

**TOWN OF PALMER LAKE
COUNTY OF EL PASO
STATE OF COLORADO
Ordinance 2019-5**

AN ORDINANCE APPROVING A LOAN FROM THE TOWN OF PALMER LAKE GENERAL FUND TO THE TOWN OF PALMER LAKE WATER ENTERPRISE (“ENTERPRISE”) IN THE AGGREGATE PRINCIPAL AMOUNT OF \$500,000.00 AND AT THE SAME INTEREST RATE (2%) AND TERM (20 YEARS) AS THE LOAN ENTERED INTO BY THE ENTERPRISE WITH THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY (“CWRPDA”) PURSUANT TO ORDINANCE 2018-3, AUTHORIZING THE FORM AND EXECUTION OF THE PROMISSORY NOTE TO EVIDENCE SUCH LOAN; PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY

WHEREAS, THE TOWN OF PALMER LAKE (THE “TOWN”), IN EL PASO COUNTY, COLORADO, IS A POLITICAL SUBDIVISION OF THE STATE OF COLORADO (THE “STATE”), DULY ORGANIZED AND EXISTING AS A STATUTORY MUNICIPALITY UNDER THE LAWS OF THE STATE, ACTING THROUGH ITS ELECTED BOARD OF TRUSTEES (THE “BOARD”); AND

WHEREAS, THE MEMBERS OF THE BOARD HAVE BEEN DULY ELECTED AND QUALIFIED; AND

WHEREAS, THE TOWN HAS ACTED PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION (TABOR), TITLE 37, ARTICLE 45.1, COLORADO REVISED STATUTES (THE “ENTERPRISE ACT”) AND RESOLUTION 2018-6 (THE “ENTERPRISE RESOLUTION”) DULY ENACTED BY THE BOARD, TO CREATE THE “TOWN OF PALMER LAKE WATER ENTERPRISE” (THE “ENTERPRISE”) TO OPERATE THE MUNICIPAL WATER SYSTEM SERVING THE INHABITANTS OF THE TOWN (THE “SYSTEM”); AND

WHEREAS, UNDER THE ENTERPRISE RESOLUTION, THE BOARD ACTS AS THE GOVERNING BODY OF THE ENTERPRISE; AND

WHEREAS, THE ENTERPRISE PRESENTLY QUALIFIES AS AN “ENTERPRISE” FOR PURPOSES OF TABOR; AND

WHEREAS, THE BOARD, ACTING BY AND THROUGH THE ENTERPRISE, HAS HERETOFORE DETERMINED THE NEED TO INSTALL A NEW UNDERGROUND WATER STORAGE TANK TO PROVIDE SYSTEM REDUNDANCY, BACK UP WATER SUPPLY, AND SUPPORT EMERGENCY OPERATIONS (“THE “PROJECT”); AND

WHEREAS, THE TOWN HAS HERETOFORE ISSUED A GOVERNMENTAL AGENCY BOND TO THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY (THE "CWRPDA"), A BODY CORPORATE AND POLITICAL SUBDIVISION OF THE STATE OF COLORADO, TO EVIDENCE A LOAN (THE "2009 LOAN") MADE PURSUANT TO A LOAN AGREEMENT DATED AS OF JULY 22, 2009 (THE "2009 LOAN AGREEMENT"), AND HAS ISSUED TO THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY A GOVERNMENTAL AGENCY BOND (THE "2009 BOND") TO EVIDENCE SUCH 2009 LOAN, WHICH 2009 BOND IS SECURED BY A PLEDGE OF THE NET REVENUES OF THE SYSTEM; AND

WHEREAS, AS SET FORTH IN ORDINANCE 2018-3, THE TOWN HAS ALSO PREVIOUSLY ISSUED A GOVERNMENTAL AGENCY BOND TO CWRPDA (THE "2018 BOND") TO EVIDENCE A LOAN (THE "2018 LOAN") MADE PURSUANT TO A LOAN AGREEMENT WITH CWRPDA (THE "2018 LOAN AGREEMENT") TO ADDITIONALLY FINANCE ALL OR A PORTION OF THE COST OF THE PROJECT; AND

WHEREAS, THE BOARD HAS DETERMINED THAT IN ORDER TO FINANCE ALL OR A PORTION OF THE COST OF THE PROJECT, IT IS NECESSARY AND ADVISABLE, AND IN THE BEST INTERESTS OF THE TOWN AND THE ENTERPRISE, FOR THE ENTERPRISE TO BORROW FROM AND ISSUE A PROMISSORY NOTE TO THE TOWN ("NOTE") PURSUANT TO WHICH THE TOWN, THROUGH ITS GENERAL FUND, SHALL LOAN THE ENTERPRISE AN AMOUNT OF \$500,000.00 (THE "LOAN"); AND

WHEREAS, TABOR REQUIRES AN ELECTION TO INCUR ANY MULTIPLE FISCAL YEAR OBLIGATION UNLESS SUCH OBLIGATION IS INCURRED FOR AN ENTERPRISE; AND

WHEREAS, UNDER TABOR, THE ENTERPRISE IS A GOVERNMENT-OWNED BUSINESS AUTHORIZED TO ISSUE ITS OWN REVENUE LOAN BOND AND RECEIVING UNDER 10% OF ANNUAL REVENUE IN GRANTS FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED; AND

WHEREAS, IN 2018, THE ENTERPRISE RECEIVED GRANTS FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED WHICH WERE LESS THAN 10% OF THE ANNUAL REVENUE OF THE SYSTEM; AND

WHEREAS, THERE HAS BEEN PRESENTED TO THE BOARD THE FORM OF THE NOTE; AND

WHEREAS, THE NOTE SHALL CONSTITUTE A REVENUE OBLIGATION OF THE TOWN, PAYABLE FROM THE NET REVENUES OF THE SYSTEM SUBJECT TO PRIOR ISSUED BONDS; AND

WHEREAS, THE TOWN IS NOT DELINQUENT IN THE PAYMENT OF ANY PRINCIPAL OR INTEREST REQUIREMENTS UNDER THE 2009 LOAN OR THE 2009 BOND OR THE 2018 LOAN OR THE 2018 BOND; AND

WHEREAS, PURSUANT TO TITLE 31, ARTICLE 35, PART 4, C.R.S. (THE "SEWER AND WATER SYSTEMS ACT") AND THE ENTERPRISE ACT, THE NOTE MAY BE APPROVED BY THE BOARD WITHOUT AN ELECTION; AND

WHEREAS, THE FORM OF THE NOTE IS ON FILE WITH THE TOWN CLERK; AND

WHEREAS, THE BOARD DESIRES TO APPROVE THE FORM OF THE NOTE AND AUTHORIZES THE EXECUTION AND DELIVERY OF THE NOTE; AND

WHEREAS, PURSUANT TO SECTION 31-16-105, C.R.S., BECAUSE OF THE URGENT NEED FOR THE FINANCING OF THE PROJECT AND THE LIMITED AVAILABILITY OF LOW INTEREST LOANS, THE BOARD HAS DETERMINED THAT AN EMERGENCY EXISTS AND THAT ADOPTION OF THIS ORDINANCE AS AN EMERGENCY MEASURE ON FIRST AND FINAL READING IS NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE TOWN OF PALMER LAKE, COLORADO, ORDAINS:

Section 1. Recitals Incorporated. The foregoing recitals are made a part of this Ordinance.

Section 2. Determinations. The Board hereby finds and determines that the Enterprise constitutes an enterprise under TABOR.

Section 3. Approvals, Authorizations, and Amendments. The form of the Note presented at this meeting is incorporated herein by reference and is hereby approved. The Town shall enter into and perform its obligations under the Note in the form of such document, with such changes as are not inconsistent herewith and as are hereafter approved by the Mayor of the Town (the "Mayor") or the Town Administrator. The Mayor is hereby authorized and directed to execute the Note and further to execute and authenticate such other documents or certificates as are deemed necessary or desirable in connection therewith. The Note shall be executed in substantially the forms approved at this meeting. The execution of any instrument or certificate or other document in connection with the matters referred to herein by the Mayor, the Town Administrator, and Town Clerk or by other appropriate officers of the Town, shall be conclusive evidence of the approval by the Town of such instrument.

Section 4. Limited Liability. No elected or appointed officers or agents of the Town shall be subject to any pecuniary liability in connection with any agreement, covenant, or undertaking by the Town, or by them, contained in any document executed in connection with the authorization, execution, and delivery of the Note or this Ordinance or with respect to any action taken or omitted to be taken in good faith with reference thereto.

Section 5. Severability. If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of

such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance, the intent being that the same are severable.

Section 6. Repealer. All orders, resolutions, bylaws, ordinances or regulations of the Town, or parts thereof, inconsistent with this Ordinance are hereby repealed to the extent only of such inconsistency.

Section 7. Ordinance Irrepealable. After the Note is issued, this Ordinance shall constitute an irrevocable contract between the Enterprise and the Town and shall be and remain irrepealable until the Note has been fully paid, satisfied, and discharged. No provisions of any constitution, statute, charter, ordinance, resolution or other measure enacted after the issuance of the Note shall in any manner be construed as impairing the obligations of the Town to keep and perform the covenants contained in this Ordinance.


Section 8. Recordation. A true copy of this Ordinance, as adopted by the Board, shall be numbered and recorded on the official records of the Town and its adoption and publication shall be authenticated by the signatures of the Mayor and the Town Clerk, and by a certification of publication.

Section 9. Declaration of Emergency. By reason of the Town's need to improve its System to provide for the health and welfare of its citizens and the further need to acquire additional financing to improve such System, and the limited availability of such low interest financing the Board declares that this Ordinance is necessary for the immediate preservation of the public peace, health and safety, and this Ordinance shall be in full force and effect immediately upon final passage on first reading and adoption upon Board approval.

Section 10. Publication and Effective Date. This Ordinance after its passage on first and final reading shall be numbered, recorded, published and posted and the adoption, posting, and publication shall be authenticated by the signature of the Mayor and the Town Clerk. This Ordinance shall become effective immediately.

[Remainder of page left blank intentionally]

ORDINANCE PASSED, APPROVED, ADOPTED AND ORDERED PUBLISHED BY TITLE ONLY ON THIS 23rd DAY OF MAY, 2019 BY A VOTE OF 7 FOR AND 0 AGAINST.



Handwritten signature of John Cressman in blue ink, written over a horizontal line.

JOHN CRESSMAN, MAYOR

ATTEST:



Handwritten signature of Verla Bruner in blue ink, written over a horizontal line.

VERLA BRUNER, TOWN CLERK

PROMISSORY NOTE

U.S. \$ 500,000.00

Palmer Lake, Colorado
Date: May 23, 2019

FOR VALUE RECEIVED, the undersigned Town of Palmer Lake Water Enterprise, formed pursuant to Article X, Section 20 of the Colorado Constitution, Title 37, Article 45.1, C.R.S., and Resolution 2018-6 duly enacted by the Board of Trustees of the Town of Palmer Lake, to operate the municipal water system serving the inhabitants of the Town of Palmer Lake ("Borrower") promises to pay the Town of Palmer Lake, Colorado ("Note Holder"), the principal sum of FIVE HUNDRED THOUSAND DOLLARS (U.S. \$500,000.00), at a fixed interest rate of 2% accruing annually for a term of twenty (20) years, in installments as set forth in the column labeled "Total Payment" of the amortization and repayment schedule attached hereto as Exhibit A ("Schedule"), due on or before each Due Date as set forth in such Schedule, and payable at 42 Valley Crescent, Palmer Lake, Colorado 80133, or at such other place as Note Holder may designate.

If any payment required by this Note is not paid when due and remains unpaid after the due date, this Note shall be in default and the outstanding indebtedness shall bear default interest at the rate of eighteen percent (18%) per annum from the date of default. Payments received for application to this Note shall be applied first to the payment of default interest, at the rate specified above, if any, and the balance applied in reduction of the principal amount hereof. If suit is brought to collect this Note, the Note Holder shall be entitled to collect all reasonable costs and expense of collection and/or suit, including, but not limited to reasonable attorneys' fees.

Borrower may prepay the principal amount outstanding under this Note, in whole or in part, at any time without penalty. Borrower and all other makers, sureties, guarantors, and endorsers hereby waive presentment, notice of dishonor and protest, and they hereby agree to any extensions of time of payment and partial payments before, at, or after maturity. This Note shall be the joint and several obligation of Borrower and all other makers, sureties, guarantors and endorsers, and their successors and assigns.

Any notice to Borrower provided for in this Note shall be in writing and shall be given and be effective upon (a) delivery to Borrower or (b) by mailing such notice by first class U.S. mail, addressed to Borrower at Borrower's address stated below, or to such other address as Borrower may designate by notice to Note Holder. Any notice to Note Holder shall be in writing and shall be given and be effective upon (a) delivery to Note Holder or (b) by mailing such notice by first class U.S. mail, to Note Holder at the address stated in the first paragraph of this Note, or to such other address as Note Holder may designate by notice to Borrower.

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BORROWER:

PALMER LAKE WATER ENTERPRISE

Approved by the Board of Trustees of the Town of Palmer Lake acting as the governing body of the Borrower at its meeting held May 23, 2019.


By: 
John Cressman, Mayor

Address: 42 Valley Crescent,
Palmer Lake, Colorado 80133

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 23rd day of May, 2019, by John Cressman, acting in his capacity as Mayor and member of the Board of Trustees of the Town of Palmer Lake, Borrower's governing body.

Witness my hand and official seal.


Notary Public

**NANCY I. VEGA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134026364
My Commission Expires 07-30-2021**

**EXHIBIT A
AMORTIZATION AND REPAYMENT SCHEDULE**

Enterprise Loan
Repayment Schedule


Loan Date: May 23, 2019				Interest Rate: 2.0%			
Loan Amount: \$500,000.00				Term (years): 20			
Period	Due Date	Years	Balance	Interest	Principal	Total Payment	
1	11/1/2019	0.5	500000	4388.89	0	4388.89	
2	5/1/2020	1	500000	5000	0	5000	
3	11/1/2020	1.5	500000	5000	0	5000	
4	5/1/2021	2	500000	5000	0	5000	
5	11/1/2021	2.5	500000	5000	0	5000	
6	5/1/2022	3	500000	5000	0	5000	
7	11/1/2022	3.5	500000	5000	0	5000	
8	5/1/2023	4	500000	5000	0	5000	
9	11/1/2023	4.5	500000	5000	0	5000	
10	5/1/2024	5	500000	5000	0	5000	
11	11/1/2024	5.5	500000	5000	14374.06	19374.06	
12	5/1/2025	6	485625.94	4856.26	14517.8	19374.06	
13	11/1/2025	6.5	471108.14	4711.08	14662.98	19374.06	
14	5/1/2026	7	456445.16	4564.45	14809.61	19374.06	
15	11/1/2026	7.5	441635.55	4416.36	14957.7	19374.06	
16	5/1/2027	8	426677.85	4266.78	15107.28	19374.06	
17	11/1/2027	8.5	411570.57	4115.71	15258.35	19374.06	
18	5/1/2028	9	396312.22	3963.12	15410.94	19374.06	
19	11/1/2028	9.5	380901.28	3809.01	15565.05	19374.06	
20	5/1/2029	10	365336.23	3653.36	15720.7	19374.06	
21	11/1/2029	10.5	349615.53	3496.16	15877.9	19374.06	
22	5/1/2030	11	333737.63	3337.38	16036.68	19374.06	
23	11/1/2030	11.5	317700.95	3177.01	16197.05	19374.06	
24	5/1/2031	12	301503.9	3015.04	16359.02	19374.06	
25	11/1/2031	12.5	285144.88	2851.45	16522.61	19374.06	
26	5/1/2032	13	268622.27	2686.22	16687.84	19374.06	
27	11/1/2032	13.5	251934.43	2519.34	16854.72	19374.06	
28	5/1/2033	14	235079.71	2350.8	17023.26	19374.06	
29	11/1/2033	14.5	218056.45	2180.56	17193.5	19374.06	
30	5/1/2034	15	200862.95	2008.63	17365.43	19374.06	
31	11/1/2034	15.5	183497.52	1834.98	17539.08	19374.06	
32	5/1/2035	16	165958.44	1659.58	17714.48	19374.06	
33	11/1/2035	16.5	148243.96	1482.44	17891.62	19374.06	
34	5/1/2036	17	130352.34	1303.52	18070.54	19374.06	
35	11/1/2036	17.5	112281.8	1122.82	18251.24	19374.06	
36	5/1/2037	18	94030.56	940.31	18433.75	19374.06	
37	11/1/2037	18.5	75596.81	755.97	18618.09	19374.06	
38	5/1/2038	19	56978.72	569.79	18804.27	19374.06	
39	11/1/2038	19.5	38174.45	381.74	18992.32	19374.06	
40	5/1/2039	20	19182.13	191.82	19182.24	19374.06	

AFFIDAVIT OF PUBLICATION

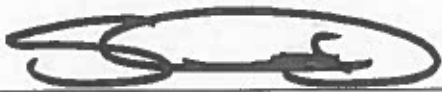
STATE OF COLORADO
COUNTY OF El Paso

I, Lorre Cosgrove, being first duly sworn, deposes and says that she is the Legal Sales Representative of The Colorado Springs Gazette, LLC., a corporation, the publishers of a daily/weekly public newspapers, which is printed and published daily/weekly in whole in the County of El Paso, and the State of Colorado, and which is called Colorado Springs Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper **1 time(s) to wit 05/18/2019**

That said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of at least six consecutive months next prior to the first issue thereof containing this notice; that said newspaper has a general circulation and that it has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879 and any amendment thereof, and is a newspaper duly qualified for the printing of legal notices and advertisement within the meaning of the laws of the State of Colorado.


Lorre Cosgrove
Sales Center Agent

Subscribed and sworn to me this 05/20/2019, at said City of Colorado Springs, El Paso County, Colorado.
My commission expires March 30, 2022.


Sandra King
Notary Public
The Gazette

**SANDRA KING
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20184014369
MY COMMISSION EXPIRES MARCH 30, 2022**

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The Town of Palmer Lake Town Council will consider on May 23, 2019 at 28 Valley Crescent 6PM AN ORDINANCE APPROVING A LOAN FROM THE TOWN OF PALMER LAKE GENERAL FUND TO THE TOWN OF PALMER LAKE WATER ENTERPRISE ("ENTERPRISE") IN THE AGGREGATE PRINCIPAL AMOUNT OF \$500,000.00 AND AT THE SAME INTEREST RATE (2%) AND TERM (20 YEARS) AS THE LOAN ENTERED INTO BY THE ENTERPRISE WITH THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY ("CWRPDA") PURSUANT TO ORDINANCE 2018-3, AUTHORIZING THE FORM AND EXECUTION OF THE PROMISSORY NOTE TO EVIDENCE SUCH LOAN; PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH, AND DECLARING AN EMERGENCY
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