GREATROCK NORTH
WATER & SANITATION DISTRICT

August 18, 2015

TO: Board of Directors

FROM: Divena Mortimeyer, CPA

RE: Arbitrage, Series 1998 and Series 2002 Bonds

Date: August 18, 2015

The District contracted with Kutak Rock to prepare the arbitrage compliance reports for the District's Series 1998 Bonds, the Series 2002 Bonds, and the Series 2007 Bonds. Tom Hageman prepared the report for the Series 2007 Bonds and provided an email with comments regarding the 1998 and 2002 issuances (enclosed).

When he reviewed the bond documents for the Series 1998 and Series 2002 Bonds, he noted that both bonds are exempt from rebate calculations because they fall under the small issuer exception. The tax certificates for both issuances specifically state that each series of bonds qualified for the small issuer exception (Section 9.3 for the Series 1998 Bonds and Section 15(b) for the Series 2002 Bonds - enclosed).

Tom noted that no other arbitrage work needs to be done on the Series 1998 bonds or the Series 2002 bonds; the District just needs to note that the issuances are exempt with a note to the file.

District Office
for Greatrock North
Water and Sanitation

141 Union Blvd., Suite 150 Lakewood, CO 80228-1898
Phone (303) 987-0835

Divena Mortimeyer

From: Hageman, Thomas S. <Thomas.Hageman@KutakRock.com>
Sent: Monday, July 27, 2015 10:41 AM
To: Divena Mortimeyer
Subject: RE: Greatrock North Water and Sanitation District - Arbitrage Info 1998 and 2002

Follow Up Flag: Follow up
Due By: Thursday, July 30, 2015 8:00 AM
Flag Status: Flagged

Hi Divena,

Both Tax Certificates (1998 and 2002) say the bonds are exempt from rebate as a "small issuer" – see Section 9.3 in the 1998 Tax Certificate and Section 15(b) in the 2002 Tax Certificate. So, I don't think there's anything for you to do on these two bonds, other than to document that fact.

Please call me at 402-346-6000 or email if you have any questions. Thank you.

Tom Hageman
Kutak Rock

From: Divena Mortimeyer [mailto:dmortimeyer@sdmsi.com]
Sent: Friday, July 24, 2015 12:46 PM
To: Hageman, Thomas S.
Subject: Greatrock North Water and Sanitation District - Arbitrage Info

Hi Tom,

Attached are the bond documents for the 1998 and 2002 bonds. I'll send another email with the GL information for 2007 through 2012.

Thanks!

Divena Mortimeyer, CPA
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STATE OF COLORADO	)	
	)	
COUNTY OF ADAMS	) SS.	**TAX CERTIFICATE**
	)	
GREATROCK NORTH WATER	)	
AND SANITATION DISTRICT	)	

1 ***In General.***

1.1 The undersigned is the President and Chairman of Greatrock North Water and Sanitation District, (the "Issuer") and is the officer of the Issuer who has been delegated the primary responsibility of issuing and delivering the bonds described herein.

1.2 This Tax Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding $1,275,000 aggregate original principal amount of its Limited Tax General Obligation Bonds, Series 1998 (the "Bonds.") The factual representations contained in this Tax Certificate are true and correct and, to the best of the knowledge, information and belief of the undersigned, the expectations contained in this Tax Certificate are reasonable.

1.3 This Tax Certificate is being provided to Bond Counsel with the intention and understanding that Bond Counsel will rely upon the contents of this Tax Certificate and any certification, document or instructions provided pursuant to this Tax Certificate, in rendering an opinion on the exemption of interest on the Bonds from inclusion in adjusted gross income for Federal income tax purposes. Bond Counsel shall not be responsible or liable in any way for the accuracy of their contents or the failure of the Issuer to deliver any required information.

1.4 The Issuer has not been notified of any listing or proposed listing of the Issuer by the Internal Revenue Service as an issuer that may not certify its bonds. The Issuer's reasonable expectation that the Bonds are not "arbitrage bonds" is based upon Section 148 of the Code and the Regulations thereunder.

1.5 Certifications with respect to the structuring of the Bonds and the price and yield calculations are based on representations made by Kirkpatrick Pettis of Denver, Colorado (the "Underwriter") and are contained in a separate certificate to the Issuer dated of even date herewith. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriter.

1.6 The terms used herein and not defined shall have the same meanings as defined in the resolution providing for the authorization and issuance of the Bonds as adopted by the governing body of the Issuer on September 3, 1998 (the "Bond Resolution").

2 ***The Purpose of the Bonds.***

2.1 The Bonds are being issued for the purpose of providing all or a portion of the funds for the acquuisition, construction, and installation of water and storm sewer facilities and improvements (the "Project").

2.2 The weighted average maturity of the Bonds is 9.840 years.

3 ***Price of the Bonds and Bond Yield.***

3.1 The Underwriter has represented that the initial offering price to the public (excluding bond houses, brokers and other intermediaries) at which a substantial amount of the Bonds were or will be sold is $1,275,000, which is the par amount of the Bonds.

3.2 The calculations of the yield on the Bonds ("Bond Yield") have been made on the basis of semiannual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of computing yield on investments, the purchase price of any obligation is equal to the fair market value as of the date of a binding contract to acquire such obligation. The Bond Yield has been calculated by the Underwriter to be not less than 7.990128%.

4 ***Source and Disbursement of Funds.***

4.1 The proceeds from the sale of the Bonds are expected to be needed and fully expended as follows:

Par amount of Bonds	$	1,275,000.00
Accrued interest	$	2,266.67
Total	$	1,277,266.67
Construction account	$	1,013,039.91
Reserve account	$	200,000.00
Underwriter's discount	$	25,500.00
Other costs of issuance	$	36,460.09
Bond account	$	2,266.67
Total	$	1,277,266.67

4.2 The proceeds of the Bonds, together with investment income on those proceeds, does not exceed the amount necessary to provide financing for the Project.

4.3 No proceeds of the Bonds will be used to reimburse the Issuer for any expenditures made before the date of issue, other than preliminary expenditures as described in the Regulations.

4.4 At least 75% of the available construction proceeds of the Bonds will be used for construction expenditures with respect to the Project.

5 ***The Construction Account.***

5.1 Within six months after the date of issuance of the Bonds, the Issuer will enter into contracts with third parties for the Project obligating expenditures in excess of 5% of the net sale proceeds of the Bonds.

5.2 The acquisition, construction, improvement and equipping of the Project will commence within six months of the date hereof and will proceed with due diligence to completion. Eighty-five percent (85%) of the proceeds in the Construction Account are expected to be expended within three years of the date of issuance of the Bonds.

5.3 Interest earnings on the Construction Account will either be retained in the Construction Account to pay additional costs of the Project or be expended to pay principal of or interest on the Bonds.

5.4 The Bond proceeds deposited to the Construction Account may be invested in obligations that bear a yield in excess of the Bond Yield until the date which is three years from the date of issuance of Bonds. After the period of unrestricted investment as set forth in this Subsection, any proceeds remaining in the Construction Account will not be invested in obligations which bear a yield in excess of one-eighth of one percent (.125%) above the Bond Yield.

5.5 Any interest earnings or investment gains realized from the investment of Proceeds on deposit in the Construction Account may be reinvested pending disbursement in obligations that bear a Yield in excess of the Bond Yield. The period of unrestricted investment of such earnings will not exceed the longer of (a) a one-year period beginning on the date of receipt of such investment income or (b) the period ending three years after the date of issuance of the Bonds. After the period of unrestricted reinvestment of investment earnings described in this Subsection, such earnings will not be invested in obligations that bear a yield in excess of one-eighth of one percent (.125%) above the Bond Yield.

6 ***Bond Account.***

6.1 Sale proceeds received as pre-issuance accrued interest on the Bonds, if any, will be deposited in the Bond Account and expended within one year from the date of issuance of the Bonds.

6.2 In addition, certain revenues and receipts of the Issuer will be deposited in the Bond Account from time-to-time in accordance with the Indenture. The Bond Account will be held by the Issuer as a bona fide debt service fund, used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year and will be used to pay the principal of, redemption premium if any, and interest on the Bonds as the same become due.

6.3 The Bond Account will be depleted at least once a year (except for a reasonable carryover amount not to exceed the greater of one-twelfth of the annual debt service on the Bonds for the immediately preceding bond year or one-year's interest earnings on the Bond Account for the immediately preceding bond year.

6.4 It is reasonably expected that all amounts received by the Issuer as income from the investment of moneys held in the Bond Account will be expended to pay the principal of and interest on the Bonds within one year of receipt thereof.

6.5 All moneys deposited to the Bond Account may be invested at a yield in excess of the Bond Yield for a temporary period not to exceed 13 months from the date of receipt of the monies.

7 ***Reserve Account.***

7.1 The amount in the Reserve Account will exceed the least of (a) 10 percent of the stated principal amount of the Bonds; (b) the maximum combined principal and interest payment on the Bonds in any year; and (c) 125% of the average annual combined principal and interest payments on the Bonds; consequently, moneys in the Reserve Account will not be invested at a yield higher than the yield on the Bonds (7.990128%). Investment earnings on the Reserve Account will be distributed to the Issuer to be used for any lawful purposes of the Issuer.

7.2 The purpose of the Reserve Account for this Bond issue is to hold back a portion of the Bond proceeds which will be expended in payment of debt service rather than in payment of Project Costs if development within the Issuer's geographic boundaries does not occur as planned, all as is set forth with specificity in the Bond Resolution.

7.3 After an examination of the purpose for which the Reserve Account has been established and discussions with and representations of the Underwriter, the undersigned is of the opinion that the amount deposited in the Reserve Account is reasonably required for the purpose for which the Reserve Account has been established.

8 ***Costs of Issuance***

8.1 Issuance costs, including legal fees, printing costs, and miscellaneous issuance expenses, are expected to be paid from proceeds of the Issue and will be paid within 30 days after closing.

8.2 The Proceeds used to pay costs of issuance that are expected to be capitalized as part of the Project may be invested at a yield in excess of the Bond Yield for a temporary period not to exceed three years. Proceeds used to pay costs of issuance that may not be capitalized as part of the Project may be invested at a yield in excess of the Bond Yield for a temporary period not to exceed thirty days.

9 ***Rebate Account.***

9.1 Initially, no Rebate Account will be established by the Issuer.

9.2 The Issuer acknowledges that the continued exclusion of interest on the Bonds from gross income for federal tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 148(f) of the Code to the extent applicable. The Issuer agrees and covenants that it shall do and perform all acts and things necessary to ensure that the requirements of Section 148 of the Code and the Regulations are met, including establishing a Rebate Account from which any payment to the United States of the required portion of the Rebate Amount may be made, if and when required.

9.3 The Issuer covenants, in accordance with Section 148(f)(4)(D) of the Code, that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate amount of all tax-exempt bonds (other than private activity bonds) issued by the Issuer during this calendar year is not expected to exceed $5,000,000.

10 ***Other Funds.***

10.1 In connection with the Bonds, there has not been created or established and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund or account (other than as specifically identified in the Bond Resolution), including without limitation any arrangement under which money, securities, obligations or compensating balances are pledged directly or indirectly to secure the Bonds.

10.2 The Issuer does not expect that the plan of financing relating to the Bonds will result in the creation of any Replacement Proceeds other than amounts to be deposited in Accounts specifically described in this Certificate.

10.3 The Issuer shall not sell any other tax-exempt obligations within 15 days of the sale date of the Bonds pursuant to the same plan of financing with the Bonds and payable from substantially the same source of funds.

10.4 Except as specifically authorized above, no proceeds of the Bonds may be invested at a yield in excess of the Bond Yield.

11 ***Private Business Use.***

11.1 The Issuer represents that the Project is or will be owned by the Issuer and will continue to be so owned as long as the Bonds are outstanding. The Issuer recognizes that a change in ownership of the Facilities could subject the interest on the Bonds to State and federal income tax retroactively to the date of issuance. This representation shall not apply to any portion of the Project

which may be sold or otherwise disposed of by the Issuer as a result of the normal wear and tear or obsolescence of such property.

11.2 The Project has not and will not be used in a manner that will result in the Bonds becoming private activity bonds within the meaning of Section 141 of the Code. Specifically,

(a) no more than 10 percent of the proceeds of the Bonds are to be used for a private business use;

(b) payments of principal and interest on no more than 10 percent of the Bonds will be (i) secured by property to be used for a private business use, (ii) secured by payments with respect to such property, or (iii) derived from payments with respect to such property; and

(c) no more than 5 percent of the proceeds will be used to make loans to any entity or person other than a governmental entity.

11.3 The Issuer acknowledges that in determining whether all or any portion of the Project is used, directly or indirectly, in a "private business use," use of a portion of the Project by a non-exempt person pursuant to a lease, management contract, physician contract or other arrangement must be examined. A lease, management contract or other arrangement between the Issuer and a non-exempt person with respect to the Project or any portion thereof will not result in the Project being used in a "private business use" for this purpose if the guidelines set forth in Rev. Proc. 97-13 are satisfied.

12 ***Arbitrage Representations and Elections.***

12.1 The Issuer hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Bonds or other funds of the Issuer to be used, directly or indirectly, to acquire any investment, asset or obligation that would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code.

12.2 The Issuer will not enter into any abusive arbitrage devices or perform any other act that would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code.

12.3 At least 85% of the spendable proceeds of the Bonds will be spent for governmental purposes within 3 years of the date of issuance.

12.4 Not more than 50% of the Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed yield for 4 years or more. No Bond proceeds will be invested in a guaranteed investment contract.

13 ***Miscellaneous.***

13.1 The District will cause a completed and properly executed Form 8038-G with respect to the Issue to be filed timely in the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

13.2 The Bonds are not and shall not become directly or indirectly "federally guaranteed." Unless otherwise excepted under Section 149(b) of the Code, the Bonds will be considered "federally guaranteed" if (i) the payment of principal and interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) 5% or more of the proceeds of the Bonds is (A) to be used in making loans, the payment of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) to be invested (directly or indirectly) in federally insured deposits or accounts or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). (This provision shall not apply to proceeds of the Bonds invested (a) for a temporary period, (b) in the Bond Account, (c) the Reserve Account, (d) bonds issued by the United States Treasury, or (e) other investments specifically authorized by Bond Counsel.

13.3 The Bonds shall be issued in fully registered form.

13.4 The Issuer has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code in the Bond Resolution.

14 ***Amendments.***

14.1 Notwithstanding any other provision hereof, any provision of this Tax Certificate may be deleted or modified at any time at the option of the Issuer, if the Issuer has obtained an opinion, in form and substance satisfactory to the Issuer, of Bond Counsel that such deletion or modification will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.

Dated: September 9, 1998

GREATROCK NORTH WATER AND SANITATION DISTRICT

President and Chairman

Attest:

Deborah D. McCoy

Secretary to the Board

FEDERAL TAX CERTIFICATE

I, the undersigned officer of the Greatrock North Water and Sanitation District of Adams County, Colorado (the "Issuer"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the Issuer's Subordinate Limited Tax General Obligation Bonds Series 2002 (the "Bonds") which are being issued and delivered simultaneously with the delivery of this Certificate. I do hereby certify as follows in good faith as of the Issue Date:

1. Definitions. Each capitalized term used in this Certificate has the meaning or is the amount, as the case may be, specified for such term in this Certificate or in Exhibits to this Certificate and shall for all purposes hereof has the meaning or be the amount therein specified. All such terms defined in the Code or Regulations shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the Issuer for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this Certificate on behalf of the Issuer. I am the officer of the Issuer charged, along with other officers of the Issuer, with responsibility for issuing the Bonds.

3. Code and Regulations. I am aware of the provisions of sections 141, 148, 149 and 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (the "Regulations") heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This Certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this certificate are accurate. The expectations that are set forth in this certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the Issuer as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in the Issue Price Certificate of Box Elder Creek Ranch, LLC (the "Purchaser"), attached as Exhibit A to this Certificate. The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The Issuer is issuing the Bonds pursuant to the resolution adopted by the Issuer for purposes of authorizing the issuance of the Bonds (the "Bond Document") for the purposes of funding (a) the design, acquisition, construction, completion and installation of a complete potable and non-potable water supply, purification, storage, transmission and distribution system (the "Project") as described more fully in the Bond Document and (b) costs of issuance of the Bonds. The primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose.

6. Amount and Expenditure of Sale Proceeds of the Bonds.

(a) Amount of Sale Proceeds. The Issuer sold the Bonds to the Purchaser for $2,000,000, which price does not include Pre-Issuance Accrued Interest. The Sale Proceeds from the issuance of the Bonds is $2,000,000, based on the amount set forth on Exhibit A hereto. Such amount represents the Stated Redemption Price at Maturity (excluding Pre-Issuance Accrued Interest for those Bonds the interest on which is paid at least once annually) of the Bonds, plus any Original Issue Premium, less any Original Issue Discount. No portion of the purchase price of any of the Bonds is provided by the issuance of any other issue of obligations.

(a) Expenditure of Sale Proceeds. The amount of $50,000 of Sale Proceeds of the Bonds will be disbursed to pay or reimburse costs of issuance of the Bonds. The remainder of the Sale Proceeds of the Bonds will be disbursed to pay or reimburse the costs of acquisition and construction of the Project. The aggregate amount of the costs of acquisition and construction of the Project is anticipated to be not less than such amount. Any costs of the Project not financed out of original or investment proceeds of the Bonds will be financed out of the Issuer's available funds.

(b) Reimbursement. Other than to the extent of preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, Bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction), no portion of the amount described in paragraph 6(b) above will be disbursed to reimburse the Issuer for any expenditures made by the Issuer prior to the date that is 60 days before the earlier of the Issue Date or the date the Issuer adopted a resolution (the "Declaration"), if any, describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project, and stating the Issuer's reasonable expectation on that date that it would reimburse expenditures for costs of the Project with proceeds of an obligation. The Declaration, if any, is not an official intent to reimburse that was declared as a matter of course, or in an amount substantially in excess of the amount expected to be necessary for the Project. The Issuer has not engaged in a pattern of failure to reimburse original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of paragraphs 11(b) and 15 below.

(c) No Working Capital. Except for an amount that does not exceed 5 percent of the Sale Proceeds of the Bonds (and that is directly related to capital expenditures financed by the Bonds), the Issuer will only expend proceeds of the Bonds for (i) costs that would be chargeable to the capital accounts of the Project if the Issuer's income were subject to federal income taxation and (ii) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on all of the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the date hereof and ends on the later of (A) the date that is three years from the Issue Date of the Bonds or (B) the date that is one year after the date on which the Project is placed in service.

(d) No Sale of Conduit Loan. No portion of the sale proceeds of the Bonds has been or will be used to acquire, finance, or refinance any conduit loan.

(e) No Overissuance. The proceeds of the Bonds will not exceed by more than a minor portion (as defined in paragraph 13 below) the amount necessary to accomplish the governmental purposes of the Bonds and, in fact, are not expected to exceed by any amount the amount of proceeds allocated to expenditures for the governmental purposes of the Bonds.

(f) Allocations and Accounting. The proceeds of the Bonds will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the Project is placed in service, but in no event later than the date that 60 days after the fifth anniversary of the date hereof or the retirement of the last Bond, if earlier. The allocation of proceeds will be made by consistently employing the direct-tracing method of accounting. No proceeds of the Bonds will be allocated to any expenditures to which proceeds of any other obligations have heretofore been allocated.

7. Pre-Issuance Accrued Interest. The Issuer will also receive from the Purchaser on the Issue Date of the Bonds no amount representing Pre-Issuance Accrued Interest on the Bonds.

8. Drawdown Loan. The Bonds will be issued from time to time to pay costs incurred and approved pursuant to the Bond Document. The aggregate of such issuances of Bonds is treated as a single issue. The Issue Date of the Bonds is the date hereof, the first date on which the aggregate draws under the loan represented by the Bonds exceeds the lesser of $50,000 or 5 percent of the Issue Price of the Bonds.

9. No Replacement Proceeds. Other than amounts described herein, there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purposes of the Bonds, other than solely by reason of the mere availability or preliminary earmarking, that the amounts would have been used for such purpose if the proceeds of the Bonds were not used or to be used for such purpose.

(a) No Sinking Funds. Other than to the extent described herein, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts described herein, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of part or all of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other replacement proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purposes of the Bonds. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds will not be greater than 120 percent of the weighted average estimated economic life of the portion of the Project financed, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (a) The weighted average was determined by taking into account the respective costs of each assets financed by the Bonds, (b) the reasonably expected economic life of an asset was determined as of the later of the date hereof or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (c) the economic lives used in making this determination are not greater than the useful lives used for depreciation under section 167 of the Code prior to the enactment of the current system of depreciation in effect under section 168 of the Code (i.e., the "mid-point lives") under the asset depreciation range ("ADR") system of section 167(m) of the Code, as set forth in Revenue Procedure 83-35, 1983-1 C.B. 745, where applicable, and the "guideline lives" under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures; and (d) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the net proceeds of the Bonds is to be used to finance land.

10. Yield on the Bonds. For the purposes of this Certificate, the Yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of the Bonds, of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price of the Bonds as of the issue date. For purposes of determining the yield on the Bonds, the Issue Price of the Bonds is the sum of the issue prices for each group of substantially identical Bonds, plus Pre-Issuance Accrued Interest. For each group of substantially identical Bonds, the issue price is the price paid by the Purchaser of the Bonds. The Issue Price is based upon the representations of the Purchaser set forth in Exhibit A hereto. No, issuance costs, or costs of carrying or repaying the Bonds is taken into account for purposes of computing the yield on the Bonds.

The Yield on the Bonds is calculated in the manner set forth above.

11. Temporary Periods and Yield Restriction.

(a) Project. The Issuer has incurred or will incur within six months of the date hereof a binding obligation to a third party which is not subject to any contingencies within the control of the Issuer or a related party pursuant to which the Issuer is obligated to expend at least five percent of the sale proceeds of the Bonds on the Project. The Issuer reasonably expects that work on or acquisition of the Project will proceed with due diligence to completion and that the proceeds of the Bonds will be expended on the Project with reasonable dispatch. The Issuer reasonably expects that 85 percent of the Sale Proceeds of the Bonds will have been expended on the Project prior to the date that is three years after the Issue Date. Any Sale Proceeds not expended prior to the date that is three years after the Issue Date, will be invested at a yield not "materially higher" than the Yield on the Bonds, except as set forth in paragraph 13 below. The Issuer reasonably expects that any amount derived from the investment of moneys received from the sale of the Bonds and from the investment of such investment income will not be commingled with substantial other receipts or revenues of the Issuer and will be expended prior to the date that is three years after the Issue Date, or one year after receipt of such investment

income, whichever is later. Any such investment proceeds not expended prior to such date will be invested at a yield not "materially higher" than the Yield on the Bonds, except as set forth in paragraph 13 below.

12. Debt Service Fund. Pursuant to the Bond Document, the Issuer has created or continued, as the case may be, a debt service fund (the "Debt Service Fund") and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds are to be deposited in such Fund. The Issuer expects that taxes levied, assessed and collected for and on account of the Bonds will be sufficient each year to pay such debt service. All amounts which will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year, will constitute a bona fide debt service fund component of the Debt Service Fund (the "Bona Fide Portion"). Such Bona Fide Portion of the Debt Service Fund will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Bonds within each bond year. Amounts held in the Bona Fide Portion of the Debt Service Fund will be invested at an unrestricted yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Debt Service Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this certificate. Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Bonds and any other obligations of the Issuer secured by the Debt Service Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Bonds will not exceed at any time the least of (a) ten percent of the stated principal amount of the Bonds (or sale proceeds in the event that the amount of original issue discount exceeds two percent multiplied by the stated redemption price at maturity of the Bonds), (b) the maximum annual principal and interest requirements of the Bonds, and (c) 125 percent of average annual principal and interest requirements of the Bonds. Therefore, all amounts therein may be invested at an unrestricted yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above, will be invested in obligations the yield on which is not in excess of the Yield on the Bonds, except as set forth in paragraph 13 below.

13. Minor Portion. All gross proceeds will be invested in accordance with paragraphs 11 and 12 above. To the extent such amounts remain on hand following the periods set forth in paragraphs 11 and 12 above or exceed the limits set forth in paragraph 12 above, the Issuer will invest such amounts at a restricted yield as set forth in such paragraphs; provided, however, that a portion of such amounts, not to exceed in the aggregate the lesser of $100,000 or five percent of the sale proceeds of the Bonds (the "Minor Portion"), may be invested at a yield which is higher than the Yield on the Bonds.

14. Issue. There are no other obligations that (a) are sold at substantially the same time as the Bonds (i.e., within 15 days), (b) are sold pursuant to the same plan of financing with the Bonds, and (c) will be paid out of substantially the same source of funds as the Bonds.

15. Compliance With Rebate Requirements.

(a) General. The Issuer has covenanted in the Bond Document that it will take all necessary steps to comply with the requirement that "rebatable arbitrage earnings" on the investment of the "gross proceeds" of the Bonds, within the meaning of section 148(f) of the Code be rebated to the federal government. Specifically, the Issuer will (a) maintain records regarding the investment of the "gross proceeds" of the Bonds as may be required to calculate such "rebatable arbitrage earnings" separately from records of amounts on deposit in the funds and accounts of the Issuer which are allocable to other bond issues of the Issuer or moneys which do not represent "gross proceeds" of any bonds of the Issuer, (b) calculate at such intervals as may be required by applicable Regulations, the amount of "rebatable arbitrage earnings," if any, earned from the investment of the "gross proceeds" of the Bonds and (c) pay, not less often than every fifth anniversary date of the delivery of the Bonds and within 60 days following the final maturity of the Bonds, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. Further, the Issuer will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the "gross proceeds" of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's-length and had the yield on the issue not been relevant to either party.

(b) Small Issuer Exception. The Issuer will use at least 95 percent of the net proceeds of the Bonds for local governmental activities of the Issuer (including governmental units the jurisdiction of which is entirely within the jurisdiction of the Issuer) and reasonably expects that the aggregate amount of all tax-exempt bonds (other than "private activity bonds" within the meaning of section 141 of the Code) issued by the Issuer (and all entities aggregated with the Issuer under section 148 of the Code) during the calendar year that includes the Issue Date will not exceed $5,000,000. Accordingly, the Issuer expects to qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States.

16. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Bonds will enable the Issuer to (i) exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the gross proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the gross proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds), and (ii) issue more bonds, issue bonds earlier, or allow bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds. To the best of our knowledge, no actions have been taken in connection with the issuance of the Bonds other than actions that would have been taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds).

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

17. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the gross proceeds of the Bonds will not be used in a manner that would cause any of the Bonds to be an "arbitrage bond" within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

18. No Private Use, Payments or Loan Financing.

(a) General. The Issuer reasonably expects, as of the date hereof, that no action or event during the entire stated term of the Bonds will cause either the "private business tests" or the "private loan financing test," as such terms are defined in the Regulations, to be met.

(i) No portion of the proceeds of the Bonds will be used in a trade or business of a nongovernmental person. For purposes of determining use, the Issuer will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) Any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person; (B) the use of all or any portion of the Project is treated as the direct use of proceeds; (C) a nongovernmental person will be treated as a private business user of proceeds of the Bonds as a result of ownership, actual or beneficial use pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Project. The Issuer and each developer that may use any portion of the Project during an initial development period reasonably expect on the date hereof to proceed with all reasonable speed to develop each portion of the Project and the property benefited by that portion of the Project and to transfer each such portion of the Project to a governmental person. Each such portion of the Project will in fact be transferred to a governmental person promptly after the property benefited by each such portion of the Project is developed.

(ii) The Issuer has not taken and will not take any deliberate action that would cause or permit the use of any portion of the Project to change such that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Bonds remains outstanding (or until an opinion of nationally recognized bond counsel is received to the effect that such change in use will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds). For this purpose, any action within the control of the Issuer is treated as a deliberate action. A deliberate action occurs on the date the Issuer enters into a binding contract with a nongovernmental person for use of the Project that is not subject to any material contingencies.

(iii) All payments of the debt service on the Bonds will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) that is an enforced contribution exacted pursuant to legislative authority in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) that has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Bonds will be directly or indirectly derived from payments (whether or not to the Issuer or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Bonds will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) No portion of the proceeds of the Bonds will be directly or indirectly used to make or finance a loan to any person other than a state or local governmental unit.

(b) Dispositions of Personal Property in the Ordinary Course. The Issuer does not reasonably expect that it will sell or otherwise dispose of personal property components of the Project financed with the Bonds other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The weighted average maturity of the portion of the Bonds financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The Issuer is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues and the Issuer reasonably expects to spend such amounts on governmental programs within 6 months from the date of commingling.

Furthermore, the Issuer will not sell or otherwise dispose of all or any portion of the Project in circumstances in which the foregoing requirements are not satisfied unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

(c) Other Agreements. The Issuer will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Project during the stated term of the Bonds unless it has received in each and every case an opinion of nationally recognized bond counsel to the effect that such agreement will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

19. Weighted Average Maturity. The Weighted Average Maturity of the Bonds set forth on Exhibit B attached to this Certificate is the sum of the products of the Issue Price of each group of identical Bonds and the number of years to maturity (determined separately for each group of identical Bonds and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Bonds.

20. Bonds are Not Hedge Bonds. Not more than 50 percent of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code. Further, the Issuer reasonably expects that at least 85 percent of the spendable proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the date the Bonds are issued.

GREATROCK NORTH WATER AND SANITATION DISTRICT OF ADAMS COUNTY, COLORADO

By: _____

Title: President

Date: 5/8/02

EXHIBIT A

CERTIFICATE OF PURCHASER

I, the undersigned officer of the Purchaser, make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the Bonds: Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the "Federal Tax Certificate"). I hereby certify as follows in good faith as of the Issue Date:

1. I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser. I am the officer of the Purchaser charged, along with other officers of the Purchaser, with responsibility for the Bonds.

2. The Purchaser has purchased the Bonds for $2,000,000, which price does not include accrued interest. The Purchaser does not intend to reoffer the Bonds.

3. The Issuer may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Holme Roberts & Owen LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

BOX ELDER CREEK RANCH, LLC

By: _____

Tile: Manager

Date: 5/5/02