215.31</b>	<b>\$1,764,215.31</b>

**Yield Statistics**

Bond Year Dollars.....	\$9,292.47
Average Life.....	6.237 Years
Average Coupon.....	2.9509403%
Net Interest Cost (NIC).....	2.9750008%
True Interest Cost (TIC).....	2.9672903%
Bond Yield for Arbitrage Purposes.....	2.6923069%
All Inclusive Cost (AIC).....	3.3556721%
<b>IRS Form 8038</b>	
Net Interest Cost.....	2.7125978%
Weighted Average Maturity.....	6.194 Years

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*Refunding Component*

**Escrow Fund Cashflow**

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
03/30/2010	-	-	-	0.87	-	0.87
06/01/2010	43,209.00	0.130%	9.69	43,218.69	43,218.75	0.81
12/01/2010	1,409,014.00	0.290%	2,753.94	1,411,767.94	1,411,768.75	-
<b>Total</b>	<b>\$1,452,223.00</b>	<b>-</b>	<b>\$2,763.63</b>	<b>\$1,454,987.50</b>	<b>\$1,454,987.50</b>	<b>-</b>

**Investment Parameters**

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.87
Cost of Investments Purchased with Bond Proceeds.....	1,452,223.00
Total Cost of Investments.....	\$1,452,223.87
Target Cost of Investments at bond yield.....	\$1,429,741.74
Actual positive or (negative) arbitrage.....	(22,482.13)
Yield to Receipt.....	0.2906598%
Yield for Arbitrage Purposes.....	2.6923069%
State and Local Government Series (SLGS) rates for.....	3/16/2010



---

**\$1,670,000**

*East Boulder County Water District  
General Obligation Bonds, Series 2000*

---

**Current Outstanding Debt Service**

---

Date	Principal	Coupon	Interest	Total P+I
12/01/2010	110,000.00	6.000%	6,600.00	116,600.00
Total	\$110,000.00	-	\$6,600.00	\$116,600.00

---

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	3/30/2010
Average Life.....	0.669 Years
Average Coupon.....	6.0000000%
Weighted Average Maturity (Par Basis).....	0.669 Years

**Refunding Bond Information**

Refunding Dated Date.....	3/30/2010
Refunding Delivery Date.....	3/30/2010



---

**\$1,670,000**

*East Boulder County Water District  
General Obligation Bonds, Series 2000*

---

**Total Refunded Debt Service**

---

Date	Principal	Coupon	Interest	Total P+I
12/01/2010	-	6.000%	86,437.50	86,437.50
12/01/2011	115,000.00	6.100%	86,437.50	201,437.50
12/01/2012	125,000.00	6.150%	79,422.50	204,422.50
12/01/2013	130,000.00	6.200%	71,735.00	201,735.00
12/01/2014	140,000.00	6.250%	63,675.00	203,675.00
12/01/2015	150,000.00	6.500%	54,925.00	204,925.00
12/01/2016	155,000.00	6.500%	45,175.00	200,175.00
12/01/2017	170,000.00	6.500%	35,100.00	205,100.00
12/01/2018	180,000.00	6.500%	24,050.00	204,050.00
12/01/2019	190,000.00	6.500%	12,350.00	202,350.00
<b>Total</b>	<b>\$1,355,000.00</b>	<b>-</b>	<b>\$559,307.50</b>	<b>\$1,914,307.50</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	3/30/2010
Average Life.....	6.083 Years
Average Coupon.....	6.4393211%
Weighted Average Maturity (Par Basis).....	6.083 Years

**Refunding Bond Information**

Refunding Dated Date.....	3/30/2010
Refunding Delivery Date.....	3/30/2010

**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*New Money Component*

**Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/01/2010	10,000.00	2.500%	2,857.70	12,857.70	12,857.70
12/01/2011	10,000.00	2.500%	4,018.76	14,018.76	14,018.76
12/01/2012	15,000.00	2.250%	3,768.76	18,768.76	18,768.76
12/01/2013	15,000.00	2.250%	3,431.26	18,431.26	18,431.26
12/01/2014	15,000.00	2.250%	3,093.76	18,093.76	18,093.76
12/01/2015	15,000.00	2.500%	2,756.26	17,756.26	17,756.26
12/01/2016	15,000.00	3.250%	2,381.26	17,381.26	17,381.26
12/01/2017	15,000.00	3.250%	1,893.76	16,893.76	16,893.76
12/01/2018	15,000.00	3.000%	1,406.26	16,406.26	16,406.26
12/01/2019	15,000.00	3.125%	956.26	15,956.26	15,956.26
12/01/2020	15,000.00	3.250%	487.50	15,487.50	15,487.50
<b>Total</b>	<b>\$155,000.00</b>	<b>-</b>	<b>\$27,051.54</b>	<b>\$182,051.54</b>	<b>\$182,051.54</b>



**East Boulder County Water District**  
*General Obligation Refunding & Improvement Bonds, Series 2010*  
*3/16/10 A+ Rated, FINAL*  
*New Money Component*

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
12/01/2010	10,000.00	2.500%	2,857.70	12,857.70
12/01/2011	10,000.00	2.500%	4,018.76	14,018.76
12/01/2012	15,000.00	2.250%	3,768.76	18,768.76
12/01/2013	15,000.00	2.250%	3,431.26	18,431.26
12/01/2014	15,000.00	2.250%	3,093.76	18,093.76
12/01/2015	15,000.00	2.500%	2,756.26	17,756.26
12/01/2016	15,000.00	3.250%	2,381.26	17,381.26
12/01/2017	15,000.00	3.250%	1,893.76	16,893.76
12/01/2018	15,000.00	3.000%	1,406.26	16,406.26
12/01/2019	15,000.00	3.125%	956.26	15,956.26
12/01/2020	15,000.00	3.250%	487.50	15,487.50
<b>Total</b>	<b>\$155,000.00</b>	<b>-</b>	<b>\$27,051.54</b>	<b>\$182,051.54</b>

**Yield Statistics**

Bond Year Dollars.....	\$923.76
Average Life.....	5.960 Years
Average Coupon.....	2.9284041%
Net Interest Cost (NIC).....	2.9407309%
True Interest Cost (TIC).....	2.9310173%
Bond Yield for Arbitrage Purposes.....	2.6923069%
All Inclusive Cost (AIC).....	3.3358192%
<b>IRS Form 8038</b>	
Net Interest Cost.....	2.6640905%
Weighted Average Maturity.....	5.922 Years

## BOND SALE CERTIFICATE

**\$1,645,000**

**East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds, Series 2010**

The undersigned hereby certifies that he is the President of the East Boulder County Water District, in Boulder County, Colorado (the "District"), and hereby certifies as follows:

1. ***Bond Resolution and Sale Delegate.*** On March 8, 2010, the Board of Directors of the District (the "Board") adopted an approving resolution, which resolution was affirmed on March 22, 2010 (the "Bond Resolution") authorizing the issuance of its General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds"). The Sale Delegate under the Bond Resolution is the President of the Board or, in the absence of the President, the Vice President of the Board, and I, the President, am executing this Bond Sale Certificate in accordance with the authority granted to me pursuant to the Bond Resolution. Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Resolution.

2. ***Bond Sale Certificate.*** Pursuant to the Bond Resolution, the Board delegated to me the authority to determine the Series 2000 Bonds which shall be Refunded Bonds and part of the Financing Project; the Dated Date of the Bonds; the Principal Payment Date; the Interest Payment Date; the aggregate principal amount of the Bonds; the price at which the Bonds will be sold pursuant to the Bond Purchase Agreement; the amount of principal of the Bonds maturing in any particular year and the respective interest rates borne by the Bonds; the Bonds which may be redeemed at the option of the District, the dates upon which such optional redemption may occur, and the prices at which such Bonds may be optionally redeemed; the principal amounts, if any, of Bonds subject to mandatory sinking fund redemption, and the years in which such Bonds will be subject to such redemption; and the Call Date for the Refunded Bonds.

3. ***Refunded Bonds.*** The Refunded Bonds are the Series 2000 Bonds maturing on and after December 1, 2011 in the aggregate principal amount of \$1,355,000.

4. ***Dated Date.*** The Dated Date of the Bonds is March 30, 2010.

5. ***Principal Payment Date.*** The Principal Payment Date for the Bonds is December 1 of each year.

6. ***Interest Payment Date.*** The Interest Payment Date for the Bonds is June 1 and December 1 of each year, commencing on June 1, 2010.

7. ***Principal Amount.*** The principal amount of the Bonds is \$1,645,000.

8. ***Bond Prices.*** The prices at which the Bonds shall be sold are set forth in the Bond Purchase Agreement, which pricing information is hereby incorporated by reference as if fully set forth in the body of this Bond Sale Certificate.

9. **Maturity Schedule.** The Bonds mature on December 1 of the years and in the principal amounts, and shall bear interest at the rates per annum (calculated based on a 360-day year of twelve 30-day months) set forth below:

<b>Maturity</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2010	\$ 50,000	2.500%
2011	150,000	2.500
2012	135,000	2.250
2013	150,000	2.250
2014	155,000	2.250
2015	150,000	2.500
2016	160,000	3.250
2017	170,000	3.250
2018	175,000	3.000
2019	175,000	3.125
2020	175,000	3.250

10. **Redemption.** The Bonds maturing on or before December 1, 2017 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 2018 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

11. **Mandatory Sinking Fund Redemption.** The Bonds are not subject to Mandatory Sinking Fund Redemption.

12. **Call Date.** The Call Date for the Refunded Bonds is December 1, 2010.

13. **Parameters.** Pursuant to the Bond Resolution, the authority delegated to the Sale Delegate is subject to the following parameters:

(i) In no event is the Sale Delegate authorized to execute the Bond Purchase Agreement or this Bond Sale Certificate after the date that is one hundred twenty (120) days after the date of adoption of the Bond Resolution. The Bond Resolution was adopted on March 8, 2010; the Bond Purchase Agreement was executed by the Sale Delegate on March 16, 2010, and; this Bond Sale Certificate is being executed as of March 30, 2010.

(ii) The aggregate principal amount of the Bonds must not exceed \$1,670,000. The aggregate principal amount of the Bonds is \$1,645,000.

(iii) The final maturity of the Bonds must be no later than December 1, 2025. The final maturity of the Bonds will be on December 1, 2020.

(iv) The net effective interest rate on the Bonds shall not exceed 4.50%. The net effective interest rate of the Bonds is approximately 2.97%.


(v) The maximum annual debt service on the Bonds shall not exceed the maximum amount established pursuant to the Ballot Issue Authorization, which amount is \$275,000.00. The maximum annual debt service on the Bonds is \$194,531.26.

(vi) The present value savings as a percentage of the aggregate principal amount of the Refunded Bonds shall be at least two percent (2%) computed based upon the arbitrage yield for the Bonds to the date of delivery of the Bonds, assuming semi-annual compounding. The present value savings is approximately eleven percent (11%).

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IN WITNESS WHEREOF, I have hereunto set my hand as of March 30, 2010.

*East Boulder County Water District, in Boulder  
County, Colorado*

By   
President

[Signature page to Bond Sale Certificate]

**NEW ISSUE  
BOOK-ENTRY-ONLY  
BANK QUALIFIED**

**RATING: Standard & Poor's "A+"  
See ("MISCELLANEOUS-Rating")**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds also is exempt from State of Colorado income taxation. The District has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS."*

**\$1,645,000**  
**EAST BOULDER COUNTY WATER DISTRICT**  
**IN BOULDER COUNTY, COLORADO**  
**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS**  
**SERIES 2010**

**Dated: Date of Delivery**

**Due: December 1, as shown below**

The Bonds are being issued as fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. Interest on the Bonds, at the rates set forth below, is payable semiannually on June 1 and December 1 each year, commencing June 1, 2010. Capitalized terms used on the cover page of this Official Statement are defined in the Introduction herein. UMB Bank, n.a., Denver, Colorado, will act as Paying Agent for the Bonds and DTC will act as securities depository for the Bonds. The Bonds will be issued in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds.

**MATURITY SCHEDULE**  
**CUSIP 271144 <sup>1</sup>**

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2010	\$ 50,000	2.500%	0.750%	AR8	2016	\$160,000	3.250%	2.550%	AX5
2011	150,000	2.500	1.000	AS6	2017	170,000	3.250	2.830	AY3
2012	135,000	2.250	1.200	AT4	2018	175,000	3.000	3.160	AZ0
2013	150,000	2.250	1.450	AU1	2019	175,000	3.125	3.330	BA4
2014	155,000	2.250	1.720	AV9	2020	175,000	3.250	3.440	BB2
2015	150,000	2.500	2.120	AW7					

The Bonds are general obligations of the District and are secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay the principal of and interest on the Bonds when due.

The Bonds are subject to redemption prior to maturity as set forth herein.

Proceeds from the sale of the Bonds will be used to: (i) advance refund a portion of the District's General Obligation Bonds, Series 2000; (ii) finance waterline replacements; and (iii) pay the costs of issuance of the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter named below, subject to legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the District by Lyons Gaddis Kahn & Hall, P.C., Longmont, Colorado, as counsel to the District. Kutak Rock LLP has acted as Special Counsel to the District for purposes of assisting the District with the preparation of this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 30, 2010.

**George K. Baum & Company**

**This Official Statement is dated March 19, 2010.**

<sup>1</sup> The District takes no responsibility for the accuracy of CUSIP numbers which are included solely for the convenience of owners of the Bonds.

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**EAST BOULDER COUNTY WATER DISTRICT  
in Boulder County, Colorado**

**Board of Directors**

Mark A. Johns, President  
Richard Moeller, Vice President  
Robert Champ, Secretary  
J. Nicholas Bennett  
Lynne Deane

**General Counsel**

Lyons Gaddis Kahn & Hall, P.C.  
Longmont, Colorado

**Underwriter**

George K. Baum & Company  
Denver, Colorado

**Paying Agent**

UMB Bank, n.a.  
Denver, Colorado

**Bond Counsel**

Kutak Rock LLP  
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the District or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the District and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

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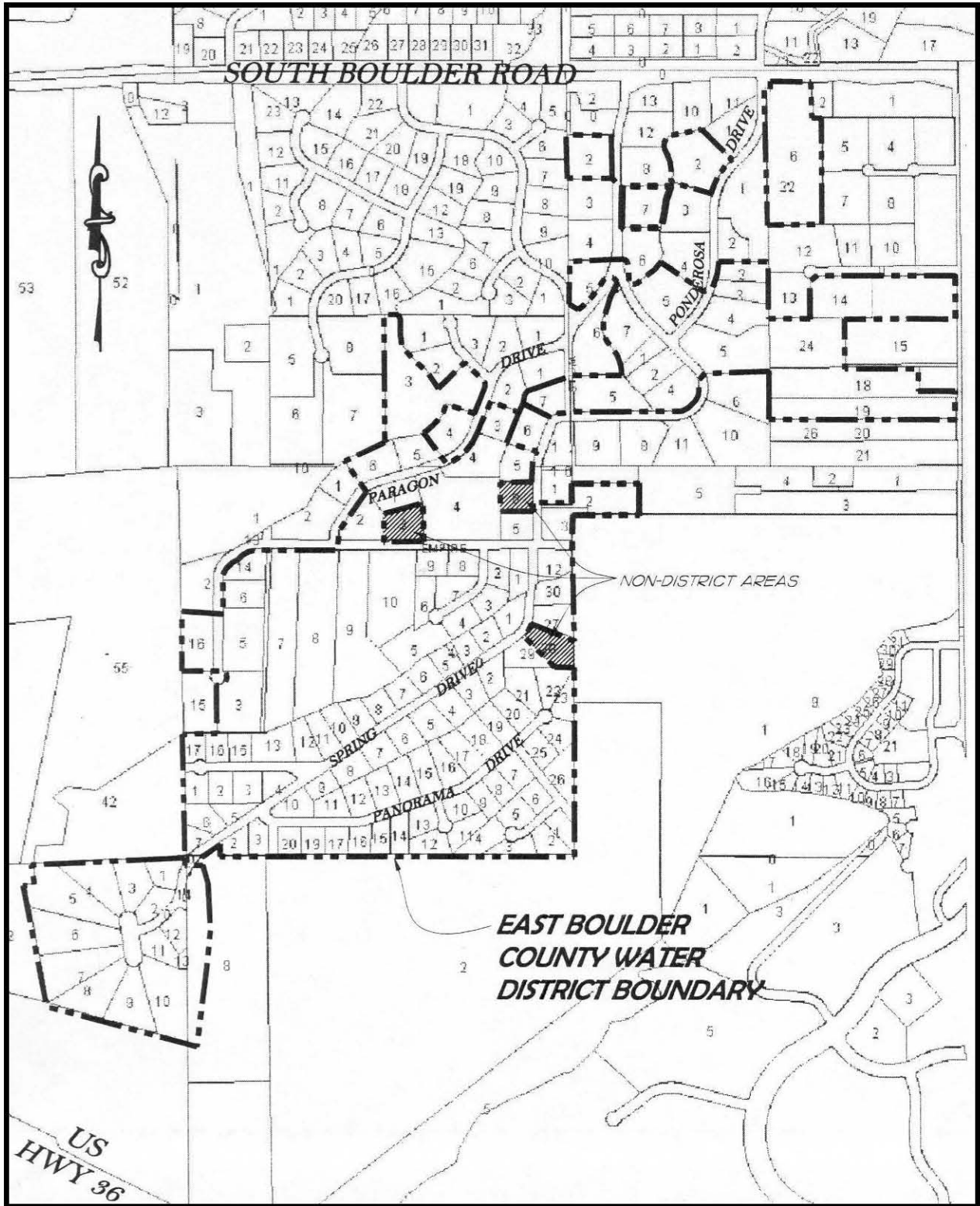
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# VICINITY MAP



**District  
Vicinity**

# DISTRICT BOUNDARY MAP



## INTRODUCTION

This Official Statement is furnished in connection with the issuance by the East Boulder County Water District, in Boulder County, Colorado (the “District”), of its \$1,645,000 General Obligation Refunding and Improvement Bonds, Series 2010, dated as of the date of delivery (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

*The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.*

- Issuer** ..... The District was organized in 1999 and encompasses approximately 145 acres in southeast Boulder County (the “County”) adjacent to the western boundary of the City of Louisville approximately 7 miles southeast of the City of Boulder and approximately 20 miles northwest of central Denver. Development within the District consists of established residential neighborhoods including approximately 160 residential parcels of which 118 are currently receiving service from the District. Homes within the District range in price from approximately \$900,000 to \$2,500,000 and are located on lots generally ranging from 1 to 3 acres in size. The District was created to provide water to District property owners that had previously been served by private wells or community wells. Pre-treated water is purchased from the City of Lafayette, Colorado (“Lafayette”) and distributed through District owned lines and meters pursuant to the Lafayette IGA (defined herein). The District has an estimated population of 500 residents. See “THE DISTRICT.” The District’s 2009 certified assessed valuation was \$9,300,330. See “DISTRICT FINANCIAL INFORMATION.”
- Security** ..... The Bonds are general obligations of the District, and are secured by the District’s full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem property taxation without limitation as to rate or amount to pay the Bonds and the interest thereon when due. See “THE BONDS—Security for the Bonds.”
- Purpose** ..... Proceeds from the sale of the Bonds will be used to: (i) advance refund a portion of the District’s General Obligation Bonds, Series 2000 (the “Series 2000 Bonds”); (ii) finance waterline replacements; and (iii) pay the costs of issuance of the Bonds. See “THE BONDS—Application of Bond Proceeds.”
- Prior Redemption**..... The Bonds are subject to redemption prior to maturity as set forth herein.
- Registration and Denominations**..... The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

**Exchange and Transfer .....** While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC) may be made as described in “APPENDIX E—Book-Entry-Only System.”

**Book-Entry-Only Registration.....** The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of the District pursuant to the authorizing resolution (the “Bond Resolution”), will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX E—Book-Entry-Only System” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

**Payment Provisions.....** The Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on June 1, 2010. Payments for the principal of and interest on the Bonds will be made as described in “APPENDIX E—Book-Entry-Only System.”

**Tax Status .....** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds also is exempt from State of Colorado income taxation. The District has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS.”

**Authority for Issuance .....** The Bonds are issued in full conformity with the constitution and laws of the State of Colorado (the “State”), specifically Article 56 of Title 11, Colorado Revised Statutes, as amended (“C.R.S.”), Article 1 of Title 32, C.R.S. (the “Special District Act”), Part 2 of Article 57 of Title 11,

C.R.S. (the “Supplemental Public Securities Act”), and pursuant to the Bond Resolution adopted by the District’s Board of Directors (the “Board”).

**Delivery Information .....** The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 30, 2010.

**Financial Statements.....** The audited general purpose financial statements of the District as of and for the year ended December 31, 2008 are attached hereto as Appendix A. These are the most recent audited financial statements available for the District.

**Debt Ratios .....**The following are selected District general obligation debt ratios upon issuance and delivery of the Bonds:

2009 Certified Assessed Valuation <sup>1</sup> .....	\$9,300,330
2009 Statutory “Actual” Valuation <sup>1</sup> .....	\$110,256,700
General Obligation Debt Outstanding Upon Issuance of the Bonds.....	\$1,755,000
Estimated Population .....	500
District Debt as a Ratio of:	
2009 Certified Assessed Valuation <sup>1</sup> .....	18.87%
2009 Statutory “Actual” Valuation <sup>1</sup> .....	1.59%
District Debt Per Capita .....	\$3,510
Estimated Overlapping General Obligation Debt .....	\$529,440
Sum of District and Overlapping Debt .....	\$2,284,440
District and Overlapping Debt as a Ratio of:	
2009 Statutory Valuation <sup>1</sup> .....	24.56%
2009 Statutory “Actual” Valuation <sup>1</sup> .....	2.07%
District and Overlapping Debt Per Capita .....	\$4,569

<sup>1</sup> For definitions of and descriptions of the methodology used in computing assessed valuation, statutory “actual” value, estimated population, general obligation debt outstanding, and estimated overlapping general obligation debt, see “THE BONDS—Security for the Bonds,” “REVENUES AVAILABLE FOR DEBT SERVICE” and “DEBT AND OTHER FINANCIAL OBLIGATIONS.”

Sources: Boulder County Assessor’s Office, the District, and individual overlapping entities

ALL OF THE SUMMARIES OF THE CONSTITUTIONAL PROVISIONS, STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: East Boulder County Water District, P.O. Box 18641, Boulder, Colorado 80308-1641, Telephone: (303) 554-0031; George K. Baum & Company, 1400 Wewatta Street, Suite 800, Denver, Colorado 80202, Telephone: (303) 292-1600.



## THE BONDS

### Description

The Bonds are general obligations of the District and are issued in the total principal amount, dated as of the dated date, maturing on the dates and bearing interest at the rates set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail in "INTRODUCTION" and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds; exchange and transfer of the Bonds; payment of the principal of and interest on the Bonds; a description of the authority for issuance of the Bonds; and information regarding delivery of the Bonds. See "INTRODUCTION" for a description of the matters referred to in the previous sentence, as well as other information relating to the Bonds.

### Prior Redemption

*Optional Redemption.* The Bonds maturing on or before December 1, 2017 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 2018 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

*Redemption Procedures.* The portion of any Bond to be redeemed shall be in the principal amount of \$5,000, or any integral multiple thereof. In selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000.

Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first class, postage prepaid mail, not more than 60 days nor less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with the Bond Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

### Application of Bond Proceeds

*The Refunding Plan.* A portion of Bond proceeds will be used for the purpose of advance refunding a portion of the District's outstanding Series 2000 Bonds. The Series 2000 Bonds were originally issued in the aggregate principal amount of \$1,995,000, and are now outstanding in the aggregate principal amount of \$1,465,000. The Series 2000 Bonds maturing on December 1, 2010 in the amount of \$110,000 will not be a part of the refunding and are expected to be paid with available District funds in accordance with their terms. The outstanding Series 2000 Bonds maturing on and after December 1, 2011 are part of the refunding (the "Refunded Bonds"). As provided in the Bond Resolution, the District is refinancing the Refunded Bonds at a lower interest rate and, therefore, advance voter approval is not required pursuant to Section 20 of Article X of the Colorado Constitution. The

Refunded Bonds bear interest at rates ranging from 6.0% to 6.5% per annum. The Refunded Bonds are subject to prior redemption on December 1, 2010 and any date thereafter at a price of 100% of the principal amount so redeemed plus accrued interest to the redemption date, with a redemption premium of 1.0%.

Upon issuance of the Bonds, a portion of the net proceeds of the Bonds will be deposited into an escrow account (the “Escrow Account”) created pursuant to an Escrow Agreement (the “Escrow Agreement”) by and among the District and UMB Bank, n.a., Denver, Colorado, as escrow agent (the “Escrow Agent”). The moneys in the Escrow Account will be used by the Escrow Agent to acquire direct, noncallable general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America (“U.S. Government Obligations”), the maturing principal of and interest on which when due, together with cash held in the Escrow Account, will be sufficient to redeem, on December 1, 2010, the outstanding Refunded Bonds and to pay the interest on the Refunded Bonds as the same become due prior to such date.

A firm of certified public accountants will deliver a report verifying (a) the adequacy of the amount of the sum of the maturing principal of and interest on the U.S. Government Obligations when due and the cash on deposit in the Escrow Account to pay the Redemption Price of the Refunded Bonds on the Redemption Date, and (b) certain computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder.

**The Project.** A portion of Bond proceeds in the approximate amount of \$150,000 is expected to be used to replace certain aging waterlines within the District. The District expects to begin the replacement in 2010 and be complete by 2013.

**Sources and Uses of Proceeds.** The estimated sources and uses of the proceeds of the Bonds is set forth below.

SOURCES	
Par Amount of Bonds .....	\$1,645,000.00
Original Issue Premium <sup>1</sup> .....	<u>22,665.30</u>
Total.....	<u>\$1,667,665.30</u>
USES	
Deposit to Escrow Account .....	\$1,452,413.45
Deposit to Project Account .....	155,236.87
Costs of issuance, including underwriting discount, <sup>2</sup> rating agency fees, professional fees, printing costs and contingency.....	<u>60,014.98</u>
Total.....	<u>\$1,667,665.30</u>

<sup>1</sup> Net of original issue discount.

<sup>2</sup> See “MISCELLANEOUS—Underwriting.”

### Security for the Bonds

**General Obligation Debt.** The Bonds are general obligations of the District. The full faith and credit of the District are pledged for the payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, the Board will annually determine and certify to the Board of County Commissioners of Boulder County, a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property in the District,

sufficient to pay the principal of and interest on the Bonds when due, whether at maturity or upon earlier redemption.

The District may use legally available moneys other than the proceeds of the general ad valorem property taxes levied pursuant to the Bond Resolution to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the District may, but will not be required to, (a) reduce the amount of taxes levied for such purpose pursuant to the Bond Resolution or (b) use proceeds of taxes levied pursuant to the Bond Resolution to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

The District's obligation to pay the principal of and interest on the Bonds is on a parity with the District's obligation to pay the principal of and interest on its other general obligation debt, including any general obligation debt issued or incurred after the issuance of the Bonds. The Bond Resolution does not restrict the District's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds, including, but not limited to, constitutional and statutory provisions requiring voter approval of general obligation debt and statutory limitations on the dollar amount of general obligation debt. After the issuance of the Bonds, the District will have no authorized but unissued general obligation debt. For a description of the District's outstanding general obligation debt upon issuance of the Bonds, see "DEBT STRUCTURE—General Obligation Debt." The annual debt service on the Bonds is set forth in "—Debt Service Requirements" below. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "DISTRICT FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending" and "DEBT STRUCTURE—Required Elections."

***Bond Resolution Irrepealable.*** The Bond Resolution provides that after the Bonds have been issued, the Bond Resolution shall be and remain a contract between the District and the registered owners of the Bonds, and shall be and remain irrepealable until all amounts due with respect to the Bonds shall be fully paid, satisfied and discharged and all other obligations of the District with respect to the Bonds have been satisfied in the manner provided in the Bond Resolution.

***Supplemental Resolutions.*** The District may, without the consent of or notice to the registered owners of the Bonds, adopt one or more resolutions amending the Bond Resolution if such amendment does not materially adversely affect the interests of the registered owners of the Bonds.

***Future Changes in Laws.*** Various State and federal constitutional provisions, laws and regulations apply to the operations of the District and the imposition, collection and expenditure of ad valorem property taxes and other funds of the District. There is no assurance that there will not be any change in such constitutional provisions, laws or regulations, or judicial or administrative interpretations thereof, which would have a material effect, directly or indirectly, on the operations of the District or the imposition, collection or expenditure of ad valorem property taxes or other funds of the District to pay debt service on the Bonds.

***Limitations on Remedies Available to Owners of Bonds.*** There is no bond trustee or similar person to monitor or enforce the provisions of the Bond Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the District and certain other

public officials to perform the terms of the Bond Resolution) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Bonds cannot foreclose on property within the boundaries of the District or sell such property in order to pay the debt service on the Bonds. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes” for a description of property tax collection and enforcement.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel’s opinion. The opinion will state, in part, that the obligations of the District with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America. Bankruptcy proceedings or the exercise of other powers of the federal government, or the exercise of the police powers of the State, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of rights. Sections 362 and 922 of the United States Bankruptcy Code (Title 11 of the United States Code) provide that, in the event the District files a petition in bankruptcy, the enforcement of a lien on or arising out of taxes or assessments owed will be stayed, with the result that payments of principal of and interest on the Bonds after the District filed such petition may be subject to a plan for the adjustment of the District’s debts approved by the bankruptcy court.

### Debt Service Requirements

Set forth in the following table are the debt service requirements for the Bonds. See the cover page of this Official Statement for the actual interest rates for each maturity of the Bonds. The Series 2000 Bonds maturing on December 1, 2010 in the amount of \$110,000 are not a part of the refunding and are expected to be paid with available District funds in accordance with their terms on December 1, 2010. Such figures are not included in the following table.

**TABLE I**  
**Debt Service Requirements <sup>1</sup>**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Amount</b>
2010	\$ 50,000	\$ 30,648	\$ 80,648
2011	150,000	44,531	194,531
2012	135,000	40,781	175,781
2013	150,000	37,744	187,744
2014	155,000	34,369	189,369
2015	150,000	30,881	180,881
2016	160,000	27,131	187,131
2017	170,000	21,931	191,931
2018	175,000	16,406	191,406
2019	175,000	11,156	186,156
2020	<u>175,000</u>	<u>5,688</u>	<u>180,688</u>
<b>Total</b>	<b><u>\$1,645,000</u></b>	<b><u>\$301,266</u></b>	<b><u>\$1,946,266</u></b>

<sup>1</sup> Numbers have been rounded.  
Source: The Underwriter

## DISTRICT FINANCIAL INFORMATION

The District currently utilizes revenues from the use of the water system for operations and maintenance expenses. The Bonds are payable from ad valorem property taxes which may be levied against all taxable property within the District without limitation as to rate in an amount sufficient to pay the principal of and interest on the Bonds when due. See “THE BONDS—Security for the Bonds.”

### **Ad Valorem Property Taxes**

The Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the District. Property taxes are uniformly levied against the assessed valuation of all taxable property within the District. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

***Property Tax Reduction for Senior Citizens and Disabled Veterans.*** On November 7, 2000 and November 7, 2006, respectively, the electors of the State approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first \$200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution. However, during the 2009 Legislative Session the Colorado State Legislature has disallowed the qualified senior citizens exemption for the 2009 levy year (2010 collection year).

***Property Subject to Taxation.*** Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and non-profit cemeteries.

***Assessment of Property.*** All taxable property is listed, appraised and valued for assessment as of January 1 of each year. The “actual” value of taxable property is determined by the county assessor. The “actual” value of most taxable property is determined based on a “level of value,” which is the “actual” value of such property as ascertained from manuals and associated data prepared and published by the State property tax administrator for a statutorily defined period preceding the assessment date. The statutorily defined period for the valuation of property for any odd numbered year is the period beginning two years and ending six months prior to January 1 of such year. The statutorily defined period for the valuation of property does not change during even numbered years. The classes of property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property is subject to change from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential

property at the same level as it was in the property tax year commencing January 1, 1985 (the “Gallagher Amendment”). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45%/55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. Over the past nine years the residential ratio has decreased from 9.74% for the 2000 levy year and 9.15% for the 2001 and 2002 levy years, to 7.96% for the 2003 through 2009 levy years. The Colorado Legislative Council Staff’s December 2009 forecast (as contained in its “Focus Colorado: Economic and Revenue Forecast, 2009-2012”), projects that the residential assessment ratio will remain at 7.96% through the 2012 levy year (for tax collection in 2013).

Beginning in May of each year, each county assessor hears taxpayers’ objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District’s assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners; and in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

**Taxation Procedure.** The assessed valuation and statutory “actual” valuation of taxable property within the District is required to be certified by the county assessor to the District no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its General Fund and Bond Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in “—Constitutional Amendment Limiting Taxes and Spending” and “—Budgetary Process and Information.” The Board must certify the District’s levy to the board of county commissioners no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the county, the board of county commissioners levies against the assessed valuation of all taxable property within the county the applicable property taxes. Such levies are certified by the board of county commissioners to the county assessor, who thereupon delivers the tax list and warrant to the county treasurer for the collection of taxes.

**Property Tax Collections.** Taxes levied in one year are collected in the succeeding year. Taxes certified in 2009, for example, are being collected in 2010. Taxes are due on January 1 in the year of collection; however, they may be paid, at the election of the taxpayer, in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent on, and interest thereon will accrue from, March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The

county treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on a parity with the liens of other general taxes. It is the county treasurer’s duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the amount of taxes, penalty interest and costs due on the property can be recovered by the county treasurer. Further, the treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the county. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the board of county commissioners.

**Property Tax Data.** The District’s assessed valuation, ad valorem property tax collections, and mill levies from 2004 to date are set forth in the following table. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years.

**TABLE II**  
**History of District’s Assessed Valuation, Mill Levies and Tax Collections**

<b>Levy/Collection Year</b>	<b>Assessed Valuation</b>	<b>Percent Change</b>	<b>Bond Fund Mill Levy</b>	<b>Total Taxes Levied</b>	<b>Total Taxes Collected<sup>1</sup></b>
2004/2005	\$7,553,870	--	23.500	\$177,516	\$177,111
2005/2006	7,882,750	4.35%	23.950	188,792	189,955
2006/2007	8,291,340	5.18%	23.549	195,253	195,473
2007/2008	9,382,570	13.16	21.825	204,775	203,379
2008/2009	9,503,720	1.29	22.755	216,257	216,569
2009/2010	9,300,330 <sup>2</sup>	(2.14)	22.283	207,239	--

<sup>1</sup>Tax collections include current taxes, prior taxes, and interest charges. Treasurers fees have not been deducted from these amounts.

<sup>2</sup> According to the Boulder County Assessor’s office the decrease in the District’s 2009 assessed valuation is primarily the result of the downturn in the economy and the resulting decrease in the value of residential real estate over the current reappraisal period. See “—*Assessment of Property*.”

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2004-2008 Property Tax Annual Reports, the Boulder County Assessor’s Office, and the Boulder County Treasurer’s Office

Property within the District consists primarily of single family residential homes generally ranging in price from \$900,000 to \$2,500,000. No District taxpayer represents greater than 2.5% of the District’s total 2009 assessed valuation.

The following table sets forth the 2009 assessed and “actual” valuations of specific classes of property within the District. As shown below, residential properties have accounted for the largest percentage of the assessed valuation.

**TABLE III**  
**2009 Assessed and “Actual” Valuation of Classes of Property in the District**

<b>Class</b>	<b>Assessed Valuation</b>	<b>Percent of Assessed Valuation</b>	<b>“Actual” Valuation</b>	<b>Percent of “Actual” Valuation</b>
Residential	\$8,578,230	92.24%	\$107,766,700	97.74%
Vacant	662,770	7.13	2,285,400	2.07
State Assessed	59,330	0.63	204,600	0.19
<b>Total</b>	<b><u>\$9,300,330</u></b>	<b><u>100.00%</u></b>	<b><u>\$110,256,700</u></b>	<b><u>100.00%</u></b>

Sources: Boulder County Assessor’s Office

### Overlapping Mill Levies

Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the Boulder County Assessor’s Office, there are currently six entities overlapping all or a portion of the District. The following table is representative of the total 2009 mill levy (for payment in 2010) attributable to taxpayers within the District. Additional taxing entities may overlap the District in the future. See also “DEBT STRUCTURE—Estimated Overlapping General Obligation Debt.”

**TABLE IV**  
**Total Sample 2009 Mill Levy<sup>1</sup>**

<b>Taxing Entity</b>	<b>2009 Mill Levy<sup>1</sup></b>
Boulder County	23.667
Boulder Soil Conservation District	0.000
Boulder Valley School District RE-2	39.999
Urban Drainage and Flood Control District	0.508
Rocky Mountain Fire District	13.445
Regional Transportation District	<u>0.000</u>
Sample Overlapping Mill Levy	77.619
The District	<u>22.283</u>
Sample Total Mill Levy	<u>99.902</u>

<sup>1</sup> One mill equals 1/10 of one cent. Mill levies certified in 2009 are for the collection of ad valorem property taxes in 2010.

Source: Boulder County Assessor’s Office

### Water Revenues

The District currently provides water service to 118 taps, all of which are residential. All water service is metered and read electronically. The District has established a schedule of rates, fees and charges for the connection of and use of District facilities. State law provides that, until paid, all such rates, fees, tolls and charges constitute a perpetual lien on and against the property served. User charges are billed monthly with each customer subject to a minimum monthly charge which begins when the meter is set. If the meter is not set within 12 months after purchase of the tap, a non-connected monthly charge is assessed.



Lafayette provides and bills for water provided to the District through District owned facilities pursuant to the Lafayette IGA. Lafayette currently bills water to the District at \$1.91 per 1,000 gallons for the first 322,000 gallons. The District then marks up the water purchased from Lafayette by the rate of \$1.25 per 1,000 gallons after 5,000 gallons of usage, with such cost incorporated into District rates and charges. The District reviews water rates on an annual basis, with any change in the cost of water from Lafayette being implemented immediately. District rates are determined based on operating costs, including debt service, and system deferred maintenance funds. The District is in the process of phasing in a progressive rate structure over a number of years to meet future revenue needs and promote conservation. The base monthly service charge currently being charged for a residential tap (5/8") connected to the system is \$51.50 for up to 5,000 gallons used and \$26.65 for non-connected customers. Additional fees based on usage range from \$3.75 per 1,000 gallons over 5,000 gallons to \$12.50 per 1,000 gallons used over 244,000 gallons. The District has budgeted to receive \$151,000 in water fees in 2010, representing approximately 92% of total District revenues in the Water Enterprise Fund. See "THE DISTRICT—Facilities and Services" and "—Historical and Budgeted Financial Information."

In addition to service charges, the District charges a one time tap fee that must be paid by a new customer before connection to the system. The current tap fee for a 5/8" tap is \$30,457, \$28,457 of which are passed on to Lafayette under terms of the Lafayette IGA. The District retains \$2,000 of the tap fee to cover operations and maintenance. See "THE DISTRICT—District Facilities and Services."

*Water revenues are not pledged to the payment of debt service on the Bonds.*

### **Accounting Policies and Financial Statements**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. For auditing purposes, the District accounts for all of its financial operations as a proprietary fund, the Water Enterprise Fund. For budgeting purposes, the District utilizes the Water Enterprise Fund and also maintains a separate governmental fund, the Debt Service Fund, which is used to account for the accumulation of resources to pay general obligation bond principal and interest.

In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's office. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State Auditor 30 days thereafter. Failure to comply with this requirement to file an audit report may result in the withholding of the District's property tax revenue by the county treasurer pending compliance. The District received an exemption for audit from the State Auditor's office for the fiscal year ended December 31, 2007. The District's audited financial statements for the year ended December 31, 2008 are appended hereto and represent the District's most current audited financial statements.

### **Budget and Appropriation Procedure**

The District's budget is prepared on a calendar year basis as required by Article 1 of Title 29, C.R.S. The budget must present a complete financial plan for the District, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the District's budget officer must submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published stating, among other

things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a two-thirds vote of the Board following proper notice. If the District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

The Board adopt the District's 2010 budget and appropriation resolution pursuant to the above described procedure and file such budget with the State division of local government.

***Limitation on Certain Tax Revenues.*** It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the District, and the debt service requirements of the District's outstanding bonds and other obligations that the rate of mill levy is determined each year. Pursuant to the provisions of Section 20 of Article X of the Colorado Constitution (defined herein as TABOR), the District is subject to tax revenue limitations as described in "—Constitutional Amendment Limiting Taxes and Spending."

### **Historical and Budgeted Financial Information**

Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balance for the District's Water Enterprise Fund. Such information should be read together with the financial statements and accompanying notes appended hereto. Preceding years' financial statements may be obtained from the sources noted in "MISCELLANEOUS—Additional Information."

**TABLE V**  
**History of Revenues, Expenses and Changes in Net Assets of the Water Enterprise Fund**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b> <b>(unaudited)<sup>1</sup></b>	<b>2008</b>
Operating Revenues					
Water Sales	\$ 84,871	\$ 102,479	\$ 134,604	\$141,060	\$ 146,076
Other	<u>1,281</u>	<u>1,174</u>	<u>863</u>	<u>2,292</u>	<u>4,470</u>
Total Operating Revenues	<u>86,152</u>	<u>103,653</u>	<u>135,467</u>	<u>143,352</u>	<u>150,546</u>
Operating Expenses					
Operating	42,837	63,535	84,580	89,224	98,960
Administrative and General	13,121	14,217	12,213	19,424	15,171
Engineering	--	--	6,104	--	6,698
Depreciation	<u>16,597</u>	<u>29,036</u>	<u>33,915</u>	<u>33,915</u>	<u>33,915</u>
Total Operating Expenses	<u>82,555</u>	<u>106,788</u>	<u>136,812</u>	<u>142,563</u>	<u>154,744</u>
Operating Loss	3,597	(3,135)	(1,345)	789	(4,198)
Non-Operating Revenues (Expenses)					
Property Taxes	167,453	176,772	189,536	195,253	203,082
Specific Ownership Taxes	12,017	13,210	13,389	13,453	12,403
Earnings on Investments	4,557	6,408	7,842	10,849	6,106
Interest Expense	(119,045)	(116,476)	(113,295)	(109,254)	(108,111)
County Treasurer Fees	(2,520)	(2,657)	(2,849)	--	(3,051)
Amortization	(5,031)	(2,010)	(2,558)	--	--
Paying Agent Fees	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>--</u>	<u>(150)</u>
Total Non-Operating	<u>57,281</u>	<u>75,097</u>	<u>91,925</u>	<u>110,301</u>	<u>110,279</u>
Income Before Contributions	60,878	71,962	90,580	111,090	106,081
Net Capital Contributions	6,000	7,500	4,000	3,014	2,000
Changes in Net Assets	<u>66,878</u>	<u>79,462</u>	<u>94,580</u>	<u>108,076</u>	<u>108,081</u>
Beginning Net Assets	<u>1,480,041</u>	<u>1,546,919</u>	<u>1,626,381</u>	<u>1,720,961</u>	<u>1,829,037</u>
Ending Net Assets	<u>\$1,546,919</u>	<u>\$1,626,381</u>	<u>\$1,720,961</u>	<u>\$1,829,037</u>	<u>\$1,937,118</u>

<sup>1</sup> The District received an Exemption from Audit for the fiscal year ended December 31, 2007.

Source: District Annual Financial Statements for the years ended December 31, 2004-2006 and 2008, and the District

Set forth hereafter is a comparison of the District's 2010 and 2009 budgets as well as a comparison to 2009 year end, unaudited actual figures.

**TABLE VI**  
**Water Enterprise Fund Budget Summary and Comparison** <sup>1,2</sup>

	2010 Budget	2009 Budget	2009 Actual (unaudited) <sup>3</sup>
Ordinary Income			
Water Revenue	\$151,000	\$151,000	\$132,719
Standby Fee	3,700	4,200	3,678
Other Tax Revenue	7,000	10,000	10,531
Other Fees and Charges	300	600	290
Interest Income	750	5,000	993
Total Revenues	<u>162,750</u>	<u>170,800</u>	<u>148,211</u>
Ordinary Expense			
Audit	3,000	2,500	3,010
Bank Charges	--	200	--
Bookkeeping Labor	5,000	4,600	4,690
Directors' Fees	3,000	3,000	3,000
Dues and Subscriptions	500	500	372
Election Expense	500	--	--
Insurance	2,500	2,500	2,278
Workers' Comp	400	400	347
Legal	1,000	1,000	1,132
Maintenance	10,000	3,000	16,905
Maintenance Labor	8,000	8,000	4,731
Meetings	800	800	800
Meter Reading	3,600	2,800	2,742
Miscellaneous	500	500	656
Office	1,500	1,500	1,046
Payroll Taxes	928	640	716
Systems Operations Backup	2,000	2,000	190
Utilities	6,500	6,500	4,563
Water	85,000	85,000	64,331
Water Testing	1,000	1,000	400
Capital Expenses	<u>52,234</u>	<u>52,234</u>	<u>52,234</u>
Total Expense	<u>187,962</u>	<u>178,674</u>	<u>164,143</u>
Net Ordinary Income/Expense	(25,212)	(7,874)	(15,934)
Other Income/Expense			
Other Income			
Tap Fees	30,457	121,828	125,448
Lafayette Tap Fees	<u>(28,457)</u>	<u>(113,828)</u>	<u>(116,948)</u>
Total Other Income	<u>2,000</u>	<u>8,000</u>	<u>8,500</u>
Other Expense			
Transfer (to) From Reserves	23,212	126	--
Majestic View Expenses	<u>--</u>	<u>--</u>	<u>33,674</u>
Total Other Expense	<u>23,212</u>	<u>126</u>	<u>33,674</u>
Net Other Income	<u>25,212</u>	<u>7,874</u>	<u>42,174</u>
Net Income	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,240</u>

<sup>1</sup> Includes information on District operations only. For budgeting purposes the District maintains two funds, an operations fund, and a debt service fund, while for auditing purposes the District reports operations and debt service in one fund.

<sup>2</sup> Figures have been rounded to the nearest dollar.

<sup>3</sup> Unaudited and unadjusted.

Sources: District 2010 and 2009 Budgets and the District

Further information relating to the Water Enterprise Fund may be found in the financial statements of the District for the fiscal year ended December 31, 2008 appended hereto.

### **Deposit and Investment of District Funds**

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. For further discussion of the deposit and investment of District funds, see Note 2 of the District's general purpose financial statements appended hereto.

### **Risk Management**

The Board acts to protect the District against loss and liability by maintaining certain insurance coverages which the District's Board believes to be adequate. However, there can be no assurance that the District will continue to maintain its current level of coverage. For more information see Note 5 of the District's general purpose financial statements appended hereto.

### **Constitutional Amendment Limiting Taxes and Spending**

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights ("TABOR"), and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd-numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

***Proposed Amendments - November 2010 Election.*** Three initiated measures (the “Amendments”) have been placed on the November, 2010 statewide general election ballot which would amend TABOR (as well as Article XI of the Colorado Constitution) through the addition of the following:

Proposition 101 would amend State tax statutes to substantially reduce several sources of State and local revenue, including the State income tax, vehicle fees and taxes and telecommunication charges.

Amendment 60 would amend the Colorado Constitution to further restrict the ability of local governments to impose and collect property taxes, require voter approval of property tax increases and extensions of expiring taxes but limit the effectiveness of such approvals to 10 years, and prohibit voters from approving the collection and spending of property tax revenues in excess of TABOR limits for periods greater than 4 years.

Amendment 61 would amend the Colorado Constitution to (a) prohibit the State, its agencies and instrumentalities from borrowing, entering into lease purchase agreements or contracting loans in any other form for any purpose or any period of time and (b) require all local government financing, whether in the form of bonds, lease purchase agreements, etc., and whether or not issued by enterprises, to be approved by the voters of the local government unit and to mature within 10 years, without extension.

Each of the Amendments would take effect on or after January 1, 2011. It is not possible to predict whether any or all of the Amendments will be approved by a majority of the voting electors at the November 2010 election.

## **DEBT STRUCTURE**

The following is a discussion of the District’s authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

### **Required Elections**

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, TABOR requires that, with certain exceptions, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect District debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

### **General Obligation Debt**

***Statutory Debt Limit.*** The District is subject to a statutory debt limitation established pursuant to § 32-1-1101(6), C.R.S., which provides that, with specific exceptions, the total principal amount of general obligation debt issued by a special district shall not at the time of issuance exceed the greater of \$2 million or 50% of the district’s assessed valuation. The District’s 2009 assessed valuation is \$9,300,330. Upon issuance of the Bonds, the District’s outstanding debt will be less than \$2 million.

***Outstanding and Authorized but Unissued Debt.*** At an election held on November 2, 1999, District voters authorized the issuance of \$2,475,000 of general obligation bonds. After issuance of the Bonds, the Series 2000 Bonds maturing on December 1, 2010 in the amount of \$110,000 and the Bonds will represent the District’s only outstanding general obligation indebtedness and the District will have \$325,000 of authorized but unissued general obligation indebtedness remaining.

**Estimated Overlapping General Obligation Debt.** Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the District are also authorized to incur general obligation debt, and to the extent that properties within the District are also within such overlapping public entities, such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity’s outstanding debt chargeable to District property owners is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District’s assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which District property owners are responsible will also change. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Official Statement.

The District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

**TABLE VII  
Estimated Overlapping General Obligation Debt**

<b>Overlapping Entity</b>	<b>Outstanding General Obligation Debt</b>	<b>Net Outstanding General Obligation Debt Chargeable to Properties within the District</b>	
		<b>Percent</b>	<b>Amount</b>
Boulder Valley School District RE-2	\$220,600,000	0.24%	\$529,440

Sources: Boulder County Assessor’s Office and individual entities

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**General Obligation Debt Ratios.** Set forth in the following table are selected historical general obligation debt ratios for the District for the years ended December 31, 2005-2009. See “INTRODUCTION—Debt Ratios” for general obligation debt ratios for the District upon issuance and delivery of the Bonds.

**TABLE VIII  
Historical Debt Ratios**

	Fiscal Years Ended December 31				
	2005	2006	2007	2008	2009
Debt Outstanding	\$1,820,000	\$1,750,000	\$1,670,000	\$1,575,000	\$1,465,000
Estimated Population	500	500	500	500	500
Debt Per Capita	\$3,640	\$3,500	\$3,340	\$3,150	\$2,930
Assessed Value	\$7,882,750	\$8,291,340	\$9,382,570	\$9,503,720	\$9,300,330
Ratio of Debt to Assessed Value	23.09%	21.11%	17.80%	16.57%	15.75%
Personal Income Per Capita (Boulder County)	\$46,753	\$49,038	\$51,388	unavailable	unavailable
Ratio of Debt Per Capita to Personal Income Per Capita (Boulder County)	7.79%	7.14%	6.50%	unavailable	unavailable

Sources: District Audited Financial Statements, 2005-2008; the Boulder County Assessor’s Offices; State of Colorado, Division of Property Taxation, Annual Reports 2005-2008; Regional Economics Information System Bureau of Economic Analysis; and the District

### Revenue and Other Financial Obligations

The District also has the authority, subject to voter approval, to issue revenue obligations payable from the net revenue of District facilities. The District is also authorized to enter into obligations which do not extend beyond the current fiscal year and to incur certain other obligations. As of the date of this Official Statement the District does not have any revenue or other financial obligations outstanding.

## THE DISTRICT

### Organization and Description

The District is a quasi-municipal corporation and a political subdivision of the State created on November 17, 1999, for the purpose of providing water improvements and services for the residents of the District.

The District encompasses approximately 145 acres adjacent to the western boundary of the City of Louisville approximately 7 miles southeast of the City of Boulder and approximately 20 miles northwest of central Denver. Development within the District consists of established residential neighborhoods including approximately 160 residential parcels of which 118 are currently receiving service from the District. Homes within the District range in price from \$900,000 to \$2,500,000 and are located on lots generally ranging from 1 to 3 acres in size. The District was created to provide water to District property owners that had previously been served by private wells or community wells. Pre-



treated water is purchased from Lafayette and distributed through District owned lines and meters pursuant to the Lafayette IGA. See “—Facilities and Services.”

**District Powers**

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly Title 32, Article 1, C.R.S., which provides that the District has the power: to enter into contracts and agreements; to sue and be sued; to borrow money and incur and refund indebtedness; to fix and from time to time increase or decrease certain fees or charges and to pledge such revenue for the payment of any indebtedness of the District; to acquire, dispose of, and encumber real and personal property, and any interest therein, including leases and easements; and to have the management, control, and supervision of all the business affairs of the District, and the construction, installation, operation, and maintenance of the District improvements therein.

Subject to compliance with statutory procedures, the Board may order the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of the District; however, such excluded property is obligated to the same extent as all other property within the District for the payment of the Bonds.

**Governing Board**

The District is governed by a board of directors which consists of five members. The members must be electors of the District as defined by State law and are elected to alternating four year terms of office at successive biennial elections. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Pursuant to State law, directors are not and cannot be employees of the District. The present directors, their positions on the Board, principal occupations, and lengths of service to the District, are as follows:

<b>Name</b>	<b>Office</b>	<b>Principal Occupation</b>	<b>Years of Service</b>	<b>Term Expires (May)</b>
Mark A. Johns	President	Construction Manager	7	2010
Richard Moeller	Vice President	College Professor	8	2010
Robert Champ	Secretary	Retired	10	2012
J. Nicholas Bennett	Director	IT Consultant	5	2012
Lynne Deane	Director	Landscape Architect	1	2010

**Potential Conflicts of Interest**

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, shall be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids

and such Board member or the owner submits the lowest responsible and responsive bid. Board members have represented that they have no conflicts of interest with respect to the issuance of the Bonds or the expenditure of proceeds therefrom.

### **District Administration and Employees**

The Board is responsible for the overall management and administration of the affairs of the District. The District employs two licensed operators on a part time basis to perform meter reader, operating and maintenance services. The District has retained Lyons Gaddis Kahn & Hall, P.C., Longmont, Colorado as its general counsel, Watkins & Schommer, Inc., Greeley, Colorado as its auditor, and FLW, Inc., for accounting, billing and bookkeeping support.

### **District Facilities and Services**

Historically, water service to all homes in the District had been provided by five common wells and numerous individual wells or cisterns. The water level of several wells had been dropping and water quality problems had become more evident prompting the formation of the District in 1999 and the issuance of the Series 2000 Bonds to provide for the financing, construction, and operation of a potable water system to provide District property owners and residents with adequate water quantity, water quality, and fire protection. The District utilized proceeds from the Refunded Bonds to construct a master meter station, piping, fire hydrants, and to purchase and improve an existing booster pump station, water storage tank and distribution system (the “Improvements”). Projects completed by the District since its organization include construction of a waterline extension on Ponderosa Drive, a buried 100,000 gallon storage tank, a booster pump, and the purchase of an emergency generator. The District is in the process of completing the construction of a waterline extension to property owners within the Majestic View subdivision. Pursuant to a Line Extension Participation and Reimbursement Agreement executed on September 19, 2009 (the “Extension Agreement”), the District agreed to construct the waterline with the District to be reimbursed construction costs by the homeowners as set forth in the Extension Agreement. Improvements are owned, operated and maintained by the District. The District utilizes system development fees, monthly service charges and property tax revenue to pay for its ongoing operations, maintenance costs and for debt service. See “DISTRICT FINANCIAL INFORMATION.”

The Improvements were connected to Lafayette’s existing potable water system with Lafayette providing water service to the District through a master meter pursuant to a Water Service Agreement executed on May 16, 2000, as amended in December of 2000 (the “Lafayette IGA”). As set forth in the Lafayette IGA, the District pays per tap for water taps and pays in-city rates for water used through the master meter. In addition, the District may include additional properties and Lafayette will provide water for them provided they are within the boundaries of the District’s Service Area as defined therein. Lafayette assesses monthly service charges to the users of the system within the District.

### **Capital Plan**

The District maintains a Long Range Plan (the “Plan”) that identifies specific capital improvement projects through 2020 that are determined to be necessary pursuant to the Lafayette IGA or the Board. The Plan is updated annually during the budget process. As set forth in the 2010 Budget, for the years 2010 through 2017, the District expects to deposit \$52,234 annually to capital reserves for the financing of capital projects. See also “THE BONDS—Use of Proceeds.”

## **Other Services Available Within the District**

The District receives police protection from Boulder County, fire protection from the Rocky Mountain Fire District, gas and electric service from Xcel Energy and wastewater treatment is provided by individual septic tank/leach field systems at each residence.

## **LEGAL MATTERS**

### **Sovereign Immunity**

The Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the “Governmental Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which was not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$150,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$600,000, except in such instance, no person may recover in excess of \$150,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

### **Pending and Threatened Litigation**

In connection with the issuance of the Bonds, the District will deliver a certificate stating that, as of the date of issuance of the Bonds, to the best of its knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District, wherein an unfavorable decision, ruling or finding would have a material adverse affect upon the District’s ability to comply with its obligations under the Bond Resolution.

## Legal Representation

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kutak Rock LLP, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the District by Bernard Lyons Gaddis & Kahn, P.C., Longmont, Colorado, as counsel to the District. In addition to acting as Bond Counsel, Kutak Rock LLP has been retained to advise the District concerning, and has assisted the District in the preparation of, this Official Statement.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## TAX MATTERS

**Generally.** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item nor is it included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds (including any original issue discount properly allocable to the owners of certain of the Bonds) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds (including any original issue discount properly allocable to the owners of certain of the Bonds) may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In the opinion of Bond Counsel, under existing statutes, the interest on the Bonds is exempt from State of Colorado income taxation. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Colorado or any other state or jurisdiction.

**Bank Qualified.** The District has represented that it does not reasonably anticipate issuing greater than \$30,000,000 of tax-exempt obligations (excluding certain private activity and refunding bonds) in calendar year 2009 and that it has properly designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the

opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on the Bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

***Original Issue Discount.*** Certain of the Bonds are being sold at an original issue discount (the "Discount Bonds"). The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

***Original Issue Premium.*** Certain of the Bonds are being sold at a premium (each a "Premium Bond"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

***Backup Withholding.*** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

***Changes in Federal and State Tax Law.*** From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant

judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

## **MISCELLANEOUS**

### **Rating**

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), has assigned the rating to the Bonds shown on the cover page hereof. Such rating reflects only the view of such rating agency. Any explanations of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **Registration of Bonds**

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. **THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.**

The "Colorado Municipal Bond Supervision Act," Article 59 of Title 11, C.R.S., (the "Act") generally provides for the Colorado Securities Commissioner (the "Commissioner") to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the Act requires that all bonds, debentures, or other obligations (defined in the Act as "bonds") issued by a special district must first be registered with the Commissioner unless exempt under the Act. Exempted from the registration requirement are, among others, an issue of general obligation bonds where the total obligation represented by the issue together with any other general obligation of the district does not at the time of issuance exceed the greater of \$2 million or 50% of the valuation for assessment of the taxable property in the district as certified by the assessor. The Bonds will be exempt from registration pursuant to said exemption, among others. See "DEBT STRUCTURE."

### **Undertaking to Provide Ongoing Disclosure**

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the District has agreed for the benefit of the holders of the Bonds to provide certain financial information, other operating data and notices of material events after the Bonds are issued (the "Limited Continuing Disclosure Undertaking"). A form of the District's Limited Continuing Disclosure Undertaking is attached as Appendix B to this Official Statement. The District has not failed to comply with previous undertakings under Rule 15c2-12.

## **Interest of Certain Persons Named in this Official Statement**

The legal fees to be paid to Kutak Rock LLP, as Bond Counsel, are contingent upon the sale and delivery of the Bonds.

## **Underwriting**

The Bonds are being sold by the District to the Underwriter at a discount of \$25,014.98 pursuant to a bond purchase agreement entered into between the Underwriter and the District. Expenses associated with the issuance of the Bonds are being paid by the District from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public.

## **Independent Auditors**

The general purpose financial statements of the District as of and for the year ended December 31, 2008 that are attached to this Official Statement as Appendix A, have been audited by independent auditors, Watkins & Schommer, Inc., Accountants & Consultants, Greeley, Colorado, as set forth in their report appearing therein.

## **Additional Information**

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted under "INTRODUCTION."

## **Official Statement Certification**

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is not to be construed as an agreement or contract between the District and the purchasers or holders of any Bond.

**EAST BOULDER COUNTY WATER  
DISTRICT**

By /s/ Mark A. Johns  
President



**APPENDIX A**

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE DISTRICT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**



## INDEPENDENT AUDITORS' REPORT

July 15, 2009

Board of Directors  
East Boulder County Water District  
Boulder, Colorado

We have audited the accompanying basic financial statements of East Boulder County Water District (the "District") as of December 31, 2008, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

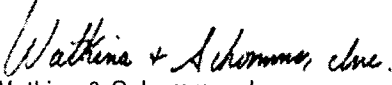
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Boulder County Water District at December 31, 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements. The Schedule of Expenses and Schedule of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

  
Watkins & Schommer, Inc.  
Certified Public Accountants



America Counts on CPAs®

**East Boulder County Water District  
Management Discussion and Analysis  
For the Year Ended December 31, 2008**

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to also inform the reader on District financial issues and activities.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statement (beginning on page 7).

**2008 Highlights - Business-Type Activities**

- In 2008, net assets were \$1,937,118 or an increase of \$108,081 (5.9%) when compared to 2007.
- Total operating revenues increased to \$150,546 during 2008, which was \$7,193 or 5.0% more when compared to 2007.
- Total operating expenses were \$154,744 or an increase of \$13,174 (9.3%) in 2008 when compared to 2007.
- Net capital assets were \$1,526,310 in 2008 compared to \$1,560,225 in 2007 for a decrease of \$33,915 or 2.2%.
- Long-term debt decreased to \$1,575,000 during 2008, which was \$95,000 or 5.37% less when compared to 2007.

**Using this Annual Report**

The financial statements included in this annual report are those of a quasi-municipal corporation and a political subdivision of the State of Colorado engaged only in a business-type activity. As an enterprise fund, the District's basic financial statements include:

**Statement of Net Assets** - reports the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 7).

**Statement of Revenues, Expenses and Changes in Fund Net Assets** - reports the District's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (See page 8).

**Statement of Cash Flows** - reports the District's cash flows from operating activities, investing, capital and non-capital activities. (See page 9).

## Statement of Net Assets

The net assets of the District increased to \$1,937,118 during 2008, a \$108,081 increase over 2007. Capital assets decreased during 2008 from 2007 due to depreciation expense of \$33,915. Long-term debt decreased primarily as a result of the retirement of \$95,000 of bond principal on the 2000 General Obligation Bonds.

<b>Year Ending December 31</b>	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Assets</b>		
Current Assets	465,545	227,438
Capital Assets	1,526,310	1,560,225
Other Noncurrent Assets	1,751,248	1,754,781
	<u>3,743,103</u>	<u>3,542,444</u>
<b>Total Assets</b>		
Current Liabilities	340,985	138,407
Non-Current Liabilities	1,465,000	1,575,000
	<u>1,805,985</u>	<u>1,713,407</u>
<b>Total Liabilities</b>		
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	(48,690)	(109,775)
Restricted:		
Debt Service	38,683	25,977
TABOR Emergency Reserve	4,700	4,626
Unrestricted		
Board Designated for Capital Improvements	109,820	57,586
Undesignated	1,832,605	1,850,623
	<u>1,937,118</u>	<u>1,829,037</u>
<b>Total Net Assets at December 31,</b>		

## Review of Revenues

Year Ending December 31	2008	2007
Operating Revenues		
Water-Treated	146,076	136,267
Other Income	4,470	7,085
<u>Subtotal</u>	<u>150,546</u>	<u>143,352</u>
Non-Operating Revenues		
Property Taxes	203,082	195,253
Specific Ownership Taxes	12,403	13,453
Earnings on Investments	6,106	10,849
<u>Subtotal</u>	<u>221,591</u>	<u>219,555</u>
<u>Total Revenue</u>	<u>372,137</u>	<u>362,907</u>

Water sales were \$146,076 or 106.7% of budget and an increase of \$9,809 compared to 2007. Earnings on investments were down \$4,742 or (43.7%) when compared to 2007. Total revenues were up \$9,230 from 2007 primarily due to an increase in water revenues and approximately a \$9,809 increase in tax revenues.

## Review of Expense

Year Ending December 31	2008	2007
Operating Expenses		
Operating Expenses	98,960	92,429
Administration and General Expenses	15,171	15,226
Engineering	6,698	-
Depreciation	33,915	33,915
<u>Total Expenses</u>	<u>154,744</u>	<u>141,570</u>

Total District expenditures were 16.6% under budget and up 9.3% from the previous year \$24,227 due primarily to no capital expenditures in 2008, \$6,694 increase in the cost of water purchased from Lafayette and a \$15,000 increase in principal paid on bonded debt. Operating expenses increased 7.1% in 2008 compared to 2007. Budget constraints held many costs even with the previous year or were down slightly.

### Capital Contributions and Transfers

Year Ending December 31	2008	2007
Capital Contributions	30,457	-
Reimbursement of Contributions	(28,457)	-
<u>Net Contributions</u>	2,000	-

### Capital Assets (Net of Depreciation) and Debt Administration

Year Ending December 31	2008	2007
Transmission and Distribution Lines	1,477,778	1,511,693
Construction in Progress	48,532	48,532
<u>Total</u>	1,526,310	1,560,225

Major additions in 2008 were:

There were no major construction projects during 2008.

#### **Debt and Other Financial Obligations**

The District long-term debt was \$1,575,000 and \$1,670,000 in 2008 and 2007, respectively. The decrease was due to the retirement of \$95,000 of the 2000 General Obligation Bonds during 2008. (See pages 14 and 15).

#### **Contracts and Agreements**

The District is a party to several contracts and cooperative agreements concerning the financing, acquisition, construction, operation, maintenance, and use of certain water facilities. According to the general counsel for the District, to the best of his knowledge, with the exception of the contracts and agreements referenced hereafter or set forth below, there are no contracts or agreements in effect which would potentially have a material, pecuniary adverse effect on the District.

**City of Lafayette Agreement** - Pursuant to a declaration of understanding with the City of Lafayette, Colorado, executed in May 2000, and amended in December, 2000, the City will provide the District with potable water via a master meter arrangement. The District will pay per tap for water taps pursuant to the Lafayette City Code and will pay in-city rates for water used through the master meter. The agreement provides for the City to withdraw from the agreement only after a lengthy Notice Period. The District may include additional properties and the City will provide water for them, provided they are within the boundaries of the original service area as described in the IGA. The original service area contains approximately 125 properties and is entirely residential single-family (or vacant land zone for such use). The December 2000 amendment specifies certain improvements the District will undertake and a schedule for those improvements. The improvements include additional storage tank capacity and the construction of some line connection loops.

### **Economic and Other Factors**

Overall, the District has shown minor fluctuations in water revenues as a result of weather and economic demand. Water taps have been sold where new homes are constructed or infill inclusions are processed. The District's water rate structure is primarily organized on the principle of sufficiently marking up Lafayette's water rates so as to ensure the District will continue as a financially sound entity. Operating expenses have been consistent over the last few years and reflect only limited increases. Construction costs are primarily driven by the need to meet the aforementioned demands of the Lafayette IGA as well as to ensure stability of domestic and emergency supply.

### **Financial Contract**

The District's financial statements are designed to present users (customers, citizens, creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information please contact the District at East Boulder County Water District, P.O. Box 18641, Boulder, Colorado 80308.

## **BASIC FINANCIAL STATEMENTS**



**East Boulder County Water District**  
**Statement of Net Assets**  
**December 31, 2008**

ASSETS

Current Assets

Cash and Cash Equivalents	237,150
Accounts Receivable	11,817
Property Taxes Receivable	216,157
Prepaid Items	421
	465,545

Total Current Assets

Non-Current Assets

Bond Issuance Costs - Net	57,491
Distribution System - Net of Accumulated Depreciation	1,526,310
System Inclusion Fee	1,693,757
	3,277,558

Total Noncurrent Assets

Total Assets

3,743,103

LIABILITIES

Current Liabilities

Current Portion of Long-Term Liabilities	110,000
Accounts Payable	6,181
Accrued Interest Payable	8,294
Accrued Wages Payable	353
Deferred Revenue	216,157
	340,985

Total Current Liabilities

Non-Current Liabilities

General Obligation Bond Payable	1,465,000
	1,465,000

Total Liabilities

1,805,985

NET ASSETS

Net Assets

Invested in Capital Assets, Net of Related Debt	(48,690)
Restricted	
Labor Emergency Reserve	4,700
Debt Service	38,683
Unrestricted	
Board Designated for Capital Improvements	178,016
Undesignated	1,764,409
	1,937,118

Total Net Assets

The accompanying notes are an integral part of these financial statements.

**East Boulder County Water District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Year-Ended December 31, 2008**

<u>Operating Revenues</u>	
Water Sales	146,076
Other Income	4,470
	150,546
<u>Operating Expenses</u>	
Operating Expenses	98,960
Administrative and General Expenses	15,171
Engineering	6,698
Depreciation	33,915
	154,744
<u>Operating Loss</u>	(4,198)
<u>Non-Operating Revenues (Expenses)</u>	
Property Taxes	203,082
Specific Ownership Taxes	12,403
Earnings on Investments	6,106
Interest Expense	(108,111)
County Treasurer Fees	(3,051)
Paying Agent Fees	(150)
	110,279
<u>Income Before Contributions</u>	106,081
Capital Contributions - Net	2,000
	108,081
<u>Change in Net Assets</u>	108,081
<u>Net Assets - Beginning of Year</u>	1,829,037
<u>Net Assets - End of Year</u>	1,937,118

The accompanying notes are an integral part of these financial statements.

Exhibit 2

**East Boulder County Water District  
Statement of Cash Flows  
Year-Ended December 31, 2008**

	2008
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	139,746
Cash Paid to Suppliers	(147,443)
Other Operating Revenues	4,470
<u>Net Cash From Operating Activities</u>	(3,227)
<u>Cash Flows from Non-Capital Financing Activities</u>	
Taxes	215,485
County Treasurer Fees	(3,051)
<u>Net Cash From Non-Capital Financing Activities</u>	212,434
<u>Cash Flows from Capital and Related Financing Activities</u>	
Contributed Capital	2,000
Interest Expense	(104,578)
Principal Paid on Long-Term Debt	(95,000)
Acquisition of Capital Assets	-
Paying Agent Fees	(150)
<u>Net Cash From Capital and Related Financing Activities</u>	(197,728)
<u>Cash Flows from Investing Activities</u>	
Earnings on Investments	6,106
<u>Net Cash From Investing Activities</u>	6,106
<u>Net Change in Cash and Cash Equivalents</u>	17,585
<u>Cash and Cash Equivalents - Beginning of Year</u>	219,565
<u>Cash and Cash Equivalents - End of Year</u>	237,150
<u>Reconciliation of Operating Income (Loss) to Net Cash From by Operating Activities</u>	
Operating Loss	(4,198)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided by Operating Activities	
Depreciation	33,915
Changes in Assets and Liabilities:	
Receivables	(17,712)
Prepaid Items	1,965
Accounts Payable	(27,764)
Accrued Interest Payable	(459)
Accrued Wages Payable	(356)
Deferred Revenue	11,382
<u>Net Cash From Operating Activities</u>	(3,227)
<u>Non-Cash Investing, Capital, and Financing Activities:</u>	
Amortization of Bond Issuance Costs.	3,533

The accompanying notes are an integral part of these financial statements.

Exhibit 3

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

Form of Organization

East Boulder County Water District (the District) is organized under the provisions of Section 32-1-305 (6) C.R.S. It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all the powers thereof which included the power to levy taxes against property within the District.

Financial Reporting Entity

For financial reporting purposes, management has considered all potential component units. The District meets the criteria of an "other stand alone government" as defined in GASB NO. 14.

Basic Financial Statements

The District is a special-purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

Basis of Accounting

The proprietary funds are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Revenues are recorded in the accounting period in which they are earned and become measurable; expenses are recorded in the period in which they are incurred and become measurable. Total net assets are segregated into amounts invested in capital assets, net of related debt, restricted for debt service and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreased (e.g., expenses) in net total assets. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Operating Revenues and Receivables

Operating revenues are those revenues that are generated directly from the primary activity of the District. These revenues are water treatment and delivery service charges. The District is responsible for billing and collection of these charges on a monthly basis.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Budgets and Budgetary Accounting

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the State Statutes. The budget is prepared on a basis consistent with generally accepted accounting principles except that capital asset additions and principal payments are budgeted as expenditures and debt proceeds are budgeted as revenues.

1. On or about October 15, the District staff submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

2. Public hearings are conducted at regular Board meetings to obtain taxpayer comments.
3. Prior to December 15, the budget is legally adopted by the Board of Directors.
4. Unused appropriations lapse at the end of each year.
5. Budgeted amounts reported in the accompanying financial statements are as adopted and amended by the Board of Directors throughout the year. The following is a summary of the original budget, total revisions and revised for the year 2008:

	Original Budget	Total Revisions	Revised Budget
Enterprise Fund	170,950	-	170,950
Debt Service Fund	206,271	-	206,271
<u>District Total</u>	<u>377,221</u>	<u>-</u>	<u>377,221</u>

The following is a reconciliation of GAAP basis Change in Net Assets to budget basis Change in Net Assets:

<u>Changes in Net Assets</u>	108,081
Add: Depreciation	33,915
Less: Capital Outlay	-
Debt Principal Paid	(95,000)
<u>Budget Basis Revenues Over (Under)</u>	
<u>Budget Basis Expenditures</u>	<u>46,996</u>

Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The District's investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and improvements, which extend the lives of assets, are capitalized and subsequently depreciated. Contributed assets are reported at their fair market value at the date received. Additions to capital assets during 2006 include no capitalized interest.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets. The lives used are as follows:

	<u>Years</u>
Distribution System	50

Depreciation expense total \$33,915 for the year ended December 31, 2008.

Intangible Assets

Issuance costs and discounts related to the 2000 general obligation bonds have been capitalized and are being amortized over the life of the bonds using the effective interest method based upon the amount of interest paid each year. Amortization of such fees totaled \$3,533 for the year ended December 31, 2008.

Note 2 - Cash and Cash Equivalents

Deposits

Colorado state statutes govern the entity's deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires the state regulators to certify eligible depositories for public deposit. The Act requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of their uninsured deposits.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 2 - Cash and Cash Equivalents (Continued)

Deposits (Continued)

Cash deposits and investments held by the District at December 31, 2008 were as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
<i>Cash Deposits</i>		
Insured Deposits	33,578	30,721
Collateralized Deposits	-	-
	<u>33,578</u>	<u>30,721</u>
 Total Cash in Bank	 33,578	 <u>30,721</u>
 Uncategorized:		
Colotrust	202,812	
Cash with County Treasurer	<u>760</u>	
 Total Cash Deposits	 <u>237,150</u>	

At December 31, 2008, the District had invested \$202,812 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to [www.colotrust.com](http://www.colotrust.com).

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2008 none of the District's deposits were exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through the Public Deposit Insurance Act.

Interest Rate Risk - Colorado Revised Statutes limit investment maturities to 5 years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 3 - Capital Assets

The following is a summary of Capital Assets as of December 31, 2008:

	Capital Assets 12/31/07	Additions	Deletions	Capital Assets 12/31/08
Capital assets, not being depreciated:				
Construction in progress	48,532	-	(48,532)	-
Total capital assets not being depreciated	48,532	-	(48,532)	-
Capital assets, being depreciated:				
Distribution system	1,695,760	48,532	-	1,744,292
Total capital assets, being depreciated	1,695,760	-	-	1,744,292
Less accumulated depreciation for:				
Distribution system	(184,067)	(33,915)	-	(217,982)
Total accumulated depreciation	(184,067)	(33,915)	-	(217,982)
Total capital assets being depreciated, net	1,511,693	(33,915)	(48,532)	1,526,310
Total capital assets, net	1,560,225	(33,915)	(48,532)	1,526,310

Note 4 - Long-Term Debt

\$1,995,000 March 1, 2000, general obligation bonds due in installments of \$110,000 in 2009, increasing to \$190,000 in 2019. Interest varies from 5.00% to 6.50%.

A summary of changes in debt is as follows:

	Balance 12/31/07	Additions	Debt Retired	Balance 12/31/08	Due Within One Year
2000 Revenue Bonds	1,670,000	-	95,000	1,575,000	110,000



EAST BOULDER COUNTY WATER DISTRICT  
Notes to Financial Statements  
December 31, 2008

Note 4 - Long-Term Debt (Continued)

Future annual principal and interest requirements are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	110,000	99,528	209,528
2010	110,000	93,038	203,038
2011	115,000	86,438	201,438
2012	125,000	79,422	204,422
2013	130,000	71,735	201,735
2014-2018	795,000	222,925	1,017,925
2019	190,000	12,350	202,350
	<u>1,575,000</u>	<u>665,436</u>	<u>2,240,436</u>

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeds commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Note 6 - TABOR Compliance

In November 1992, Colorado voter passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has set aside \$4,700 for emergencies as defined by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

## APPENDIX B

### FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING

This Limited Continuing Disclosure Agreement (the “Undertaking”) is executed and delivered as of March 30, 2010 by East Boulder County Water District, in Boulder County, Colorado (the “District”).

**Section 1. Purpose.** This Undertaking is being executed and delivered by the District in connection with the issuance of that certain issue of General Obligation Refunding and Improvement Bonds, Series 2010, dated as of the date of delivery, in the aggregate principal amount of \$1,645,000. The Bonds are issued pursuant to an approving resolution of the District finally adopted by the Board of Directors of the District prior to the date of issuance of the Bonds (the “Bond Resolution”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution. This Undertaking is intended to facilitate compliance with Section (d)(2) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”), and to assist the Underwriter, as a Participating Underwriter under the Rule, to comply with the Rule.

**Section 2. Definitions.** Capitalized terms in this Section and elsewhere in this Undertaking shall have the meanings set forth herein. Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Resolution. The following capitalized terms shall have the following meanings for purposes of this Undertaking:

“*Annual Financial Information*” means 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 of Colorado.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

“*Final Official Statement*” means the Official Statement with respect to the Bonds.

“*Material Event*” means any of the following events, if material, with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) modifications to rights of holders of Bonds;
- (h) bond calls (other than mandatory sinking fund redemptions);
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; and
- (k) rating changes.

“*Material Event Notice*” means written or electronic notice of a Material Event.

“MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is Suite 600, 1900 Duke Street, Alexandria, Virginia 22314; Facsimile: (703) 797-6700.

**Section 3. Information To Be Provided.** The District undertakes to provide the Annual Financial Information and Material Event Notices as provided herein.

**Section 4. Procedures for Providing Information.**

(a) **Financial Information.** The District, as the “obligated person” for purposes of the Rule, hereby undertakes and agrees, upon request to any person or at least annually to EMMA, to provide or cause to be provided Financial Information, if any.

(b) **Identity of Person From Which Information Can be Obtained.** The name, address and telephone number of the person from which the information referenced above may be obtained is

Richard Lyons  
Lyons, Gaddis, Kahn & Hall P.C.  
515 Kimbark Street  
Longmont, Colorado 80502-0978  
Telephone (303) 776-9000

(c) **Material Events.** If a Material Event occurs while any Bonds are Outstanding, the District shall, in a timely manner, provide a Material Event Notice to EMMA, which Material Event Notice shall be captioned “Material Event Notice,” shall prominently state the date, title and CUSIP numbers of the Bonds and shall describe the Material Event.

(d) **Means of Transmitting Information.** 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 information to be received pursuant to this Undertaking.

**Section 5. Termination.** The obligations of the District under this Undertaking shall terminate immediately once the Bonds no longer are Outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the District delivers to EMMA, an opinion of Bond Counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the District shall have provided notice of such delivery and the cancellation of this Undertaking or any provision hereof to EMMA.

**Section 6. Amendment.** Notwithstanding any other provision of this Undertaking, this Undertaking may be amended by the District, without the consent of the holders of the Bonds, but only upon the delivery by the District to EMMA, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking and by the District with the Rule and that such amendment complies with this Section. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District, or type of business conducted.

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment does not materially impair the interest of holders of the Bonds, as determined by Bond Counsel, or by approving vote of holders of the Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

The initial Annual Financial Information provided by the District hereto after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

**Section 7. No Event of Default.** Any failure by the District to perform in accordance with this Undertaking shall not constitute an Event of Default under the Bond Resolution, and the rights and remedies provided by the Bond Resolution upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Undertaking, any Owner of a Bond may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations hereunder.

**Section 8. Governing Law.** This Undertaking shall be governed by and construed in accordance with the laws of the State of Colorado; provided that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

**Section 9. Beneficiaries.** This Undertaking shall inure solely to the benefit of the Underwriter and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the District is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Other economic and demographic information not presented herein may be available concerning the area in which the District is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the District or its officers, employees, or advisors.*

#### Population

The following table sets forth population statistics for the City of Louisville (“Louisville”), Boulder County (the “County”) and the State of Colorado (the “State”).

<b>Population</b>						
<b>Year</b>	<b>City of Louisville</b>	<b>Percent Change</b>	<b>Boulder County</b>	<b>Percent Change</b>	<b>State of Colorado</b>	<b>Percent Change</b>
1960	2,073	--	74,254	--	1,753,947	--
1970	2,409	16.2%	131,889	77.6%	2,207,259	25.8%
1980	5,593	132.2	189,625	43.8	2,889,735	30.9
1990	12,331	120.5	225,339	18.8	3,294,394	14.0
2000	18,937	53.6	269,814	19.7	4,301,261	30.6
2008 <sup>1</sup>	19,237	1.6	298,685	10.7	5,011,390	16.5

<sup>1</sup>Estimated.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government

#### School Enrollment

The following table presents a five-year history of school enrollment for the Boulder Valley School District RE-2, the school district serving the District.

<b>School Enrollment</b>		
<b>School Year</b>	<b>Number of Pupils</b>	<b>Percent Change</b>
2005/2006	27,933	--
2006/2007	28,171	0.9%
2007/2008	28,696	1.9
2008/2009	28,875	0.6
2009/2010	29,011	0.5

Source: Colorado Department of Education and the school district

## Income

The following tables set forth historical median household effective buying income and the percentage of households by classification of effective buying income (“EBI”) levels for the County, the State and the United States.

### Median Household Effective Buying Income

	2005	2006	2007	2008	2009
Boulder County	\$51,311	\$50,059	\$51,456	\$50,880	\$52,504
Colorado	44,489	45,594	45,477	44,711	45,490
United States	39,324	40,529	41,255	41,792	42,513

Source: CLARITAS INC. 2009

### Percent of Households by Effective Buying Income Groups—2009

	Less Than \$24,999	\$25,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000- \$149,999	\$150,000 or more
Boulder County	17.8%	26.9%	20.6%	14.9%	12.6%	7.2%
Colorado	21.6	33.8	21.5	12.1	7.4	3.6
United States	26.6	32.8	19.9	10.9	6.4	3.4

Source: CLARITAS INC. 2009

### Per Capita Personal Income

	2003	2004	2005	2006	2007
Boulder County	\$40,759	\$42,833	\$46,753	\$49,038	\$51,388
Colorado	34,041	35,594	37,611	39,612	41,192
United States	31,530	33,157	34,690	36,794	38,615

Source: Bureau of Economic Analysis, Regional Economic Accounts

## Housing Stock

According to the 2000 Census, there were 7,389 housing units in Louisville, and 119,900 housing units in the County as compared with 10,275 units in Louisville in 2007 and 125,237 housing units in the County in 2007.

## Building Permit Activity

Set forth hereafter is a five-year history of building permit activity for Louisville and unincorporated Boulder County.

### History of Estimated Building Activity in the City of Louisville

Year	Single Family		Multi-Family		Non-Residential	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2005	2	\$ 789,560	4	\$ 9,145,490	6	\$10,898,120
2006	8	3,652,000	1	220,000	2	5,150,000
2007	5	1,811,944	2	14,000,000	4	11,416,394
2008	17	5,490,497	6	4,568,827	3	5,684,000
2009	17	4,129,692	0	--	0	--

Source: City of Louisville Planning and Building Department

### Unincorporated Boulder County Historical Building Permit Activity

Year	Single Family		All Other Permits	
	Permits	Valuation	Permits	Valuation
2005	101	\$53,464,608	1,919	\$ 56,640,373
2006	121	73,983,197	1,868	70,900,126
2007	89	48,275,555	1,757	60,959,467
2008	76	45,146,490	1,684	50,969,600
2009	37	18,639,388	1,650	104,391,767

Source: Boulder County Land Use Department

## Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee over the past five years.

### History of Foreclosures in Boulder County

Year	Number of Foreclosures Filed	Percent Change
2005	619	--
2006	790	27.6
2007	1,011	28.0
2008	1,041	3.0
2009	1,441	38.4

Source: Boulder County Public Trustee's Office

## Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. The following table sets forth retail sales figures for Louisville and the County as reported by the State.

Retail Sales							
Year	City of Louisville	Percent Change	Boulder County	Percent Change	City as % of County	Colorado	Percent Change
2004	\$577,788,059	--	\$6,550,736,737	--	8.8%	\$114,280,780,304	--
2005	592,356,033	2.5%	7,078,206,479	8.1%	8.4	122,907,090,008	7.6%
2006	595,175,522	0.5	7,496,573,224	5.9	7.9	133,531,307,352	8.6
2007	649,021,766	9.1	8,724,107,329	16.4	7.4	148,673,215,731	11.3
2008	716,509,302	10.4	8,779,669,886	0.6	8.2	152,747,684,188	2.7
2009 <sup>1</sup>	304,462,154	--	3,628,710,148	--	8.4	62,915,698,735	--

<sup>1</sup>Retail sales through June 30, 2009.

Source: State of Colorado, Department of Revenue, *Sales Tax Statistics*, 2004-2009

## Employment

The following tables set forth employment statistics by industry and the most recent historical labor force estimates for the County.

### Total Business Establishments and Employment—Boulder County

Industry <sup>1</sup>	Second Quarter 2008		Second Quarter 2009		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, forestry, fishing and hunting	54	287	52	390	(2)	103
Mining	31	538	31	410	0	(128)
Utilities	29	241	29	252	0	11
Construction	954	4,540	939	4,496	(15)	(44)
Manufacturing	558	15,792	552	15,449	(6)	(343)
Wholesale trade	917	5,104	932	4,903	15	(201)
Retail trade	1,155	15,539	1,147	15,439	(8)	(100)
Transportation and warehousing	92	1,055	94	1,055	2	--
Information	356	8,974	360	8,765	4	(209)
Finance and insurance	722	4,993	720	4,987	(2)	(6)
Real estate and rental and leasing	684	2,110	674	2,163	(10)	53
Professional and technical services	3,174	21,941	3,199	21,380	25	(561)
Management of companies and enterprises	123	1,015	122	1,007	(1)	(8)
Administrative and waste services	645	5,519	659	5,585	14	66
Educational services	243	2,117	240	2,052	(3)	(65)
Health care and social assistance	1,153	17,550	1,157	17,608	4	58
Arts, entertainment, and recreation	205	2,693	204	2,653	(1)	(40)
Accommodation and food services	778	13,565	790	14,173	12	608
Other services, except public administration	908	4,329	928	4,329	20	--
Non-classifiable	8	6	12	15	4	(2)
Government	117	25,865	117	26,275	0	410
<b>Total</b>	<b>12,906</b>	<b>153,772</b>	<b>12,958</b>	<b>153,361</b>	<b>52</b>	<b>(411)</b>

<sup>1</sup>Information provided herein reflects only those employers who are subject to State unemployment insurance law.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages ("QCEW") Colorado



### Labor Force Estimates

Year	Boulder-Longmont MSA		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2004	165,264	5.0%	2,510,392	5.6%
2005	167,589	4.5	2,547,895	5.0
2006	173,079	3.7	2,651,718	4.3
2007	176,047	3.3	2,705,557	3.8
2008	179,179	4.2	2,730,447	4.9
2009 <sup>1</sup>	175,720	7.0	2,706,352	7.3

<sup>1</sup> Labor force estimates through October 31, 2009.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

The following table sets forth selected major employers in the Denver Metropolitan Area. No independent investigation has been made of and there can be no representation as to the stability or financial condition of the entities listed below, or the likelihood that they will maintain their status as major employers.

#### Selected Major Employers in the Denver Metropolitan Area <sup>1</sup>

Firm	Product or Service	Estimated Number of Employees
Federal Government	Federal Government	37,302
State of Colorado	State Government	33,700
Wal-Mart Stores Inc.	Retail Discount Variety and Grocery	25,959
University of Colorado System	Health Care Services	14,790
City & County of Denver	City Government	13,000
Centura Health	Health Care Services	13,000
Jefferson County Public Schools	Education	12,840
Denver Public Schools	Education	12,580
Safeway, Inc.	Retail Grocery	10,698
King Soopers, Inc.	Retail Grocery	9,676

<sup>1</sup> As of May 2009.

Source: *Denver Business Journal*, May 29-June 4, 2009

## APPENDIX D

### FORM OF BOND COUNSEL OPINION

East Boulder County Water District  
Boulder County, Colorado

George K. Baum & Company  
Denver, Colorado

\$1,645,000  
East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 2010

Ladies and Gentlemen:

We have been engaged by East Boulder County Water District (the “District”), as bond counsel, in connection with the issuance of its General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 (the “Bonds”). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the governing body of the District. We have examined the constitution and the laws of the State of Colorado (the “State”); the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation, without limitation as to rate and in an amount sufficient to pay the principal of and the interest on the Bonds when due. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, because the District has properly designated the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code, in the case of certain banks, thrift institution or other financial institution owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds.

The opinions set forth in the preceding sentences assume continuing compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

4. Under State statutes existing on the date hereof, interest on the Bonds is exempt from State income taxation. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of any statement, memorandum, prospectus or official statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the District and the Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-1

\$50,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
2.500%	December 1, 2010	March 30, 2010	271144 AR8

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\* FIFTY THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-2

\$150,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
2.500%	December 1, 2011	March 30, 2010	271144 AS6

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED FIFTY THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and



UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-3

\$135,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
2.250%	December 1, 2012	March 30, 2010	271144 AT4

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-4

\$150,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
2.250%	December 1, 2013	March 30, 2010	271144 AU1

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED FIFTY THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-5

\$155,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
2.250%	December 1, 2014	March 30, 2010	271144 AV9

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. R-6

\$150,000

**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Dated Date</b>	<b>CUSIP</b>
2.500%	December 1, 2015	March 30, 2010	271144 AW7

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: **\*\*ONE HUNDRED FIFTY THOUSAND DOLLARS\*\***

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. R-7

\$160,000

**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Dated Date</b>	<b>CUSIP</b>
3.250%	December 1, 2016	March 30, 2010	271144 AX5

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: **\*\*ONE HUNDRED SIXTY THOUSAND DOLLARS\*\***

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-8

\$170,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
3.250%	December 1, 2017	March 30, 2010	271144 AY3

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED SEVENTY THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-9

\$175,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
3.000%	December 1, 2018	March 30, 2010	271144 AZ0

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. R-10

\$175,000

**EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Dated Date</b>	<b>CUSIP</b>
3.125%	December 1, 2019	March 30, 2010	271144 BA4

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: **\*\*ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS\*\***

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and



UNITED STATES OF AMERICA  
STATE OF COLORADO

No. R-11

\$175,000

EAST BOULDER COUNTY WATER DISTRICT  
IN BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2010

Interest Rate	Maturity Date	Original Dated Date	CUSIP
3.250%	December 1, 2020	March 30, 2010	271144 BB2

REGISTERED OWNER: CEDE & CO.  
Tax Identification Number: 13-2555119

PRINCIPAL SUM: \*\*ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS\*\*

East Boulder County Water District, in Boulder County, Colorado (the "District"), a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado (the "State"), for value received, hereby promises to pay to the order of the registered owner named above, or registered assigns, the principal sum stated above on the maturity date stated above, with interest on such principal sum from the original dated date stated above at the interest rate per annum stated above (calculated based on a 360-day year of twelve 30-day months), payable on June 1 and December 1 of each year, commencing June 1, 2010. Capitalized terms used but not defined in this bond shall have the meaning assigned to them in the Resolution of the District authorizing the issuance of the Bonds.

The principal of and interest on this bond is payable to the registered owner hereof upon presentation and surrender of this bond at the principal office of UMB Bank, n.a., as paying agent, in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose. Interest on this bond is payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month (whether or not such day is a Business Day) in which the Interest Payment Date occurs; provided that, interest payable to the registered owner of this bond may be paid by any other means agreed to by such registered owner and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Resolution or increase the costs borne by the District under the Resolution; provided further, that, so long as Cede & Co. is the registered owner of this bond, the principal of and interest on this bond shall be paid by wire transfer to Cede & Co. Any payment of principal of or interest on this bond that is due on a day that is not a Business Day shall be made on the next succeeding day that is a Business Day with the same effect as if made on the day on which it was originally scheduled to be made. All payments of principal of and interest on this bond shall be made in lawful money of the United States of America.

This bond is part of an issue of general obligation bonds of the District designated East Boulder County Water District, Boulder County, Colorado, General Obligation Refunding and

Improvement Bonds, Series 2010, issued in the principal amount of \$1,645,000 (the "Bonds"). The Bonds have been issued pursuant to, under the authority of, and in full conformity with, the Constitution and the laws of the State, including, in particular, Article 56 of Title 11, as amended, and Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (collectively, the "Acts"); pursuant to the Resolution adopted by the Board of Directors of the District. THE RESOLUTION CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE DISTRICT. THIS BOND IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE RESOLUTION, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

The Bonds have been issued by the District for the purpose of providing funds for the Financing Project described in the Resolution. The Bonds are general obligations of the District and the full faith and credit of the District are pledged for the punctual payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, respectively, the Board in the Resolution has covenanted annually to determine and certify to the Board of County Commissioners of Boulder County a rate of levy for general ad valorem taxes, without limitation as to rate, on all of the taxable property in the District, in an amount sufficient to pay the principal of and interest on the Bonds when due, respectively, whether at maturity or upon earlier redemption.

The Bonds maturing on or before December 1, 2017 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 2018 are subject to redemption prior to maturity at the option of the District, in whole or in part, and if in part in such order of maturity as the District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

The portion of any Bond to be redeemed shall be in the principal amount of \$5,000, or any integral multiple thereof. In selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000.

Notice of any redemption of Bonds shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice shall specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Resolution funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

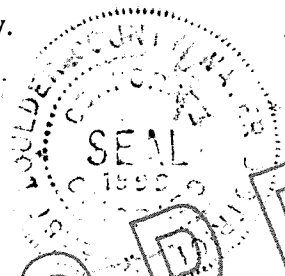
The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of Bonds shall be recorded. The person in whose name this bond shall be registered on such registration books shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this bond shall be overdue, and neither the District nor the Paying Agent shall be affected by any notice or other information to the contrary. This bond may be transferred or exchanged at the principal office of the Paying Agent in Denver, Colorado, or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount of Bonds of other authorized denominations (\$5,000 or any integral multiple thereof) of the same maturity and interest rate, upon payment by the transferee of a reasonable transfer fee established by the Paying Agent, together with any tax or governmental charge required to be paid with respect to such transfer or exchange and any cost of printing bonds in connection therewith. Notwithstanding any other provision of the Resolution, the Paying Agent shall not be required to transfer any Bond (a) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the mailing of the notice of redemption and the redemption date; or (b) between the Record Date for any Interest Payment Date and such Interest Payment Date.

The Resolution may be amended or supplemented from time to time with or without the consent of the registered owners of the Bonds as provided in the Resolution.

It is hereby certified that all conditions, acts and things required by the Constitution and laws of the State, including the Acts, and the resolutions of the District, to exist, to happen and to be performed, precedent to and in the issuance of this bond, exist, have happened and have been performed, and that neither this bond nor the other bonds of the issue of which this bond is a part exceed any limitations prescribed by the Constitution or laws of the State, including the Acts, or the resolutions of the District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the Paying Agent shall have signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Board of Directors of the District has caused this bond to be executed with the signature of its President and attested by the signature of its Secretary, and has caused the seal of the District to be impressed or imprinted hereon, all as of the date set forth below.



EAST BOULDER COUNTY WATER DISTRICT

By *Matt. J. [Signature]*  
President, Board of Directors

Attest:


By *Robert B. Champ [Signature]*  
Secretary, Board of Directors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds of the issue described in the within-mentioned Resolution.

Dated: March 30, 2010

UMB Bank, n.a., as Paying Agent

By   
Authorized Signatory

S P E C I M E N

## APPROVING LEGAL OPINION

Set forth below is a true copy of the approving legal opinion of Kutak Rock LLP, delivered on the date on which the Bonds were originally issued:

\$1,645,000  
East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 2010

Ladies and Gentlemen:

We have been engaged by East Boulder County Water District (the "District"), as bond counsel, in connection with the issuance of its General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 (the "Bonds"). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the governing body of the District. We have examined the constitution and the laws of the State of Colorado (the "State"); the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation, without limitation as to rate and in an amount sufficient to pay the principal of and the interest on the Bonds when due. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, because the District has properly designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code, in the case of certain banks, thrift institution or other financial institution owning the Bonds, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on the Bonds. The opinions set forth in the preceding sentences assume continuing compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such

requirements could cause such interest to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

4. Under State statutes existing on the date hereof, interest on the Bonds is exempt from State income taxation. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of any statement, memorandum, prospectus or official statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

/s/ Kutak Rock LLP

I, the undersigned Secretary of the Board of Directors of East Boulder County Water District, Boulder County, Colorado, do hereby certify that the foregoing approving opinion of Kutak Rock LLP, Denver, Colorado, is a true and complete copy of a manually executed and dated copy thereof on file in the official records of the District.

By Richard B. Champ  
Secretary, Board of Directors

S P E C I M E N

**ASSIGNMENT**

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

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**(Please print or typewrite name and address of Transferee)  
(Tax Identification or Social Security No.)**

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

**TRANSFER FEE MAY BE REQUIRED**

## PAYING AGENT AND REGISTRAR AGREEMENT

In consideration of the mutual promises and covenants and subject to the terms, conditions, and covenants hereinafter recited, **EAST BOULDER COUNTY WATER DISTRICT**, Boulder County, Colorado (the "District"), hereby appoints **UMB BANK, n.a.**, Denver, Colorado (the "Bank"), and the Bank accepts such appointment, as Paying Agent (the "Paying Agent") for the District's General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds"), in the aggregate principal amount of \$1,645,000 and dated March 30, 2010. The District also appoints the Bank, and the Bank accepts such appointment, as the authenticating registrar (the "Registrar") for the Bonds.

**Section 1.** The Bank hereby accepts all duties and responsibilities required or permitted to be performed by the Registrar and/or Paying Agent as provided in the resolution authorizing the issuance of the Bonds adopted on March 8, 2010, as affirmed on March 22, 2010 by the Board of Directors of the District as supplemented by a Sale Certificate dated March 30, 2010 (together, the "Resolution"), and shall be subject to the provisions and limitations thereof. Such Resolution is incorporated herein by reference and capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed in the Resolution. The District shall deliver a copy of the Resolution to the Bank by the delivery date of the Bonds.

**Section 2.** The Bank understands and acknowledges that, by reason of the execution hereof, it has assumed a role of agent with respect to the disbursements of funds received from the District for the purpose of paying the principal of, premium if any, and interest due on the Bonds. The Bank shall receive and disburse such funds solely in accordance with the terms and provisions hereof, and shall remit to the District the funds not necessary for the purpose of making the aforesaid payments on the Bonds after any particular Due Date, as defined in Section 4 hereof.

**Section 3.** The Bank shall establish the registration books for the Bonds and thereafter maintain such books in accordance with the provisions of the Resolution. The District shall be permitted to review the registration books at any time during the regular business hours of the Bank and, upon written request to the Bank, shall be provided a copy of the list of registered owners of the Bonds. Upon expiration or other termination of this Agreement, in the event that the Bonds are no longer held in book-entry form the Bank shall promptly return such registration books to the District.

**Section 4.** The Bank shall make payments of principal, premium if any, and interest on the Bonds on each date established for payment thereof (the "Due Date"). At least one business day prior to a Due Date, the District shall furnish good funds to the Bank in amounts sufficient to pay all amounts due. Such funds shall be used by the Bank solely for the purpose of paying the principal of, premium if any, and interest on the Bonds in accordance with their terms and the provisions of the Resolution. The Bank shall have no duty to make any payments prior to any Due Date or until funds necessary to cover all payments due on the Due Date have been deposited with it. The Bank shall not be required to advance its own funds for any payments in connection with the Bonds. The Bank shall not be required to invest or to pay interest on any



funds of the District for any period during which such funds are held by the Bank awaiting the presentation of the Bonds for payment.

**Section 5.** The Bank shall be entitled to payments from the District of its fees and reasonable expenses for acting as Paying Agent and Registrar in accordance with the fee schedule attached hereto as Exhibit A, and such fees and expenses shall be paid notwithstanding that the Bonds have been refunded or otherwise refinanced at the time the payment is due.

**Section 6.** Within one year after the final maturity date of the Bonds, the Bank shall present a final statement and shall return any unclaimed funds to the District. All cancelled Bonds and blank, unused certificates retained by the Bank shall be destroyed. In the event that the Bonds are no longer held in book-entry form, the final statement shall include a list of any unpaid Bonds and any outstanding or unclaimed interest checks.

**Section 7.** The Bank shall have no duty to disseminate or disclose information about the District or the Bonds pursuant to any statute, rule or regulation of the United States government, any of its agencies, or any statute, rule or regulation enacted by any state or political subdivision.

**Section 8.** The Bank may resign at any time by giving prior written notice of such resignation to the District at its last known address, and thereupon such duties as Paying Agent shall cease not sooner than thirty (30) days following the District's receipt of such notice. The District shall appoint a successor agent and, upon such successor appointment, the Paying Agent shall deliver to the successor agent all its funds, documents, files and records relating to the Bonds. If no successor Paying Agent shall have been appointed and have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the incumbent Paying Agent may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Paying Agent. The successor agent shall notify the registered owners of the Bonds of any change in agents as soon as the successor agent is appointed.

**Section 9.** The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions expressed therein, on certificates or opinions furnished to the Bank by the District.

**Section 10.** The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its gross negligence or willful misconduct in connection with any act or omission hereunder.

**Section 11.** No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

**Section 12.** The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank need not examine the ownership of any Bond, but shall be protected in acting upon receipt of Bonds containing an

endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

**Section 13.** The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

**Section 14.** The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

**Section 15.** The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Bond Registrar for the Bonds.

**Section 16.** The District and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The District and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

**Section 17.** This Agreement shall terminate upon delivery of the final statement described in Section 6 hereof or upon removal of the Paying Agent as provided in the Resolution.

**Section 18.** The terms and conditions of this Agreement may be amended only by written agreement between the District and the Bank adopted in the same manner as this Agreement. The District shall file with the Bank certified copies of all future amendments to the Resolution or other documents pertaining to the Bonds after the date of this Agreement.

**Section 19.** Any company or national banking association into which the Bank may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible, shall be successor to such Bank without the execution of filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 20.** Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed, faxed, sent pdf or delivered to the District or the Bank, respectively, at the address shown below, or such other address as may have been given by one party to the other by fifteen (15) days written notice:

If to the District: East Boulder County Water District  
Attn: District Manager  
P.O. Box 18641  
Boulder, Colorado 80308-1641

If to the Bank: UMB Bank, n.a.  
Attn: Corporate Trust Services  
1670 Broadway  
Denver, Colorado 80202

**Section 21.** This Agreement is executed in Colorado and shall be construed and enforced in accordance with the laws of Colorado.

**Section 22.** This Agreement shall be dated as of the date of the Bonds set forth above.


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[SEAL]

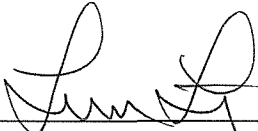
*East Boulder County Water District*

By   
President

Attest:

By   
Secretary

*UMB Bank, n.a., as Paying Agent*

By   
Authorized Officer

[Signature page to Paying Agent and Registrar Agreement]

**EXHIBIT A**  
**to**  
**PAYING AGENT AND REGISTRAR AGREEMENT**  
(Attach Bank Fee Schedule)

**EAST BOULDER COUNTY WATER DISTRICT  
BOULDER COUNTY, COLORADO  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2010**

**FEES AND EXPENSES**

Fees for services are as follows:

**Acceptance Fee**

Review documents, establish accounts, authenticate Bonds	\$ 200
Escrow Agent one-time fee	\$ 400

**Administrative Fee**

Administration/Paying Agent/Registrar	\$ 200
Dissemination Agent (if applicable)	\$ -

The Acceptance Fee is due and payable at closing. Administrative Fees will be billed annually in advance. Other fees and expenses will be billed as incurred.

Typical out-of-pocket expenses and other expenses connected with paying agent and registrar services for bond issues of similar size and type are for: postage, supplies, bond redemptions (\$250 per redemption/non maturity), courier, wire transfer and long distance telephone.

The fees specified herein are for the typical and customary services as paying agent and registrar. Fees for additional or extraordinary services not now a part of the customary services provided, such as special services during default or additional government reporting requirements, will be charged at the then current rates for such services.

## LIMITED CONTINUING DISCLOSURE UNDERTAKING

This Limited Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered as of March 30, 2010 by East Boulder County Water District, in Boulder County, Colorado (the “District”).

**Section 1. Purpose.** This Undertaking is being executed and delivered by the District in connection with the issuance of that certain issue of General Obligation Refunding and Improvement Bonds, Series 2010, dated as of the date of delivery, in the aggregate principal amount of \$1,645,000. The Bonds are issued pursuant to an approving resolution of the District finally adopted by the Board of Directors of the District prior to the date of issuance of the Bonds (the “Bond Resolution”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution. This Undertaking is intended to facilitate compliance with Section (d)(2) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”), and to assist the Underwriter, as a Participating Underwriter under the Rule, to comply with the Rule.

**Section 2. Definitions.** Capitalized terms in this Section and elsewhere in this Undertaking shall have the meanings set forth herein. Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Resolution. The following capitalized terms shall have the following meanings for purposes of this Undertaking:

“*Annual Financial Information*” means 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 of Colorado.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

“*Final Official Statement*” means the Official Statement with respect to the Bonds.

“*Material Event*” means any of the following events, if material, with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) modifications to rights of holders of Bonds;
- (h) bond calls (other than mandatory sinking fund redemptions);
- (i) defeasances;

- (j) release, substitution or sale of property securing repayment of the Bonds;
- and
- (k) rating changes.

“*Material Event Notice*” means written or electronic notice of a Material Event.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is Suite 600, 1900 Duke Street, Alexandria, Virginia 22314; Facsimile: (703) 797-6700.

**Section 3. Information To Be Provided.** The District undertakes to provide the Annual Financial Information and Material Event Notices as provided herein.

**Section 4. Procedures for Providing Information.**

(a) ***Financial Information.*** The District, as the “obligated person” for purposes of the Rule, hereby undertakes and agrees, upon request to any person or at least annually to EMMA, to provide or cause to be provided Financial Information, if any.

(b) ***Identity of Person From Which Information Can be Obtained.*** The name, address and telephone number of the person from which the information referenced above may be obtained is

Richard Lyons  
Lyons, Gaddis, Kahn & Hall P.C.  
515 Kimbark Street  
Longmont, Colorado 80502-0978  
Telephone (303) 776-9000

(c) ***Material Events.*** If a Material Event occurs while any Bonds are Outstanding, the District shall, in a timely manner, provide a Material Event Notice to EMMA, which Material Event Notice shall be captioned “Material Event Notice,” shall prominently state the date, title and CUSIP numbers of the Bonds and shall describe the Material Event.

(d) ***Means of Transmitting Information.*** 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 information to be received pursuant to this Undertaking.

**Section 5. Termination.** The obligations of the District under this Undertaking shall terminate immediately once the Bonds no longer are Outstanding. This Undertaking, or any provision hereof, shall be null and void in the event that the District delivers to EMMA, an opinion of Bond Counsel to the effect that those portions of the Rule which require this Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the District shall have provided notice of such delivery and the cancellation of this Undertaking or any provision hereof to EMMA.



**Section 6. Amendment.** Notwithstanding any other provision of this Undertaking, this Undertaking may be amended by the District, without the consent of the holders of the Bonds, but only upon the delivery by the District to EMMA, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Undertaking and by the District with the Rule and that such amendment complies with this Section. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District, or type of business conducted.

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment does not materially impair the interest of holders of the Bonds, as determined by Bond Counsel, or by approving vote of holders of the Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

The initial Annual Financial Information provided by the District hereto after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

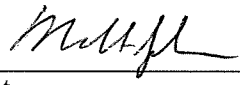
**Section 7. No Event of Default.** Any failure by the District to perform in accordance with this Undertaking shall not constitute an Event of Default under the Bond Resolution, and the rights and remedies provided by the Bond Resolution upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Undertaking, any Owner of a Bond may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations hereunder.

**Section 8. Governing Law.** This Undertaking shall be governed by and construed in accordance with the laws of the State of Colorado; provided that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

**Section 9. Beneficiaries.** This Undertaking shall inure solely to the benefit of the Underwriter and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

EXECUTED as of the date first set forth above.

*East Boulder County Water District, in Boulder  
County, Colorado*

By   
President

[Signature page to Limited Continuing Disclosure Undertaking]

## OMNIBUS CERTIFICATE OF DISTRICT

*\$1,645,000*

*East Boulder County Water District  
In Boulder County, Colorado*

*General Obligation Refunding and Improvement Bonds, Series 2010*

The undersigned hereby certify that we are respectively, the duly chosen, qualified, and acting President and Secretary of the Board of Directors of East Boulder County Water District, in Boulder County, Colorado (the "District"), and in connection with the issuance by the District of that certain series of General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 (the "Bonds") (capitalized terms used and not defined herein shall have the meanings ascribed thereto by the resolution adopted by the Board of Directors of the District on March 8, 2010, as affirmed on March 22, 2010, authorizing the issuance of the Bonds) hereby certify as follows:

1. The official corporate name of the District is "East Boulder County Water District." The District is a duly organized, and validly existing special district, political subdivision and body corporate of the State of Colorado, having full power and authority to carry out and consummate all transactions contemplated by the Financing Documents (as defined herein), and all other documents required thereunder to be executed and delivered by the District. In addition, to the best of our knowledge, all things necessary to the continued corporate existence of the District have been and are being done in accordance with law.

2. The following are the duly chosen, qualified, and acting members of the Board of Directors of the District (the "Board") and officers of the District with the full authority to issue and sell the Bonds:

<i>Boardmember</i>	<i>Office</i>
Mark A. Johns	President
Richard Moeller	Vice President
Robert Champ	Secretary
J. Nicholas Bennett	Director
Lynne Deane	Director

The General Counsel of the District is Lyons Gaddis Kahn & Hall, P.C., Longmont, Colorado.

3. The resolution authorizing the issuance of the Bonds (the "Bond Resolution") was duly adopted by the affirmative vote of a majority of the duly qualified members of the Board, on March 8, 2010, as affirmed on March 22, 2010, to the best of our knowledge in full conformance with all applicable laws, rules, and regulations and is in full force and effect. The District has authorized by all necessary action, the execution, delivery, receipt, and due performance of the Bonds, the Bond Purchase Agreement, the Sale Certificate, the DTC Blanket Letter of Representations, the Escrow Agreement, the Paying Agent Agreement, and the Limited Continuing Disclosure Undertaking, dated as of the date hereof, executed by the District (the

“Financing Documents”). The Financing Documents are in full force and effect and enforceable against the District in accordance with their respective terms and have not been amended, modified or supplemented in any material respect as of the date hereof. The representations and warranties of the District contained in the Financing Documents are true and correct in all material respects as of the date hereof.

4. To the best of our knowledge, there are no potential conflicting interests of the Directors of the District regarding the authorization, issuance, or sale of the Bonds, or the use of the proceeds thereof.

5. No litigation of any nature is now pending or threatened, seeking to restrain or to enjoin the issuance or delivery of the Bonds or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or proceedings for the issuance of the Bonds or the levy or collection of said taxes, or affecting the validity of the Bonds, or the levy or collection of said taxes; and no litigation of any nature is now pending or, to the best of our knowledge, threatened, which, if determined adversely to the District, would have a material adverse effect upon the District’s ability to comply with its obligations under the Bond Resolution and the Financing Documents, or to consummate the transactions contemplated thereby.

6. To the best of our knowledge, the adoption of the Bond Resolution and the execution of the Financing Documents, and performance of the District’s obligations thereunder, do not conflict with or constitute a violation of, a breach of or default under, any statute, indenture, mortgage, note or other agreement or instrument to which the District is a party or by which the District is bound or under any existing law, rule, regulation, ordinance, judgment, order, or decree to which the District (or the members of the Board or any of its officers in their respective capacities as such) is subject.

7. Neither the corporate existence of the District, the present boundaries thereof, nor the current rights of the officers or directors of the District to hold their respective positions, is being contested or challenged.

8. No authority or proceedings for the issuance of the Bonds has or have been repealed, revoked, amended, or rescinded, by implication or otherwise, none of the Bonds have heretofore been issued under or pursuant to such proceedings, and to the best of our knowledge, belief, and information, nothing exists to hinder or prevent the District from issuing the Bonds.

9. In accordance with Section 32-1-1101(6), C.R.S., the total principal amount of the general obligation debt for the District does not exceed the greater of \$2,000,000 or 50% of the District’s assessed value.

10. The meetings of the Board on March 8, 2010 and March 22, 2010 were held on notice duly posted, in accordance with §32-1-903, Colorado Revised Statutes. Said meetings, occurred in compliance with the open meeting provisions of the Colorado Sunshine Act of 1972, Part 4 of Article 6 of Title 24, Colorado Revised Statutes.

11. We have reviewed the Preliminary Official Statement and the final Official Statement issued in connection with the sale of the Bonds, and the District has further authorized

the distribution and use of said Preliminary Official Statement and the execution, delivery and distribution of said final Official Statement by George K. Baum & Company (the "Underwriter").

12. To the best of our knowledge, information, and belief, the information contained in the Official Statement is true and correct in all material respects, and the Official Statement does not contain any untrue or misleading 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.

13. Since the date of the Official Statement to the date hereof, no material transactions have been entered into by the District other than in the ordinary course of its affairs, and no material adverse changes have occurred in the general affairs of the District or in its financial condition as shown in the Official Statement, other than as disclosed therein or contemplated thereby.

14. Except as specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the District or, to the best knowledge of the District, threatened, which in any way questions the powers of the District to adopt the Bond Resolution, to issue, sell and deliver the Bonds to the Underwriter and to carry out and consummate all other transactions contemplated by each of the Financing Documents, and the District has complied with and is in compliance with all provisions of applicable law in all matters relating to such transactions, or the validity of any proceeding taken by the District in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Financing Documents or of any other document or instrument required or contemplated by this financing, or which, in any way, could adversely affect the validity or enforceability of the Financing Documents or, to the best knowledge of the District, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations.


15. Facsimile signature certificates containing the manual signatures of the President and the Secretary were filed with the Secretary of the State of Colorado, as required by law, and copies of such certificates are attached hereto as Exhibit A. The facsimile signatures of the President and the Secretary appearing upon the Bonds are the facsimile signatures of such officers, respectively. The facsimile signatures were duly affixed with the knowledge and consent of the undersigned officials whose facsimile signatures they purport to be and the same are hereby adopted. The seal which appears on each of the Bonds is a facsimile of the duly adopted official corporate seal of the District, a manual impression of which is impressed on this certificate.

16. The Underwriter has provided the reporting requirements set forth in Section 11-56-104.5, Colorado Revised Statutes, as amended.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the official seal of East Boulder County Water District, in Boulder County, Colorado, as of the 30<sup>th</sup> day of March, 2010.

*East Boulder County Water District*

( S E A L )

By:   
President

By:   
Secretary

[Signature page to Omnibus Certificate]

**EXHIBIT A**

**(Facsimile Signature Certificates, as filed with  
the Secretary of the State of Colorado)**

FACSIMILE SIGNATURE CERTIFICATE

STATE OF COLORADO  
COUNTY OF BOULDER

)  
) ss.  
)

20105001696 C  
\$ 20.25  
SECRETARY OF STATE  
03-23-2010 13:57:32

Before me, the undersigned authority, personally appeared Mark A. Johns, who, being by me first duly sworn on oath, deposes and says:

1. That the undersigned is the duly and lawfully elected or appointed, qualified, sworn and acting President of the Board of Directors of East Boulder County Water District.

2. That the signature appearing below is the undersigned's own manually executed signature in the form and manner used to execute all official documents in the undersigned's above designated official capacity.

Signature

Title

Mark A. Johns

President, Board of Directors

Subscribed and sworn to before me this 22 day of March, 2010.

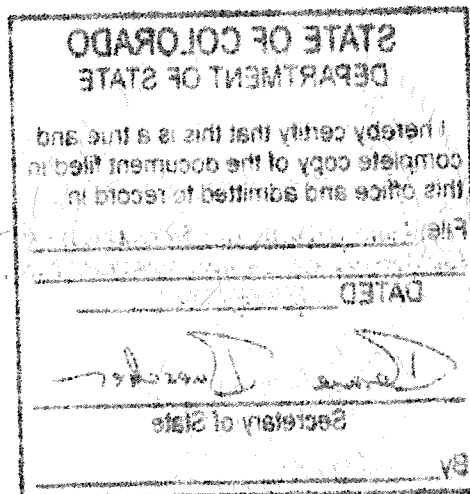
WITNESS my hand and official seal.

[NOTARIAL SEAL]

Notary Public

My commission expires:

1-5-2011





**STATE OF COLORADO  
DEPARTMENT OF STATE**

I hereby certify that this is a true and complete copy of the document filed in this office and admitted to record in

File JOHNS, MARK A. - PRESIDENT - BOD.  
EAST BOULDER COUNTY WATER DIST.

DATED 3/24/2010



Secretary of State

By Sam

FACSIMILE SIGNATURE CERTIFICATE

STATE OF COLORADO

)

20105001697 C

) ss.

\$ 20.25

COUNTY OF BOULDER

)

SECRETARY OF STATE

03-23-2010 13:57:32

Before me, the undersigned authority, personally appeared Robert Champ, who, being by me first duly sworn on oath, deposes and says:

1. That the undersigned is the duly and lawfully elected or appointed, qualified, sworn and acting Secretary of the Board of Directors of East Boulder County Water District.

2. That the signature appearing below is the undersigned's own manually executed signature in the form and manner used to execute all official documents in the undersigned's above designated official capacity.

Signature

Title

Robert B. Champ

Secretary, Board of Directors

Subscribed and sworn to before me this 22 day of March, 2010.

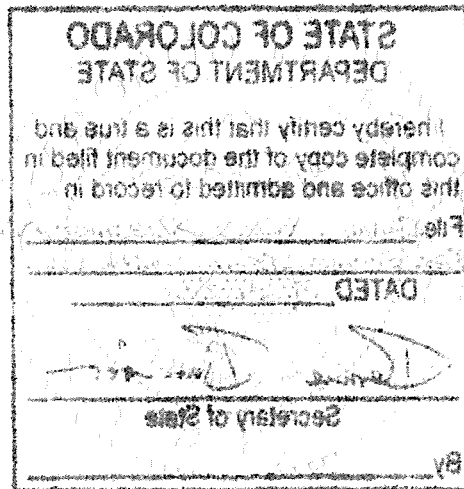
WITNESS my hand and official seal.

[NOTARIAL SEAL]

Notary Public

My commission expires:

1-5-2011



**STATE OF COLORADO  
DEPARTMENT OF STATE**

I hereby certify that this is a true and complete copy of the document filed in this office and admitted to record in

File CHAMF, ROBERT - SECRETARY - B.A.D.

EAST BOULDER COUNTY WATER DIST.

DATED 3/24/2010



Secretary of State

By Sam

## TAX COMPLIANCE CERTIFICATE

\$1,645,000

**East Boulder County Water District  
in Boulder County, Colorado**

**General Obligation Refunding and Improvement Bonds, Series 2010**

### 1. In General.

1.1. The undersigned is the President of the Board of Directors (the "Board") of East Boulder County Water District, in Boulder County, Colorado (the "District"), and hereby certifies to the statements contained herein.

1.2. This Tax Compliance Certificate (the "Tax Compliance Certificate") is executed for the purpose of establishing the reasonable expectations of the District as to future events regarding \$1,645,000 aggregate principal amount of the District's General Obligation Refunding and Improvement Bonds, Series 2010 (the "Bonds"). The District has not been notified of any listing or proposed listing of the District by the Internal Revenue Service as a District that may not certify its bonds. The District's reasonable expectation that the Bonds are not "arbitrage bonds" is based upon Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (the "Regulations").

1.3. The factual representations contained in this Tax Compliance Certificate are true and correct and, to the best of the knowledge, information and belief of the undersigned, the expectations contained in this Tax Compliance Certificate are reasonable.

1.4. The undersigned is an officer of the District to whom the responsibility of issuing and delivering the Bonds has been delegated.

1.5. Certification with respect to the price and yield calculations referenced in Sections 3 and 6 hereof is based on representations made by George K. Baum & Company, as underwriter of the Bonds (the "Underwriter"), and is contained in a separate certificate (the "Certificate of Underwriter") delivered to the District on the date hereof and attached hereto as Exhibit A. The District is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriter.

1.6. The restrictions contained in this Tax Compliance Certificate shall apply to the investment and the expenditure of the amounts described herein unless the District receives an opinion of Bond Counsel to the effect that an amendment to such restrictions will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

1.7. Terms used, but not defined, herein shall have the meanings ascribed to such terms in the resolution adopted by the Board of the District on March 8, 2010 and affirmed on March 22, 2010 (the "Resolution") authorizing the issuance of the Bonds. The following words and phrases shall have the following meanings:

*"Abusive Arbitrage Device"* means any action which has the effect of (i) enabling the District to exploit the difference between taxable and tax-exempt interest rates to obtain a

material financial advantage; and (ii) overburdening the tax-exempt bond market as defined in Section 1.148-10 of the Regulations.

*“Accounting Method”* means both the overall method used to account for the Gross Proceeds of the Bonds (e.g., the cash method or a modified accrual method) and the method used to account for or allocate any particular item within that overall accounting method (e.g., accounting for Investments, Expenditures, allocations to and from different sources and particular items of the foregoing).

*“Accredited Investor”* means accredited investor as that term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended.

*“Average Economic Life”* means the average reasonably expected economic life of the Project and Refunded Project as defined in Section 147(b) of the Code.

*“Average Maturity”* means the weighted average maturity of the Bonds as defined in Section 147(b) of the Code.

*“Bond Account”* means the General Obligation Bond Account established by the District pursuant to the Resolution.

*“Bond Counsel”* means a law firm of nationally recognized bond counsel who is requested to deliver its approving opinion with respect to the issuance of and the exclusion from federal income taxation of interest on the Bonds.

*“Bond Year”* means the period commencing December 2 of each calendar year and terminating on December 1 of the immediately succeeding calendar year during the term of the Bonds, and the first Bond Year shall commence on the Date of Issuance of the Bonds and end on December 1, 2010 (unless a different period is required by the Regulations or selected by the District after the Date of Issuance).

*“Bond Yield”* means the Yield of the Bonds calculated in accordance with Section 1.148-4 of the Regulations.

*“Capital Expenditure”* means any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Section 1.150-2(c) of the Regulations) under general federal income tax principles. For example, costs incurred to acquire, construct or improve land, buildings and equipment generally are Capital Expenditures. Whether an Expenditure is a Capital Expenditure is determined at the time the expenditure is paid with respect to the property. Future changes in law do not affect whether an expenditure is a Capital Expenditure.

*“Capital Project”* means all Capital Expenditures, plus related working capital expenditures to which the de minimis rule under Section 1.148-6(d)(3)(ii)(A) of the Regulations applies, that carry out the governmental purpose of an issue. For example, a Capital Project may include Capital Expenditures for one or more building improvements or equipment, plus related start-up operating costs and capitalized interest through the placed-in-service date for the Capital Project.

“*Class of Investments*” means one of the following, each of which represents a different Class of Investments:

- (a) Each category of yield restricted Purpose Investment and Program Investment, as defined in Section 1.148-1(b), that is subject to a different definition of materially higher Yield under Section 1.148-2(d)(2);
- (b) Yield restricted Nonpurpose Investments; and
- (c) All other Nonpurpose Investments.

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

“*Computation Date*” means an Installment Computation Date or the Final Computation Date.

“*Computation Date Credit*” means on the last day of each Bond Year during which there are Gross Proceeds subject to the rebate requirement of Section 8 hereof, and on the Final Computation Date, the amount of \$1,500.00 (the foregoing amount is effective for calendar year 2010 and is subject to an annual cost-of-living pursuant to the Treasury Regulations).

“*Consistently Applied*” means applied uniformly within a fiscal period and between fiscal periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

“*Costs of Issuance*” means all costs incurred in connection with the issuance of the Bonds, other than Qualified Guarantee Fees. Examples of Costs of Issuance include (but are not limited to):

- (a) underwriter’s spread and fees (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of the Bonds are sold to the public);
- (b) counsel fees (including bond counsel, original purchaser’s counsel, District’s counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);
- (c) rating agency fees (except for any such fee that is paid in connection with or as a part of the fee for credit enhancement of the Bonds);
- (d) trustee or paying agent fees incurred in connection with the issuance of the Bonds;
- (e) accountant fees incurred in connection with the issuance of the Bonds;
- (f) printing costs (for the Bonds and of the preliminary and final Official Statements);

(g) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing); and

(h) the District's fees to cover administrative costs and expenses incurred in connection with the issuance of the Bonds.

“*Current Outlay of Cash*” means an outlay reasonably expected to occur not later than 5 banking days after the date as of which the allocation of Gross Proceeds to the Expenditure is made.

“*Date of Issuance*” means March 30, 2010.

“*Discharged*” means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due, if cash is available at the place of payment, and no interest accrues with respect to such Bond after such date.

“*Economic Accrual Method*” (also known as the constant interest method or actuarial method) means the method of computing Yield that is based on the compounding of interest at the end of each compounding period.

“*Escrow Account*” means the General Obligation Refunding and Improvement Bonds Escrow Account established pursuant to the Resolution.

“*Escrow Agent*” means UMB Bank, n.a.

“*Escrow Agreement*” means the Refunding Escrow Agreement dated March 30, 2010 by and between the District and the Escrow Agent.

“*Exempt Person*” means any State or a local governmental unit of the State.

“*Expenditure*” means a book or record entry which allocates Proceeds of the Bonds in connection with a Current Outlay of Cash.

“*Fair Market Value*” means the price at which a willing buyer would purchase an Investment from a willing seller in a bona fide, arm's-length transaction. Fair Market Value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this definition, an Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code), is rebuttably presumed to be acquired or disposed of for a price that is not equal to its Fair Market Value. The Fair Market Value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price. The following guidelines shall apply for purposes of determining the Fair Market Value of the obligations described below:

(a) ***Certificates of Deposit.*** The purchase of certificates of deposit with fixed interest rates, fixed payment schedules and substantial penalties for early withdrawal will be deemed to be an Investment purchased at its Fair Market Value on the purchase date if the Yield on the certificate of deposit is not less than:

(i) The Yield on reasonably comparable direct obligations of the United States; and

(ii) The highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(b) ***Guaranteed Investment Contracts.*** A Guaranteed Investment Contract is a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply Investments on two or more future dates (e.g., a forward supply contract). The purchase price of a Guaranteed Investment Contract is treated as its Fair Market Value on the purchase date if:

(i) The District makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from providers that have no material financial interest in the issue (e.g., as underwriters or brokers);

(ii) The District purchases the highest yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the District's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

*"Final Computation Date"* means the date the last Bond is Discharged.

*"Future Value"* means the Value of a Receipt or Payment at the end of any interval as determined by using the Economic Accrual Method and equals the Value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Bond Yield, using the same compounding interval and financial conventions used to compute the Bond Yield.

*"Gross Proceeds"* means any Proceeds or Replacement Proceeds of the Bonds.



*“Installment Computation Date”* means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

*“Investment”* means any Purpose Investment or Nonpurpose Investment, including any other tax exempt bond.

*“Investment Instructions”* means the letter of instructions set forth as Exhibit B to this Tax Compliance Certificate dated the Date of Issuance.

*“Investment Proceeds”* means any amounts actually or constructively received from investing Proceeds of the Bonds.

*“Investment-Type Property”* means any property, other than property described in Section 148(b)(2)(A), (B), (C) or (E) of the Code that is held principally as a passive vehicle for the production of income. Except as otherwise provided, a prepayment for property or services is Investment-Type Property if a principal purpose for prepaying is to receive an Investment return from the time the prepayment is made until the time payment otherwise would be made. A prepayment is not Investment-Type Property if:

- (a) The prepayment is made for a substantial business purpose other than Investment return and the District has no commercially reasonable alternative to the prepayment; or
- (b) Prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the District but who are not beneficiaries of tax-exempt financing.

*“Issue Price”* means, except as otherwise provided, issue price as defined in Sections 1273 and 1274 of the Code. Generally, the Issue Price of bonds that are publicly offered is the first price at which a substantial amount of the bonds is sold to the public. Ten percent is a substantial amount. The public does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price does not change if part of the issue is later sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of bonds for which a bona fide public offering is made is determined as of the sale date based upon reasonable expectations regarding the initial public offering price. If a bond is issued for property, the applicable Federal tax-exempt rate is used in lieu of the Federal rate in determining the Issue Price under Section 1274 of the Code. The Issue Price of bonds may not exceed their Fair Market Value as of the sale date. The Issue Price of the Bonds is \$1,667,665.30.

*“Net Sale Proceeds”* means Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

*“Nonpurpose Investment”* means any security, obligation, annuity contract or Investment-Type Property as defined in Section 148(b) of the Code, including “specified private activity bonds” as defined in Section 57(a)(5)(C) of the Code, but excluding all other obligations the interest on which is excludible from federal gross income.

*“Payments”* means, for purposes of computing the Rebate Amount, (a) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a commingled fund); (b) for a Nonpurpose Investment that is allocated to an issue on a date after it is actually acquired (e.g., an Investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the rebate requirement of the Code on a date after it is actually acquired (e.g., an Investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the two year spending period), the Value of that Investment on that date; (c) for a Nonpurpose Investment that was allocated to an issue at the end of the preceding computation period, the Value of that Investment at the beginning of the computation period; (d) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue that are subject to the rebate requirement of the Code, and on the final maturity date, a Computation Date Credit; and (e) Yield Reduction Payments on Nonpurpose Investments made pursuant to Section 1.148 5(c) of the Regulations. For purposes of computing the Yield on an Investment (including the Value of the Investment), Payment means amounts to be actually or constructively paid to acquire the Investment; provided, however, that payments made by a conduit borrower, such as the Corporation, are not treated as paid until the conduit borrower ceases to receive the benefit of earnings on those amounts. Payments on Investments, including Guaranteed Investment Contracts, are adjusted for Qualified Administrative Costs of acquiring a Nonpurpose Investment.

*“Pre-Issuance Accrued Interest”* means amounts representing interest that accrued on an obligation for a period not greater than one year before the Date of Issuance but only if those amounts are paid within one year after the Date of Issuance.

*“Proceeds”* means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue. Proceeds do not include, however, amounts actually or constructively received with respect to a Purpose Investment that are properly allocable to the immaterially higher Yield under Section 1.148 2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative costs recoverable under Section 1.148 5(e) of the Regulations.

*“Project Account”* means the account so defined and established pursuant to the Resolution.

*“Project”* means the Capital Project described in Section 2.1 below.

*“Purpose Investment”* means an Investment that is acquired to carry out the governmental purpose of an issue.

*“Qualified Administrative Costs”* means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions that are comparable to those charged nongovernmental entities in transactions not involving Tax-Exempt Bond proceeds, excluding legal and accounting fees, recordkeeping, custody or similar costs. In addition, certain indirect administrative costs may be characterized as Qualified Administrative Costs with respect to Nonpurpose Investments in publicly offered regulated investment companies and certain “external commingled funds,” as defined in Section 1.148-5(e)(2)(ii) of the Treasury Regulations. For a guaranteed investment contract, a broker’s commission or similar fee paid on behalf of either an issuer or the provider is a Qualified Administrative Cost to

the extent that the amount of the broker's commission or similar fee does not exceed the lesser of (i) \$35,000 and (ii) .2% of the amount of Gross Proceeds the issuer expects, as of the date the guaranteed investment contract is acquired, to be deposited into the guaranteed investment contract over the term of such guaranteed investment contract or, if such amount does not exceed \$4,000, then \$4,000. With respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows allocated to Gross Proceeds, the aggregate amount of broker's commissions and fees which may be treated as Qualified Administrative Costs cannot exceed \$100,000. The foregoing limitations are effective for calendar year 2010 and may be adjusted annually for cost-of-living as provided in the Regulations.

*“Qualified Guarantee Fees”* means reasonable fees properly allocable to payments for a qualified guarantee for an issue as defined in Section 1.148-4(f) of the Regulations.

*“Qualified Hedging Transaction”* means a contract which meets the requirements of Section 1.148-4(h)(2) of the Regulations.

*“Rebate Amount”* means the excess of the Future Value of all Receipts on Nonpurpose Investments over the Future Value of all the Payments on Nonpurpose Investments. Future Value is computed as of the Computation Date. Rebate Amount additionally includes any penalties and interest on underpayments reduced for recoveries of overpayments.

*“Rebate Analyst”* means the entity, if any, chosen by the District to determine the amount of required deposits to the Rebate Fund, if any.

*“Rebate Fund”* means any Rebate Fund established or to be established by the District.

*“Receipts”* means, for purposes of computing the Rebate Amount, (a) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from a commingled fund), such as earnings and return of principal; (b) for a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (e.g., an Investment that becomes allocable to Transferred Proceeds of another issue or that ceases to be allocable to the issue pursuant to the universal cap under Section 1.148-6 of the Regulations) or that ceases to be subject to the rebate requirement of the Code on a date earlier than its disposition or redemption date (e.g., an Investment allocated to a fund initially subject to the rebate requirement of the Code but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date; and (c) for a Nonpurpose Investment that is held at the end of a computation period, the Value of that Investment at the end of that period. For purposes of computing Yield on an Investment, Receipts means amounts to be actually or constructively received from the Investment, such as earnings and return of principal (including the Value of an Investment). Receipts on Investments, including Guaranteed Investment Contracts, are adjusted (reduced) for Qualified Administrative Costs.

*“Recomputation Event”* means a transfer, waiver, modification or similar transaction of any right that is part of the terms of the Bonds or a Qualified Hedging Transaction is entered into, or terminated, in connection with the Bonds.

“*Refunded Bonds*” means the District’s General Obligation Bonds, Series 2000, maturing on and after December 1, 2011 and presently outstanding in the aggregate principal amount of \$1,355,000.

“*Refunded Project*” means the Refunded Project as described in Section 2.2 originally financed with Proceeds of the Refunded Bonds.

“*Regulation*” or “*Regulations*” means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Bonds, including Sections 1.148 0 through 1.148 11, Section 1.149 and Sections 1.150 1 and 1.150 2 as issued by the Internal Revenue Service on June 18, 1993 for bonds issued after July 1, 1993.

“*Replacement Proceeds*” means amounts which have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Bonds were not used or to be used for that governmental purpose, as more fully defined in Section 1.148-1(c) of the Regulations.

“*Resolution*” means the resolution adopted and approved by the District on March 8, 2010, and affirmed on March 22, 2010, authorizing the issuance of the Bonds.

“*Sale Proceeds*” means any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre Issuance Accrued Interest.

“*SLGS*” means United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series.

“*State*” means the State of Colorado.

“*Transferred Proceeds*” means Proceeds of a refunding issue which become transferred proceeds of a refunding issue and cease to be Proceeds of a prior issue when Proceeds of the refunding issue discharge any of the outstanding principal amount of the prior issue. The amount of Proceeds of the prior issue that become transferred proceeds of the refunding issue is an amount equal to the Proceeds of the prior issue on the date of that discharge multiplied by a fraction:

(a) The numerator of which is the principal amount of the prior issue discharged with Proceeds of the refunding issue on the date of that discharge; and

(b) The denominator of which is the total outstanding principal amount of the prior issue on the date immediately before the date of that discharge.

“*Universal Cap*” means the Value of all outstanding Bonds.

“*Value*” means Value as determined under Section 1.148-4(e) of the Regulations for a Bond and Value determined under Section 1.148-5(d) of the Regulations for an Investment.

“Yield” means, for purposes of determining the Bond Yield, the Yield computed under the Economic Accrual Method using consistently applied compounding intervals of not more than one year. A short first compounding interval and a short last compounding interval may be used. Yield is expressed as an annual percentage rate that is calculated to at least four decimal places (e.g., 5.2525 percent). Other reasonable, standard financial conventions, such as the 30 days per month/360 days per year convention, may be used in computing Yield but must be consistently applied. The Yield on an issue that would be a Purpose Investment (absent Section 148(b)(3)(A) of the Code) is equal to the Yield on the conduit financing issue that financed that Purpose Investment. In the case of obligations purchased or sold at a substantial discount or premium, the Regulations prescribe certain special Yield calculation rules. For purposes of determining the Yield on an Investment, the Yield computed under the Economic Accrual Method, using the same compounding interval and financial conventions used to compute the Bond Yield.

The Yield on an Investment allocated to the Bonds is the discount rate that, when used in computing the present Value as of the date the Investment is first allocated to the Bonds of all unconditionally payable receipts from the Investment, produces an amount equal to the present Value of all unconditionally payable payments for the Investment. The Yield on an Investment shall not be adjusted by any hedging transaction entered into in connection with such Investment unless the District has received an opinion of Bond Counsel that such an adjustment is permitted by the Regulations. Yield shall be calculated separately for each Class of Investments.

“Yield Reduction Payment” means a payment to the United States with respect to an Investment which is treated as a Payment for that Investment that reduces the Yield on that Investment in accordance with Section 1.148-5(c) of the Regulations. Yield Reduction Payments include Rebate Amounts paid to the United States.

## **2. The Purpose of the Bonds.**

2.1. The Bonds are being issued for the purpose of providing funds to (a) advance refund the Refunded Bonds, (b) financing the waterline replacements and other water system capital improvements, and (c) pay the Costs of Issuance of the Bonds.

2.2 The Refunded Bonds were issued for the purposes described in Exhibit D hereto (the “Refunded Project”). The Refunded Bonds were issued for new money purposes only and not for any refunding purpose.

2.3. The Bonds have a weighted average maturity (6.169 years) that does not exceed 120% of the combined average reasonably expected remaining economic life of the Project and the Refunded Project (not less than 13.40824 years). The District does not expect that the plan of financing relating to the Bonds will result in the creation of any Replacement Proceeds.

2.4. On the Date of Issuance of the Refunded Bonds, the District reasonably expected to spend at least 85 percent of the “spendable proceeds” of the Refunded Bonds within three years of the date of issuance of the Refunded Bonds, and such amounts were in fact, so spent. Additionally, the District has not invested more than 50 percent of the Proceeds of the Refunded Bonds in Nonpurpose Investments having a guaranteed yield for four or more years.

2.5 As a result of the issuance of the Bonds and the refunding of the Refunded Bonds, the District will accomplish one or more purposes set forth in the Public Securities Refunding Act, Article 56 of Title 11, Colorado Revised Statutes, including but not limited to, reducing the net effective interest rate payable by the District with respect to the obligation represented by the Refunded Bonds.

2.6 The Bonds constitute an advance refunding of the Refunded Bonds. The Refunded Bonds will be redeemed entirely on or about December 1, 2010.

2.7 As of the Date of Issuance of the Bonds, there are no unexpended proceeds of the Refunded Bonds.

2.8 On the Date of Issuance of the Bonds, the District reasonably expects to spend at least 85 percent of the “new money” portion of the “spendable proceeds” of the Bonds on governmental purposes within three years of the Date of Issuance of the Bonds. Additionally, the District will not invest more than 50 percent of the “new money” portion of the Proceeds of the Bonds in Non-Purpose Investments having a guaranteed yield for four or more years. See the District’s expected Draw Down Schedule attached as Exhibit E hereto.

### **3. Source and Disbursement of Funds.**

3.1. The Bonds will be sold to the Underwriter for a purchase price of \$1,642,650.32 (representing \$1,645,000.00 par amount of the Bonds, plus net original issue premium in the amount of \$22,665.30, less an underwriter’s discount of \$25,014.98). Accordingly, the net amount received from the sale of the Bonds will be \$1,642,650.32 (the “Sale Proceeds”).

3.2. The \$1,642,650.32 of Sale Proceeds are expected to be needed and fully expended as follows:

(a) \$35,000.00 of the Sale Proceeds will be expended for payment of the costs anticipated to be incurred in connection with the issuance of the Bonds;

(b) \$1,452,413.45 of the Sale Proceeds will be deposited to the Escrow Account to advance refund the Refunded Bonds; and

(c) \$155,236.87 of the Sale Proceeds will be deposited to the Project Account.

3.3. There is no reserve fund established for the Bonds.

### **4. Temporary Period for Certain Proceeds.**

4.1 The portion of the Proceeds of the Bonds that will be used to pay Costs of Issuance of the Bonds will be expended within a one-year period beginning on the Date of Issuance of the Bonds and may be invested pursuant to a one-year temporary period without regard to investment yield limitation, and thereafter, shall not be invested in obligations bearing a yield in excess of the Yield on the Bonds plus .125%.

4.2 The District will enter into a substantially binding obligation to expend at least five percent of the Net Sale Proceeds of the Bonds within six months of the Date of Issuance of the Bonds and the District will proceed with due diligence to complete the Project.

**5. Bond Account; Escrow Account; Project Fund.**

5.1 Money deposited in the Bond Account will be used to pay the principal of and interest on the Bonds, and the District reasonably expects that there will be no other funds that will be so used. Established to achieve proper matching of debt service on the Bonds, amounts deposited in the Bond Account will be spent within a one-year period beginning on the date of deposit therein. Moneys deposited to the Bond Account may be invested without regard to investment yield limitation for a period of thirteen months from the date of deposit therein, and thereafter, may not be invested at a yield in excess of the yield on the Bonds. Any interest earnings or investment gains realized from the investment of such moneys may be invested without regard to yield limitation for a period of one year from the date of receipt, and thereafter, at a yield not in excess of the yield on the Bonds. Investment earnings on the amounts deposited in the Bond Account shall be retained in the Bond Account and expended as described in this Section 5.1.

5.2 Sale Proceeds of the Bonds will be deposited in the Escrow Account and will be invested in accordance with the terms of the Escrow Agreement. The Escrow Agreement provides for the purchase of the United States Treasury Obligations—State and Local Government Series with Proceeds of the Bonds (except for an amount equal to \$.45 which shall remain in the Escrow Account as uninvested cash) which, in the aggregate, do not have a yield in excess of the yield on the Bonds. Based on the representations of the Underwriter in Exhibit A hereto, as verified by Simmons & Wheeler, P.C. (the “Accountant”) in its report attached hereto as Exhibit C, the yield on the investments held in the Escrow Account has been calculated to be .27069% which does not exceed the yield on the Bonds which is 2.6923%. Any funds remaining in the Escrow Account upon redemption of the Refunded Bonds will be allocated to the Bond Account for payment of debt service on the Bonds.

5.3 Sale Proceeds of the Bonds deposited into the Project Account may be invested in obligations that bear a Yield in excess of the Yield of the Bonds until the date which is three years from the Date of Issuance of the Bonds (March 29, 2013), and thereafter, may not be invested in obligations which bear a Yield in excess of one-eighth of one-percent (.125%) above the Yield of the Bonds. Any interest earnings or investment gains realized from the investment of moneys on deposit in the Project Account may be reinvested pending expenditure in obligations that bear a Yield in excess of the Yield of the Bonds. The period of unrestricted investment of such earnings may not exceed the longer of (a) a one year period beginning on the date of receipt of such investment income or (b) the period ending on the date which is three years from the Date of Issuance of the Bonds (March 30, 2013). After the period of unrestricted reinvestment of investment earnings described herein, such amounts may not be invested in obligations that bear a Yield in excess of one eighth of one percent (.125%) above the Yield of the Bonds.

## **6. Price and Yield of the Bonds.**

6.1. The Underwriter has represented in the Certificate of Underwriter that the initial offering price to the public (excluding bond houses, brokers and other intermediaries) at which a substantial amount of the Bonds was sold is \$1,667,665.30 which is the par amount of the Bonds of \$1,645,000.00, plus original issue premium of \$22,665.30. There is no accrued interest on the Bonds.

6.2. As used in this Tax Compliance Certificate, the term “yield” refers to the discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price. The calculations of yield have been made on the basis of semiannual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of computing Yield, the purchase price of any obligation is equal to the fair market value as of the date of a binding contract to acquire such obligation. The Underwriter has represented in the Certificate of Underwriter that the Yield on the Bonds (which is a fixed yield issue) is not less than 2.6923%. For purposes of calculating the Yield on the Bonds, Bonds sold at a substantial premium have been treated as being called on the earliest date resulting in the lowest Yield on the Bonds.

## **7. Arbitrage Compliance, Rebate Requirements and Investment Instructions.**

7.1 The District acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the Rebate Requirements described in Section 148(f) of the Code. The District hereby agrees and covenants that it shall not permit at any time or times any of the Proceeds of the Bonds or other funds of the District to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be “arbitrage bonds” for purposes of Section 148 of the Code. The District further agrees and covenants that it shall do and perform all acts and things necessary in order to ensure that the requirements of Section 148 of the Code and the Regulations are met, including the payment to the United States of the required portion of the Rebate Amount as of each Computation Date.

7.2 The District does not expect that the Bonds will be subject to the Rebate Requirements described in Section 148(f) of the Code because the District will not invest any Proceeds of the Bonds in investments bearing a yield in excess of the Yield on the Bonds. Should the District fund to satisfy its investment expectations, the District shall comply with the Rebate Requirements described in this Section 7 and in the Investment Instructions attached as Exhibit B. To that end, if required, the District may retain, at its own expense, a Rebate Analyst to make such determinations and calculations as may be necessary in order to ensure that the District takes the actions described in the Investment Instructions attached as Exhibit B hereto with respect to the Investment of Gross Proceeds on deposit in the funds and accounts established under the Governing Instrument. The provisions of the Investment Instructions are by this reference expressly incorporated herein. The District has covenanted that it will comply with the Investment Instructions and the District expects that it will so comply.



7.3 The District will establish such accounting measures and keep such separate records as are necessary to segregate or otherwise designate the Gross Proceeds of the Bonds and the Nonpurpose Investments acquired with such Gross Proceeds for a period of at least four years after the later of the retirement of the Bonds or any obligation issued to refund the Bonds.

**8 Miscellaneous.**

8.1. The District has not sold and will not sell any other tax-exempt obligations within 15 days of the date the Bonds are sold, pursuant to the same plan of financing with the Bonds and payable from substantially the same source of funds used to pay the Bonds.

8.2. There are no funds or accounts, other than those described in this Tax Compliance Certificate, that the District expects to establish or otherwise have available for the payment of debt service on the Bonds.

8.3. The District covenants that it shall not use or permit the use of any Proceeds of the Bonds or any other funds of the District, from whatever source derived, directly or indirectly to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any of the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or would otherwise cause the interest on the Bonds to be includible in gross income for federal income tax purposes. The District covenants that it shall at all times do and perform all acts and things permitted by law and which are necessary in order to assure that interest paid by the District on the Bonds shall, for purposes of federal income taxation, not be includible in gross income under the Code or any other valid provision of law.

8.4. In particular, but without limitation, the District further represents, warrants and covenants to comply with the following restrictions of the Code, unless it receives an opinion of Bond Counsel stating that such compliance is not necessary:

(a) Gross Proceeds of the Bonds shall not be used in a manner which will cause the Bonds to be considered “private activity bonds” within the meaning of the Code.

(b) the Bonds are not and shall not become directly or indirectly “federally guaranteed.”

(c) the District shall timely file Internal Revenue Form 8038-G which shall contain the information required to be filed pursuant to Section 149(e) of the Code.

8.5. The District shall not commingle Gross Proceeds of the Bonds with any other funds.

8.6. In connection with the Bonds, there has not been created or established and the District does not expect that there will be created or established, any sinking fund, pledged fund or similar fund, including, without limitation, any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Bonds, or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained

by the District with any owner or credit enhancer of the Bonds other than described in this Tax Compliance Certificate.

8.7. Section 149(e) of the Code requires as a condition to qualification for tax-exemption that the District provide to the Secretary of the Treasury certain information with respect to the Bonds and the application of the Bond proceeds. The following representations of the District will be relied upon by Bond Counsel in satisfying this information reporting requirement. Accordingly, the District hereby represents, covenants and warrants to the best of its knowledge, for the benefit of Bond Counsel and the registered owners of the Bonds, the truth and accuracy of (a) through (n) below:

(a)	District's employer identification number .....	84-1524912
(b)	Number of 8038-G reports previously filed by the District this calendar year .....	0
(c)	Issue Price of the Bonds exclusive of Accrued Interest.....	\$1,667,665.30
(d)	Proceeds used for Accrued Interest.....	\$-0-
(e)	Costs of Issuance (including Underwriter's Discount).....	\$60,014.98
(f)	Reasonably Required Reserve Account .....	\$-0-
(g)	Proceeds used for Credit Enhancement .....	\$-0-
(h)	Proceeds used to advance refund prior issue .....	\$1,452,413.45
(i)	Nonrefunding Proceeds.....	\$155,236.87
(j)	Date of final maturity of the Bonds .....	12/1/2020
(k)	Stated redemption price at maturity of the entire issue of the Bonds .....	\$1,645,000.00
(l)	Weighted average maturity of the Bonds.....	6.169 years
(m)	Yield on the entire issue of the Bonds .....	2.6923%
(n)	Weighted average maturity of the Refunded Bonds.....	6.194 years

8.9. Notwithstanding any other provision hereof, any provision of this Tax Compliance Certificate may be deleted or modified at any time at the option of the District, if the District has obtained an opinion, in form and substance satisfactory to the District, of Bond Counsel that such deletion or modification will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.

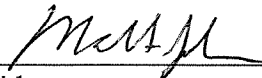
8.10. The District designated the Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code in Section 17(d) of the Resolution. The District has covenanted that the Bonds represent the advance refunding of outstanding qualified tax exempt obligations within the meaning of Section 265(b)(3) of the Code. The District recognizes that such tax-exempt obligations include notes, leases, loans and warrants, as well as bonds. Accordingly, the Bonds have been designated as bank qualified for purposes of allowing any bank, thrift institution or other financial institution that owns the Bonds to avoid the loss of 80% of any otherwise available interest deduction attributable to such institution's tax-exempt holdings.

8.11 The District has received and reviewed the Investment Instructions prepared by Bond Counsel with respect to the investment and disposition of moneys on deposit in the various funds and accounts created under the Resolution. The Investment Instructions have been prepared to comply with Sections 148 of the Code including the rebate requirements of Section 148(f) of the Code. The Investment Instructions are attached hereto as Exhibit B and, by this reference, expressly incorporated herein.

8.12 The District intends either to own the Project and the Refunded Project at all times during the term of the Bonds, or to sell or lease portions of the Project or the Refunded Project, but only to other governmental units and in a manner that does not result in the inclusion of interest on the Bonds in the gross income thereof for federal income tax purposes. The District does not know of any reason why the Project or the Refunded Project will not be so used in the absence of (a) supervening circumstances not now anticipated by it, (b) adverse circumstance beyond its control or (c) obsolescence of such insubstantial portions thereof as may occur as a result of normal use thereof. The District will not change the use, ownership or nature of any portion of the Proceeds of the Bonds, the Project or the Refunded Project, to other than other governmental units, so long as any of the Bonds are outstanding unless, in the written opinion of Bond Counsel, such change will not result in the inclusion of interest on the Bonds in the gross income of the recipient thereof for purposes of federal income taxation, except that the District may without an opinion sell or otherwise dispose of minor portions of the Project or the Refunded Project as may be necessary due to normal obsolescence.

IN WITNESS WHEREOF, the undersigned has set his hand on this Tax Compliance Certificate as of the date set forth below.

*East Boulder County Water District*

By:   
President

Dated: March 30, 2010

[Signature Page for Tax Compliance Certificate]

**EXHIBIT A**  
**TO TAX COMPLIANCE CERTIFICATE**  
**CERTIFICATE OF UNDERWRITER**

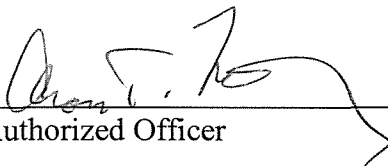
The undersigned, on behalf of George K. Baum & Company, as underwriter (the "Underwriter"), hereby represents: (a) that the yield calculation for the Bonds stated in Section 6.2 of the Tax Compliance Certificate to which this Certificate of Underwriter is attached as Exhibit A is accurate, (b) that the yield on the Sale Proceeds of the Bonds deposited in the Escrow Account stated in Section 5.2 of the Tax Compliance Certificate is accurate, (c) that the representations stated in Sections 3.1 and 6.1 of the Tax Compliance Certificate are accurate and represent the maximum initial offering price at which a substantial amount (10%) of each maturity of the Bonds were sold to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) through a bona fide offering, (d) that such initial offering price was established by a bona fide bid without regard to any amounts which would increase the yield on any maturity of the Bonds above its market yield and (e) that the interest rates and prices of the Bonds contained in the final Official Statement with respect to the Bonds are accurate.

The undersigned further represents that for purposes of calculating the yield for the Bonds, the Bonds sold at a substantial premium have been treated as being called on the earliest date resulting in the lowest yield on the Bonds.

We understand that this Certificate shall form a part of the basis for the opinion, dated the date hereof, of Kutak Rock LLP, Bond Counsel, to the effect that interest on the Bonds is not includible in the gross income of the recipients thereof for purposes of federal income taxation under existing statutes, regulations, rulings and judicial decisions.

IN WITNESS WHEREOF, the undersigned has set his hand as of the date set forth below.

*George K. Baum & Company*

By:   
\_\_\_\_\_  
Authorized Officer

Dated: March 30, 2010

**EXHIBIT B**  
**TO TAX COMPLIANCE CERTIFICATE**  
**TAX LETTER OF INSTRUCTIONS**

March 30, 2010

East Boulder County Water District  
in Boulder County, Colorado

**\$1,645,000**  
**East Boulder County Water District**  
**in Boulder County, Colorado**  
**General Obligation Refunding and Improvement Bonds, Series 2010**

Ladies and Gentlemen:

This letter sets forth instructions (the "Instructions") regarding the investment and disposition of moneys deposited in various funds and accounts created under the resolution (the "Resolution"), authorizing and providing for the issuance of the above-captioned bonds (the "Bonds"), adopted by the East Boulder County Water District, in Boulder County, Colorado on March 8, 2010, and affirmed on March 22, 2010.

The purpose of these Instructions is to assure that the investment of moneys in the funds and accounts described herein will comply with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder (the "Regulations"). These Instructions implement the investment provisions of the Tax Compliance Certificate executed by the District on the date of issue of the Bonds and constitute the "Investment Instructions" referred to in said Tax Compliance Certificate. Terms not otherwise defined herein shall have the definitions ascribed to such terms in the Resolution and the Tax Compliance Certificate.

1. **Computation of Yield.** For purposes of these Instructions, the term "yield" shall have the meaning set forth in the Regulations. The Regulations provide that the term "yield" means that yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of such obligation. The Yield of the Bonds and the yield of obligations acquired with moneys described in these Instructions shall be computed by using the same frequency of interest compounding. In the case of the Bonds, based on the representations of the Underwriter attached as Exhibit A to the Tax Compliance Certificate, the purchase price of the Bonds is \$1,642,650.32 which is the

offering price to the public and the Yield of the Bonds is not less than 2.6923%. There is no accrued interest on the Bonds.

## 2. **Bond Account; Escrow Account; Project Account**

(a) **Escrow Account.** All moneys deposited in the Escrow Account will be invested in accordance with the Escrow Agreement. The Escrow Agreement provides for the purchase of United States Treasury Obligations – State and Local Government Series (except for Proceeds in the amount of \$.45 which shall remain in the Escrow Account as uninvested cash) which, in the aggregate, do not have a yield in excess of the yield on the Bonds or the Refunded Bonds. Based on the representations of the Underwriter attached as Exhibit A to the Tax Compliance Certificate, as verified by the Accountant in its report attached as Exhibit C to the Tax Compliance Certificate, the yield on the investments held in the Escrow Account has been calculated to be the .27069%, which does not exceed the yield on the Bonds of 2.6923%. Any excess funds remaining in the Escrow Account after redemption of the Refunded Bonds will be allocated and transferred to the Bond Account.

(b) **Bond Account.** Moneys of the District which are deposited in the Bond Account for the purpose of paying principal and interest on the Bonds within 13 months of receipt may be invested in obligations that bear a yield in excess of the Yield on the Bonds. Any moneys deposited in the Bond Account which have been held or are expected to be held for more than 13 months from the date of receipt may not be invested in obligations that bear a yield in excess of the Yield of the Bonds. Investment earnings from the investment of moneys on deposit in the Bond Account shall be used before any other moneys in the Bond Account, to pay principal or interest on the Bonds and may be invested in obligations that bear a yield in excess of the yield on the Bonds for a period of one year from the date of deposit therein, and thereafter, at a yield not in excess of the yield on the Bonds plus .125%.

(c) **Project Account.** Proceeds of the Bonds deposited in the Project Account for expenditure on the Project may be invested without regard to investment yield limitation for a period of three years from the Date of Issuance of the Bonds (March 29, 2013), and thereafter, may not be invested in obligations that bear a Yield in excess of one eighth of one percent (.125%) above the Yield of the Bonds. Any interest earnings or investment gains realized from the investment of such moneys in the Project Account may be reinvested pending expenditure in obligations that bear a Yield in excess of the Yield of the Bonds for a period not to exceed the longer of (a) a one year period beginning on the date of receipt of such investment income or (b) the period ending on the date which is three years from the Date of Issuance of the Bonds (March 29, 2013). After the period of unrestricted reinvestment of investment earnings described in this Section, such amounts may not be invested in obligations that bear a Yield in excess of one eighth of one percent (.125%) above the Yield of the Bonds. To the extent required by the Code, such amounts are subject to the rebate requirements of Section 148(f) of the Code as described in Sections 5, 6 and 7 below.

**3. Rebate for each of the Refunded Bonds. The District remains responsible to comply with all arbitrage limitations and rebate restrictions applicable to the Refunded Bonds after the Date of Issuance of the Bonds, pursuant to the transcript of proceedings for each of the Refunded Bonds.**

4. **Recordkeeping.** In connection with any rebate requirement, the District shall maintain the following records for a period of four years following the later of the redemption of the Bonds or any bonds issued to refund the Bonds:

(a) The District shall record all amounts paid to the United States for the Bonds and Refunded Bonds.

(b) The District shall retain records of all rebate calculations made with respect to the Bonds and the Refunded Bonds.

(c) The District shall retain documentation pertaining to any investment of Proceeds of the Bonds and the Refunded Bonds, including the purchase and sale of securities, SLGS subscriptions and actual investment income received from the investment of proceeds and guaranteed investment contracts.

(d) The District shall retain records and documentation pertaining to any private business use of the Project and the Refunded Project.

**5. Rebate Requirements for the Bonds.**

(a) Based on the representations of the District set forth in Section 7.2 of the Tax Compliance Certificate, the District does not expect that the Bonds will be subject to the Rebate Requirements of Section 148(f) of the Code. However, should the District fail to satisfy such expectations, the District will comply with the Rebate Requirements described in Sections 5, 6 and 7 herein.

(b) By the end of each and every fifth Bond Year for the Bonds and upon the final maturity date of the Bonds or any earlier date of redemption of the Bonds in whole (each such date a Computation Date), you must determine the Rebate Amount and Yield Reduction Payments, if any, to be paid to the United States. The first Computation Date is December 1, 2014. All Gross Proceeds of the Bonds are subject to the Rebate Requirements of Section 148(f) of the Code. Certain Nonpurpose Investments of moneys separately accounted for to finance the Improvement Project may be eligible for Yield Reduction Payments at the times defined in the Regulations.

(c) The District shall establish such accounting measures and keep such separate records as are necessary to segregate or otherwise designate the Gross Proceeds of the Bonds and the Nonpurpose Investments acquired with such Gross Proceeds for a period of at least four years after the later of the retirement of the last outstanding Bond or any bond issued to refund the Bonds.



(d) Section 148(f) of the Code requires the payment to the United States of any Rebate Amount. The Regulations require payment of any Yield Reduction Payments to the United States in the same manner as payment of rebate amounts. Except as provided below, any moneys deposited in the Bond Account, the Escrow Account, and the Rebate Fund and all other funds or accounts treated as containing Gross Proceeds are all subject to any Rebate Requirements applicable to the Bonds and may be eligible for Yield Reduction Payments.

(e) The District has or shall establish the Rebate Fund.

(i) On or before 25 days following each Computation Date, an amount shall be deposited to the Rebate Fund so that the balance of the Rebate Fund shall equal the aggregate Rebate Amount and any Yield Reduction Payments as of such determination date.

(ii) Amounts deposited in the Rebate Fund shall be invested in accordance with the Investment Instructions.

(iii) All money at any time deposited in the Rebate Fund shall be held for payment to the United States of America of the Rebate Amount and any Yield Reduction Payments.

(iv) For purposes of crediting amounts to the Rebate Fund or withdrawing amounts from the Rebate Fund, Nonpurpose Investments shall be valued in the manner provided in this Investment Instructions.

(f) In order to meet any Rebate Requirements of Section 148(f) of the Code applicable to the Bonds (and to make any Yield Reduction Payments), the District agrees and covenants to take the following actions:

(i) For each Investment of amounts held with respect to the Bonds in funds and accounts described in subparagraph (d), the District shall record the purchase date of such Investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, its Yield, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date. The District shall determine the Fair Market Value for such Investments and the Yield thereon as may be required by the Regulations. The Yield for an Investment shall be calculated by using the method set forth in the Regulations.

(ii) For each Computation Date, the District shall compute the Bond Yield as required by the Regulations based on the definition of issue price contained in Section 148(h) of the Code and the Regulations. The Bonds constitute a fixed yield bonds, as defined in Section 1.148-1 of the Regulations. Should a Recomputation Event occur, the District should seek advice of Bond Counsel or Rebate Analyst to recompute the Bond Yield as required by the Regulations based on the definitions of issue price contained in Section 148(h) of the Code using payments or prepayments of the principal of, premium, if any, and interest on the Bonds required by the Regulations. For purposes of this Investment Instruction, the initial offering price to the public (not including bond

houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds were sold is the Issue Price. Any reasonable amounts paid by the District for credit enhancement may generally be treated as interest on the Bonds for purposes of the Bond Yield computation to the extent permitted by the Regulations.

(iii) Subject to the special rules set forth in paragraphs (iv) and (v) below, the District shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above, for each Computation Date. In addition, where Nonpurpose Investments are retained by the District after retirement of the Bonds, any unrealized gains or losses as of the date of retirement of the Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Rebate Amount computed pursuant to this Section, (A) all earnings on any bona fide debt service fund shall not be taken into account, (B) the Universal Cap applicable to the Bonds pursuant to Section 1.148-6(b)(2) of the Regulations shall be taken into account, (C) all District elections and other choices set forth in the Tax Compliance Certificate shall be taken into account, and (D) all spending exceptions to rebate under the Code and the Regulations met by the District shall be taken into account.

(v) For each Computation Date, the District shall calculate for each Investment described in paragraphs (i) and (iii) above, an amount equal to the earnings which would have been received on such Investment at an interest rate equal to the Bond Yield as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) For each Computation Date, the District shall determine the amount of earnings received on all Investments held in the Rebate Fund for the Computation Date. The method of calculation shall follow that set forth in the Regulations.

(vii) For each Computation Date, the District shall calculate the Rebate Amount and any Yield Reduction Payments, by any appropriate method to be described in the Code and Regulations applicable or which becomes applicable to the Bonds. The determination of the Rebate Amount and any Yield Reduction Payments shall account for the amount equal to the sum of all amounts determined in paragraph (iii), all amounts determined in paragraphs (iv), (v), (vi) and (vii), and less any amount which has previously been paid to the United States.

(viii) If the sum of the Rebate Amount and any Yield Reduction Payments exceed the amount on deposit in the Rebate Fund, the District shall immediately deposit such amount into the Rebate Fund.

**6. Payment to United States.**

(a) Not later than 60 days after each Installment Computation Date (or such longer period as may be permitted by the Regulations), the District shall pay to the United States an amount that, when added to the Future Value as of such Computation Date of previous Rebate Amount payments made for the Bonds, equals at least 90% of the Rebate Amount and 100% of any Yield Reduction Payments required to be on deposit in the Rebate Fund as of such payment date. No later than 60 days after the Final Computation Date, the District shall pay to the United States an amount that, when added to the Future Value as of such Computation Date of previous rebate payments made for the Bonds, equals at least 100% of the balance remaining in the Rebate Fund.

(b) The District shall mail each payment of an installment to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, Utah 84201. Each payment shall be accompanied by Internal Revenue Form 8038-T, and, if necessary, a statement summarizing the determination of the Rebate Amount and any Yield Reduction Payments. No form need be filed if the required rebate payment is \$-0-.

(c) If on any Computation Date, the aggregate amount earned on Nonpurpose Investments in which the Gross Proceeds of the Bonds are invested is less than the amount that would have been earned if the obligations had been invested at a rate equal to the Bond Yield, such deficit may be withdrawn from the Rebate Fund. The District may direct that any overpayment of Rebate Amount or Yield Reduction Payments may be recovered from any payments previously paid to the United States pursuant to Section 1.148-3(i) of the Regulations.

(d) The District shall also pay any penalty or interest on underpayments of Rebate Amount or any Yield Reduction Payments not paid in a timely manner pursuant to the Code and the Regulations.

**7. Rebate Analyst.**

(a) The District may appoint a Rebate Analyst and any successor Rebate Analyst for the Bonds, subject to the conditions set forth in this Section 7. The Rebate Analyst and each successor Rebate Analyst shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the District under which such Rebate Analyst will agree to discharge its duties pursuant to this Investment Instructions and the Tax Compliance Certificate in a manner consistent with prudent industry practice.

(b) The Rebate Analyst may at any time resign and be discharged of the duties and obligations by giving notice to the District. The Rebate Analyst may be removed at any time by an instrument signed by the District. The District may, upon the resignation or removal of the Rebate Analyst, appoint a successor Rebate Analyst.

(c) Each Rebate Analyst shall be either a firm of independent accountants or Bond Counsel or another entity experienced in calculating Rebate Amount and Yield Reduction Payments required by Section 148(f) of the Code or the Regulations.

(d) In order to provide for the administration of the matters pertaining to arbitrage rebate calculations set forth herein and in the Tax Compliance Certificate, the District may provide for the employment of the Rebate Analyst on or prior to January 31, 2015. The charges and fees for such Rebate Analyst shall be paid by the District upon presentation of an invoice for services rendered in connection therewith.

8. **Change in Law.** These Instructions are based on law in effect as of this date, and we undertake no obligation to monitor or update the status of these Instructions. Statutory or regulatory changes, including but not limited to clarifying Regulations, may affect these Instructions.

Very truly yours,

KUTAK ROCK LLP

**EXHIBIT C**  
**TO TAX COMPLIANCE CERTIFICATE**  
**ACCOUNTANT'S REPORT**

[Attached]

A REPORT TO  
GEORGE K. BAUM & COMPANY  
IN REGARD TO THE  
GENERAL OBLIGATION  
BONDS, SERIES 2000  
ISSUED BY THE EAST BOULDER COUNTY WATER DISTRICT  
BOULDER COUNTY, COLORADO  
DEBT PAYMENT SCHEDULE AND  
PROPOSED ESCROW FUND TRANSACTIONS  
RELATED TO MARCH 30, 2010  
ADVANCE REFUNDING

George K. Baum & Company  
Denver, Colorado  
and  
East Boulder County Water District  
Boulder County, Colorado  
and  
Kutak Rock LLP  
Denver, Colorado

We have reviewed the arithmetical accuracy of the computations prepared by George K. Baum & Company, (attached as Exhibits I and II) of the principal and interest requirements designed to advance refund a portion of (as further described in Exhibit I) the principal and related interest of the following outstanding bond issue of the East Boulder County Water District, Boulder County, Colorado described as follows:

General Obligation Bonds, Series 2000 (the "Series 2000 Bonds")

In connection with our review, we have read the applicable portions of the Official Statement relating to the Series 2000 Bonds, insofar as the obligations are described with respect to principal outstanding, interest rates, maturity dates and redemption provisions. Also, based upon information supplied by George K. Baum & Company, it is our understanding that none of the currently outstanding Series 2000 Bonds have been redeemed or canceled in advance of scheduled maturity other than those disclosed in Exhibit I.

In our opinion, based upon the recitals set forth in the above Official Statement referred to in the previous paragraph and assuming all scheduled payments will have been made through March 30, 2010, the computations relating to the presently outstanding Series 2000 Bonds as described above are accurate as presented in the accompanying schedule of debt payments (Exhibit I).

We understand that the debt payments set forth in Exhibit I will be satisfied through the purchase of certain U.S. Treasury Securities and cash in the amount of \$0.45 (Exhibit II) which are to be placed in irrevocable escrow. As summarized in Exhibit II and assuming that the cash will be deposited to the escrow fund on March 30, 2010, in our opinion, the cash deposit described above will be sufficient for the timely payment of principal and interest when due up to and including the optional redemption date of December 1, 2010 and to redeem the Series 2000 Bonds on such redemption date as further described in Exhibit I.

Based upon the assumptions referred to in the preceding paragraph and the related information provided by, George K. Baum & Company in the accompanying Exhibits, in our opinion, the projected yield of 0.27069% on the U S Treasury Securities (Exhibit II) deposited to the refunding escrow fund acquired with the proceeds of the General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010 (the "Series 2010 Bonds"), as set forth in Exhibit IV is not more than the yield on the Series 2010 Bonds of 2.69231 % (Exhibit III). Each of the projected yields was calculated on the basis of a semiannually compounded method utilizing a 360 day year.

The scope of our engagement was limited to verifying the mathematical accuracy of the computations contained in the attached Exhibits, to the extent described herein. We express no opinion on the tax status of the Series 2010 Bonds. The terms of our engagement are such that we have no obligation to update this report because of events occurring, or data or information coming to our attention, subsequent to the date of this report.

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*Simmons & Wheeler P.C.*

March 30, 2010



**East Boulder County Water District, Boulder County, Colorado**  
**General Obligation Bonds, Series 2000**  
**Debt Service Schedule and Total Disbursements**  
**March 30, 2010 to December 1, 2010**

	<u>Principal</u>	<u>Coupon Rate</u>	<u>Optional Redemption (1)</u>	<u>Redemption Premium</u>	<u>Interest</u>	<u>Total Disbursements</u>
06/01/10					\$ 43,218.75	\$ 43,218.75
12/01/10			\$ 1,355,000.00	\$ 13,550.00	43,218.75	1,411,768.75
	\$ 0.00		\$ 1,355,000.00	\$ 13,550.00	\$ 86,437.50	\$ 1,454,987.50

(1) \$1,355,000 in bonds estimated to mature on or after December 1, 2011 through 2019 (as further described below) will be called on December 1, 2010 at par plus accrued interest with a redemption premium of 1%. Bonds scheduled to mature on December 1, 2010 in the amount of \$110,000 and the related interest are not a part of this refunding.

**Optional Redemption on December 1, 2010**

	<u>Principal Not Part of Refunding</u>	<u>Principal Redeemed</u>	<u>Coupon Rate</u>
12/01/10	\$ 110,000.00	\$	
12/01/11		115,000.00	6.100%
12/01/12		125,000.00	6.150%
12/01/13		130,000.00	6.200%
12/01/14		140,000.00	6.250%
12/01/15		150,000.00	6.500%
12/01/16		155,000.00	6.500%
12/01/17		170,000.00	6.500%
12/01/18		180,000.00	6.500%
12/01/19		190,000.00	6.500%
	\$ 110,000.00	\$ 1,355,000.00	

Exhibit II

East Boulder County Water District, Boulder County, Colorado  
 General Obligation Bonds, Series 2000  
 Proposed Escrow Fund Transactions  
 March 30, 2010 to December 1, 2010

<u>Date</u>	U.S. Treasury Cert * \$43,209.00 0.1300% maturing on <u>06/01/10</u>	U.S. Treasury Cert * \$1,409,204.00 0.2700% maturing on <u>12/01/10</u>	<u>Total Receipts</u>	<u>Disbursements (Exhibit I)</u>	<u>Cash Balance</u>
Beginning Cash				\$	0.45
06/01/10	\$ 43,218.69		\$ 43,218.69	\$ 43,218.75	0.39
12/01/10	<u>                    </u>	\$ <u>1,411,768.36</u>	<u>1,411,768.36</u>	<u>1,411,768.75</u>	0.00
	<u>\$ 43,218.69</u>	<u>\$ 1,411,768.36</u>	<u>\$ 1,454,987.05</u>	<u>\$ 1,454,987.50</u>	

\* U.S. Treasury Certificates (State and Local Government Series)

**East Boulder County Water District, Boulder County, Colorado**  
**Debt Service Schedule Related to the General Obligation Refunding and Improvement Bonds, Series 2010**  
**Refunding Bond Yield and Escrow Yield Limitation Calculated**  
**As of March 30, 2010**

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Total Disbursements</u>	<u>Present Value Using A Semiannually Compounded Yield Of 2.69231%</u>
06/01/10			\$ 7,757.38	\$ 7,757.38	7,722.31
12/01/10	\$ 50,000.00	2.500%	22,890.63	72,890.63	71,597.26
06/01/11			22,265.63	22,265.63	21,580.05
12/01/11	150,000.00	2.500%	22,265.63	172,265.63	164,743.70
06/01/12			20,390.63	20,390.63	19,241.26
12/01/12	135,000.00	2.250%	20,390.63	155,390.63	144,683.98
06/01/13			18,871.88	18,871.88	17,338.18
12/01/13	150,000.00	2.250%	18,871.88	168,871.88	153,087.04
06/01/14			17,184.38	17,184.38	15,371.20
12/01/14	155,000.00	2.250%	17,184.38	172,184.38	151,970.85
06/01/15			15,440.63	15,440.63	13,446.97
12/01/15	150,000.00	2.500%	15,440.63	165,440.63	142,165.49
06/01/16			13,565.63	13,565.63	11,502.30
12/01/16	160,000.00	3.250%	13,565.63	173,565.63	145,211.56
06/01/17			10,965.63	10,965.63	9,052.40
12/01/17	170,000.00	3.250%	10,965.63	180,965.63	147,407.31
06/01/18			8,203.13	8,203.13	6,593.18
12/01/18	175,000.00	3.000%	8,203.13	183,203.13	145,291.86
06/01/19			5,578.13	5,578.13	4,365.06
12/01/19	175,000.00	3.125%	5,578.13	180,578.13	139,430.89
06/01/20			2,843.75	2,843.75	2,166.60
12/01/20	175,000.00	3.250%	2,843.75	177,843.75	133,695.85
	\$ <u>1,645,000.00</u>		\$ <u>301,266.85</u>	\$ <u>1,946,266.85</u>	\$ <u>1,667,665.30</u>

The aggregate present value of the total disbursements equal the following:

Par value of the refunding bonds	\$ 1,645,000.00
Reoffering premium	<u>22,665.30</u>
	\$ <u>1,667,665.30</u>

Exhibit IV

East Boulder County Water District, Boulder County, Colorado  
 General Obligation Bonds, Series 2000  
 Escrow Yield as of March 30, 2010

<u>Date</u>	Total Escrow Receipts (Exhibit II)	Present Value Using A Semiannually Compounded Yield <u>Of 0.27069%</u>
06/01/10	\$ 43,218.69	\$ 43,198.88
12/01/10	<u>1,411,768.36</u>	<u>1,409,214.12</u>
	\$ <u>1,454,987.05</u>	\$ <u>1,452,413.00</u>
Cost of Escrow Receipts		\$ <u>1,452,413.00</u>

**EXHIBIT D**

**TO TAX COMPLIANCE CERTIFICATE**

**DESCRIPTIONS OF NEW MONEY PROJECT AND REFUNDED PROJECT  
AND USEFUL LIFE CALCULATION**

The Project consists of capital improvements to the water facilities.

The Refunded Project consisted of the acquisition, construction, and installation of water improvements and facilities.

	<b>Original Useful Life</b>	<b>Remaining Useful Life</b>	<b>Allocable %</b>	<b>Actual Useful Life</b>
Project	50 years	50 years	9.451%	4.7255 years
Refunding Project	20 years	9.589 years*	90.549%	8.68274 years
		Elapsed Time 10.411 years Total.		= 13.40824 years

Combined Useful Life of the Project ad Refunded Project = 13.40824 years

WAM of Bonds = 6.169 years

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\*Elapsed Time: 10.411 years

**EXHIBIT E**

**DRAWDOWN SCHEDULE**

<b>Date</b>	<b>Amount</b>	<b>Balance</b>
June 30, 2012	\$ 25,000.00	\$130,236.87
September 30, 2012	\$100,000.00	\$ 30,236.87
December 31, 2012	\$ 25,000.00	\$ 5,236.87
March 31, 2013	Balance	\$-0-

**INFORMATION RETURN FOR TAX-EXEMPT GOVERNMENTAL OBLIGATIONS**

► **Under Internal Revenue Code section 149(e)**

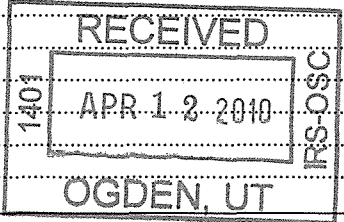
► **See separate instructions.**

OMB No. 1545-0720

**Caution: If the issue price is under \$100,000, use Form 8038-GC.**

<b>Part I Reporting Authority</b>		If <b>Amended Return</b> , check here ► <input type="checkbox"/>	
1 Issuer's name East Boulder County Water District		2 Issuer's employer identification number 84-1524912	
3 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 18641		Room/suite	4 Report number 301
5 City, town, or post office, state, and ZIP code Boulder, Colorado 80308-1641		6 Date of issue March 30, 2010	
7 Name of Issue General Obligation Refunding and Improvement Bonds, Series 2010		8 CUSIP number 271144 BB2	
9 Name and title of officer or legal representative whom the IRS may call for more information Mark A. Johns, President		10 Telephone number of officer or legal representative (303) 554-0031	

<b>Part II Type of Issue (check applicable box(es) and enter the issue price)</b> See instructions and attach schedule	
11 <input type="checkbox"/> Education .....	11
12 <input type="checkbox"/> Health and hospital .....	12
13 <input type="checkbox"/> Transportation .....	13
14 <input type="checkbox"/> Public safety .....	14
15 <input type="checkbox"/> Environment (including sewage bonds) .....	15
16 <input type="checkbox"/> Housing .....	16
17 <input checked="" type="checkbox"/> Utilities .....	17 \$1,667,665.30
18 <input type="checkbox"/> Other. Describe ► .....	18
19 If obligations are TANs or RANs, check box ► <input type="checkbox"/> If obligations are BANs, check box ► <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box ► <input type="checkbox"/>	



<b>Part III Description of Obligations.</b> (Complete for the entire issue for which this form is being filed.)				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 12/01/2020	\$1,667,665.30	\$1,645,000.00	6.169 years	2.6923%

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>	
22 Proceeds used for accrued interest .....	22 \$-0-
23 Issue price of entire issue (enter amount from line 21, column (b)) .....	23 \$1,667,665.30
24 Proceeds used for bond issuance costs (including underwriters' discount) .....	24 \$60,014.98
25 Proceeds used for credit enhancement .....	25 \$-0-
26 Proceeds allocated to reasonably required reserve or replacement fund .....	26 \$-0-
27 Proceeds used to currently refund prior issues .....	27 \$-0-
28 Proceeds used to advance refund prior issues .....	28 \$1,452,413.45
29 Total (add lines 24 through 28) .....	29 \$1,512,428.43
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) .....	30 \$155,236.87

<b>Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)</b>	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded .....	► N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded .....	► 6.083 years
33 Enter the last date on which the refunded bonds will be called .....	► 12/01/2010
34 Enter the date(s) the refunded bonds were issued .....	► 03/16/2000

<b>Part VI Miscellaneous</b>	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) .....	35 \$-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) .....	36a \$-0-
b Enter the final maturity date of the guaranteed investment contract ► N/A	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units .....	37a \$-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► <input type="checkbox"/> and enter the name of the issuer ► _____ and the date of the issue ► _____	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box .....	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box .....	
40 If the issuer has identified a hedge, check box .....	

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

► Mark A. Johns March 30, 2010 Date  
 Signature of issuer's authorized representative

► Mark A. Johns, President  
 Type or print name and title

## **CERTIFICATE OF ESCROW AGENT, PAYING AGENT AND REGISTRAR**

***\$1,645,000***

***East Boulder County Water District***

***In Boulder County, Colorado***

***General Obligation Refunding and Improvement Bonds, Series 2010***

The undersigned signatory of UMB Bank, n.a. in Denver, Colorado (the “Bank”), in connection with the issuance by East Boulder County Water District, in Boulder County, Colorado (the “District”), of its General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 (the “Bonds”), hereby certifies as follows:

1. The Bank is an eligible public depository within the meaning of the Public Deposit Protection Act of the State of Colorado and has its office and principal place of business in Denver, Colorado.

2. The Bank has full authority under the laws of the United States of America and its corporate documents to act as Escrow Agent under the Escrow Agreement, dated as of March 30, 2010 (the “Escrow Agreement”), by and between the Bank and the District, and has accepted and does hereby accept the duties of Escrow Agent under the Escrow Agreement.

3. The Bank has full authority under the laws of the United States of America and its corporate documents to act as Paying Agent and Registrar, and has accepted and does hereby accept the duties of Paying Agent under the Paying Agent and Registrar Agreement, dated as of March 30, 2010, by and between the Bank and the District.

4. On or before the date hereof, the Bank did execute the certificate of authentication appearing on each of the Bonds by the signature of an authorized signatory of the Bank, and such Bonds have been fully registered. The individuals whose signatures appear on the certificates of authentication are duly authorized to subscribe such signatures on the Bonds and to act as authorized signatories of the Bank.

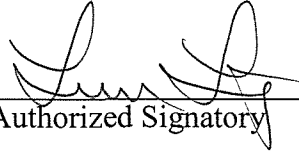
5. The Bank, as paying agent for the Refunded Bonds (as defined in the Escrow Agreement), verifies and confirms that the amount necessary to pay and cancel the Refunded Bonds is \$1,452,413.45.

6. The undersigned officer of the Bank is duly authorized by all applicable laws, rules, regulations, and corporate documents to make the representations contained herein.



IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of UMB Bank, n.a., in Denver, Colorado, as of the 30<sup>th</sup> day of March, 2010.

*UMB Bank, n.a.*, as Escrow Agent, Paying Agent and Registrar

By:  \_\_\_\_\_  
Authorized Signatory

[Signature page to Certificate of Escrow Agent, Paying Agent and Registrar]



# Blanket Issuer Letter of Representations

[To be Completed by issuer]

East Boulder County Water District

[Name of Issuer]

March 6, 2000

[Date]

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
55 Water Street; 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

East Boulder County Water District

[Issuer]

By:

[Authorized Officer's Signature]

Michael Deck, President

[Typewrite Name & Title]

515 Kimbark Street

[Street Address]

Longmont, CO 80502-0978

[City]

[State]

[Zip]

(303) 776-9900

[Phone Number]

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By:

**SAMPLE OFFERING DOCUMENT LANGUAGE**  
**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**STANDARD  
& POOR'S**

One Market  
Stewart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5000  
reference no.: 1101789

February 25, 2010

East Boulder County Water District  
PO Box 18641  
Boulder, CO 80308  
Attention: Mr. Mark Johns, President

Re: ***US\$1,605,000 East Boulder County Water District, Colorado, General Obligation Refunding & Refunding Bonds, Series 2010, dated: Date of Delivery, due: December 1, 2019***

Dear Mr. Johns:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial

**STANDARD  
& POOR'S**

Mr. Mark Johns  
Page 2  
February 25, 2010

information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

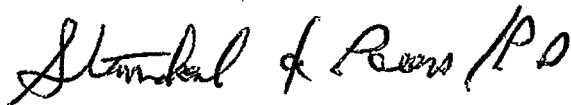
Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a Standard & Poor's Financial Services LLC business

A handwritten signature in cursive script that reads "Standard & Poor's / P O".

vb  
enclosures

cc: Mr. Alan T. Matlosz, Senior Vice President  
George K. Baum & Company

STANDARD  
POOR'S

Colorado Division of Securities  
1560 Broadway St., Ste. 900  
Denver, CO 80202  
(303) 894-2320

<p>Colorado File No. <u>ME2010.43.080</u></p> <p style="text-align: center;"><b>Official use Only</b></p>
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COLORADO MUNICIPAL BOND SUPERVISION ACT  
(TITLE 11, ARTICLE 59, C.R.S.)

**NOTICE OF CLAIM OF EXEMPTION FROM REGISTRATION  
FOR CERTAIN MUNICIPAL SECURITIES**

Pursuant to the requirements of section 11-59-110 (2), C.R.S. notice of claim of exemption from the registration requirements of the Colorado Municipal Bond Supervision Act is submitted to the Securities Commissioner as follows:

**1. ISSUE DESCRIPTION:**

Name of Issue: East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds, Series 2010

Amount of Issue: \$1,660,000\* Dated (DTD): 03/2010 Final Maturity Date: 12/01/2020  
\*Preliminary

Rating: Moody N/A /Standard & Poors "A+" /Fitch N/A

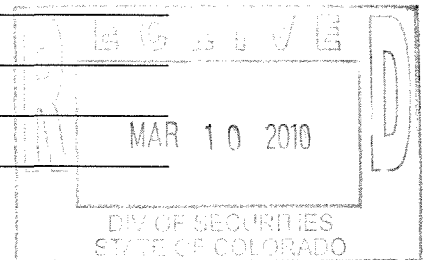
Lead Underwriter/Placement Agent: George K. Baum & Company

**2. TYPE OF DISTRICT:**

Special District;  
 Municipal General Improvement District;  Municipal Special Improvement District;  
 County Local Improvement District;  County Public Improvement District.

**3. NAME, TITLE, FIRM, ADDRESS & PHONE NUMBER OF PERSON SUBMITTING NOTICE:**

Thomas M. Peltz, Esq., Bond Counsel  
Kutak Rock LLP  
1801 California Street, Suite 3100  
Denver, CO 80202 (303) 297-2400



**IMPORTANT:**

4. A filing fee of \$100 made payable to the Colorado State Treasurer **must** accompany this notice.
5. A copy of the Official Statement or Supporting Documents **must** accompany this notice (Preliminary Official Statement or Draft Documents will suffice **until** Final Official Statement or Final Documents are available.)
6. Be certain to indicate on the following pages of this form the exemption being claimed.

NOTE: No acknowledgement of this filing will be made unless one additional copy of this form and a stamped, self-addressed envelope are provided.

**EXEMPTIONS FROM REGISTRATION UNDER  
THE COLORADO MUNICIPAL BOND SUPERVISION ACT  
(TITLE 11, ARTICLE 59, C.R.S.)**

**CHECK ONE:** (All references are to either section 11-59-110(1), C.R.S. or Rules 59-10.3 or 59-10.4 promulgated under section 11-59-103, C.R.S.)

- (b) An issue of general obligation bonds where the total obligation represented by the issue together with any other general obligation of the district does not at the time of issuance exceed the greater of \$2 million or 50% of the valuation for assessment of the taxable property in the district as certified by the assessor.
- (c) An issue of bonds that is rated in one of its four highest rating categories by one or more nationally recognized organization which regularly rate such obligations.
- (d) An issue of bonds by a district in which infrastructure is in place which has been determined by the board of such district to be necessary to construct or otherwise provide additional improvements specifically ordered by a federal or state regulatory agency to bring such district into compliance with applicable federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes.
- (e) An issue of bonds secured as to the payment of the principal and interest on the debt by an irrevocable and unconditional letter of credit, line of credit or other credit enhancement issued by a depository institution qualified as defined in section 11-59-110(1) (e), C.R.S.
- (f) An issue of bonds insured as to payment of the principal and interest on the debt by a policy of insurance issued by an insurance company qualified as defined in section 11-59-110(1) (f), C.R.S.
- (g) An issue of bonds not involving a public offering made exclusively to “accredited investors” as defined under Regulation D promulgated by the federal Securities and Exchange Commission.
- (h) An issue of bonds made pursuant to an order of a court of competent jurisdiction.
- (i) An issue of bonds by a district which has principal amounts payable from moneys other than the proceeds of an ad valorem tax where the total of such obligations represented by the issue together with other such bonds of the district does not at the time of issuance exceed two million dollars.



\_\_\_ (j) An issue of bonds of a district issued to the Colorado water resources and power development authority which evidences a loan from said authority to the district. (If no Official Statements prepared related to this bond, a copy of the "Governmental Agency Bond" will suffice.)

\_\_\_ (k) An issue of bonds by a district that contains territory subject to an intergovernmental annexation agreement between the City and county of Denver and Adams County dated April 21, 1988, made pursuant to section 30-6-109.5, C.R.S.

\_\_\_ (59-10.3) An issue of bonds by a district issued in denominations of not less than \$500,000 of not less than \$1,000 each.

\_\_\_ (59-10.4.A) An issue of bonds for which the Issuer complied with the requirements of section 11-59-110(2) and were, at the time of initial issue, exempt from registration under Rule 59-10.3 or section 11-59-110(1)(g), C.R.S., and which now qualify for an exemption pursuant to one of the following sections: **(Check one)**

11-59-110(1) \_\_\_(c)\*, \_\_\_(d), \_\_\_(e), \_\_\_(f)\*, \_\_\_(i).

\*If the noted applicable qualification under section 11-59-110(1)(c) or (f) is utilized due to secondary market insurance, provide the following:

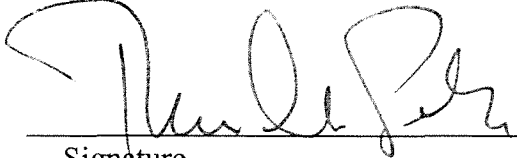
CUSIP number(s) \_\_\_\_\_,

Total size of the bonds affected \_\_\_\_\_.

\_\_\_ (59-10.4.B) An issue of general obligation bonds for which the Issuer complied with the requirement of section 11-59-110(2) and were, at the time of initial issue, exempt from registration under Rule 59-10.3 or section 11-59-110(1)(g), C.R.S. and subsequently, where the total obligation represented by the issue together with any other general obligations of the district does not exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the district as certified by the assessor.

East Boulder County Water District  
District Name

March 10, 2010  
Date

  
Signature

Thomas M. Peltz, Esq., Bond Counsel  
Type Name and Title



# STATE OF COLORADO

## EXECUTIVE DIRECTORS OFFICE

Department of Local Affairs  
1313 Sherman Street, Suite 500  
Denver, CO 80203  
Phone: (303) 866-4904  
FAX: (303) 866-4317  
TDD: (303) 866-5300



Bill Ritter  
Governor

Susan Kirkpatrick  
Executive Director

**FORM DLG-32**  
**Notice of Special District Authorization or**  
**Issuance of General Obligation Indebtedness**  
(CRS 32-1-1604)

<b>Name of District:</b>	East Boulder County Water District in Boulder County, Colorado
<b>Principal Amount:</b>	\$1,645,000
<b>Average Interest Rate:</b>	2.95%
<b>Name of Bond Issue:</b>	General Obligation Refunding and Improvement Bonds, Series 2010
<b>Credit Enhancement:</b>	None
<b>Rating and Rating Agency:</b>	Standard & Poor's "A+"
<b>Dated as of:</b>	March 30, 2010
<b>Final Maturity Date:</b>	December 1, 2020
<b>Name and Address of Underwriter:</b>	George K. Baum & Company 1400 Wewatta Street Suite 800 Denver, CO 80202
<b>Name and Address of Bond Counsel:</b>	Kutak Rock LLP 1801 California Street, Suite 3100 Denver, CO 80202
<b>Name, Address &amp; Phone of District Contact Person:</b>	Mark A. Johns, President c/o Z Design Group 1877 Broadway, Suite 100 Boulder, CO 80302 Telephone: 720-299-2015

District to Record with the County Clerk and Recorder within 30 days of Authorization or Issuance of Debt.  
Send Copy to: Division of Local Government, 1313 Sherman St., Rm. 521, Denver, CO 80203.



**AMENDED FINAL CLOSING MEMORANDUM  
EAST BOULDER COUNTY WATER DISTRICT**

To: Distribution List  
From: George K. Baum & Company  
Subject: **\$1,645,000**  
**East Boulder County Water District**  
General Obligation Refunding and Improvement Bonds  
Series 2010  
Settlement Numbers and Wire Instructions  
Date: March 30, 2010

**Closing:** Tuesday, March 30, 2010  
9:00 A.M. Mountain  
**Closing Location:** Kutak Rock  
1801 California Street, Suite 3100  
Denver, Colorado 80202  
303.297.2400

**Section I. Settlement Numbers:**

**SOURCES:**

**Bond Proceeds:**

Principal Amount	\$1,645,000.00
Plus: Original Issue Premium	\$22,665.30
Less: Underwriter's Discount	(\$25,014.98)
Less: Cost of Issuance	(\$35,000.00)
<b>Total</b>	<u><u>\$1,607,650.32</u></u>

**TOTAL SOURCES:**

\$1,607,650.32

**USES:**

Deposit to Project Construction Fund	\$155,236.87
Deposit to Net Cash Escrow Fund	\$1,452,413.45
<b>TOTAL USES:</b>	<u><u>\$1,607,650.32</u></u>

**SUMMARY OF FUNDS TRANSFERS:**

<i>Series 2010 Funds Transfer from GKB to UMB</i>	\$1,452,413.45	Wire #1
<i>Series 2010 Funds Transfer from GKB to the District</i>	\$155,236.87	Wire #2
<b>Net Funds Transfer</b>	<u><u>\$1,607,650.32</u></u>	

**Section II. Transfer of Funds by the District - Day of Closing - March 30, 2010**

**Wire #1: From George K. Baum & Co. to UMB - Series 2010 Escrow Fund**

**\$1,452,413.45**  
UMB BANK, N.A., KANSAS CITY, MISSOURI  
Via Federal Reserve Bank of KC  
ABA / Routing #: 101000695  
CREDIT BNF ACCOUNT: 9800006823 REFERENCE: East Boulder County Water District  
CONTACT: LEIGH LUTZ (303.839.2220)

**Wire #2: From George K Baum & Company to District - Series 2010 Project Fund**

**\$155,236.87**  
WELLS FARGO BANK, N.A.  
ABA/ROUTING # 121 000 248  
CREDIT COLOTRUST  
ACCT. # 101 804 3565  
FFC: CO-01-1053-8001 East Boulder County Water District



AMENDED FINAL CLOSING MEMORANDUM
EAST BOULDER COUNTY WATER DISTRICT

Section III. Cost of Issuance Allocation:

Table with 2 columns: Item and Estimated Costs of Issuance - (COI). Items include Bond Counsel, Escrow Fee, Rating Agency Fee, POS / Official Statement, Miscellaneous, CPA Verification, and Total. Total is \$35,000.00.

Section IV. Additional Information:

Bond Delivery Instructions: DTC - Book-Entry
Release of Bonds after closing
Call DTC at 212-855-3752 GKB Participant #0129

Delivery of Transcript and Legal Opinion: At Closing

Table with 3 columns: Distribution List, Phone, and Email. Lists contact information for Mark Johns, Dick Lyons, Tom Peltz, Hester Parrot, Kerstin Stevenson, Leigh Lutz, Colleen Carwin, Alan Matlosz, Mike Guertin, Michael Persichitte, and Don Stills.

## **DELIVERY CERTIFICATE AND CROSS RECEIPT**

***\$1,645,000***

***East Boulder County Water District***

***In Boulder County, Colorado***

***General Obligation Refunding and Improvement Bonds, Series 2010***

The undersigned hereby certify that we are, respectively, duly qualified and acting officers of UMB Bank, n.a. (the "Bank"), East Boulder County Water District, in Boulder County, Colorado (the "District"), and George K. Baum & Company (the "Underwriter") respectively, and in connection with the issuance by the District of its General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the principal amount of \$1,645,000 (the "Bonds"), the Bank hereby certifies as provided in paragraphs (1), (4) and (6) below, the District hereby certifies as provided in paragraphs (1), (2), (3), (4), (5) and (6) below, and the Underwriter hereby certifies as provided in paragraphs (1), (2), (3) and (6) (capitalized terms used herein and not defined shall have the meanings ascribed thereto by the resolution authorizing the issuance of the Bonds), hereby certifies as follows:

1. The Bank will hold the Bonds, as requested by the District, on behalf of the Depository Trust Company in New York, New York ("DTC") pursuant to the FAST Balance Sheet Agreement currently in place between the Bank and DTC. On the date hereof, DTC was instructed to release and clear the Bonds for settlement.

2. On the date hereof, the Underwriter paid to the District, in immediately available funds, moneys in the amount of \$1,642,650.32 (representing \$1,645,000.00 principal amount of the Bonds, plus \$22,665.30 net original issue premium, less \$25,014.98 underwriter's discount), as payment of the purchase price for the Bonds in accordance with the Bond Purchase Agreement.

3. On the date hereof, the Underwriter withheld \$35,000.00 of the purchase price of the Bonds, on behalf of the District, for payment of costs of issuing the Bonds.


4. On the date hereof, the Bank received \$1,452,413.45, on behalf of the District, to be deposited in the Escrow Account.

5. On the date hereof, the District received \$155,236.87 to be deposited in the Project Account.

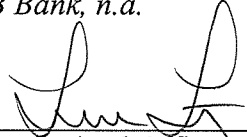
6. The undersigned is duly authorized by all applicable laws, rules, regulations, and corporate documents to make the representations contained herein.

SIGNED as of March 30, 2010.

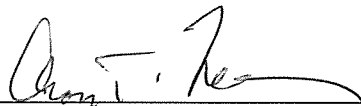
*East Boulder County Water District*

By:  \_\_\_\_\_  
President

*UMB Bank, n.a.*

By:  \_\_\_\_\_  
Authorized Officer

*George K. Baum & Company*

By:  \_\_\_\_\_  
Authorized Officer

[Signature page to Delivery Certificate and Cross Receipt]

**KUTAK ROCK LLP**  
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RICHMOND  
SCOTTSDALE  
WASHINGTON  
WICHITA

March 30, 2010

East Boulder County Water District  
Boulder County, Colorado

George K. Baum & Company  
Denver, Colorado

\$1,645,000  
East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 2010

Ladies and Gentlemen:

We have been engaged by East Boulder County Water District (the “District”), as bond counsel, in connection with the issuance of its General Obligation Refunding and Improvement Bonds, Series 2010, dated March 30, 2010, in the aggregate principal amount of \$1,645,000 (the “Bonds”). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the governing body of the District. We have examined the constitution and the laws of the State of Colorado (the “State”); the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation, without limitation as to rate and in an amount sufficient to pay the principal of and the

March 30, 2010

Page 2 of 2

interest on the Bonds when due. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owners of certain of the Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, because the District has properly designated the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code, in the case of certain banks, thrift institution or other financial institution owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds. The opinions set forth in the preceding sentences assume continuing compliance by the District with certain requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest to be includible in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

4. Under State statutes existing on the date hereof, interest on the Bonds is exempt from State income taxation. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

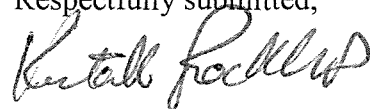
5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of any statement, memorandum, prospectus or official statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kutak Rock LLP", is written over the typed name.



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WICHITA

March 30, 2010

George K. Baum & Company  
Denver, Colorado

\$1,645,000  
East Boulder County Water District  
In Boulder County, Colorado  
General Obligation Refunding and Improvement Bonds  
Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel to East Boulder County Water District, in Boulder County, Colorado (the "District"), and in such capacity have rendered legal advice in connection with the preparation of the Official Statement dated March 19, 2010 (the "Official Statement"), relating to the issuance and sale of the above-captioned bonds (the "Bonds") to George K. Baum & Company (the "Purchaser") on the date hereof. In connection therewith we have reviewed information, documents, opinions, and certificates furnished to us by, and made general inquiries of the District's representatives and officials, other public officials, representatives of the Purchaser, and other legal counsel with respect to the Official Statement, which we have relied upon for purposes of this letter. We have assumed, but have not independently verified, the genuineness of such documents, opinions, and certificates which we have examined.

While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the final Official Statement and have made no independent investigation or verification with respect thereto, based solely upon our activities referred to above, nothing has come to the attention of the attorneys in our firm who have worked on this engagement which leads us to believe that the final Official Statement (other than the financial, statistical or engineering data and information contained therein and any information concerning The Depository Trust Company and its book-entry system for the Bonds contained or incorporated by reference in the Official Statement and its Appendices, and any expressions of opinion or projections contained therein, as to which we express no view or belief) as of its date contained, or as of the date hereof contains, any untrue statement of a material fact or as of its date omitted, or as of the date hereof omits, to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

**KUTAK ROCK LLP**

George K. Baum & Company  
March 30, 2010  
Page 2

This letter is furnished to you by us in our capacity as Bond Counsel, is solely for your benefit, and may not be copied or relied upon by or distributed to any other person without our express written consent. Our engagement as Bond Counsel ends on the date of this letter and we assume no further responsibilities or duties with respect to rendering legal advice in connection with the Official Statement.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kutak Rock LLP". The signature is written in black ink and is positioned below the typed text "Respectfully submitted,".

Richard N. Lyons, II  
Jeffrey J. Kahn  
John W. Gaddis  
Bradley A. Hall  
Steven P. Jeffers  
Anton V. Dworak  
Adele L. Reester

**Lyons Gaddis Kahn & Hall**  
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Chad A. Kupper

Daniel F. Bernard  
Senior Counsel

Catherine A. Tallerico  
Special Counsel

March 30, 2010

East Boulder County Water District  
Boulder, Colorado

George K. Baum & Company  
Denver, Colorado

Kutak Rock LLP  
Denver, Colorado

**\$1,645,000**  
**East Boulder County Water District**  
**General Obligation Refunding and Improvement Bonds**  
**Series 2010**

Ladies and Gentlemen:

We have acted as general counsel to East Boulder County Water District, in Boulder County, Colorado (the "District"), and in connection with the District's issuance of its General Obligation Refunding and Improvement Bonds, Series 2010, in the aggregate principal amount of \$1,645,000 (the "Bonds"), we are authorized to render this opinion. This opinion is only intended for use in connection with the issuance of the Bonds and shall not be used or relied upon by any organization or individual for any other purpose. The Bonds have been issued and delivered pursuant to, and in accordance with, the provisions of a Resolution adopted by the Board of Directors of the District (the "Board") on March 8, 2010 and affirmed on March 22, 2010 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

In our capacity as general counsel to the District and in connection with the issuance of the Bonds, we are familiar with the legal affairs of the District, and have also examined (a) the proceedings of the Board relating to the Resolution authorizing the issuance, sale and delivery of the Bonds and relating to the execution of the following documents: a Bond Purchase Agreement, dated as of the date hereof, by and between the District and George K. Baum & Company; a Paying Agent and Registrar Agreement, dated as of the date hereof, by and between the District and UMB Bank, n.a., as paying agent thereunder; an Escrow Agreement, dated as of the date hereof, by and between the District and UMB Bank, n.a., as escrow agent thereunder; and the District's limited undertaking to facilitate compliance with Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (such documents and agreements along with the Resolution collectively referred to herein as the "Bond Documents"); and (b) such other records, certificates and instruments as we deemed necessary or

East Boulder County Water District  
George K. Baum & Company  
Kutak Rock LLP

Page 2

appropriate to deliver this opinion. Additionally, we have examined executed counterparts of the Resolution and the Bond Documents.

Based on the foregoing examination, and upon the examination of such other documents, records, certificates and proceedings as we have deemed relevant, we are of the following opinions:

1. The District is a duly organized and validly existing special district, political subdivision and body corporate of the State of Colorado.

2. The Resolution has been duly adopted by the Board and is effective as of the date hereof. As of the date hereof, no action has been taken by the Board to rescind or modify the Resolution.

3. Assuming the legal validity and completeness of the documents prepared by Bond Counsel (but not assuming any matters regarding the procedural requirements for the District's authorization and execution of such documents), the District has complied with the procedural requirements necessary to authorize and execute the Resolution for issuance, sale and delivery of the Bonds; and has complied with the procedural requirements necessary to authorize and execute the Bond Documents.

4. The Bond Documents have been duly authorized and executed by the District and, assuming the legal validity and completeness of the documents prepared by Bond Counsel (but not assuming any matters regarding procedural requirements for the District's authorization and execution of such documents), the Bond Documents and the Bonds represent valid and legally binding agreements of the District enforceable in accordance with their terms.

5. The issuance, execution and delivery of the Bonds by the District, the execution and delivery of the Bond Documents by the District, and the performance by the District of its obligations with respect thereto will not result in a violation of any applicable judgment, order or decree and will not conflict with, result in a breach of, or constitute a default under, any agreement or instrument to which the District is a party or by which the District is bound.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Resolution and the Bond Documents or the validity and enforceability of the Bond Documents or the Bonds.

The enforceability of the obligations of the District, with respect to the Bonds and the Bond Documents, and as set forth in the Resolution, may be limited by the provisions of bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, or by principles of equity now or hereafter in effect, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the

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# Lyons Gaddis Kahn & Hall

A Professional Corporation



Attorneys and Counselors

East Boulder County Water District  
George K. Baum & Company  
Kutak Rock LLP

Page 3

State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This letter is furnished by me acting as general counsel to the District and is solely for the benefit of the addressees here to with respect to only this specific transaction. I understand that you are not relying upon me with respect to any opinion concerning the tax consequences of the Agreement, as to which I express no opinion.

Very truly yours,

LYONS GADDIS KAHN & HALL, PC

By   
Richard N. Lyons, II  
[rlyons@lgkhlaw.com](mailto:rlyons@lgkhlaw.com)