

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

DEEP CREEK WATER & SANITATION DISTRICT
2043 S WASHINGTON ST
DENVER, CO 80210

For the Year Ended
12/31/21
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL
FAX

ROSEMARY GENTRY
970-921-5149
rosemary003@tds.net
970-921-3380

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED

ROSEMARY GENTRY
OWNER
ROSEMARY KNIGHT GENTRY, CPA
PO BOX 312, CRAWFORD, CO 81415
970-921-5149
1/18/2022

PREPARER (SIGNATURE REQUIRED)



Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

PROPRIETARY
(CASH OR BUDGETARY BASIS)

P

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ 53,179	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ 1,000	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 54,179	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 288	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ 7,464	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 5,298	
3-7	Accounting and legal fees	\$ 12,042	
3-8	Repair and maintenance	\$ 404	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ 5,248	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ 4,288	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):		
3-24	SEWER FEES-CITY OF CREEDE	\$ 16,085	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 51,117	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

- | | | Yes | No |
|-----|--|-------------------------------------|--------------------------|
| 4-1 | Does the entity have outstanding debt?
If Yes, please attach a copy of the entity's Debt Repayment Schedule. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4-2 | Is the debt repayment schedule attached? If no, MUST explain:
<div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4-3 | Is the entity current in its debt service payments? If no, MUST explain:
<div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ 232,697	\$ 1,000	\$ -	\$ 233,697
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 232,697	\$ 1,000	\$ -	\$ 233,697

*must tie to prior year ending balance

- | | | Yes | No |
|-----|--|--------------------------|-------------------------------------|
| 4-5 | Does the entity have any authorized, but unissued, debt?
If yes: How much? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Date the debt was authorized: | | |
| 4-6 | Does the entity intend to issue debt within the next calendar year?
If yes: How much? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4-7 | Does the entity have debt that has been refinanced that it is still responsible for?
If yes: What is the amount outstanding? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4-8 | Does the entity have any lease agreements?
If yes: What is being leased?
What is the original date of the lease?
Number of years of lease?
Is the lease subject to annual appropriation?
What are the annual lease payments? \$ - | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ 6,311	
5-2	Certificates of deposit		
	Total Cash Deposits		\$ 6,311
	Investments (if investment is a mutual fund, please list underlying investments):		
	<div style="border: 1px solid black; height: 15px; width: 100%;"></div>	\$ -	
	<div style="border: 1px solid black; height: 15px; width: 100%;"></div>	\$ -	
5-3	<div style="border: 1px solid black; height: 15px; width: 100%;"></div>	\$ -	
	<div style="border: 1px solid black; height: 15px; width: 100%;"></div>	\$ -	
	Total Investments		\$ -
	Total Cash and Investments		\$ 6,311

Please answer the following questions by marking in the appropriate boxes

- | | | Yes | No | N/A |
|-----|---|-------------------------------------|--------------------------|--------------------------|
| 5-4 | Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5-5 | Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain: Yes No

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ 240,216	\$ -	\$ -	\$ 240,216
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):EASEMENT	\$ 1,000	\$ 4,288	\$ -	\$ 5,288
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 241,216	\$ 4,288	\$ -	\$ 245,504

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No
- If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):		\$ -
State contribution amount:		\$ -
Other (gifts, donations, etc.):		\$ -
TOTAL		\$ -
What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?		\$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A
-
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
OPERATING	\$ 64,550

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

10-1 Is this application for a newly formed governmental entity?

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

If yes: List the name of the other governmental entity and the services provided:

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below.

A MAJORITY of the members of the governing body must complete and sign in the column below.

Board Member	Print Board Member's Name	I, _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 1	JOHN H PARKER II	I, JOHN H PARKER II, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>John H. Parker II</u> Date: <u>4/3/22</u> My term Expires: <u>May 20 2023</u>
Board Member 2	ANN C PARKER	I, ANN C PARKER, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Ann C Parker</u> Date: <u>MAY 29 2022</u> My term Expires: <u>MAY 2023</u>
Board Member 3	ETHAN D HAMPTON	I, ETHAN D HAMPTON, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Ethan D Hampton</u> Date: <u>1/29/22</u> My term Expires: <u>May 2022</u>
Board Member 4	MARGARET C HAMPTON	I, MARGARET C HAMPTON, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Margaret C Hampton</u> Date: <u>1/29/22</u> My term Expires: <u>MAY 2022</u>
Board Member 5	WILLIAM M PARKER III	I, WILLIAM M PARKER III, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>William M Parker III</u> Date: <u>1/29/22</u> My term Expires: <u>May 2023</u>
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

Schedule A
REIMBURSEMENT AGREEMENT
DEEP CREEK WATER AND SANITATION DISTRICT OPERATIONAL EXPENSES

PAGE 3

DATE OF ADVANCE	AMOUNT OF ADVANCE	SIGNATURE OF AUTHORIZED REPRESENTATIVE OF DISTRICT EVIDENCING RECEIPT OF ADVANCE
12/31/2012 -PAGE 2	119,900.00	BALANCE FORWARD
1/16/2013	4,000.00	
2/19/2013	3,500.00	
4/16/2013	3,500.00	
6/18/2013-REPMT	-1,000.00	
9/19/2013-REPMT	-1,500.00	
10/2/2013	4,500.00	
10/24/2013	500.00	
11/22/2013	1,500.00	
12/11/2013	1,500.00	
12/31/2013	136,400.00	BALANCE OF ADVANCES
2013 STORAGE TANK WORK-ADVANCED	67,651.90	BALANCE DUE FOR STORAGE TANKS
BALANCE DUE	204,051.90	TOTAL BALANCE DUE 12/31/13
8/15/2014	1,000.00	
10/13/2014	5,000.00	
11/26/2014	1,000.00	
BAL DUE 12/31/14	211,051.90	TOTAL BALANCE DUE 12/31/14
4/28/2015	1,000.00	
8/14/2015	4,000.00	
10/13/2015	1,000.00	
BAL DUE 12/31/15	217,051.90	TOTAL BALANCE DUE 12/31/15
		NO ADVANCES OR PAYMENTS IN 2016
BAL DUE 12/31/16	217,051.90	TOTAL BALANCE DUE 12/31/16
4/28/2017	849.52	
5/29/2017	295.78	
12/27/2017	5,000.00	
BAL DUE 12/31/17	223,197.20	TOTAL BALANCE DUE 12/31/17
10/5/2018	1,500.00	
12/13/2018	2,000.00	
BAL DUE 12/31/18	226,697.20	TOTAL BALANCE DUE 12/31/18
NO ACTIVITY 2019		
BAL DUE 12/31/19	226,697.20	TOTAL BALANCE DUE 12/31/19

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT ("Agreement") is made and entered into effective this 2nd day of September, 2008, by and between the DEEP CREEK WATER AND SANIATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District") and NAVAJO DEVELOPMENT CO., INC., a Colorado corporation, whose principal office address is 2043 South Washington Street, Denver, Colorado 80210 (the "Company").

RECITALS

WHEREAS, the District was formed to finance certain water and sewer infrastructure to serve the Creede Haven development and to operate and maintain the same; and

WHEREAS, the Company has an interest in certain real property located within the present boundaries of the District; and

WHEREAS, in order to encourage development within the boundaries of the District and to ensure its continued existence and operation of the District, the Company anticipates providing funding to the District for the purposes of assisting with providing funding for general administrative and operating functions of the District, with the expectation of being reimbursed therefor; and

WHEREAS, the District anticipates that it will be unable to adequately fund continued administrative and operational expenses on an annual basis without financial assistance in the form of advances contemplated by this Agreement; and

WHEREAS, the District intends to reimburse the Company for the advances made to the District by the Company on behalf of the District; and

WHEREAS, the District finds that this Agreement is in the best interests of its residents and service users.

COVENANTS

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, warranties, covenants, agreements, and undertakings set forth herein, the parties agree as follows:

ARTICLE I: ADVANCES AND REIMBURSEMENTS

1.01 Definitions. As used in this Agreement, the following terms have the following definitions:

"Expenditures" means operating costs paid by the District to vendors of goods and services provided to or on behalf of the District. Expenditures also include those costs for which the Company provides monetary advances to the District for administrative and operational expenses of the District, including but not limited to management fees, legal fees, financial consulting fees, engineering fees and general operations costs related to the public purposes of the District.

"Service Plan" means the service plan of the District as approved pursuant to Section 32-1-201 et seq., C.R.S., and as the same may be amended from time to time; but no such amendment shall be construed to materially decrease the rights of the Company hereunder.

1.02 Reimbursement. In consideration of advances made by the Company to the general operating account of the District on an as-needed basis in accordance with the terms of this Agreement, the District agrees to pay reimbursements plus interest to the Company pursuant to the terms hereof.

1.03 Liability. Subject to the terms of this Agreement, the obligations of the District to make the reimbursements plus interest contemplated in paragraph 1.02 hereof (the "Reimbursement Obligation") arise upon the receipt of any advance of funds made by the Company to the District, which advance(s) shall be recorded on Schedule A attached hereto and acknowledged by the signature of an authorized representative of the District. No advance(s) shall be made until the District has advised the Company in advance of the amount of the requested advance(s) (the "Advance Request") and the Company has been provided with an opportunity to review and approve the same. Any Advance Request shall include a certification of an authorized representative of the District that all funds requested are being used for Expenditures permitted under this Agreement. Within ten (10) business days following receipt of an Advance Request, the Company shall endeavor to approve the same and cause the full amount of the Advance Request to be deposited into the general operating account of the District. If the Company fails to approve any Advance Request made by the District, the specific reasons for such action shall be documented in writing and shall be provided to the District in accordance with paragraph 2.10 hereof.

Schedule A shall document the receipt of each Advance Request received by the District for Expenditures authorized under this Agreement.

Reimbursement for advances made by the Company to the District shall include interest on the outstanding amounts due from the District to the Company at the rate of five percent (5.0%) per annum, provided, however, that such interest shall be calculated from January 1 of the year immediately following the year in which the advance(s) of funds is made.

Any and all reimbursements made by the District to the Company shall be duly recorded on Schedule B hereof. Schedule B shall document repayments of amounts advanced under Schedule A.

1.04 No Pledge of Specific Revenues or Security. No specific source of funds is pledged, and no other form of security is pledged, to the payment of the Reimbursement Obligation. No security in the form of letters of credit, bond insurance, stand-by credit agreements, or other form of credit enhancement shall be utilized by the District for the payment of, or as security for, the Reimbursement Obligation.

1.05 No Indebtedness or Financial Obligation. It is the intent of the District and the Company that this Agreement shall NOT constitute a "debt" or a "multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever" of the District within the meaning of the Colorado constitution or any other Colorado law.

Nothing herein shall be construed to pledge District revenues for future years or impose obligations that would require the use of future revenues from a tax otherwise available for general purposes. Nothing herein shall be legally enforceable against the District in future years. All appropriations by the District to pay the obligations herein are purely discretionary and nonobligatory. The Reimbursement Obligation constitutes merely a "moral obligation" of the District as such term is used by the Colorado Supreme Court in Submission of Interrogatories on House Bill 99-1325, 979 P.2d 549 (Colo. 1999).

Nothing herein, however, shall prevent the Company and the District from entering into an agreement that includes a reimbursement obligation in the future that has the effect of renewing this Agreement in substantially the same manner that a lease-purchase agreement may be renewed. The Company has no claim or penalty against the District in the event that this Agreement is not renewed. The Company agrees that the District has not pledged its credit to its obligations under this Agreement.

1.06 Termination. This Agreement shall remain in effect until terminated by mutual written consent of the parties hereto, and shall not be transferred or assigned, in whole or in part, to any person or entity without the prior written consent of the parties to this Agreement, except that it is anticipated by the parties hereto that this Agreement may be assigned by the Company without the District's consent to an affiliated entity who owns or may own all or a part of the property within the District. The Company shall have the right to substitute a new party into this Agreement to perform all of Company's obligations upon consent of the District. Consent to such assignment shall not be unreasonably withheld by the District, nor shall it be withheld unless the District determines in good faith that the proposed assignee does not have the financial capability to perform the Company's obligations stated herein.

1.07 Not Negotiable. This Agreement is not a negotiable instrument.

ARTICLE II: MISCELLANEOUS

2.01 Enforcement. This Agreement shall be enforceable by any party by actions at law or in equity, and any non-breaching party shall be entitled to any and all remedies available at law or in equity, including, but not limited to, specific performance and/or damages.

2.02 Amendment. This Agreement is subject to amendment only by the written consent of the parties. Such amendment shall be effective as of the date the amendment is executed by the parties or such other date as the parties shall designate.

2.03 Severability. This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the State of Colorado. If any provisions of this Agreement or application thereof to any person or circumstance shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

2.04 Construction of Language. The language used in this Agreement and all parts thereof shall be construed as a whole according to its fair meaning, and not strictly for nor against any party, and all parties have equally participated in the preparation of this Agreement.

2.05 Non-Waiver. No waiver of any conditions, remedy or provision of this Agreement shall be deemed to have been made unless expressly made in writing and signed by the party against whom such a waiver is charged; and

A. The failure of either party to insist in any one or more cases upon the performance of any of the provisions, covenants, or conditions of this Agreement or to exercise any option herein contained, shall not be construed as a waiver thereof or as a relinquishment for the future of any such provisions, covenants, conditions or options;

B. The acceptance or performance of anything required by this Agreement to be performed with knowledge of the breach or failure of a covenant, condition or provision hereof shall not be deemed a waiver of such breach or failure; and

C. No waiver by a party of a breach by the other party shall be construed as a waiver with respect to any other or subsequent breach.

2.06 Governing Law. The terms and provisions of this Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Colorado.

2.07 Assignment. Except as provided in Section 1.06 hereof, this Agreement is personal to the Company and District, and no party has any right, power, or authority to assign all or part of this

Agreement, or to delegate any duties or obligations arising hereunder, either voluntarily involuntarily, or by operation of law.

2.08 Captions and Headings. The headings throughout this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

2.09 Integration. This Agreement embodies the entire agreement and understanding between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, if any, between the parties relating to the subject matter thereof.

2.10 Notices. All notices, requests, demands, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when hand delivered or sent by certified United States mail, postage prepaid, with return receipt requested, addressed to the parties as follows:

District: Deep Creek Water and Sanitation District
c/o Grimshaw & Haring, P.C.
1700 Lincoln Street, Suite 3800
Denver, CO 80203-4538
Attn: Marcus A. McAskin

Company: Navajo Development Co., Inc.
Attn: John Parker
2043 South Washington Street
Denver, CO 80210

Either party may change the address at which it receives written notice by so notifying the other party in writing in the manner provided herein.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first written above.

DEEP CREEK WATER AND SANITATION
DISTRICT, a quasi-municipal corporation and
political subdivision of the State of Colorado

ATTEST:

By: _____
Secretary

By: _____
President

NAVAJO DEVELOPMENT CO., INC., a Colorado
corporation

By:

John H. Parker II, President