ARBITRAGE
COMPLIANCE
SPECIALISTS | INC.
BOND COMPLIANCE SERVICES

GREATROCK NORTH WATER AND SANITATION DISTRICT, COLORADO

INITIAL BOND COMPLIANCE PROGRAM REVIEW

FOR

FISCAL YEAR 2014

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August 22, 2014

Divena Mortimeyer, CPA
Senior Accountant
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228
on behalf of:
Greatrock North Water and Sanitation District, Colorado ("Issuer")

EXECUTIVE SUMMARY

Dear Ms. Mortimeyer:

As of the date of this letter, the Issue may not be compliant with all arbitrage rebate and yield restriction reporting requirements for Fiscal Year 2014. A further review of each of the Issuer's bonds is provided in the individual bond summary pages.

Please provide this letter to theIssuer for their records. Contact me at (800) 672-9993 ext. 7530 if there are any questions.

Sincerely,

Stephen H. Broden, Vice President
Arbitrage Compliance Specialists, Inc.

INDIVIDUAL BOND DETAILED SUMMARY

Control #0.25 - $1,275,000 Limited Tax General Obligation Bonds, Series 1998

Basic Bond Facts:

Date Issued:	09/09/98
First Year End Date:	09/09/99
Maturity Date:	12/01/08
Subject to Rebate:	No
Bond Yield:	Unknown
Investment Yield:	Unknown
Subject to Yield Restriction:	Yes
Minor Portion:	$63,750.00
Yield Restricted Rate:	Unknown

Last Report Facts:

Yield /ReductionRestriction Report Period: N/A

Notes:

Advance refunded by 2007 issue. ACS has not reviewed the issue for yield reduction compliance.

Recommendations:

The IRS requires retention of bond records until the end of the statute of limitations date of 12/01/36.

Control #0.50 - $ 549,711.75 Subordinate Limited Tax General Obligation Bonds, Series 2002 (Up to $2M Issuance)

Basic Bond Facts:

Date Issued:	05/06/02
First Year End Date:	05/06/03
Maturity Date:	06/27/07
Subject to Rebate:	No
Bond Yield:	Unknown
Investment Yield:	Unknown
Subject to Yield Restriction:	Yes
Minor Portion:	$27,485.59
Yield Restricted Rate:	Unknown

Last Report Facts:

Yield /ReductionRestriction Report Period: N/A

Notes:

Advance refunded by 2007 issue. ACS has not reviewed the issue for yield reduction compliance.

Recommendations:

The IRS requires retention of bond records until the end of the statute of limitations date of 12/01/36.

Control #1.00 - $4,420,000.00 General Obligation Refunding and Improvement Bonds, Series 2007

Basic Bond Facts:

Date Issued:	06/27/07
First Year End Date:	06/27/08
Maturity Date:	12/01/33
Subject to Rebate:	**Yes - The issue fails to meet the small issuer exception due to the weight average maturity requirement**
Bond Yield:	4.4411%
Investment Yield:	Unknown
Subject to Yield Restriction:	Yes
Minor Portion:	$100,000.00
Yield Restricted Rate:	4.4421%

Last Report Facts:

Arbitrage Rebate Report Period:	First Installment 5 Year Arbitrage Calculation
Report Date Ending:	06/27/12
Report Liability Amount:	Unknown – Still Needs To Be Completed

Notes:

Advance refunded in part by 2010 issue. Further arbitrage rebate calculations required.

The IRS requires retention of bond records until the end of the statute of limitations date of 12/01/36.

Recommendations:

The Bond does require, at a minimum, the report for the first installment (five year period) ending 06/27/12. A proposal is provided as part of this review.

Control #2.00 - $2,230,000.00 General Obligation Refunding and Improvement Bonds, Series 2010

Basic Bond Facts:

Date Issued:	12/01/10
First Year End Date:	12/01/11
Maturity Date:	12/01/30
Subject to Rebate:	**Yes - The issue fails to meet the small issuer exception due to the weight average maturity requirement and the issue refunds an issue that is subject to arbitrage rebate**
Bond Yield:	4.2353%
Investment Yield:	Unknown
Subject to Yield Restriction:	Yes
Minor Portion:	$100,000.00
Yield Restricted Rate:	4.2363%

Last Report Facts:

Arbitrage Rebate Report Period:	First Installment 5 Year Arbitrage Calculation
Report Date Ending:	12/01/15
Report Liability Amount:	Unknown – Still Needs To Be Completed

Notes:

Further arbitrage rebate calculations required.

The IRS requires retention of bond records until the end of the statute of limitations date of 12/01/33.

Recommendations:

The Bond does require, at a minimum, the report for the first installment (five year period) ending 12/01/15. A proposal is provided as part of this review.

Arbitrage Compliance Specialists, Inc.
Phone: (800) 672-9993
Fax: (800) 756-6505
www.rebatebyacs.com

ARBITRAGE COMPLIANCE SPECIALISTS | INC.
BOND COMPLIANCE SERVICES

ARBITRAGE REBATE SUMMARY
Greatrock North Water and Sanitation District, Colo
Friday, August 22, 2014

BOND FACTS					REPORT	COMPLETED			FUTURE		
Bond Issue	Date Issued	Final Maturity	Subject to Rebate	Subject to Project Yield Restriction	Description	Type	End Date	Liability	Type	End Date	
Limited Tax General Obligation Bonds, Series 1998	09/09/98	12/01/08	No	Yes							1. ACS in full.
Subordinate Limited Tax General Obligation Bonds, Series 2002 (Up to $2M Issuance)	05/06/02	06/27/07	No	Yes							1. ACS in full.
General Obligation Refunding and Improvement Bonds, Series 2007	06/27/07	12/01/33	Yes	Yes	Arbitrage Rebate Calculation				05th Year	06/27/12	1. Proce least 12/
General Obligation Refunding and Improvement Bonds, Series 2010	12/01/10	12/01/30	Yes	Yes	Arbitrage Rebate Calculation				05th Year	12/01/15	1. Proce least 12/

ARBITRAGE
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BOND COMPLIANCE SERVICES

August 22, 2014

Ms. Divena Mortimeyer, Senior Accountant
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
on behalf of:
Greatrock North Water and Sanitation District, Colorado ("Issuer")

ENGAGEMENT LETTER FOR ARBITRAGE COMPLIANCE SERVICES

CONTROL #1.00

$4,420,000.00 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2007

Arbitrage Compliance Specialists, Inc. ("ACS") is pleased to present our fees to provide arbitrage compliance services for the Issuer. Our firm has distinctive legal and accounting experience with arbitrage compliance services dating back to the inception of the arbitrage rebate regulations of 1986. ACS is one of the most prominent and well-respected providers of arbitrage compliance services in the nation. ACS' staff members are accounting professionals who have extensive knowledge of governmental accounting, accounting allocation methods and legal interpretation skills to compute the lowest permissible liability allowed. We pride ourselves on our unprecedented commitment to each and every client we represent.

ACS has provided a fee schedule to encompass the various elements that we may encounter during the calculations. ACS' fees are derived by the number of years included in the calculation. The fee schedule listed on page 2 provides fees for reports covering the applicable periods. Each calculation includes both a legal opinion and a CPA opinion to provide assurance that the calculations were completed according to Section 148(f) of the Internal Revenue Code of 1986 that governs the arbitrage rebate requirements (the "Tax Code").

We appreciate the opportunity to provide assistance to help the Issuer comply with the IRS arbitrage compliance requirements. As always, if we may be of further assistance or if there are any questions, please do not hesitate to call us at (800) 672-9993 ext.7530.

Sincerely,
Arbitrage Compliance Specialists, Inc.

Stephen H. Broden, Vice President

Please acknowledge acceptance of this engagement by signing and faxing this letter in its entirety to Arbitrage Compliance Specialists, Inc. at (800) 756-6505 or scanning and e-mailing to Stephen@rebatebyacs.com.

Accepted by – Signature

Print Name, Title

Date

5975 S. Quebec St. #205 | Centennial, Colorado 80111 | 800.672.9993 | www.rebatebyacs.com

Bond Compliance Program Services:	Fees
Arbitrage Rebate Calculation 05th Year: 06/27/2007 to 06/27/2012	$2,000.00
TOTAL	**$2,000.00**

Arbitrage Rebate Calculation Services	
Comprehensive Arbitrage Compliance Analysis/Set-Up	Included
Yield Restriction Calculation (Per Report Period)	Included
Spending Exception Calculations (Per 6-Month Report Period)	Included
Legal Services	
IRS Audit Assistance (For Bond Issues Completed By ACS)	Included
Post-Calculation Services	
Debt Compliance Monitoring Service	Included
Record Retention Service	Included

Calculation Services

1. Review the documents related to the debt issue to include the Official Statement, Tax Certificate, IRS Form 8038-G and CPA Verification Report.
2. Complete an in-depth analysis of the debt structure by our in-house tax attorney to determine if the debt issue is subject to rebate and/or yield restriction and identify applicable exceptions.
3. Monitor IRS filing deadlines, election requirements and restricted periods in our database tracking system to ensure timely reporting.
4. Perform the rebate, yield restriction/yield reduction or spending exception/penalty calculations in compliance with Internal Revenue Code of 1986.
5. Provide calculations with legal opinion and CPA certified professional opinion that can be relied upon by the Issuer regarding the liability. The report will provide supporting documentation to include the calculation method employed, assumptions and conclusions.
6. Prepare payment Form 8038-T with detailed filing instructions for accurate and timely filing to the IRS, if applicable.

Support Services

7. Discuss the report and findings to ensure a complete understanding of the procedures and recommendations in such report.
8. Prepare a debt compliance monitoring schedule that identifies all-important relevant information by issue including prior calculations, liability amounts, future calculation due dates and important status notes.
9. Advise on how future changes in the Tax Code may affect the debt issue.
10. Provide technical assistance and consultation in matters related to the arbitrage compliance regulations.
11. Assist in the IRS record retention requirements, which include storage of records related to the debt issue.
12. Provide no cost audit support in the event of an IRS audit.

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BOND COMPLIANCE SERVICES

August 22, 2014

Ms. Divena Mortimeyer, Senior Accountant
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
on behalf of:
Greatrock North Water and Sanitation District, Colorado ("Issuer")

ENGAGEMENT LETTER FOR ARBITRAGE COMPLIANCE SERVICES

CONTROL #2.00

$2,230,000.00 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2010

Arbitrage Compliance Specialists, Inc. ("ACS") is pleased to present our fees to provide arbitrage compliance services for the Issuer. Our firm has distinctive legal and accounting experience with arbitrage compliance services dating back to the inception of the arbitrage rebate regulations of 1986. ACS is one of the most prominent and well-respected providers of arbitrage compliance services in the nation. ACS' staff members are accounting professionals who have extensive knowledge of governmental accounting, accounting allocation methods and legal interpretation skills to compute the lowest permissible liability allowed. We pride ourselves on our unprecedented commitment to each and every client we represent.

ACS has provided a fee schedule to encompass the various elements that we may encounter during the calculations. ACS' fees are derived by the number of years included in the calculation. The fee schedule listed on page 2 provides fees for reports covering the applicable periods. Each calculation includes both a legal opinion and a CPA opinion to provide assurance that the calculations were completed according to Section 148(f) of the Internal Revenue Code of 1986 that governs the arbitrage rebate requirements (the "Tax Code").

We appreciate the opportunity to provide assistance to help the Issuer comply with the IRS arbitrage compliance requirements. As always, if we may be of further assistance or if there are any questions, please do not hesitate to call us at (800) 672-9993 ext.7530.

Sincerely,
Arbitrage Compliance Specialists, Inc.

Stephen H. Broden, Vice President

Please acknowledge acceptance of this engagement by signing and faxing this letter in its entirety to Arbitrage Compliance Specialists, Inc. at (800) 756-6505 or scanning and e-mailing to Stephen@rebatebyacs.com.

Accepted by – Signature

Print Name, Title

Date

5975 S. Quebec St. #205 | Centennial, Colorado 80111 | 800.672.9993 | www.rebatebyacs.com

Bond Compliance Program Services:	Fees
Arbitrage Rebate Calculation 05th Year: 12/01/2010 to 12/01/2015	$2,000.00
TOTAL	**$2,000.00**

Arbitrage Rebate Calculation Services	
Comprehensive Arbitrage Compliance Analysis/Set-Up	Included
Yield Restriction Calculation (Per Report Period)	Included
Spending Exception Calculations (Per 6-Month Report Period)	Included
Legal Services	
IRS Audit Assistance (For Bond Issues Completed By ACS)	Included
Post-Calculation Services	
Debt Compliance Monitoring Service	Included
Record Retention Service	Included

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