

SEMSWA WATER ACTIVITY ENTERPRISE

RESOLUTION NO. _____, SERIES OF 2006
(Loan from Tatonka Capital Corporation)

WHEREAS, the SEMSWA Water Activity Enterprise, as of no later than January 1, 2007 will gradually assume the planning, constructing and maintaining of various drainage and flood control facilities as well as the management of stormwater quality and, in some instances, compliance with the requirements of the National Pollutant Discharge Elimination System ("NPDES MS4 Stormwater" within its boundaries; and

WHEREAS, the SEMSWA Water Activity Enterprise's sole source of revenue, as of now, will be from fees received from property owners within its boundaries collected with the assistance of the Arapahoe County Assessor and Treasurer; and

WHEREAS, due to the method of collection using the annual Property Tax Statement of Arapahoe County sent to real property owners within its boundaries, the SEMSWA Water Activity Enterprise will not begin to receive any of those fees until sometime in 2007; and

WHEREAS, SEMSWA Water Activity Enterprise, as of January 1, 2007, will have no funds to begin to carry out the purposes of its formation, but it wishes to immediately begin meeting its responsibilities; and

WHEREAS, Southeast Metro Stormwater Authority / SEMSWA Water Activity Enterprise has adopted a budget which both anticipates the receipt of proceeds from a loan to it as well as a schedule for the repayment of that loan; and

WHEREAS, it has been determined that a loan of \$3.5 million dollars will provide adequate funding in order to permit the SEMSWA Water Activity Enterprise to begin its operations and continue its operations until it begins to receive fees collected by the Arapahoe County Treasurer; and

WHEREAS, Tatonka Capital Corporation has issued a Transaction Commitment for a \$3.5 million dollar loan, as copy of which is attached hereto and incorporated herein by reference; and

WHEREAS, Tatonka Capital Corporation requires as a condition of its loan to SEMSWA Water Activity Enterprise that SEMSWA designate this loan as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code; and

WHEREAS, the terms and conditions of the proposed loan have been reviewed by the Board of Directors of the SEMSWA Water Activity Enterprise and they appear to be satisfactory including the loan's prepayment provisions which are 1.65% of the amount

prepaid in the first year of the loan and gradually declining to .65% in the fifth year of the loan and

WHEREAS, Colorado Business Bank has committed to purchasing the loan from Tatonka Capital Corporation once the loan has been made to the SEMSWA Water Activity Enterprise.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The loan from Tatonka Capital Corporation as outlined on the attached Transaction Commitment for \$3.5 million dollars is necessary for the operation of the SEMSWA Water Enterprise until it begins to receive fees collected by the Arapahoe County Treasurer.
2. SEMSWA Water Activity Enterprise designates this loan as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code.
3. The loan from Tatonka Capital Corporation is approved and the Chairman of the SEMSWA Water Activity Enterprise is authorized to execute any and all documents necessary to obtain the \$3.5 million dollar loan on terms no less onerous than those described on the attached Transaction Commitment and with a prepayment penalty of 1.65% of the amount prepaid in the first year of the loan and gradually declining to .65% in the fifth year of the loan.

(SEAL)

SEMSWA WATER ACTIVITY ENTERPRISE

Date: _____

ATTEST:

Secretary

Chairperson