



6340 South Fiddlers Green Circle
Greenwood Village, CO 80111
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March 18, 2020

The purpose of this document is to express CoBank, ACB's ("CoBank") interest in providing financing for a meter project. Included herein is a general framework for the proposed loan:


Borrower:	Southern Water & Sewer District
Amount:	Up to \$1,400,000 (Cost of the project)
Purpose:	Meter upgrade project
Term:	Up to 5 years
Interest Rate*:	Fixed at Closing (Currently 3.15 %*) Interest rates are based on today's market conditions and are subject to daily fluctuation until fixed.
Payment:	Monthly principal and interest payments starting on the 20 th day of the month subsequent to close
Covenants:	Debt Service Coverage Ratio better than or equal to 1.10x Debt to EBITDA \leq 10.00x Measured annually at FYE Annual audit within 180 days of fiscal year end
Security / Collateral:	Secured by a first lien on the meter surcharge along with a pledge of the deposit account where those revenues are held. Second lien on personal property and general revenues.
Reserve Requirement:	Pledge of surcharge holding account
Closings Costs/Fees:	\$2,500 flat fee

* Interest rates are based on today's market conditions and are subject to daily fluctuation until fixed. Interest rates do not take into account CoBank patronage.

This letter is not a commitment or offer to provide the credit outlined above but an expression of interest on the part of CoBank in providing the credit. A commitment to provide credit will only arise upon CoBank's issuance, and the Borrower's acceptance, of a formal Commitment Letter. I look forward to discussing the transaction and this outline with you in greater detail. If you have any questions, please do not hesitate to call me at (720)-520-6261

Sincerely,

Michael Griffiths

 **COBANK** | Relationship Manager – Rural Water
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