

Carbondale & Rural Fire Protection District  
Meeting of the Board of Directors  
March 8, 2017  
5:30 p.m.

Agenda

- A. Call to order & roll call
- B. Changes to Agenda
- C. Consent Agenda
  - 1. Approve Previous Minutes
  - 2. Current Bills & Balances
- D. Persons Present Not on the Agenda
- E. Staff Reports
  - 1. Marble Fuel Release, Rob Goodwin
  - 2. Staff Planning Meeting Update, Ron Leach
  - 3. Other
- G. Financial Report
  - 1. Discussion regarding outstanding bond refinance. The Board of Directors intends to make a final determination to refund general obligation indebtedness at a lower interest rate and consider the adoption of a parameters resolution to authorize such action
    - a. Consider for approval Resolution 2017-003, A Resolution Authorizing the Issuance by Carbondale and Rural Fire Protection District of Its Convertible General Obligation Refunding Note for the Purpose of 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 Note and Other Details in Connection Therewith; And Approving Documents Relating to the Refunding
  - 2. Other
- G. Old Business
  - 1. Other
- H. New Business
  - 1. Other
- I. Adjourn

# **CARBONDALE & RURAL FIRE PROTECTION DISTRICT**

## **MINUTES OF THE MEETING**

## **BOARD OF DIRECTORS**

### **CARBONDALE FIRE HEADQUARTERS**

**FEBRUARY 8, 2017**

The Board of Directors of the Carbondale & Rural Fire Protection District met for their regular meeting on February 8, 2017 at the Carbondale Fire Headquarters/Training Building.

President Gene Schilling called the meeting to order at 5:30 p.m. Directors present were Louis Eller, Carl Smith and Tom Adgate. Also present were Ron Leach, Jenny Cutright, Eric Gross, Rob Goodwin, Bill Gavette, Wes Bradish from RBC Dane Rauscher and John Colson. Vice-President Mike Kennedy was absent.

### **CHANGES TO AGENDA**

Carl Smith requested an update on ISO.

### **CONSENT AGENDA**

The items on the consent agenda were:

- Approve the Minutes of January 11, 2017 Regular Meeting
- Approve the Minutes of the January 25, 2017 Special Meeting
- Approve Current Bills and Balances

**MOTION:** made to approve the consent agenda as noted. It carried and passed unanimously.

### **PERSONS PRESENT NOT ON THE AGENDA**

There were no comments from the public.

### **DISCUSSION OF OUTSTANDING BONDS AND CURRENT OPTIONS AVAILABLE TO THE DISTRICT**

Wes Bradish from RBC Dane Rauscher attend the meeting. He said that the 2007 bonds are callable this year, with the earliest they can be refinanced as September 1.

Wes Bradish said that he has talked to specific providers about buying the District's bonds due to the small principal and short term He said that he founds a bank that is willing to lock in a 2% rate until the end of March. He said the current bonds are about 4%. He reviewed options for refinancing and the possibility of asking voters for a new bond, without increasing the debt service mill levy. He said the District could raise approximately \$10.5 million with a bond issue

this way. He also said that the District could refinance the current bonds and save approximately \$30,000 annually.

Discussion regarding followed different options followed. Wes Bradish said that the District has been very good to the constituents. He said that many districts will keep the levy the same and 'over levy' to pay the principal down sooner, but Carbondale & Rural Fire Protection District has dropped the debt service mill levy whenever it is able. Further discussion followed.

Gene Schilling said that refinancing the current bonds should be done regardless. He said this will save the taxpayers money. He said that the board will need to discuss if they want to ask the voters for a bond issue.

Wes Bradish said that they will work with the District's bond counsel, Tom Peltz, to develop the parameters resolution for the board to vote on. This is the document that will direct staff to begin the refinance process as long as the specified parameters are met. Wes Bradish said that the 2% lock is the most aggressive he was able to find. He said that many providers will not do a forward refinance.

The Board of Directors directed staff to begin the process and develop a parameters resolution for a bond refinance.

Wes Bradish said that the Gallagher Amendment will realize a reduction in the residential assessment rate. He said that the total assessed valuation will not reduce, but is transferred to commercial property owners. Ron Leach said that he does not feel the shift in assessment rates will be a big threat to the district's revenues.

## **STAFF REPORTS**

Marble Fuel Release Rob Goodwin said that the Town of Marble voted to signed the IGA. He said that the State of Colorado also approved the corrective action plan. Rob Goodwin said that there will be core holes drilled in the driveway, then drill holes follow on Monday. He said that samples will be taken and sent to the lab to determine how much product and how deep it is once the lab results are returned. Rob Goodwin noted that this is considered a stable release so the state of Colorado does not determine when the remediation begins. He said as long as it is done in a timely manner, it can be done in the spring.

**MOTION:** made to approve the Intergovernmental Agreement with the Town of Marble. Louis Eller asked if the IGA changed after it was reviewed by the Town of Marble. Rob Goodwin said there have been no changes. It carried and passed 3-0, as Tom Adgate was not in the room during the vote.

Staff Planning Meeting Update Ron Leach said that staff planning meetings have been focusing on Strategy 4, Financial resources. He said that the staff is working on the capital fund needs assessment. He said that there are many named needs, including a training ground, a

maintenance bay, ambulances and larger fire truck replacements such as Engine 82 which is a 1984 engine. He said there is at least \$10 million in needs.

Ron Leach said if there was a bond issue it could be structured to fund over time. He said if it is taken at once, it must be spent within three years.

Ron Leach added that the staff has been diligent on the master plan work.

Structure Fire Ron Leach said the district recently responded to a chimney fire. He said the fire was in the roof and it was snowing hard. He said that no one was hurt and the firefighters were brave and efficient. Ron Leach said that thanks to the direction of Rob Goodwin, the home was saved.

### **FINANCIAL REPORT**

Pickup Carl Smith asked if there will be additional costs for the new pickup truck. Ron Leach said there would be some costs for radios.

### **OLD BUSINESS**

Affordable Housing Issues Louis Eller said that with the unknowns on the 2018 finances, he would like to wait to discuss any affordable house projects.

Stryker Cot Tom Adgate asked if the District received the Stryker cot yet. Rob Goodwin said it is now in service. He said it is an amazing piece of equipment. He explained how the cot and power load system works. He noted that there are many times the ambulance is running with a short crew and sometimes there are only two people to lift a 250-pound patient. He said that this cot and power load system is a great improvement for the district.

### **NEW BUSINESS**

Resolution 2017-002, Resolution Supporting the Grant Application for a Grant from the Garfield County Federal Mineral Lease District Ron Leach said that spring grant cycle is open and applications are due February 24. He said to apply for a grant, a resolution must be approved by the Board of Directors. Ron Leach said that the grant is for two Ward Diesel filters. Ron Leach said that Ward Diesel filters are used to filter out the carcinogens so they are not being inhaled. He said these are needed for the health and safety of our members.

**MOTION:** made to approve Resolution 2017-002, A Resolution of the Board of Directors of the Carbondale & Rural Fire Protection District Supporting the Grant Application for a Grant from the Garfield County Federal Mineral Lease District for the Purchase of Two Ward Diesel Filters. It carried and passed unanimously.

Attending Board Meetings by Telephone Gene Schilling said that last year Carl Smith called in to a 5 out of the 13 board meetings held. He said that is a significant portion of the Board meetings. Gene Schilling said that it is hard for people who are at the meeting. He said that it is hard to hear and be heard by the person on the phone. He said that ability to have board members call in is beneficial but it should be the exception, not the rule.

Louis Eller and Tom Adgate agreed calling in to board meetings is distracting. Tom Adgate suggested using call in for important issues only.

Carl Smith said that he called in once because he was on vacation, but that generally it is because he is in SEMTAC meetings all day Wednesday and Thursday which sometimes falls on the board meeting. He explained what the SEMTAC does. He said that he recognizes his calling in is a challenge but noted that he attends other meetings by telephone too. He said that there will only be two time the meetings occur on the same day as the board meeting and asked the board for their consideration on the issue.

Gene Schilling requested that board members minimize calling in unless there is something important on the agenda or a quorum is needed.

ISO Rob Goodwin said that there was as meeting with the representative from ISO. He said the staff is gathering information needed for the survey. Carl Smith asked when the ISO survey would take place. Rob Goodwin said it would be in 2017, hopefully in the first half of the year.

Ambulance Call Gene Schilling said that there was CPR call recently where the police Department and fire department did CPR for a significant amount of time. He said that someone called to offer kudos for the work both agencies did. He said that the citizen was very pleased with the way the situation was handled. Rob Goodwin noted that police who were on scene were outstanding.

MOTION: made to adjourn the Board of Directors meeting at 6:48 p.m. It carried and passed unanimously.

Respectfully submitted,

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Jenny Cutright, Recording Secretary

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Gene Schilling, President

**Deputy Chief  
Operations Report  
March 2017**

**Responses 2017 –**

As of February 28, 2017 we responded to **157** calls for service.

- 93 EMS calls including 23 motor vehicle accidents.
- 11 Fire responses. These include all fire calls, gas leaks, spills, CO responses, etc.
- 21 Fire alarm responses
- 32 Service and Good Intent responses. These include smoke/odor checks, citizen assist, cancelled enroute etc.

**Response Comparison – Month**

- January 2017 - **73**
- January 2016- **94**
- January 2015 - **88**
- January 2014 - **76**

**Response Comparison - YTD**

- 2017 - **157**
- 2016 - **184**
- 2015 - **171**
- 2014 - **146**

**EMS Transports – YTD**

- 2017 - **58**
- 2016 - **76**
- 2015 - **65**
- 2014 - **50**

**EMS Non-Transports - YTD**

- 2017 - **17**
- 2016 - **33**
- 2015 - **26**
- 2014 - **29**

**ALS Calls – YTD**  
**28**

**BLS Calls – YTD**  
**44**

**ALS Calls – February**  
**19**

**BLS Calls – February**  
**20**

**Fire Calls – February**

Structure Fires  
**1**

Wildland Fires  
**1**

Vehicle Fires  
**2**

False Alarms  
**30**

**Fire Calls – YTD**

Structure Fires  
**2**

Wildland Fires  
**1**

Vehicle Fires  
**0**

False Alarms  
**21**

**Concurrent Calls –**

**January**  
**3 times (total of 6 calls)**

**YTD**  
**9 times (total of 18 calls)**

**CRFPD Community Outreach/Education**

- Ambulance & crew standby for Redstone Winterfest
- Slash pile burn in Marble

**Projects, Outreach, Other stuff –**

- Coordinating scheduling program for paid staff and volunteers
- Regular staff planning meetings
- 2017 Budget Planning
- Taught New Member Academy Classes
- Training/Mentoring time with new members
- Monthly planning meeting
- Incident response in district
- CDPHE grant project- New Ambulance Gurney
- Building Pre-Planning Program development
- ISO survey planning
- 2017 Garfield County Mineral Lease management (purchasing, specs, etc)

Respectfully submitted  
Rob Goodwin  
Deputy Chief



## **Board of Directors Report**

Bill Gavette, Deputy Chief

March 2017

### **Completed Plan/Code Reviews**

- 3<sup>rd</sup> Street Center, assembly occupancy remodel, Town of Carbondale
- RE-1 Housing, site review, Town of Carbondale
- Bridges High School Remodel, Town of Carbondale
- Lot 3 Ranch at Coulter Creek, Fire Sprinkler System, Garfield County

### **Pending/On-going Plan/Code Reviews**

- Rio Grande Lane - Carbondale senior housing project, Town of Carbondale
- White House Pizza remodel, Town of Carbondale
- Redstone Castle, driveway planning, Pitkin County
- Shiflet ADU, Garfield County

### **Inspections**

- Mid-Valley Auto Body, spray booth, Garfield County
- Ranch at Coulter Creek, fire flow test, Garfield County
- Aspen Equestrian Estates, fire flow test, Garfield County
- Carbondale Animal Hospital, fire alarm rough-in, Town of Carbondale
- Carbondale Middle School, radio signal testing, Town of Carbondale
- Garfield County Road & Bridge, gas monitoring & removal system, Garfield County
- 11556 Highway 133 - One River LLC, general inspection, Pitkin County

### **Other Projects**

- Pitkin County Annual Operating Plan Meeting
- Mobile radio purchase
- Building preplanning
- 2017 ISO survey
- NFPA 2016 Fire Department Survey
- Garfield County 2015 IFC adoption
- Renew fire inspector certification

**Carbondale & Rural Fire Protection District**

300 Meadowood Drive • Carbondale, CO 81623 • 970-963-2491 Fax 970-963-0569

# Board of Directors Training Program Report

March 2017

## February Training:

- February 15<sup>th</sup> , Firefighter 2 Communications, Building Construction and Fire Hose by Nadell
- February 18<sup>th</sup> , Fire fighter 2 skills by Nadell
- February 20<sup>th</sup> , QA with Dr. Stahl case reviews and EMS care topics
- February 27<sup>th</sup> , Firefighter 2 skills by Nadell
- February 27<sup>th</sup> , EMS Pediatric Emergencies by Kroesen

## September Highlights:

- CRFPD hosted an EMTAC sponsored two day Pediatric Emergencies course taught by Professional EMS Education of Grand Junction. 4 CRFPD members attended.
- CRFPD is conducting a Firefighter 2 course for twelve staff and volunteer members. At the completion of this course we will have met one of the objectives of our Master Plan. *“CRFPD should identify methods by which all personnel within the department will achieve firefighter 2 certification”* This will essentially bring all active CRFPD firefighters to the FF2 level.

## Certification Management:

- I assisted 1 member in the renewal of their National Registry Paramedic certification.
- I assisted 1 member in the renewal of their National Registry EMT Basic certification.
- I assisted 1 member in the renewal of their National Registry EMT Intermediate certification.
- I assisted 1 member in obtaining Colorado Advanced EMT certification.
- All training records, EMS continuing education credits and Firefighter Job Performance requirements (JPRs) records are up to date through the end of the month.

## Training Hour Totals:

- 26 individual trainings were conducted throughout the month of October.
- Total man hours of training for February 2017 = 325 hours
- Total Man Hours of training in 2017 through February 28<sup>th</sup> =933 hours

Respectfully submitted,

Deputy Chief/ Training Officer Frank Nadell

# February 2017 Maintenance Report

- Dig out snow at st83 around fuel station
- Purchase new co. detectors for living quarters
- Purchase batteries for air packs.
- Clean battery acid out of air pack out of E85
- Replace locks on fuel tank st83
- Empty out r81 fuel tank due to wrong type of fuel being used.
- Meetings with ECOS
- Meetings with Lou for drilling.
- Test and flush Hydraulics on L81. Weak motor on leveling cage return. Parts ordered
- Purchase new pressure washer for st81.
- Teach members how to check saw fluids and how to unflood chainsaw and installed new spark plugs.
- Replaced wiper blades u87
- Changed oil u87
- Refinishing butcher block.
- Replace A82 track rod, fab new mounts for heavy duty Hyme Joints. Remove old ball Joints. Replace Three steering stabilizers. Death wobble issue.
- ISO prep all station truck checks
- ISO meeting
- Remove radio equipment in old command trailer
- Strip and remove logos on old command trailer
- Replace outside lights Front entry Ops. Side.
- End of report

February 28, 2017

Interest Rate

**General Fund**

Alpine Checking	141,445.56	0.00%
Alpine Money Market Fund	62,928.61	0.01%
<b>TOTAL</b>	<b>\$ 204,374.17</b>	

**Capital Projects Fund #1**

Alpine Checking	20,649.62	0.00%
Alpine Money Market Fund	829,221.02	0.01%
Alpine Impact Fee Fund	61,828.01	0.01%
Alpine Loan Fund Money Market	536,189.84	0.01%
<b>TOTAL</b>	<b>\$ 1,447,888.49</b>	

**Bond Fund**

Csafe	\$ 115,529.72	0.80%
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**Pension Fund**

FPPA

**Ambulance Billing Report - February 2017**

Cash Collected on Accounts	\$ 19,589.42
New Accounts Billed	\$ 28,548.60
Medicare Assignments (Write-Offs)	\$ 7,082.93
Medicaid Write-Offs	\$ 2,141.07
Other Write-Offs	\$ 3,712.30
Amount Sent to Collections	\$ 1,130.20

**Aging Report**

<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>&gt;90 Days</u>
\$34,309.65	\$7,484.01	\$7,029.20	\$31,211.02

## Checks Issued Between Board Meetings

### General Fund

Payroll	\$39,696.38	Payroll	1/13/17
Internal Revenue Service	\$9,800.87	Federal Withholding	1/13/17
Colorado Department of Revenue	\$2,237.00	State Withholding	1/13/17
Fire & Police Pension Association	\$16,551.28	Pension/457/Death & Disability	1/13/17
Payroll	\$37,405.24	Payroll	1/27/17
Internal Revenue Service	\$8,475.42	Federal Withholding	1/27/17
Colorado Department of Revenue	\$2,050.00	State Withholding	1/27/17
Fire & Police Pension Association	\$14,862.27	Pension/457/Death & Disability	1/27/17
Environmental Services, Inc	\$3,253.70	Marble fuel release management	2/17/17

### Capital Projects Fund

Humphrey RV	\$ 19,900.00	command trailer - grant	2/27/17
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### Miscellaneous Income

2/1-2/28/17

### General Fund

### Capital Projects Fund

**Carbondale & Rural Fire Protection Dist**

AP Check Register (Current by Bank)

Check Date: 3/8/2017

Check No.	Date	Status	Vendor ID	Payee Name	Amount
<b>BANK ID: ALPINC - ALPINE BANK - CHECKING</b>					<b>1122</b>
35964	03/08/17	P	AIRGAS	Airgas USA, LLC	\$101.79
35965	03/08/17	P	ASPEN	Aspen Maintenance Supply, Inc.	\$159.70
35966	03/08/17	P	ASPENO	Aspen Overhead Door Co, Inc	\$219.37
35967	03/08/17	P	BLACKH	Black Hills Energy	\$1,677.19
35968	03/08/17	P	CENEX	Cenex Fleet Fueling	\$1,242.21
35969	03/08/17	P	CENTUR	CenturyLink	\$147.15
35970	03/08/17	P	COMCAS	Comcast Cable	\$32.44
35971	03/08/17	P	CUOFCO	Credit Union of Colorado	\$4,665.45
35972	03/08/17	P	CYMA	Cyma Systems, Inc.	\$812.10
35973	03/08/17	P	GRANIT	Granite Telecommunications	\$719.69
35974	03/08/17	P	HAKIN	Harlen Akin	\$200.00
35975	03/08/17	P	HOLY	Holy Cross Energy	\$665.22
35976	03/08/17	P	KLEENK	Kleen Kut Service	\$300.00
35977	03/08/17	P	LIFEAS	Life-Assist, Inc.	\$2,329.04
35978	03/08/17	P	METLIF	MetLife - Group Benefits	\$3,458.84
35979	03/08/17	P	NORTHW	Northwest Colorado Council of	\$150.00
35980	03/08/17	P	PEPPIN	Peppino's Pizza, Inc.	\$19.00
35981	03/08/17	P	PHYSIO	Physio-Control, Inc.	\$1,785.00
35982	03/08/17	P	PINNAC	Pinnacol Assurance	\$9,786.00
35983	03/08/17	P	RBOURG	Ray Bourg	\$134.40
35984	03/08/17	P	REDSAN	Redstone Water & Sanitation Di	\$270.00
35985	03/08/17	P	COOP	Roaring Fork Valley Co-Op	\$1,828.24
35986	03/08/17	P	STERIC	Stericycle, Inc.	\$731.14
35987	03/08/17	P	PAINT	The Paint Store, Inc	\$36.68
35988	03/08/17	P	THYSSE	Thyssenkrupp Elevator Corp.	\$488.96
35989	03/08/17	P	TRAILH	Trailhead Technologies, Inc.	\$1,021.02
35990	03/08/17	P	USPOST	U.S. Post Office	\$147.00
35991	03/08/17	P	VVH	Valley View Hospital	\$766.72
35992	03/08/17	P	VERIZO	Verizon Wireless	\$496.05
35993	03/08/17	P	VIP	VIP Trash Removal	\$133.00
35994	03/08/17	P	WESTHE	Western Slope Health Care Grou	\$29,551.61
35995	03/08/17	P	WHITSI	Whitsitt & Gross, P.C.	\$2,538.00
35996	03/08/17	P	WITMER	Witmer Public Safety Group	\$1,018.48
35997	03/08/17	P	XCEL	Xcel Energy	\$1,197.11
35998	03/08/17	P	VFIS	VFIS	\$12,504.00
<b>BANK ALPINC REGISTER TOTAL:</b>					<b>\$81,332.60</b>
<b>GRAND TOTAL :</b>					<b>\$81,332.60</b>

\* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void ( Void Date ) ; "A" - Application; "E" - EFT  
 \*\* Denotes broken check sequence.

**Capital Projects Fund #1**  
AP Check Register (Current by Bank)

Check Date: 3/8/2017

Check No.	Date	Status	Vendor ID	Payee Name	Amount
<b>BANK ID: ALPINE - ALPINE BANK - CHECKING</b>					<b>1140</b>
4713	03/08/17	P	MOTORO	Motorola	\$1,368.96
<b>BANK ALPINE REGISTER TOTAL:</b>					<b>\$1,368.96</b>
<b>GRAND TOTAL :</b>					<b>\$1,368.96</b>

\* Check Status Types: "P" - Printed ; "M" - Manual ; "V" - Void ( Void Date ); "A" - Application; "E" - EFT  
\*\* Denotes broken check sequence.

## Carbondale & Rural Fire Protection Dist

### Income Statement

(Original Budget to Actual Comparison)

For the period of 3/1/2017 Through 3/31/2017

	Current Period				Year To Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b><u>Cost of Goods Sold</u></b>								
Property Tax	\$0.00	\$0.00	\$0.00	0.0 %	\$(54,631.54)	\$(2,580,176.00)	\$(2,525,544.46)	(97.9)%
Specific Ownership Tax	0.00	0.00	0.00	0.0	(21,685.78)	(125,000.00)	(103,314.22)	(82.7)
Interest/Penalties	0.00	0.00	0.00	0.0	(5.70)	(5,500.00)	(5,494.30)	(99.9)
Delinquent Tax	0.00	0.00	0.00	0.0	(35.94)	(1,000.00)	(964.06)	(96.4)
Abated Tax	0.00	0.00	0.00	0.0	0.00	(4,868.00)	(4,868.00)	(100.0)
Ambulance Revenues	0.00	0.00	0.00	0.0	(31,696.06)	(225,000.00)	(193,303.94)	(85.9)
Interest Income	0.00	0.00	0.00	0.0	(2.01)	(100.00)	(97.99)	(98.0)
Building Rentals	0.00	0.00	0.00	0.0	(500.00)	(9,000.00)	(8,500.00)	(94.4)
Contributions & Grants	0.00	0.00	0.00	0.0	(100.00)	0.00	100.00	0.0
Training Income	0.00	0.00	0.00	0.0	0.00	(500.00)	(500.00)	(100.0)
Wildfire Contracts	0.00	0.00	0.00	0.0	0.00	(10,000.00)	(10,000.00)	(100.0)
Special Event Contracts	0.00	0.00	0.00	0.0	(156.00)	(7,000.00)	(6,844.00)	(97.8)
Miscellaneous Income	0.00	0.00	0.00	0.0	(540.51)	(4,000.00)	(3,459.49)	(86.5)
<b>Total Cost of Goods Sold</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.0 %</b>	<b>\$(109,353.54)</b>	<b>\$(2,972,144.00)</b>	<b>\$(2,862,790.46)</b>	<b>(96.3)%</b>
<b>Gross Profit</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>		<b>\$109,353.54</b>	<b>\$2,972,144.00</b>	<b>\$(2,862,790.46)</b>	<b>(96.3)%</b>
<b><u>Operating Expenses</u></b>								
Wages	\$0.00	\$0.00	\$0.00	0.0 %	\$234,449.13	\$1,482,174.00	\$1,247,724.87	84.2 %
Wildfire Wages, CRRF	0.00	0.00	0.00	0.0	0.00	5,000.00	5,000.00	100.0
Wages - Seasonal Staffing	0.00	0.00	0.00	0.0	0.00	65,000.00	65,000.00	100.0
Special Event Wages	0.00	0.00	0.00	0.0	233.73	5,000.00	4,766.27	95.3
Health Benefits	30,465.06	0.00	(30,465.06)	0.0	81,951.49	395,440.00	313,488.51	79.3
Pension Benefits	0.00	0.00	0.00	0.0	20,551.12	134,263.00	113,711.88	84.7
457 Contributions, District portion	0.00	0.00	0.00	0.0	1,876.59	13,314.00	11,437.41	85.9
Workers Comp	0.00	0.00	0.00	0.0	14,679.00	72,710.00	58,031.00	79.8
Volunteer Incentive	0.00	0.00	0.00	0.0	187.42	26,813.00	26,625.58	99.3
Medicare/FICA Tax	0.00	0.00	0.00	0.0	3,637.22	21,637.00	17,999.78	83.2
Unemployment Insurance	0.00	0.00	0.00	0.0	1,169.43	4,579.00	3,409.57	74.5
Death & Disability Policy - FPPA	816.15	0.00	(816.15)	0.0	6,479.37	35,819.00	29,339.63	81.9
Board Members Pay	0.00	0.00	0.00	0.0	0.00	8,000.00	8,000.00	100.0
Insurance	12,504.00	0.00	(12,504.00)	0.0	25,534.00	61,680.00	36,146.00	58.6
Treasurer Fees	0.00	0.00	0.00	0.0	1,355.34	63,674.00	62,318.66	97.9
Abated Tax	0.00	0.00	0.00	0.0	12.51	2,000.00	1,987.49	99.4
Administration Supplies/Expenses	0.00	0.00	0.00	0.0	3,064.67	14,392.00	11,327.33	78.7
Accounting	0.00	0.00	0.00	0.0	0.00	10,950.00	10,950.00	100.0
Legal Fees	0.00	0.00	0.00	0.0	5,511.00	30,840.00	25,329.00	82.1
Dues & Subscriptions	0.00	0.00	0.00	0.0	2,214.50	7,196.00	4,981.50	69.2
Administration Fuel	0.00	0.00	0.00	0.0	1,981.20	12,023.00	10,041.80	83.5
Freight & Postage	147.00	0.00	(147.00)	0.0	356.55	2,134.00	1,777.45	83.3
Computer Supplies	0.00	0.00	0.00	0.0	613.30	1,000.00	386.70	38.7
Fire/EMS Prevention Supplies/Expenses	0.00	0.00	0.00	0.0	0.00	5,000.00	5,000.00	100.0
Meetings	0.00	0.00	0.00	0.0	469.27	2,000.00	1,530.73	76.5

## Carbondale & Rural Fire Protection Dist

### Income Statement

(Original Budget to Actual Comparison)

For the period of 3/1/2017 Through 3/31/2017

	Current Period				Year To Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Volunteer Dinner Program	0.00	0.00	0.00	0.0	790.47	9,252.00	8,461.53	91.5
Election Expense	0.00	0.00	0.00	0.0	0.00	15,000.00	15,000.00	100.0
Emergency Management	0.00	0.00	0.00	0.0	0.00	1,000.00	1,000.00	100.0
Master Plan	0.00	0.00	0.00	0.0	0.00	2,000.00	2,000.00	100.0
Public Outreach	0.00	0.00	0.00	0.0	975.00	7,500.00	6,525.00	87.0
Firefighting Expenses/Supplies	0.00	0.00	0.00	0.0	1,148.28	40,000.00	38,851.72	97.1
Firefighting Fuel	0.00	0.00	0.00	0.0	204.27	2,867.00	2,662.73	92.9
Incident Resources	0.00	0.00	0.00	0.0	0.00	1,935.00	1,935.00	100.0
Incident Food	0.00	0.00	0.00	0.0	76.54	1,365.00	1,288.46	94.4
Wildfire Expenses, CRRF	0.00	0.00	0.00	0.0	294.57	2,056.00	1,761.43	85.7
Medical Expenses/Supplies	0.00	0.00	0.00	0.0	9,462.68	38,000.00	28,537.32	75.1
Infection Control Program	0.00	0.00	0.00	0.0	275.00	1,000.00	725.00	72.5
Medical Fuel	0.00	0.00	0.00	0.0	573.18	4,618.00	4,044.82	87.6
Physician Advisor	0.00	0.00	0.00	0.0	3,500.00	4,000.00	500.00	12.5
Telephone Service	0.00	0.00	0.00	0.0	2,013.90	15,150.00	13,136.10	86.7
Cell Phones/Pagers	0.00	0.00	0.00	0.0	426.15	3,213.00	2,786.85	86.7
Communications Supplies/Expenses	0.00	0.00	0.00	0.0	133.88	9,202.00	9,068.12	98.5
Communications Center	0.00	0.00	0.00	0.0	0.00	10,000.00	10,000.00	100.0
Training - Firefighting	200.00	0.00	(200.00)	0.0	4,547.05	17,476.00	12,928.95	74.0
Training - Medical	0.00	0.00	0.00	0.0	150.00	23,130.00	22,980.00	99.4
Paramedic Program	0.00	0.00	0.00	0.0	0.00	10,000.00	10,000.00	100.0
EMT Tuitions	0.00	0.00	0.00	0.0	0.00	5,140.00	5,140.00	100.0
Training - Administration	0.00	0.00	0.00	0.0	1,240.53	5,496.00	4,255.47	77.4
Food - Training	0.00	0.00	0.00	0.0	238.69	2,056.00	1,817.31	88.4
Vehicle Repairs	0.00	0.00	0.00	0.0	0.00	2,606.00	2,606.00	100.0
Vehicle Supplies, Parts, Tires	0.00	0.00	0.00	0.0	3,214.01	19,000.00	15,785.99	83.1
Equipment Testing	0.00	0.00	0.00	0.0	0.00	15,000.00	15,000.00	100.0
Communications Equipment Repairs	0.00	0.00	0.00	0.0	120.00	2,000.00	1,880.00	94.0
Maintenance Contracts	488.96	0.00	(488.96)	0.0	2,626.06	24,632.00	22,005.94	89.3
Computer Repairs & Service	0.00	0.00	0.00	0.0	1,666.30	14,037.00	12,370.70	88.1
Portable Equipment Repairs	0.00	0.00	0.00	0.0	0.00	100.00	100.00	100.0
Building Utilities	133.00	0.00	(133.00)	0.0	14,770.56	62,276.00	47,505.44	76.3
Building Maintenance & Repairs	0.00	0.00	0.00	0.0	2,774.87	30,426.00	27,651.13	90.9
Building Supplies	0.00	0.00	0.00	0.0	1,212.31	15,677.00	14,464.69	92.3
Janitorial Supplies	0.00	0.00	0.00	0.0	1,653.93	0.00	(1,653.93)	0.0
Miscellaneous Expenses	0.00	0.00	0.00	0.0	16,498.83	0.00	(16,498.83)	0.0
Transfer to Capital Projects Fund	0.00	0.00	0.00	0.0	0.00	100,000.00	100,000.00	100.0
Emergency Reserves	0.00	0.00	0.00	0.0	0.00	90,000.00	90,000.00	100.0
<b>Total Operating Expenses</b>	<b>\$44,754.17</b>	<b>\$0.00</b>	<b>\$(44,754.17)</b>	<b>0.0 %</b>	<b>\$476,913.90</b>	<b>\$3,089,848.00</b>	<b>\$2,612,934.10</b>	<b>84.6 %</b>
Net Income (Loss)	<b>\$(44,754.17)</b>	<b>\$0.00</b>	<b>\$(44,754.17)</b>	<b>0.0 %</b>	<b>\$(367,560.36)</b>	<b>\$(117,704.00)</b>	<b>\$(249,856.36)</b>	<b>(212.3)%</b>

STATE OF COLORADO )  
 CARBONDALE AND RURAL FIRE PROTECTION DISTRICT ) ss.  
 GARFIELD, GUNNISON AND PITKIN COUNTIES )

As the Secretary of the Board of Directors of Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado (the “District”), I do hereby certify that:

1. 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, 2017.
2. Notice of such meeting was posted in three public places within the boundaries of the District designated by the Board for the posting of notices of meetings of the Board, and in the offices of the County Clerk and Recorder of Garfield, Gunnison and Pitkin Counties, respectively, no less than 72 hours prior to the holding of the meeting.
3. The Resolution was duly moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of Board as follows:

Board Member	Attendance			Voting		
	Present in Person	Present via Telecommunications Device	Absent	Yes	No	Abstain
Gene Schilling, President	_____	_____	_____	_____	_____	_____
Mike Kennedy, Vice-President	_____	_____	_____	_____	_____	_____
Louis Eller, Secretary/Treasurer	_____	_____	_____	_____	_____	_____
Carl Smith, Director	_____	_____	_____	_____	_____	_____
Tom Adgate, Director	_____	_____	_____	_____	_____	_____

4. The Resolution was duly approved by the Board, signed and attested by the appropriate officers, sealed with the District’s seal, 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, 2017.

By \_\_\_\_\_  
 Secretary

[SEAL]

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### APPENDIX A - FORM OF THE NOTE

**RESOLUTION NO. 2017-003**

**A RESOLUTION AUTHORIZING THE ISSUANCE BY CARBONDALE AND RURAL FIRE PROTECTION DISTRICT OF ITS CONVERTIBLE GENERAL OBLIGATION REFUNDING NOTE FOR THE PURPOSE OF 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 NOTE AND OTHER DETAILS IN CONNECTION THEREWITH; AND APPROVING DOCUMENTS RELATING TO THE REFUNDING.**

WHEREAS, Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, 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, the District previously issued its General Obligation Refunding Bonds, Series 2007 in the aggregate principal amount of \$5,579,997.90, which Series 2007 Bonds are currently outstanding in the aggregate principal amount of \$4,075,000; and

WHEREAS, the net proceeds of the Series 2007 Bonds were used to currently refund its General Obligation Refunding Bonds, Series 1996, dated December 1, 1996 (which bonds were issued to refund the District's General Obligation Bonds, Series 1991) and to advance refund its General Obligation Bonds, Series 2004, dated June 15, 2004, all of which bonds, with the exception of the Series 2007 Bonds, have been paid and cancelled; and

WHEREAS, the outstanding Series 2007 Bonds bear interest at the rate of 4.00% per annum and mature or are otherwise subject redemption prior to maturity at the option of the District on December 1, 2017 at a redemption price equal to the par amount thereof (with no redemption premium), plus accrued interest to said date; and

WHEREAS, the principal of and interest on the Series 2007 Bonds are payable at UMB Bank, n.a., in Denver, Colorado, (as successor in interest to American National Bank, in Denver, Colorado), as paying agent for the Notes; 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, applicable federal tax regulations limit the number of permissible advance refundings which can be issued for an outstanding obligation on a tax-exempt basis and the debt obligation represented by the Series 2007 Bonds has exhausted said permissible number of tax-exempt advance refundings available to the District; and

WHEREAS, RBC Capital Markets has presented a proposal to the Board to refund the Series 2007 Bonds through the issuance by the District of a general obligation refunding note

which converts from a taxable obligation to a tax-exempt obligation as the earliest permissible date and bears interest at a lower interest rate than the Series 2007 Bonds; and

WHEREAS, the net proceeds derived from the sale of the Series 2017 Note shall be placed in the special fund and trust account authorized by this Resolution, for the purpose only of paying the principal of and interest on the Refunded Bonds as the same become due and payable on or before the Call Date, as more specifically set forth in this Resolution; and

WHEREAS, the principal amount of the Series 2017 Note may exceed the principal amount of the Refunded Bonds, however, in accordance with Section 11-56-107 of the Colorado Revised Statutes, when combined with the principal amount of outstanding bonds authorized pursuant to, or representing debt originally issued pursuant to, the Elector Ballot Authorization, the principal amount of the Series 2017 Note will not exceed the Elector Ballot Authorization; and

WHEREAS, after issuance of the Series 2017 Note, the District's aggregate outstanding bonded indebtedness will not exceed fifty percent of the valuation of assessment of taxable property in the District, therefore issuance of the Series 2017 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 Series 2017 Note, including the Paying Agent Agreement, and the Escrow Agreement; 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 Series 2017 Note; and

WHEREAS, this Resolution is being adopted to authorize the issuance and delivery of the Series 2017 Note and to provide for the details and payment of the Series 2017 Note; 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 contained in the Section hereof entitled "Delegation and Parameters" to the Loan Delegate to, among other things, determine certain provisions of the Series 2017 Note, which are to be set forth in the Loan Certificate in accordance with the provisions of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CARBONDALE AND RURAL FIRE PROTECTION DISTRICT, IN GARFIELD, GUNNISON AND PITKIN COUNTIES, COLORADO:

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

*"Authorized Denomination"* means the outstanding principal amount of the Note.

“*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 Counsel*” means (a) as of the date of issuance of the Note, 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 municipal finance.

“*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 December 1, 2017 or such other date or dates on which the Refunded Bonds shall be called for optional prior redemption as established in the Loan 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 Note or the use of proceeds thereof, unless the context clearly requires otherwise.

“*Conversion Date*” means September 5, 2017, which is the date when the Interest Rate on the Bond is to change from the Taxable Rate to the Tax-Exempt Rate; provided however, in the event that the Conversion Opinion is not delivered by Bond Counsel on said date, the Interest Rate on the Bond will not convert to the Tax-Exempt Rate.

“*Conversion Opinion*” means an opinion of Bond Counsel that, under the laws, regulations, rulings and judicial decisions existing on the Conversion Date and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bond is excluded from gross income for federal income tax purposes in substantially for form set forth in the appendix hereto.

“*Counties*” means Garfield, Gunnison and Pitkin Counties, Colorado.

“*C.R.S.*” means the Colorado Revised Statutes, as amended.

“*Dated Date*” means the original dated date for the Note, which shall be the date of delivery of the Note or such other date as established in the Loan 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 Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado, and any successor thereto.

“*Elector Ballot Authorization*” means the debt authorization approved by the District’s qualified electors at elections of the District held on Tuesday, October 8, 1991 and on Tuesday, May 4, 2004, pursuant to which the repayment obligations represented by the Note has been incurred by the District.

“*Enabling Law*” 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, and all other laws of the State enabling the issuance of the Note.

“*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.”

“*Holder*” means initially Security First Bank, and in the event of an assignment or transfer of the Note the Person in whose name the Note is registered on the registration book maintained by the Paying Agent.

“*Interest Payment Date*” means each June 1 and December 1, commencing June 1, 2017, or such other date as established in the Loan Certificate.

“*Interest Rate*” means (i) the Taxable Rate, which is the interest rate on the Bond on the Dated Date; and (ii) the Tax-Exempt Rate, which is the interest rate on the Bond on the Conversion Date if the Conversion Opinion is delivered by Bond Counsel.

“*Loan Certificate*” means the certificate executed by the Loan 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.”

“*Loan Delegate*” means the Fire Chief, Ron Leach, as the chief executive officer of the District, or the Financial Manager, Jenny Cutright, as the chief financial officer of the District, or in their absence any member of the Board.

“*Mandatory Sinking Fund Redemption*” means the scheduled mandatory redemption of Bond principal as provided in subparagraph (a) of the Section hereof entitled “Redemption of the Note Prior to Maturity.”

“*Maturity Date*” means December 1, 2024 or such other date established in the Loan Certificate.

“*Note*” and “*Series 2017 Note*” mean the “Convertible General Obligation Refunding Note, Series 2017” authorized by the Section hereof entitled “Authorization and Purpose of the Note.”

“*Note Account*” means the “General Obligation Note Account,” established by the provisions hereof for the purpose of paying the principal of and interest on the Note.

“*Optional Redemption*” means the optional redemption of the Note, in whole, as provided in subparagraph (b) of the Section hereof entitled “Redemption of the Note Prior to Maturity.”

“*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 Note.

“*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.

“*Placement Agent*” means RBC Capital Markets, which firm is acting as placement agent for the District in connection with the issuance of the Note.

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

“*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 Bond Requirements*” means the principal of and accrued interest due in connection with the Refunded Bonds at maturity or on the Call Date, as set forth in the Escrow Agreement.

“*Refunded Bond Resolution*” means the resolution of the District authorizing the issuance of the Refunded Bonds.

“*Refunded Bonds*” means such maturities of the Series 2007 Bonds as later determined by the Loan Delegate and identified in the Loan Certificate as the Refunded Bonds.

“*Refunded Bonds Paying Agent*” means UMB Bank, n.a., in Denver, Colorado, (as successor to American National Bank, in Denver, Colorado), as paying agent for the Series 2007 Bonds, or any successor thereto.

“*Refunding Project*” means the refunding of the Refunded Bonds and any other purpose for which proceeds of the Bonds may be expended under the Enabling Law, including, but not limited to, the payment of the costs of issuance of the Bonds and the refunding, paying and discharging of the Refunded Bond Requirements.

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

“*Series 2007 Bonds*” means the District’s General Obligation Bonds, Series 2007 originally issued in the aggregate principal amount of \$5,579,997.90, which bonds are currently outstanding in the aggregate principal amount of \$4,075,000.

“*State*” means the State of Colorado.

“*Taxable Rate*” means 2.50%.

“*Tax-Exempt Rate*” means 2.00%.

“*Tax Letter of Instructions*” means the Tax Letter of Instructions, dated the Conversion Date and delivered to the District by Bond Counsel, as such instructions may be superseded or amended in accordance with their terms.

**Section 2. Authorization and Purpose of the Note.** Pursuant to and in accordance with the Enabling Law, the District hereby authorizes, and directs that there shall be issued, the “Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado, Convertible General Obligation Refunding Note, Series 2017” for the purpose of financing the Refunding Project.

**Section 3. Note Details.**

(a) ***Registered Form, Denominations, Dated Date and Numbering.*** The Note shall be issued in fully registered form, shall be dated as of the Dated Date, and shall be registered in the name of the Holder identified in the registration book maintained by the Paying Agent pursuant hereto. The Note shall be issued in the Authorized Denomination. The Note shall be numbered, beginning with the number one, preceded by the letter “R”, with every replacement or transferred Note, if any, consecutively numbered thereafter.

(b) ***Maturity Dates, Principal Amounts and Interest Rates.*** The Note principal shall be payable on each Principal Payment Date, shall bear interest per annum at the Interest Rate and shall mature on the Maturity Date.

(c) ***Interest Accrual and Dates for Payment.*** Interest on the Bond shall accrue at the applicable Interest Rate from the later of the Dated Date or the latest Interest Payment Date to which interest has been paid in full and shall be payable on each Interest Payment Date. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

(d) ***Manner and Form of Payment.*** Principal of the Bond at the Maturity Date or the date on which principal is paid in full, as well as the final interest due on the Bond, shall be payable to the Holder upon presentation and surrender of the Bond at the principal office of the Paying Agent at such office of the Paying Agent designated by the Paying Agent for such purpose. Interest on each Bond, as well as principal payments for Mandatory Sinking Fund Redemption, shall be payable by check, electronic transfer or draft of the Paying Agent mailed or wired on each Interest Payment Date and Principal Payment Date, as applicable, to the Holder as of the close of business on the corresponding Record Date; provided that interest payable to the Holder may be paid by any other means agreed to by the Holder 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 Bond shall be made in lawful money of the United States of America.

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

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

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

(b) ***Loan Certificate.*** The Loan Certificate for the Note 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: the Series 2007 Bonds which shall be part of the Refunding Project; the Dated Date of the Note; the aggregate principal amount of the Note; the amount of principal of the Note maturing in any particular year; and the principal amounts, if any, of Note subject to mandatory sinking fund redemption, and the years in which the Note will be subject to such redemption.

(c) ***Note Parameters.*** The authority delegated to the Loan Delegate by this Section shall be subject to the following parameters: the aggregate principal amount of the Note shall not exceed \$4,250,000; the net effective interest rate on the Note shall not and does not exceed 2.75%; the maximum annual debt service on the Note, when combined with the annual debt service for other outstanding general obligation bonds issued pursuant to, or representing general obligation bonds refunding bonds issued pursuant to, the Ballot Issue Authorization shall not exceed the limitations set forth therein.

(d) **Savings Parameter.** The present value savings as a percentage of the aggregate principal amount of the Refunded Bonds shall be at least three percent (3%) computed based upon the arbitrage yield for the Note to the date of delivery of the Note, assuming semi-annual compounding.

## **Section 5. Redemption of the Note Prior to Maturity.**

(a) **Mandatory Sinking Fund Redemption.** All or any principal amount of the Note shall be subject to mandatory sinking fund redemption on the Principal Payment Date of the years and in the principal amounts specified in the Loan Certificate, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date. The Board hereby delegates to the Loan Delegate the authority to determine the principal amounts and Principal Payment Dates on which the Bond shall be subject to Mandatory Sinking Fund Redemption. Presentation of the Note shall not be required for purposes of Mandatory Sinking Fund Redemption.

(b) **Optional Redemption.** The Note shall be subject to redemption at the option of the District, in whole but not in part, on June 1, 2022 and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

(c) **Redemption Notice.** Notice of Optional Redemption of the Note shall be given by the Paying Agent in the name of the District by delivering a copy of such notice not less than 15 days prior to the redemption date to the Holder. No notice shall be required prior to the date of Mandatory Sinking Fund Redemption. Notice of redemption, when required, shall be provided by electronic means to the Holder (provided the Holder has provided contact information to the District in writing) or in such other manner as requested by the Holder to the Paying Agent.

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

(a) **General Obligations.** The Note shall be a general obligation 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 Note. The Note shall not constitute a debt or indebtedness of the Counties, 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 Note when due, respectively, the Board shall annually determine and certify to the Board of County Commissioners of the respective Counties, 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 Note 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 Note Account and shall be applied solely to the payment of the principal of and

interest on the Note and for no other purpose until the Note, 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 Note when due, respectively, are hereby appropriated for that purpose, and all amounts required to pay the principal of and interest on the Note 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 Note. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Note, 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 Note. 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 respective Counties 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 respective Counties showing the aggregate amount of ad valorem taxes to be levied by the Board of County Commissioners of the respective Counties from time to time, as required by law, for the purpose of paying the principal of and interest on the Note when due.

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

**Section 7. Form of the Note.** The Note 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 Note 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, Authentication and Delivery of the Note.**

(a) **Execution.** The Note 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 Note in accordance with the requirements hereof. Should any officer whose manual or facsimile signature appears on the Note cease to be such officer before delivery of the Note, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes.

(b) **Authentication.** When the Note has been duly executed, the officers of the District are authorized to, and shall, deliver the Note to the Paying Agent for authentication. No Note 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 Note shall be conclusive evidence, and the only competent evidence, that the Note has been properly authenticated and delivered hereunder.

(c) **Delivery.** Upon the authentication of the Note, the Paying Agent shall deliver the same as directed by the Holder upon receipt by the Paying Agent of an amount equal to the principal amount of the Note.

**Section 9. Registration of the Note in the Registration Book Maintained by Paying Agent.** The Paying Agent shall maintain registration books in which the ownership, transfer and exchange of the Note shall be recorded. The person in whose name the Note shall be registered on such registration book shall be deemed to be the absolute owner thereof for all purposes, whether or not payment on the Note 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. Conversion to Tax-Exempt Interest.**

(a) **Conversion Date.** The Note shall be issued bearing interest at the Taxable Rate, which interest is includible in gross income (i.e., taxable) for federal income tax purposes. The District anticipates that, on the Conversion Date, the Conversion Opinion attached hereto as Appendix B will be delivered to the Paying Agent and the Holder, and delivery of the Conversion Opinion shall evidence the conversion of the Interest Rate on the Note from the Taxable Rate to the Tax-Exempt Rate. In the event that Note Counsel is not able to deliver the Conversion Opinion on the Conversion Date, the Note will continue bearing interest at the Taxable Rate.

(b) ***District and Placement Agent Action.*** The District agrees to take any and all lawful actions to support the delivery by Bond Counsel of the Conversion Opinion, including without limitation the filing of such reports and information returns as Bond Counsel may deem necessary and advisable. The Placement Agent shall assist in the preparation of such information as may be required in connection with the filing of the Internal Revenue Service Form 8038-G.

**Section 11. 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 Note, there shall be filed with the State Securities Commissioner a notice of claim of exemption, a copy of this Resolution 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 Note, there shall be recorded with the Clerk and Recorder of the respective Counties 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 respective Counties. 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 12. Transfer and Exchange of the Note.** The Note may be transferred or exchanged at the principal operations office of the Paying Agent or at such other office of the Paying Agent designated by the Paying Agent for such purpose for a like aggregate principal amount, Interest Rate and Maturity Date, 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 the Note, duly endorsed for transfer or accompanied by an assignment duly executed by the Holder 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 Note. Notwithstanding any other provision hereof, the Paying Agent shall not be required to transfer any Note (i) which is scheduled to be redeemed in whole or in part between the Business Day immediately preceding the delivery 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 13. Replacement of Lost, Destroyed or Stolen Note.** If the Note 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 Note and the District shall execute and the Paying Agent shall authenticate and deliver a replacement Note upon the Holder 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, and (c) an indemnity to the District and the Paying Agent with respect to the Bond lost, destroyed or taken.

**Section 14. Establishment of Note Account; Initial Credits of Note Proceeds.**

(a) *Creation of Account.* There is hereby established the Note Account, which shall be an account or subaccount within the 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 Note Proceeds.* Upon payment to the District of the principal amount of the Note, the Note shall be delivered to, or as directed by, the Underwriter and the proceeds received by the District from the sale of the Note shall be applied as a supplemental appropriation by the District for the payment of the costs of issuance of the Note and 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.

**Section 15. Escrow Account; Payment of Refunded Bonds.**

(a) *Establishment and Maintenance of Escrow Account.* There is hereby established a special account designated as the “2017 General Obligation Refunding 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 Defeasance 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 Note, 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 Loan Delegate to irrevocably instruct the Bank to give or cause to be given a notice of the refunding, defeasance and redemption of the Refunded Bonds in accordance with the requirements of the Refunded Bond Resolution.

**Section 16. Investments.** Proceeds of the Note delivered to the District pursuant to the Section hereof entitled “Establishment of Note Account; Initial Credits of Note Proceeds,” moneys on deposit in the Note Account 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 Note that describes the District’s expectations regarding the use and investment of proceeds of the Note and other moneys and the use of the Refunding Project.

**Section 17. 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 Holder that:

(a) it is in the best interest of the District and its residents that the Note be authorized, 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 Note because the issuance of the Note will result in a lower interest rate than the interest rates on the Refunded Bonds;

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

(d) the issuance of the Note 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 Enabling Law, all conditions and limitations of the Enabling Law and other applicable law relating to the issuance of the Note have been satisfied;

(e) the District shall cause to be made an annual audit of its financial statements as required pursuant to the Colorado Local Government Audit Law (Title 29, Article 1, Part 6, C.R.S.). An electronic or physical copy of each annual audit shall be provided by the District to the Holder within thirty days following the submission of such audit to the State Auditor, but in no event later than 270 days after the close of the fiscal year reported in the audited financial statements; and

(f) 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 Note.

**Section 18. Federal Income Tax Covenants.** For purposes of ensuring that the interest on the Note, on and after the Conversion Date, is and remains excluded from gross income for federal income tax purposes, the District hereby covenants that:

(a) ***Prohibited Actions.*** On and after the Conversion Date, the District will not use or permit the use of any proceeds of the Note 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 the Note to be an “arbitrage bond” within the meaning of Section 148 of the

Code, or would otherwise cause the interest on the Note 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, on and after the Conversion Date, interest paid by the District on the Note 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 Note and the Refunding Project will not be used in a manner that will cause the Note to be considered a “private activity bond” within the meaning of the Code; (ii) the Note is 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 Note, 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 Note, 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 Note 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 the Note as Qualified Tax-Exempt Obligations.*** The District hereby designates the Note as a qualified tax exempt obligation 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 \$10,000,000 during the calendar year in which the Note is 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 Note will rely on the District’s designation of the Note as a qualified tax exempt obligation for the purpose of avoiding the loss of 80% of any otherwise available interest deduction attributable to such institution’s tax exempt holdings.

**Section 19. Defeasance.** The Note 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 the Note, but if the Note 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.

**Section 20. 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 Note 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 President of the District of written notice thereof from the Paying Agent or from the Holder, 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 21. Remedies for Events of Default.**

(a) ***Remedies.*** Upon the occurrence and continuance of any Event of Default, the Holder, including without limitation a trustee therefor, may proceed against the District to protect and to enforce its rights 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 the Note that was not paid when due at the Interest Rate borne by the Note; (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 the Holder; (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 Note according to their terms shall not be an available remedy.

(b) ***Failure to Pursue Remedies Not a Release; Rights Cumulative.*** The failure of the Holder 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 the Holder (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 the Holder shall not be deemed a waiver of any other right or privilege of the Holder.

**Section 22. Amendment of Resolution.** The District may not, without the prior consent of or notice to the Holder, adopt any resolutions amending or supplementing this Resolution.

**Section 23. 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 Note 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 Note 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 24. Approval of Related Documents.** 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 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 Note, an Internal Revenue Service Form 8038-G with respect to the Note and all other documents and certificates necessary or desirable to effectuate the issuance or administration of the Note, the investment of proceeds of the Note and the transactions contemplated hereby.

**Section 25. 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 26. 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 Note more than 30 days after the authorization of such securities.

**Section 27. Resolution is Contract With the Holder of the Note and Irrepealable.** After the Note has been issued, this Resolution shall be and remain a contract between the District and the Holder and shall be and remain irrepealable until all amounts due with respect to the Note shall be fully paid, satisfied and discharged and all other obligations of the District with respect to the Note shall have been satisfied in the manner provided herein.

**Section 28. 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 29. 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 30. 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 31. Ratification of Prior Actions.** All actions heretofore taken (not inconsistent with the provisions of this Resolution or the Enabling Law) by the Board or by the officers and employees of the District directed toward the issuance of the Note for the purposes herein set forth are hereby ratified, approved and confirmed.

**Section 32. Effective Date.** This Resolution shall be in full force and effect immediately upon adoption by the Board.

**INTRODUCED, READ AND ADOPTED** this 8<sup>th</sup> day of March, 2017.

**Carbondale & Rural Fire Protection District**

By \_\_\_\_\_  
Eugene K. Schilling, President

Attest:

By \_\_\_\_\_  
Louis E. Eller, Jr, Secretary/Treasurer

**APPENDIX A**

**FORM OF THE NOTE**

**UNITED STATES OF AMERICA  
STATE OF COLORADO**

No. R-\_\_ \$\_\_\_\_\_

**CARBONDALE AND RURAL FIRE PROTECTION DISTRICT  
IN GARFIELD, GUNNISON AND PITKIN COUNTIES, COLORADO  
CONVERTIBLE GENERAL OBLIGATION REFUNDING BOND  
(TAXABLE NOTE CONVERTIBLE TO A TAX-EXEMPT BOND ON THE CONVERSION DATE)  
SERIES 2017**

<b>Taxable Interest Rate</b>	<b>Tax-Exempt Interest Rate</b>	<b>Maturity Date</b>	<b>Dated Date</b>
2.50%	2.00%	December 1, 2024	_____

REGISTERED OWNER: \_\_\_\_\_  
Tax Identification Number: \_\_\_\_\_

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

Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, 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 Dated Date stated above at the Interest Rate per annum stated above (which is the Taxable Interest Rate prior to the Conversion Date and the Tax-Exempt Interest Rate on and after the Conversion Date) 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, 2017. As of the Dated Date the Conversion Date is expected to occur on September 5, 2017; however, the occurrence of the Conversion Date is to be evidenced by the delivery of the Conversion Date Opinion as provided in the resolution of the District authorizing the issuance of this Note (the "Note Resolution").

Capitalized terms used but not defined in this Note shall have the meaning assigned to them in the Note Resolution. This Note is issued in fully registered form in the Authorized Denomination; provided that, pursuant to the terms of the Resolution, there shall only be one Holder of the Note at any point in time.

The principal of the Note on the Maturity Date or date on which this Note is paid in full, as well as the final interest due on this Note, are payable to the registered owner hereof upon presentation and surrender of this Note at the principal office of UMB Bank, n.a., as paying agent, at such office designated by the Paying Agent for such purpose. Interest on this Note and

redemption of principal in part is payable by check, electronic transfer or draft of the Paying Agent mailed or wired on the Interest Payment Date or Principal 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 such date occurs; provided that, such amounts may be paid by any other means agreed to by the Holder and the Paying Agent that does not require the District to make moneys available to the Paying Agent earlier than otherwise required under the Note Resolution or increase the costs borne by the District under the Note Resolution. Any payment of principal of or interest on this Note 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 Note shall be made in lawful money of the United States of America. This Note has 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, Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (collectively, the "Enabling Law"), and pursuant to the Resolution adopted by the Board of Directors of the District. THE NOTE RESOLUTION CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS NOTE AND THE DISTRICT. THIS NOTE IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE NOTE RESOLUTION, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS NOTE.

This Note has been issued by the District for the purpose of providing funds for the Refunding Project described in the Resolution. This Note is a general obligation 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 this Note. For the purpose of paying the principal of and interest on this Note when due, respectively, the Board in the Resolution has covenanted annually to determine and certify to the Board of County Commissioners of Garfield, Gunnison and Pitkin Counties 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 this Note when due, respectively, whether at maturity or upon earlier redemption.

[The Mandatory Sinking Fund Redemption amounts as provided in the Note Resolution and the Loan Certificate shall be set forth herein.]

Notice of any Optional Redemption of the Note shall be given by the Paying Agent to the Holder as provided in the Note Resolution, however no notice is required to be given with respect to any Mandatory Sinking Fund Redemption. Additionally, presentation of the Note shall not be required for purposes of Mandatory Sinking Fund Redemption.

The Paying Agent shall maintain a registration book in which the ownership, transfer and exchange of the Note shall be recorded. The person in whose name this Note shall be registered on such registration book shall be deemed to be the absolute owner hereof for all purposes, whether or not payment on this Note shall be overdue, and neither the District nor the Paying Agent shall be affected by any notice or other information to the contrary. This Note may be transferred or exchanged at the principal office of the Paying Agent in Kansas City, Missouri, or at such other office of the Paying Agent designated by the Paying Agent for such purpose 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.

The Note Resolution may not be amended or supplemented without the consent of the Holder of this Note as provided in the Note Resolution.

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

This Note shall not be entitled to any benefit under the Note 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 Note 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]

CARBONDALE AND RURAL FIRE  
PROTECTION DISTRICT

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

Attest:

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

**CERTIFICATE OF AUTHENTICATION**

This Note is the Note described in the within-mentioned Note Resolution.

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

UMB Bank, n.a., as Paying Agent

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

**APPROVING LEGAL OPINION ON THE DATED DATE**

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

\$ \_\_\_\_\_  
Carbondale and Rural Fire Protection District  
in Garfield, Gunnison and Pitkin Counties, Colorado  
Convertible General Obligation Refunding Note  
(Taxable Note Convertible to a Tax-Exempt Bond on the Conversion Date)  
Series 2017

We have been engaged by Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado (the “District”), to act as bond counsel for the issuance of its Convertible General Obligation Refunding Note, Series 2017, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Note”). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Note (the “Note 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 Note is a valid and binding general obligation of the District.
2. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and the interest on the Note. The District is required by law to include in its annual tax levy the principal of and interest coming due on the Note to the extent the necessary funds are not provided from other sources.
3. Under existing laws, regulations, rulings and judicial decisions existing on the date hereof, until the Conversion Date (which is to occur in the event of the delivery of the Conversion Opinion as provided in the Note Resolution) interest on the Note is included in gross income for federal income tax purposes.
4. Under State statutes existing on the date hereof, interest on the Note 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 Note under the laws of the State or any other state or jurisdiction.

5. The Note is exempt from registration under the Securities Act of 1933, as amended.

The rights of the holder of the Note and the enforceability of the Note and the Note 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, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the 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.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of any official statement, memorandum, prospectus or other statement used in connection with the offer and sale of the Note.

This opinion is given as of the date hereof and, with the exception of the delivery of the Conversion Opinion if the conditions set forth in the Note Resolution are met, 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.

This opinion may be relied upon solely by the addressees hereto in connection with the issuance of the Note. This opinion may not be relied upon for any other purpose or by any person other than the addressees. This opinion has been addressed to persons other than the District at the request of, and as an accommodation to, our client, the District. The inclusion of persons other than the District addressees does not create or imply an attorney-client relationship between Kutak Rock and such persons.

Respectfully submitted,

/s/ Kutak Rock LLP

I, the undersigned Secretary of the Board of Directors of Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado, do hereby certify that the foregoing approving opinion of Kutak Rock LLP, in 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 Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Note 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 Note 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**

## FORM OF CONVERSION OPINION

Set forth below is a copy of the form of the Conversion Opinion to be delivered by Kutak Rock LLP, on the Conversion Date (which is subject to certain conditions precedent as provided in the Note Resolution):

\$ \_\_\_\_\_  
Carbondale and Rural Fire Protection District  
in Garfield, Gunnison and Pitkin Counties, Colorado  
Convertible General Obligation Refunding Note  
(Taxable Note Convertible to a Tax-Exempt Bond on the Conversion Date)  
Series 2017

We have been engaged by Carbondale and Rural Fire Protection District, in Garfield, Gunnison and Pitkin Counties, Colorado (the “District”), to act as bond counsel for the issuance and delivery (for purposes of the Internal Revenue Code of 1986, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth below (the “Code”)) of its Convertible General Obligation Refunding Note, Series 2017, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Note”). Capitalized terms used but not defined in this opinion have the meanings assigned to them in the resolution authorizing the issuance of the Note (the “Note Resolution”) adopted by the governing body of the District.

The Note was originally issued by the District on \_\_\_\_\_, 2017 (the “Dated Date”) as a taxable obligation in which interest at the Taxable Interest Rate was includible in gross income under the Code until September 5, 2017 (the “Conversion Date”), which is the date of delivery of this Conversion Opinion. On this Conversion Date the Interest Rate on the Note has been converted to the Tax-Exempt Interest Rate, which is a lower rate, and the Note has been deemed to be reissued to effect a current refunding for purposes of the Code, all as provided in the Note Resolution. This opinion is intended to supplement our opinion dated as of the Dated Date, rendered in connection with the initial issuance of the Note.

The District has executed a Tax Compliance Certificate dated as of the Conversion Date (the “Tax Compliance Certificate”) which sets forth certain requirements that must be satisfied in order that interest on the reissued Note is, and continues to be, excluded from gross income for federal income tax purposes.

In our capacity as Bond Counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of a transcript of proceedings of the District, including the Resolution, the Tax Compliance Certificate, an executed Internal Revenue Service Form 8038-G, and such other documents and certificates as we have deemed relevant in rendering this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Note Resolution and in 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 under the statutes, regulations, rulings and judicial decisions existing on the date hereof, interest on the Note is excluded 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 Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code, any bank, thrift institution or other financial institution owning the Converted Bond may be able to avoid the loss of 80% 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 reissuance of the Note. 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 reissuance of the Note. The District has covenanted in the Note Resolution to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the reissued Note.

This opinion is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the financing generally described herein. 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

## PAYING AGENT AGREEMENT

In consideration of the mutual promises and covenants and subject to the terms, conditions, and covenants hereinafter recited, **CARBONDALE AND RURAL FIRE PROTECTION DISTRICT**, in Garfield, Gunnison and Pitkin Counties, Colorado (the “District”), hereby appoints **UMB BANK, N.A.** (the “Bank”), and the Bank accepts such appointment, as Paying Agent (the “Paying Agent”) for the convertible General Obligation Refunding Note, Series 2017 (the “Note”) in the total aggregate principal amount of \$\_\_\_\_\_ dated \_\_\_\_\_, 2017.

**Section 1.** The Bank hereby accepts all duties and responsibilities required or permitted to be performed by the Paying Agent as provided in the resolution of the Board of Directors of the District (the “Board”) authorizing the issuance of the Note adopted by the Board on March 8, 2017, (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.

**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 Note. 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 Note after any particular Due Date, as defined in Section 5 hereof.

**Section 3.** The Bank shall establish the registration books for the Note and thereafter maintain such books in accordance with the provisions of the Resolution. The District shall be permitted to review the registration book at any time during the regular business hours of the Bank and, upon written request to the Bank, shall be provided the name of the registered Holder of the Note.

**Section 4.** The Bank shall establish a “Cost of Issuance” account to pay costs of issuance associated with the issuance of the Note. Funds shall be disbursed by the Bank from the Costs of Issuance account upon written direction from the District (which can be granted pursuant to an executed closing memorandum). The Bank may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in such account within 60 days of the date of this Agreement shall be applied to the Note Account for the payment of debt service on the Note.

**Section 5.** The Bank shall make payments of principal, premium, if any, and interest on the Note on each date established for payment thereof (the “Due Date”). Prior to a Due Date, the District shall furnish 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 Note in accordance with its terms and the provisions of the Resolution and the Loan Certificate (as defined in 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 Note. 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 Note for payment.

**Section 6.** The Bank shall be entitled to payments from the District of its fees and reasonable expenses for acting as Paying Agent in accordance with the fee schedule attached hereto as Exhibit A, and such fees and expenses shall be paid notwithstanding that the Note has been refunded or otherwise refinanced at the time the payment is due.

**Section 7.** Within one year after the final maturity date of the Note, the Bank shall present a final statement and shall return any unclaimed funds to the District. Any cancelled portion of the Note and blank, unused certificates retained by the Bank shall be destroyed.

**Section 8.** The Bank shall have no duty to disseminate or disclose information about the District or the Note 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 9.** 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 Note. The successor agent, on behalf of the District, shall notify the Holder of the Note of any change in agents as soon as the successor agent is appointed.

**Section 10.** This Agreement shall terminate upon delivery of the final statement described in Section 7 hereof or upon removal of the Paying Agent as provided in the Resolution.

**Section 11.** 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 Note after the date of this Agreement.

**Section 12.** 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 13.** This Agreement is executed in the State of Colorado and shall be construed and enforced in accordance with the laws of the State of Colorado.

**Section 14.** This Agreement shall be dated as of the date of the Note set forth above.

**Section 15.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the District and the Paying Agent have hereunto set their hands to the Paying Agent Agreement as of date first written above.

[SEAL]

CARBONDALE AND RURAL FIRE  
PROTECTION DISTRICT, in Garfield,  
Gunnison and Pitkin Counties, Colorado

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

ATTEST

By: \_\_\_\_\_  
Secretary/Treasurer, Board of Directors

UMB BANK, N.A., as Paying Agent

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

[Signature Page to Paying Agent Agreement]

**EXHIBIT A**  
**FEE SCHEDULE**

## REFUNDING ESCROW AGREEMENT

This REFUNDING ESCROW AGREEMENT (this “Agreement”) is dated as of \_\_\_\_\_, 2017, by and between the CARBONDALE AND RURAL FIRE PROTECTION DISTRICT, in Garfield, Gunnison and Pitkin Counties, Colorado (the “District”), and UMB BANK, 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 previously issued its General Obligation Refunding Bonds, Series 2007 in the aggregate principal amount of \$5,579,997.90 (the “Series 2007 Bonds”), which Series 2007 Bonds are currently outstanding in the aggregate principal amount of \$4,075,000; and

WHEREAS, the outstanding Series 2007 Bonds bear interest at the rate of 4.00% per annum and mature or are otherwise subject redemption prior to maturity at the option of the District on December 1, 2017 and any day thereafter at a redemption price equal to the par amount thereof (with no redemption premium), plus accrued interest to said redemption date; and

WHEREAS, the principal of and interest on the Series 2007 Bonds are payable at UMB Bank, n.a., in Kansas City, Missouri (as successor in interest to American National Bank in Denver, Colorado), or its successor, as paying agent for such bonds; and

WHEREAS, the Board of Directors (the “Board”) of the District adopted a resolution on March 8, 2017 (the “Authorizing Resolution”), authorizing the District to issue its General Obligation Refunding Note, Series 2017, in the aggregate principal amount of \$\_\_\_\_\_ (the “Note”), which Note is being issued as of the date hereof for the purpose of refunding all of the outstanding Series 2007 Bonds (the “Refunded Bonds”); and

WHEREAS, the net proceeds derived from the issuance of the Note, together with legally available moneys of the District, if any, are to be deposited by the District in the “2017 General Obligation Refunding Note Escrow Account,” created and authorized pursuant to the Authorizing Resolution, to be used to pay the principal of and interest on the Refunded Bonds as the same become due and payable prior to December 1, 2017 and to pay the redemption price on the Refunded Bonds on December 1, 2017; and

WHEREAS, the resolution of the District authorizing the issuance of the Refunded Bonds (the “Refunded Bonds Resolution”) provides that the Refunded Bonds shall no longer be deemed to be outstanding under the Refunded Bonds Resolution if Defeasance Securities (as defined in the Refunded Bonds Resolution) shall have been deposited in trust for the payment thereof (whether upon or prior the maturity of such Bond); and

WHEREAS, the Authorizing Resolution also provides that with the available proceeds of the Note, and any interest derived from the investment and any temporary reinvestment of such

funds in Defeasance Securities (as defined in the Authorizing Resolution), the District shall pay in full the Refunded Bonds Requirements (as defined in the Authorizing Resolution) 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 “2017 General Obligation Refunding Note Escrow Account” (the “Escrow Account”), the total amount of \$\_\_\_\_\_, which amount will be at all times at least sufficient to pay the principal of and interest on the outstanding Series 2007 Bonds in accordance with the schedule set forth in the special report of a certified public accountant (the “Verification Report”), attached hereto as Exhibit B and made a part hereof.

The Refunded Bonds 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, 2017 at  
a price equal to 100% of par  
and accrued interest

Principal and interest coming due on the Refunded Bonds following the date of this Agreement shall be paid from the Escrow Account on each June 1 and December 1 until the date of redemption for the Refunded Bonds.

As the Refunded Bonds Paying Agent, the Bank will provide the registered owner of each Refunded Bond written notice of the redemption of the Refunded Bonds in substantially the form attached hereto as Exhibit A and notify the registered owners of each of the Refunded Bonds of the call and redemption of the Refunded 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 Defeasance 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 are mathematically correct, and shall fully secure any cash balance in the Escrow Account in the manner set forth herein. Such Defeasance 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; 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 Defeasance 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 Defeasance Securities contained in the Escrow Account, must always be maintained on hand as funds held by the Bank, 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 Defeasance 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 Refunded Bonds Paying Agent 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 Defeasance 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, shall not be subject to checks drawn or withdrawals made by the District.

**Section 9.** As the Refunded Bonds Paying Agent, the Bank 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 Note, 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 calendar 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 Defeasance 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 Defeasance Securities that mature in an amount at

least equal to the purchase price of such Defeasance 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, as of the Conversion Date, from gross income of the interest paid or to be paid on the Note; 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 Defeasance 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 Note Account and shall use such moneys for the payment of debt service on the Note. Until such use, the District will not invest such moneys at a yield in excess of the yield on the Note.

**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 C.

**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 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 Note 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 Defeasance Securities and the cash balances that have been deposited into the Escrow Account.

The recitals herein and in the proceedings authorizing the Note 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 Note 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 D 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 or 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 \$50,000,000 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 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 Defeasance 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 Holder of the Note. 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.

**Section 21.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[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.

*Carbondale and Rural Fire Protection District,  
in Garfield, Gunnison and Pitkin Counties,  
Colorado*

[SEAL]

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

Attest:

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

*UMB Bank, n.a.*, as Escrow Agent

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

[Signature Page to Refunding Escrow Agreement]

**EXHIBIT A**

**FORM OF REDEMPTION NOTICE**

**Carbondale and Rural Fire Protection District  
in Garfield, Gunnison and Pitkin Counties, Colorado  
General Obligation Refunding Bonds, Series 2007  
dated September 27, 2007**

NOTICE IS HEREBY GIVEN that a portion of the outstanding Carbondale and Rural Fire Protection District, General Obligation Refunding Bonds, Series 2007 originally issued in the aggregate principal amount of \$5,579,997.90 (the "Series 2007 Bonds") have been called for redemption. The Series 2007 Bonds which have been called for redemption on December 1, 2017 (the "Redemption Date") are the Series 2007 Bonds maturing on and after December 1, 2018, in the aggregate principal amount of \$1,435,000 (the "Called Bonds"). The Called Bonds more specifically include the following bonds:

<b>Principal Amount</b>	<b>Maturity Date (December 1)</b>	<b>CUSIP Numbers</b>
\$ 460,000	2018	141173 CF9
480,000	2019	141173 CG7
495,000	2020	141173 CD4

On December 1, 2017, the Redemption Date, the Called Bonds will become due and payable. They can be surrendered for payment at the following address:

[Update with Address]

The redemption price of the Called Bonds will be equal to the principal amount thereof, plus accrued interest to the redemption date (without redemption premium). Interest on the Called Bonds redeemed on December 1, 2017, pursuant to this notice, will be paid to said date. FROM AND AFTER DECEMBER 1, 2017, INTEREST ON THE BONDS CALLED FOR REDEMPTION WILL CEASE TO ACCRUE.

Upon surrender of a bond to be partially redeemed, if any, it will be cancelled and a new bond equal to the principal amount of the unredeemed portion will be issued.

NOTICE: Withholding of 31% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification (social security or employer identification number) of the payee. Please furnish a properly completed Form W-9 when presenting your securities.

Dated: \_\_\_\_\_, 2017

(To be delivered not less than 30 days prior to December 1, 2017)

UMB BANK, N.A., as Paying Agent

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

**EXHIBIT B**  
**to**  
**REFUNDING ESCROW AGREEMENT**

(Attach Verification Report)

**EXHIBIT C**

**FORM OF MATERIAL EVENT NOTICE**

**MUNICIPAL SECONDARY MARKET DISCLOSURE**

**Carbondale and Rural Fire Protection District  
in Garfield, Gunnison and Pitkin Counties, Colorado  
General Obligation Refunding Bonds, Series 2007  
dated September 27, 2007**

NOTICE IS HEREBY GIVEN that a portion of the outstanding Carbondale and Rural Fire Protection District, General Obligation Refunding Bonds, Series 2007 originally issued in the aggregate principal amount of \$5,579,997.90 (the "Series 2007 Bonds") have been defeased. The Series 2007 Bonds which have been defeased are the Series 2007 Bonds maturing on and after December 1, 2018, in the aggregate principal amount of \$1,435,000 (the "Refunded Bonds"). The Refunded Bonds more specifically include the following bonds:

<b>Principal Amount</b>	<b>Maturity Date (December 1)</b>	<b>CUSIP Numbers</b>
\$ 460,000	2018	141173 CF9
480,000	2019	141173 CG7
495,000	2020	141173 CD4

The Refunded Bonds have been defeased by action of the Board of Directors of the District, with proceeds from the sale of the District's General Obligation Refunding Note, Series 2017, there being on deposit with UMB Bank, n.a. (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 the Redemption Date, on which date the Refunded Bonds shall be called for optional redemption at a price equal to the principal amount of each Refunded Bond, plus accrued interest to the Redemption Date, without redemption premium.

**EXHIBIT D**

**FEE SCHEDULE**

[Attach Fee Schedule of Escrow Agent]