

NORTHERN COLORADO WATER CONSERVANCY DISTRICT

RESOLUTION

D-1115-10-05

**ALLOCATION OF WATER TO COLORADO NON-PROFIT CORPORATIONS
FORMED AS A FINANCING VEHICLE FOR A GOVERNMENTAL WATER
PROVIDER**

WHEREAS, the Board of Directors of the Northern Colorado Water Conservancy District is responsible for and authorized by C.R.S. §§ 37-45-101 et seq. to allocate water from the Colorado-Big Thompson (“C-BT”) Project; and

WHEREAS, the Board only allocates C-BT Project water to water users that demonstrate a need for such water and that can place the allocated water to actual beneficial uses within the District; and

WHEREAS, the substantial cost of purchasing rights to allotment contract rights for C-BT Project water in the open market has forced municipalities and water districts to utilize new and unique methods of financing such acquisitions; and

WHEREAS, the Board wishes to accommodate existing and potential allottees’ legitimate and necessary financing methods while continuing to only allocate C-BT Project water for actual beneficial use within the District, while protecting the District’s interests and its discretion in managing and administering the water supplies yielded from the C-BT Project.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTHERN COLORADO WATER CONSERVANCY DISTRICT, as follows:

1. The Board reaffirms the existing policy that C-BT Project water will only be allocated for the actual beneficial use of the allottee or its customers which it is obligated by contract, ordinance, or statute to serve.
2. The Board will consider an application for a Section 131 C-BT Project water allotment contract from a Colorado non-profit corporation organized for the purpose of owning the allotment contract as a financing vehicle for a Colorado municipality or water district organized under C.R.S. §§ 32-1-101 et eq. whose service area is located within District boundaries to be the equivalent of an application by the municipality or water district with which the non-profit corporation has or will have a lease for the proposed allotment contract.
3. Such applications will be evaluated using the criteria that would be applicable if the applicant were the underlying municipality or water district with which the non-profit corporation has a lease for the proposed allotment contract.

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4. The Board will require that allotment contracts with such non-profit corporations specifically provide that the C-BT Project water be delivered to and only be used by the underlying municipality or water district with which the non-profit corporation has a lease for the proposed allotment contract, unless temporarily leased by the municipality or water district under the District's existing rental program, and in accordance with other terms and conditions as may be determined necessary by the Board in each instance.

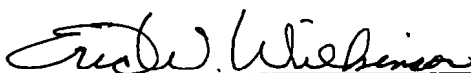
5. For the purpose of the ownership limitation policy and other applicable policies, a C-BT Project water allotment contract held by the non-profit corporation shall be deemed held by the underlying municipality or water district with which the non-profit corporation has a lease for the proposed allotment contract.

6. Carry-over capacity associated with the C-BT Project water allotment contract held by the non-profit corporation will be deemed to be allocated to and controlled by the underlying municipality or water district with which the non-profit corporation has a lease for the proposed allotment contract.

7. If the lease between the non-profit corporation and the underlying municipality or water district is terminated for any reason, in whole or in part, or for any other reason becomes void or ineffective, the non-profit corporation shall transfer all of the C-BT Project water allotment contract units to other qualified allottees within one year after the date of termination or the date on which the lease agreement becomes void or ineffective. If such transfer is not accomplished within such one-year period, the District shall have the right to take control of the C-BT Project water allotment contract units and transfer them to other qualified allottees by action of the Board. Any funds received by the District for such transfers shall be paid to the non-profit corporation, less the actual expenses of the District for accomplishing such transfers.

CERTIFICATE

I, Eric W. Wilkinson, do hereby certify that the above is a true and correct copy of a Resolution unanimously adopted by the Board of Directors of the Northern Colorado Water Conservancy District at the regularly scheduled Board meeting held in Berthoud, Colorado, on October 14, 2005.


Secretary