

**RESOLUTION
BOARD OF DIRECTORS
NORTH-WEST FIRE PROTECTION DISTRICT**

A RESOLUTION AUTHORIZING THE CREATION OF A LENDING RELATIONSHIP IN THE FORM OF LOAN BETWEEN THE NORTH-WEST FIRE PROTECTION DISTRICT (DISTRICT) AS BORROWER, AND COLORADO EAST BANK & TRUST (CEB&T) AS LENDER BY MEANS OF THE EXECUTION OF A LOAN AGREEMENT AND PROMISSORY NOTE, AND ANY OTHER DOCUMENTS THAT MAY BE REQUIRED, IN THE AMOUNT OF SEVENTY FIVE THOUSAND DOLLARS (\$75,000.00), SUBJECT TO THE TERMS AND CONDITIONS WITHIN THE LOAN AGREEMENT AND PROMISSORY NOTE AND OTHER EXECUTED DOCUMENTS, WITH A MATURITY DATE ON THE BORROWING OF MARCH 31, 2011 AND AN INTEREST RATE OF 4.40% FOR USE AS OPERATING EXPENSES FOR FISCAL YEAR 2011.

WHEREAS, this District is a Special District, duly organized and existing under the laws of the State (capitalized terms in these preambles shall have the meanings set forth in Section 1.02 of this Resolution, except as otherwise indicated) and;

WHEREAS, the District has estimated that the anticipated Taxes and other revenues to be credited to the General Fund and the budgeted expenditures to be made from the General Fund in Fiscal Year 2011 and has concluded that cash flow management problems will occur during such period because the Taxes will not be received in time to pay the District's projected budgeted expenses; and,

WHEREAS, representatives of the District have had preliminary discussions with Colorado East Bank & Trust and the Bank has issued a letter "conditionally" approving a \$75,00.00 line of credit to the District, this Resolution being one of the conditions; and

WHEREAS, the District must present to the Bank, a current cash flow management projection and update such projection periodically throughout fiscal year 2011; and,

WHEREAS, the Board has found and determined that establishing a lending relationship with Colorado East Bank & Trust is in the best interests of the District and its residents to alleviate cash flow deficits, and after exploring and discussing alternatives, and that the District should establish a lending relationship with the Bank;

NOW, THEREFORE, BE IT RESOLVED BY THE Board of Directors of the North-West Fire Protection District, Colorado, as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. **Incorporation of Preambles**, The preambles hereto are incorporated herein for all purposes.

Section 1.02 **Definitions**. The following terms shall have the following meanings unless the text expressly or by necessary implication requires otherwise:

“Authorized Officer” means the President of the District and the Secretary/Treasurer of the District.

“Board” means the Board of Directors of the District.

“Business Day” means any day on which financial institutions are open for business in the State.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, including all applicable regulations (final, temporary and proposed), rulings and decisions.

“County Treasurer” means the treasurer of each county of the State in which the District imposes Taxes.

“Default” means an event, act or occurrence which with notice or lapse of time, or both, would become an Event of Default hereunder.

“Default Rate” means the interest rate at which interest accrues after an Event of Default as described within the District Note.

“Default Taxes” means ad valorem taxes on real and personal property received or to be received by the District after the Maturity Date that are required to be credited to the General Fund and that are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c) of the Colorado Revised Statutes.

“Defaulted Note” means the District Note to the extent any of the Principal Amount remains unpaid on the Maturity Date.

“District” means the special district of the State of Colorado indentified as such on the signature page hereof and its successors by operation of law.

“District Disclosure Document” means a document or set of documents, including any attachments, exhibits, addenda, supplements or amendments thereto, setting forth, among other matters, demographic and financial information regarding the District and information relating to this Resolution and District’s obligations hereunder.

“District Note” means the note and security agreement issued by the District under this Resolution to evidence the obligation of the District to repay the Loan, which shall not exceed the Maximum Principal Amount, References to the District Note shall include the Defaulted Note unless the context expressly or by necessary implication indicates otherwise.

“Event of Default” means any occurrence or event specified in Section 6.01 hereof.

“Fiscal Year” means the fiscal year of the District currently commencing January 1 of each year.

“Fiscal Year 2011” means the District’s fiscal year beginning January 1, 2011 and ending December 31, 2011.

“General Fund” means the General Fund of the District established and maintained as required under State Law.

“Loan” or “Loans” means the aggregate amount of monies loaned by Colorado East Bank & Trust to the District from time to time from the Proceeds of the District Note.

“Maturity Date” means the maturity date of the District Note, March 31, 2011.

“Maximum Principal Amount” means the maximum aggregate principal amount evidenced by the District Note, which shall be in the amount set forth in the title to the Resolution in the amount of \$75,000.00 and established in accordance with Section 2.02(a) hereof.

“Payment Obligation” means the Principal Amount of the District Note and, if the District Note is a Defaulted Note, interest thereon at the applicable rate or Default Rate, until such amounts are paid in full.

“Principal Amount” means as of any time, the outstanding balance amount of the District Note, which amount shall equal the aggregate amount of the advances made to the District which have not been repaid.

“Resolution” means this resolution, as amended and supplemented from time to time.

“State” means the State of Colorado.

“Taxes” means ad valorem taxes on real and personal property received by the District on and after March 1, 2011, to and including June 30, 2011, that are required to credit to the General Fund.

Section 1.03. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa and words importing persons shall include corporations and associations, including public bodies as well as natural persons.

The use of the terms “hereby”, “hereof”, “herein”, “hereto”, “hereunder” and any similar terms refer to this Resolution.

References to numbered Sections or to lettered Attachments refer to the Sections of and Attachments attached to this Resolution that bear those numbers and letters, respectively.

All the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity hereof.

ARTICLE II

AUTHORIZATION TO ISSUE DISTRICT NOTE, GENERAL TERMS AND PROVISIONS OF THE DISTRICT NOTE AND FORM OF DISTRICT NOTE

Section 2.01. Authorization. The District is hereby authorized to borrow from Colorado East Bank & Trust for Fiscal Year 2011. The District hereby authorize the issuance and delivery of the District Note to Colorado East Bank & Trust in the Maximum Principal Amount, for the purpose of paying the District’s projected budgeted expenses during Fiscal Year 2011.

Section 2.02. Maturity, Principal Amount and Interest

(a) The District shall execute a single note payable to Colorado East Bank & Trust, in the amount of \$75,000.00 as a loan which matures on March 31, 2011, and which accrued interest at the rate of 4.40% per annum to maturity. The default rate if the note becomes a Default Note will accrue interest at the same rate of 4.40% per annum from the date of maturity until paid in full.

(b) The District Note shall be dated the date of its execution in accordance with Section 2.03 hereof, shall mature on the Maturity Date, and shall bear interest on the outstanding Principal Amount through the Maturity Date, Colorado East Bank & Trust is hereby authorized to maintain records on behalf of the District which reflect the outstanding Principal Amount due under the District Note; such records shall reflect the dates and amounts of Advances to the District Note, as well as payments made by the District that reduced the Principal Amount. If the Principal Amount of the District Note is not paid in full to Colorado East Bank & Trust on or prior to the Maturity Date, the District Note shall become a Default Note and the unpaid portion thereof shall bear interest thereafter at the Default Rate until all amounts due under the Defaulted Note are paid in full.

(c) Both the principal and the interest of the District Note shall be payable in lawful money of the United States of America. Upon the Maturity Date of the District Note, if the Payment Obligation of the District Note has been paid in full, or upon such later date as all of the Payment Obligation has been paid in full, Colorado East Bank & Trust shall mark the District Note as paid in full and shall return the District Note to the District.

Section 2.03. Execution and Delivery

(a) The President of the Board is hereby authorized to have control of the District Note, and all necessary records and proceedings pertaining thereto, prior to the issuance and delivery of the District Note.

(b) District Note shall be executed on behalf of the District by the President.

(c) Subject to Section 3.01 hereof, the officers referenced in this Section shall, on or before the closing date, issue and deliver or cause to be delivered the District Note to Colorado East Bank & Trust in exchange for the right, during Fiscal Year 2011, to borrow from Colorado East Bank & Trust an aggregate amount not to exceed the Maximum Principal Amount. In case any officer whose signature shall appear on the District Note shall cease to be such officer before the delivery date of the District Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Early Repayment. The Principal Amount of the District Note may be prepaid in whole or in part at any time prior to the Maturity Date.

Section 2.05. Form of District Note. The form of the District Note shall be the standard printed form used by Colorado East Bank & Trust in its customary practice for entities which have operating lines of credit. The terms and conditions of the District Note control the Payment Obligation.

ARTICLE III

LOANS AND CASH FLOW REPORTING

Section 3.01. Loans. An aggregate amount up to but not exceeding the Maximum Principal Amount may be drawn upon by the District upon consummation to fund a General Fund cash flow deficit during Fiscal Year 2011. The Authorized Officers are hereby authorized to certify to Colorado East Bank & Trust the amount of the General Fund cash flow deficit with respect to each advance. The District hereby acknowledges that Colorado East Bank & Trust will only make a single advance on the note.

Section 3.02. Projected Cash Flows and Ongoing Reporting.

(a) In completing the General Fund cash flow projections set forth in Attachment E to the Loan Agreement, the beginning amount and the anticipated income during the Fiscal Year 2011 include all amounts that are “available for the payment” of General Fund expenditures of the

District during Fiscal Year 2011. Amounts held in any District funds and accounts are considered to be “available for the payment” of General Fund expenditures of the District to the extent that such amounts may be invaded to pay such expenditures and such fund and account need not be reimbursed under any legislative, judicial, Board or contractual requirement. A list will be provided to Colorado East Bank & Trust of accounts and funds that are not “available for the payment” because such funds and accounts must be reimbursed under legislative, judicial, Board or contractual requirements. In addition, expenditures from such unavailable funds and accounts are not included in the cash flow projections. The District hereby certifies that the District has reviewed the cash flow projections supplied to Colorado East Bank & Trust and that the District believes that the cash flow projections for Fiscal Year 2011 are reasonable and based upon reasonable assumptions.

(b) The Authorized Officers are hereby authorized and directed to notify Colorado East Bank & Trust if any information comes to the attention of either individual during Fiscal Year 2011 which would cause the General Funds cash flow projections to be inaccurate. Updated cash flow projections shall be provided by the District to Colorado East Bank & Trust from time to time.

ARTICLE IV

SECURITY FOR AND PAYMENT UNDER THE DISTRICT NOTE

Section 4.01. Security for and Payment of the District Note. The District Note shall be payable from and secured by a lien in the amount of the Payment Obligation on Taxes and such lien shall have priority over all other expenditures from such Taxes until the Payment Obligation shall have been paid in full. As security for the payment of the Payment Obligation, all Taxes received by the District shall be paid to Colorado East Bank & Trust within one Business Day of receipt thereof until the Payment Obligation has been paid in full.

Section 4.02. No Parity of Superior Cash Flow Obligations. Notwithstanding any other provision hereof, the District shall not issue notes or other obligations for cash flow purposes that are payable from the Taxes or Default Taxes or that are secured by a lien on the Taxes or Default Taxes that is superior to or on a parity with the lien of the District Note.

ARTICLE V

REPRESENTATIONS AND COVENANTS

Except as otherwise disclosed by one of the Authorized Officers to Colorado East Bank & Trust as set forth in paragraph (j) of this Article, the District hereby represents and covenants as follows:

(a) The District is a Special District duly organized and existing under and by virtue of the laws of the State of Colorado and has all necessary power and authority to adopt the Resolution, borrow from Colorado East Bank & Trust, and issue the District Note.

(b) Upon the issuance of the District Note, the District will have taken all action required to be taken to authorize the issuance and delivery of the District Note and the performance of its

obligations thereunder, and the District has full legal right, power and authority to issue and deliver the District Note.

(c) The District will faithfully perform at all times any covenants, undertakings, stipulations and provisions contained in this Resolution and in the District Note; the District will promptly pay or cause to be paid the principal of and interest on the District Note when due and at the place and manner described herein.

(d) The District is duly authorized under the laws of the State of Colorado, to issue the District Note; all action prerequisite to the lawful issuance and delivery of the District Note has been duly and effectively taken; and the District Note and this Resolution are and will be legal, valid and enforceable obligations of the District, enforceable against the District in accordance with their respective terms.

(e) Proper officers of the District charged with the responsibility of issuing the District Note are hereby directed to make, execute and deliver certifications as to facts, estimates and circumstances in existence as of the closing date and stating whether there are any facts, estimates or circumstances that would materially change the District's current expectations.

(f) The District will furnish to Colorado East Bank & Trust as soon as possible and in any event within two Business Days after the discovery by the District of any Event of Defaults or Default hereunder, a certificate of one of the Authorized Officers of the District setting forth the details of such Event of Default or Default and the action which the District proposes to take with respect thereto.

(g) The District will deliver to Colorado East Bank & Trust such financial data as the bank may reasonably request, including, without limitation, any information relating to Taxes, expenses, available funds, tax rolls, financial statements, budget and cash flow, and if requested, copies of the District's audited year-end financial statements, budgets, official statements and similar information issued by it to the public. The District will permit representatives from Colorado East Bank & Trust, at bank's expense, to examine the books and financial records of the District and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the District with any officer or employee of the District, all at such reasonable times and as often as the bank may reasonably request.

(h) The District will not make, or permit to be made, any use of the proceeds of the Loan, or of any monies treated as proceeds of the Loan within the meaning of the Code, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the District Note under Section 1.03 of the Code.

(i) Except as otherwise provided pursuant to paragraph (j) of this Article, all representations and recitals contained in this Resolution are true and correct, and that the District and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them (if any) for the levy, receipt, collection and enforcement of the revenues available for the payment of its District Note in Accordance with law for carrying out the provisions of this Resolution and the District Note.

(j) The following representations are true and correct unless, prior to closing date, one of the Authorized Officers of the District notify Colorado East Bank & Trust in writing to the contrary:

(1) Neither the issuance of the District Note, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with, results in a breach of or violates any of the terms, conditions, or provisions of any law, regulation, court decree, resolution, agreement, or instrument to which the District is subject or by which the District is bound, or constitutes a default under any of the foregoing.

(2) The District has experienced an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the District in each of the most recent five Fiscal Years, and the District, as of the date of adoption of this Resolution and on the date of issuance of the District Note, reasonably expects to collect at least 90% of such amount for Fiscal Year 2011.

(3) The District has not defaulted within the past five years, and is not currently in default, on any debt obligation.

(4) The District's most recent audited financial statements present fairly the financial condition of the District as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to Colorado East Bank & Trust, there has been no change in the financial condition of the District since the date of such audited financial statements that will in the reasonable opinion of the District materially impair its ability to perform its obligations under the Resolution and the District Note.

(5) There is no action, suit, proceeding, inquiry, or investigation at law or in equity, before or by a court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the District, threatened against or affecting the District questioning the validity of any proceedings taken or to be taken by the District in connection with the District Note or this Resolution, of seeking to prohibit, restrain, or enjoin the execution, delivery, or performance by the District of any of the foregoing or where an unfavorable decision, ruling, or finding would have a materially adverse effect on the District's financial condition or results of operations or on the ability of the District to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the District to perform its obligations under the District Note or this Resolution.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Defaults and Remedies

(a) The occurrence of any of the following shall be an "Event of Default" with respect to the District Note and this Resolution:

(1) a failure by the District to pay the Principal Amount in full under the District Note on or before the Maturity Date;

(2) the default by the District in the performance of observance of any covenant, agreement or obligation of the District under this Resolution (other than subparagraph (a)(1) of this Section) and the failure to cure such default within 10 days after the earlier of the date that the District furnishes notice of a default or the District receives written notice of default from Colorado East Bank & Trust.

(3) Other than as provided in paragraph (j) of Article V herein, any warranty, representation or other statement by or on behalf of the District contained in the Resolution or in any certificate, requisition, report, or any other instrument furnished in compliance with or in reference to this Resolution or the District Note is false or misleading in any material respect, or

(4) The District shall apply for consent to the appointment of a receiver, trustee, liquidator, or custodian or the like of itself or of its property, and admit in writing its inability to pay its debts generally as they become due and make a general assignment for the benefit of creditors, or be adjudicated a bankrupt or insolvent organization.

(b) If an Event of Default has occurred and is continuing pursuant to subparagraph 6.01(a)(1), the remedy of Colorado East Bank & Trust is to notify the County Treasurer that the District is in Default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. The County Treasurer shall be directed to withhold any Default Taxes to be received by the District and in the possession of the County Treasurer in the amount of such unpaid Payment Obligation, and transmit such monies to Colorado East Bank & Trust. If the amount of the Default Taxes to be received by the District and in possession of the County Treasurer at the time such notice is given is less than the amount of the Payment Obligation, the County Treasurer shall withhold additional Default Taxes to be received by the District and in the possession of the County Treasurer until such time as the Payment Obligation has been paid to Colorado East Bank & Trust in full.

(c) Upon the occurrence of any Event of Default, Colorado East Bank & Trust may take any action at law or in equity to enforce the performance or observance of any other obligation, agreement or covenant of the District, and to enforce the levy, liens, pledges and security interests granted or credited under this Resolution. No remedy herein conferred upon or reserved to Colorado East Bank & Trust is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power occurring upon any default shall impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

Section 6.02. Limitations on Waivers. If this Resolution is reached by the District and such breach is waived, such waiver shall be limited to the particular breach so waived and shall not be deemed a waiver for any other breach hereunder.

ARTICLE VII

AUTHORIZATION OF ADDITIONAL ACTIONS

The President of the District and the Secretary/Treasurer of the District are hereby designated as Authorized Officers under this Resolution, and they each as the Officers of the Board or any of them are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the instruments approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof. Such authority shall include the authority to submit a loan application to Colorado East Bank & Trust and to certify to the accuracy and completeness of any materials and information regarding this District that may be used or useful in enabling Colorado East Bank & Trust to obtain a credit rating on the District or the District Note. If any officer, official or employee of the District whose signature shall appear on any certificate, documents, or other instrument shall cease to be such officer following the

execution of, but prior to the delivery of, such certificate, document, or other instrument, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

ARTICLE VIII

PROVISIONS OF GENERAL APPLICATION

Section 8.01. Amendments. This Resolution may be amended only with the written consent of Colorado East Bank & Trust.

Section 8.02. Preservation and Inspection of Documents. All documents received by Colorado East Bank & Trust or the District under the provisions of this Resolution shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other parties hereto and their assigns, agents, and representatives, and of whom may make copies thereof.

Section 8.03. Parties in Interest. Nothing in this Resolution, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party, other than Colorado East Bank & Trust as the sole owner of the District Note any rights, remedies or claims under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of such parties as third party beneficiaries.

Section 8.04. No Recourse Against Officers. All covenants, stipulations, promises, agreements, and obligations contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively in their corporate capacities, and not of any officer, employee, or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the District's Payment Obligation or for any claim based thereon or under this Resolution against any member, officer, employee or agent of the parties hereto.

Section 8.05. Proceedings Constitute Contract. The provisions of the District Note and of this Resolution shall constitute a contract between the District and Colorado East Bank & Trust, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable until the Payment Obligation is paid in full.

Section 8.06. Limited Liability. Notwithstanding anything to the contrary contained herein, in the District Note or in any other documents mentioned herein or related to the District Note, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent of its Payment Obligation with respect to the District Note and to the extent payable from monies available therefore as set forth herein.

Section 8.07. Severability. If any one or more of the covenants, stipulations, promises, agreements, or obligations provided in this Resolution should be determined by a court of

competent jurisdiction to be contrary to the law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements or obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.


Section 8.08. Headings. Any heading preceding the text of the several articles and sections hereof, any table of contents or marginal note appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 8.09. Authorized Officers. Whenever under the provisions of this Resolution the approval of the District is required or the District is required to take some action, such approval or such request may be given for the District by the Authorized Officer of the District, and Colorado East Bank & Trust shall be authorized to rely upon any such approval or request.


Section 8.10. Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

ADOPTED AND APPROVED this 12th day of January, 2011.

BY THE BOARD OF DIRECTORS
NORTH-WEST FIRE PROTECTION DISTRICT



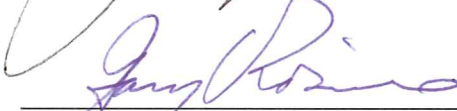
Robert Agosti, President



John Schmidt, Vice-President



William A. Pike, Secretary/Treasurer



Gary Rosine, Director



David Edstrom, Director

