

**RESOLUTION APPROVING AGREEMENT FOR COMPROMISE AND
SATISFACTION OF BOND OBLIGATION OF THE PV WATER AND
SANITATION METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS
WATER ACTIVITY ENTERPRISE AND AUTHORIZING INCIDENTAL
ACTIONS IN CONNECTION THEREWITH**

NO. 2018-104

WHEREAS, the City of Commerce City ("City"), the PV Water and Sanitation Metropolitan District, acting in an enterprise capacity pursuant to the PV Water and Sanitation Metropolitan District Water Activity Enterprise (collectively, "PV"), and South Adams County Water and Sanitation District acting in an enterprise capacity pursuant to its Water and Sewer Enterprise (collectively, "SACWSD"), are parties to an Intergovernmental Water Resources Agreement dated February 8, 2006 ("2006 IGA"), as amended by the First Amendment to Intergovernmental Water Resources Agreement dated November 16, 2015, by which PV dedicated certain water to SACWSD and SACWSD issued to PV the right to purchase certain Equivalent Residential Unit Water Connections and Sanitary Sewer Connections ("PV ERUs");

WHEREAS, PV issued bonds in 2006 for the purpose of financing the purchase by PV of those water rights and easements that were concurrently conveyed to the SACWSD in exchange for the PV ERUs ("2006 Bonds") that PV anticipated selling from time to time to the City and other third parties;

WHEREAS, the 2006 IGA has been fully performed by PV with regard to the conveyance of water rights and easements;

WHEREAS, PV has not sold a substantial portion of the PV ERUs, is in default on the related mandatory sinking fund payments on the 2006 Bonds, and the unsold PV ERUs are the sole asset available to satisfy the debt service on the 2006 Bonds;

WHEREAS, the 2006 Bonds matured on December 15, 2017, and PV does not currently have, and does not expect to ever have, sufficient moneys to satisfy and discharge the total amount of principal of and interest due on the 2006 Bond;

WHEREAS, to settle all outstanding matters with respect to the 2006 Bonds and related matters, PV, SACWSD, the City, and BOKF, NA d/b/a Colorado State Bank and Trust, as trustee for the benefit of the 2006 Bond owners ("Trustee"), have negotiated an Agreement for Compromise and Satisfaction of Bond Obligation of the PV Water and Sanitation Metropolitan District Acting By and Through Its Water Activity Enterprise ("Settlement Agreement"), substantially in the form attached as Exhibit A, by which, among other things, the remaining PV ERUs will be conveyed to a trust for the benefit of the 2006 Bond owners in exchange for the defeasance and cancellation of the 2006 Bonds and discharge of the related indenture;

WHEREAS, in conjunction with the Settlement Agreement, PV, SACWSD, and the City have negotiated a second amendment to the 2006 IGA to exclude PV from the 2006

IGA but to allow the 2006 IGA to continue with respect to certain PV ERUs sold to the City and third parties that are not converted to SACWSD ERU Water or Sanitary Sewer Connections (“Second Amendment”), substantially in the form attached as Exhibit B;

WHEREAS, in conjunction with the Settlement Agreement, the Trustee and SACWSD will enter into a new Water Resources Agreement to govern the 3,608.836 of the PV ERUs not previously sold by PV as contemplated by the 2006 IGA, which new agreement will include requirements for the use of the PV ERUs on eligible properties similar to those requirements included in the 2006 IGA and expressly name the City as a third party beneficiary of those requirements;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COMMERCE CITY, COLORADO, AS FOLLOWS:

1. The Settlement Agreement, substantially in the form attached hereto as Exhibit A, and the Second Amendment, substantially in the form attached hereto as Exhibit B, are found to be in the interest of the public’s health, safety, and welfare, for a valid public purpose, and supported by a public need and are hereby approved.
2. The Mayor and the City Clerk are authorized and directed to sign and attest the Settlement Agreement and Second Amendment on behalf of the City of Commerce City.

RESOLVED AND PASSED THIS 17TH DAY OF DECEMBER 2018.

CITY OF COMMERCE CITY

Sean Ford, Mayor

ATTEST:

Laura J. Bauer, MMC, City Clerk