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**CANVASS BOARD'S
CERTIFICATE OF OFFICIAL ABSTRACT OF VOTES CAST
(CERTIFICATE OF RESULTS)**

**FOR THE REGULAR ELECTION HELD ON MAY 4, 2010
DONALA WATER & SANITATION DISTRICT
EL PASO COUNTY, COLORADO**

1-10-203, 1-11-103, and 32-1-104(1), CRS

Each of the undersigned members of the Canvass Board of the **Donala Water & Sanitation District** certifies that the following is a true and correct abstract of the votes cast at the regular election Of the **Donala Water & Sanitation District**, at which time the eligible electors of the **Donala Water & Sanitation District** voted as indicated on the attached Judges' Certificate of Election Returns, and as a result of which the eligible electors elected to the office the following Directors:

Timothy G. Murphy	14045 Gleneagle Drive Colorado Springs, CO 80921 719-488-6737	4-Year Term
William T. Nance	14521 River Oaks Drive Colorado Springs, CO 80921 719-488-2312	4-Year Term
David A. Powell	350 Cherry Hills Way Colorado Springs, CO 80921 719-488-2269	4-Year Term

The votes cast for and against each ballot issue and ballot question submitted were as follows:

**DONALA WATER AND SANITATION DISTRICT BALLOT ISSUE A—
TAX INCREASE QUESTION**

SHALL DONALA WATER AND SANITATION DISTRICT TAXES BE INCREASED \$412,000 ANNUALLY IN COLLECTION YEAR 2011 AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY THE IMPOSITION OF AN ADDITIONAL MILL LEVY OF NOT MORE THAN FIVE (5) MILLS; AND SHALL SUCH TAX REVENUES BE USED (BUT ONLY IF THE BOARD DETERMINES THAT OTHER REVENUES WILL BE INSUFFICIENT) FOR THE PURPOSE OF OPERATING AND MAINTAINING OR ACQUIRING, CONSTRUCTING OR FINANCING IMPROVEMENTS TO THE DISTRICT'S WATER AND WASTEWATER SYSTEMS INCLUDING BUT NOT LIMITED TO, WATER STORAGE RESERVOIRS, WATER WELLS, WATER PUMP STATIONS, WATER PIPELINES, WATER DIVERSION FACILITIES, WATER RIGHTS, WATER TREATMENT FACILITIES, WASTEWATER SYSTEM FACILITIES, AND STORMWATER SYSTEM FACILITIES; AND SHALL THE DISTRICT BE AUTHORIZED TO ADJUST THE MILL LEVY RATE AUTHORIZED BY THIS QUESTION FROM TIME TO TIME SO LONG AS IT NEVER EXCEEDS 5 MILLS; AND SHALL THE PROCEEDS OF SUCH TAXES BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION PURSUANT TO CRS 29-1-302(2)(B)?

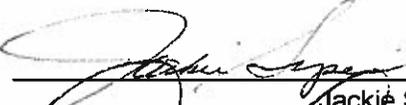
Number of YES votes cast:	<u>1,020</u>
Number of NO votes cast:	<u>495</u>

**DONALA WATER AND SANITATION DISTRICT BALLOT ISSUE B—
DEBT ONLY QUESTION**

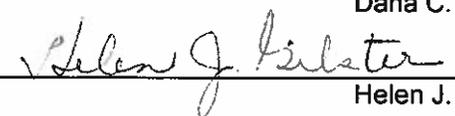
SHALL DONALA WATER AND SANITATION DISTRICT DEBT BE INCREASED UP TO \$20,000,000 WITH A REPAYMENT COST OF UP TO \$54,000,000 FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING IMPROVEMENTS TO THE DISTRICT'S WATER AND WASTEWATER SYSTEMS INCLUDING BUT NOT LIMITED TO, WATER STORAGE RESERVOIRS, WATER WELLS, WATER PUMP STATIONS, WATER PIPELINES, WATER DIVERSION FACILITIES, WATER RIGHTS, WATER TREATMENT FACILITIES, WASTEWATER SYSTEM FACILITIES, AND STORMWATER SYSTEM FACILITIES; SHALL SUCH DEBT BE EVIDENCED BY BONDS, NOTES, CONTRACTS OR LOAN AGREEMENTS, BE PAYABLE FROM ANY DISTRICT REVENUES (WITHOUT ANY INCREASE IN TAXES UNLESS AUTHORIZED BY THE VOTERS BEFORE, AT OR AFTER THIS ELECTION), BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 9.90%, AND HAVE SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL THE DISTRICT BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE DISTRICT PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION?

Number of **YES** votes cast: **1,098**
Number of **NO** votes cast: **410**

CERTIFIED this 11th day of May, 2010.



Jackie Sipes (DEO)


Dana C. Duthie


Helen J. Gilster

Contact Person for the District: Dana C. Duthie (General Manager)
D2@donalawater.com

Business Address of the District: 15850 Holbein Drive
Colorado Springs, CO 80921

Telephone Number: 719-488-3603

PROCEDURAL INSTRUCTIONS: The canvassers meet to survey the returns and certify the results. They do not recount the ballots, unless there is a formal recount. No later than seven days after the election, the canvass board shall certify the official abstract of votes cast which the DEO uses to certify the election (results). This form must be filed with the Division of Local Government within 30 days after the election and must be posted in the office of the DEO. The DEO shall notify the candidates of their election; after the oath and bond are filed, the DEO shall make and deliver a formal certificate to the elected directors.

**JUDGES' CERTIFICATE OF ELECTION RETURNS and
STATEMENT OF BALLOTS**

MAIL BALLOT ELECTION

1-7.5-107, C.R.S.

JUDGES' CERTIFICATE OF RETURNS:

IT IS HEREBY CERTIFIED by the undersigned, who conducted the election held in the DONALA WATER & SANITATION DISTRICT, in EL PASO County, Colorado, on the 4th day of May, 2010, that after qualifying by swearing and subscribing to their Oaths of Office, they opened the polls at 7:00 a.m., and that they kept the polls open continuously until the hour of 7:00 p.m. on said date, after which they counted the ballots cast for Directors of said District and for any ballot issues and ballot questions duly submitted,

That the votes cast for Director of the District for a 4-year term were as follows (numeric and spelled out):

<u>Candidate for Director</u>	<u>Total Number of Votes Cast</u>	
TIMOTHY G. MURPHY	<u>732</u>	<u>Seven hundred thirty two</u>
WILLIAM T. NANCE	<u>673</u>	<u>Six hundred seventy three</u>
GENE J. PFEFFER	<u>594</u>	<u>Five hundred ninety four</u>
WARREN C. GERIG, JR	<u>526</u>	<u>Five hundred twenty six</u>
DAVID A. POWELL	<u>641</u>	<u>Six hundred forty one</u>

That the votes cast for and against each ballot issue and ballot question submitted were as follows:

DONALA WATER AND SANITATION DISTRICT BALLOT ISSUE A—TAX INCREASE QUESTION

SHALL DONALA WATER AND SANITATION DISTRICT TAXES BE INCREASED \$412,000 ANNUALLY IN COLLECTION YEAR 2011 AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY THE IMPOSITION OF AN ADDITIONAL MILL LEVY OF NOT MORE THAN FIVE (5) MILLS; AND SHALL SUCH TAX REVENUES BE USED (BUT ONLY IF THE BOARD DETERMINES THAT OTHER REVENUES WILL BE INSUFFICIENT) FOR THE PURPOSE OF OPERATING AND MAINTAINING OR ACQUIRING, CONSTRUCTING OR FINANCING IMPROVEMENTS TO THE DISTRICT'S WATER AND WASTEWATER SYSTEMS INCLUDING BUT NOT LIMITED TO, WATER STORAGE RESERVOIRS, WATER WELLS, WATER PUMP STATIONS, WATER PIPELINES, WATER DIVERSION FACILITIES, WATER RIGHTS, WATER TREATMENT FACILITIES, WASTEWATER SYSTEM FACILITIES, AND STORMWATER SYSTEM FACILITIES; AND SHALL THE DISTRICT BE AUTHORIZED TO ADJUST THE MILL LEVY RATE AUTHORIZED BY THIS QUESTION FROM TIME TO TIME SO LONG AS IT NEVER EXCEEDS 5 MILLS; AND SHALL THE PROCEEDS OF SUCH TAXES BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION PURSUANT TO CRS 29-1-302(2)(B)?

YES (Numeric and Spell Out)	<u>1020</u>	<u>One thousand twenty</u>
NO (Numeric and Spell Out)	<u>495</u>	<u>Four hundred ninety five</u>

(SEE PAGE 2 FOR BALLOT ISSUE B)
(insert text)

DONALA WATER AND SANITATION DISTRICT BALLOT ISSUE B—DEBT ONLY QUESTION

SHALL DONALA WATER AND SANITATION DISTRICT DEBT BE INCREASED UP TO \$20,000,000 WITH A REPAYMENT COST OF UP TO \$54,000,000 FOR THE PURPOSE OF ACQUIRING AND CONSTRUCTING IMPROVEMENTS TO THE DISTRICT'S WATER AND WASTEWATER SYSTEMS INCLUDING BUT NOT LIMITED TO, WATER STORAGE RESERVOIRS, WATER WELLS, WATER PUMP STATIONS, WATER PIPELINES, WATER DIVERSION FACILITIES, WATER RIGHTS, WATER TREATMENT FACILITIES, WASTEWATER SYSTEM FACILITIES, AND STORMWATER SYSTEM FACILITIES; SHALL SUCH DEBT BE EVIDENCED BY BONDS, NOTES, CONTRACTS OR LOAN AGREEMENTS, BE PAYABLE FROM ANY DISTRICT REVENUES (WITHOUT ANY INCREASE IN TAXES UNLESS AUTHORIZED BY THE VOTERS BEFORE, AT OR AFTER THIS ELECTION), BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 9.90%, AND HAVE SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL THE DISTRICT BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE DISTRICT PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION?

YES (Numeric and Spell Out)	<u>1098</u>	<u>One thousand ninety eight</u>
NO (Numeric and Spell Out)	<u>410</u>	<u>Four hundred ten</u>

**JUDGES' CERTIFICATE OF ELECTION RETURNS and
STATEMENT OF BALLOTS, con't.**

MAIL BALLOT ELECTION

STATEMENT OF BALLOTS:

It is hereby identified and specified that:

	<u>Numeric & Spelled Out</u>	
TOTAL Number of Ballots Issued to Voters	<u>4850</u>	<u>Four thousand eight hundred fi</u>
Ballots Returned Undeliverable:	<u>265</u>	<u>Two hundred sixty five</u>
Total Number of Ballots Voted	<u>1517</u>	<u>Onethousand five hundred seventy</u>
Total Voted Provisional Ballots	<u>0</u>	<u>Zero</u>
Total Voted Challenged Ballots	<u>0</u>	<u>Zero</u>
<u>Delivered to Votor, Not Cast:</u>		
Spoiled	<u>0</u>	<u>Zero</u>
Rejected	<u>12</u>	<u>Twelve</u>
Defective	<u>0</u>	<u>zero</u>
Not Returned	<u>3056</u>	<u>Threethousand fifty six</u>

**BOARD OF DIRECTOR
OATH OF OFFICE**

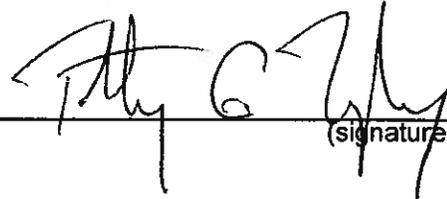
32-1-901, C.R.S., and
Colorado Constitution Article 12, §9

STATE OF COLORADO

EL PASO COUNTY

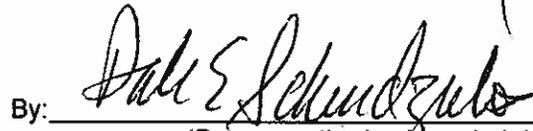
DONALA WATER AND SANITATION DISTRICT

I, Timothy G. Murphy, will faithfully support the Constitution of the United States and of the State of Colorado, and the laws made pursuant thereto, and will faithfully perform the duties of the office of Director of Donala Water & Sanitation District, upon which I am about to enter.



(signature of oath taker)

Subscribed and sworn to before me this 20th day of May, 2010.



By:

(Person authorized to administer oaths, i.e.
County Clerk and Recorder, Clerk of
the Court, Chairman of the
Board of Directors, or any other person authorized
to administer oaths)

IF SWORN OR AFFIRMED BEFORE A NOTARY THE FOLLOWING SHOULD BE COMPLETED.

STATE OF COLORADO

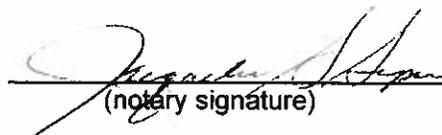
)
) ss.

COUNTY OF EL PASO

Subscribed and sworn to before me this 20th day of May, 2010.

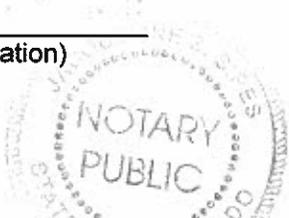
COMMISSION EXPIRES 12/20/2011

(notary commission expiration)



(notary signature)

SEAL



PROCEDURAL INSTRUCTIONS: The oath must be taken within 30 days after the election or appointment to fill a vacancy. A copy of the executed oath must be filed with the Clerk of the Court, the Clerk and Recorder of every county in which the district extends and with the Division of Local Government. If this is the oath of an appointed director, inform the Division which director was replaced.

**BOARD OF DIRECTOR
OATH OF OFFICE**

32-1-901, C.R.S., and
Colorado Constitution Article 12, §9

STATE OF COLORADO

EL PASO COUNTY

DONALA WATER AND SANITATION DISTRICT

I, William T. Nance, will faithfully support the Constitution of the United States and of the State of Colorado, and the laws made pursuant thereto, and will faithfully perform the duties of the office of Director of Donala Water & Sanitation District, upon which I am about to enter.

William T. Nance
(signature of oath taker)

Subscribed and sworn to before me this 20th day of May, 2010.

By: Dale E. Schindzulis
(Person authorized to administer oaths, i.e.
County Clerk and Recorder, Clerk of
the Court, Chairman of the
Board of Directors, or any other person authorized
to administer oaths)

IF SWORN OR AFFIRMED BEFORE A NOTARY THE FOLLOWING SHOULD BE COMPLETED.

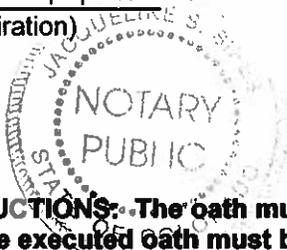
STATE OF COLORADO)
) ss.
COUNTY OF EL PASO

Subscribed and sworn to before me this 20th day of May, 2010.

MY COMMISSION EXPIRES 12/26/2011
(notary commission expiration)

Jacqueline S. Lopez
(notary signature)

SEAL



PROCEDURAL INSTRUCTIONS: The oath must be taken within 30 days after the election or appointment to fill a vacancy. A copy of the executed oath must be filed with the Clerk of the Court, the Clerk and Recorder of every county in which the district extends and with the Division of Local Government. If this is the oath of an appointed director, inform the Division which director was replaced.

**BOARD OF DIRECTOR
OATH OF OFFICE**

32-1-901, C.R.S., and
Colorado Constitution Article 12, §9

STATE OF COLORADO

EL PASO COUNTY

DONALA WATER AND SANITATION DISTRICT

I, David A. Powell, will faithfully support the Constitution of the United States and of the State of Colorado, and the laws made pursuant thereto, and will faithfully perform the duties of the office of Director of Donala Water & Sanitation District, upon which I am about to enter.

David A. Powell
(signature of oath taker)

Subscribed and sworn to before me this 20th day of May, 2010.

By: *Dale E. Schudzits*
(Person authorized to administer oaths, i.e.
County Clerk and Recorder, Clerk of
the Court, Chairman of the
Board of Directors, or any other person authorized
to administer oaths)

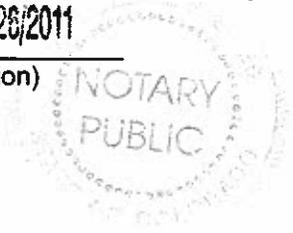
IF SWORN OR AFFIRMED BEFORE A NOTARY THE FOLLOWING SHOULD BE COMPLETED.

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO

Subscribed and sworn to before me this 20th day of May, 2010.

MY COMMISSION EXPIRES 12/28/2011

(notary commission expiration)



Dale E. Schudzits
(notary signature)

SEAL

PROCEDURAL INSTRUCTIONS: The oath must be taken within 30 days after the election or appointment to fill a vacancy. A copy of the executed oath must be filed with the Clerk of the Court, the Clerk and Recorder of every county in which the district extends and with the Division of Local Government. If this is the oath of an appointed director, inform the Division which director was replaced.

CB Insurance, LLC

1 South Nevada Ave, Suite 105 * Colorado Springs, CO 80903

----- DIRECT BILL INVOICE -----

Donala Water & Sanitation District
15850 Holbein Drive
Colorado Springs, CO 80921

Invoice Date 09/15/09
Invoice No. A49845
Bill-To Code DONWAT
Client Code DONWAT

Named Insured: Donala Water Sanitation

CB Insurance, LLC

Effective Date	Policy Period	Coverage Description	Transaction Amount
08/01/09	08/01/09 to 08/01/10	Old Republic Insurance Corp. Policy No. RPO573840 Renewal - Bond-Miscellaneous	100.00
		Invoice Number: A49845 Amount Due:	100.00
		AUTOMATICALLY RENEWED AUGUST OF EACH YEAR	



Old Republic Surety Company Old Republic Insurance Company

(CHECK APPLICABLE COMPANY HEREINAFTER REFERRED TO AS THE SURETY)

PUBLIC OFFICIAL SCHEDULE BOND

(Position Form)

Bond No. RPO 573840

THE OBLIGATION

1. KNOW ALL MEN BY THESE PRESENTS, that OLD REPUBLIC SURETY COMPANY, a WISCONSIN corporation, authorized to transact business as Surety, in the State of COLORADO as Surety, is held and firmly bound unto DONALA WATER AND SANITATION DISTRICT as Obligee, in the respective sums set opposite the positions listed in the appropriate schedule, or in an endorsement, for the payment of which well and truly to be made the Surety does hereby bind itself, its successors, and assigns, firmly by these presents.

SIGNED, SEALED AND DATED the 15TH day of JULY, 2004.

CONDITION OF THE OBLIGATION

2. The condition of this obligation is such that if each employee occupying any such position shall faithfully discharge the duties thereof while such position is covered hereunder and shall promptly account for and pay over, according to law, all money or property received by them by virtue of such position or, in default thereof, shall pay all damages, costs, and expenses resulting from such default or defaults, then this obligation shall be void, otherwise to remain in full force and effect, subject, however, to the terms and conditions hereinafter set forth.

WHEN COVERAGE EFFECTIVE

3. This bond shall be effective as of AUGUST 1ST, 2004. Positions named in the attached schedule are covered on and after the effective date; positions added by being included in a new schedule identified by the signature of the Surety by an Officer or Attorney-in-Fact and attached as of any premium anniversary date, shall be covered on and after that anniversary date; positions added by endorsement shall be covered on and after the date specified therein.

EXTENT OF SURETY'S LIABILITY

4. The coverage on each position is continuous from the inception of coverage to termination thereof, and the coverage for separate periods shall not be cumulative. The liability of the Surety for the failure of any employee to account for and pay over shall be limited to the failure to account for and pay over funds actually in such employee's possession during the period within which he is covered. If the coverage on any position for separate periods be for different amounts, the maximum liability of the Surety for all defaults of any employee who may occupy that position shall not exceed the largest amount of coverage in force during any period within which defaults shall have occurred, nor shall the coverage for one period be available for defaults occurring within any other period. A failure to account in one period shall not be considered a default occurring during that period unless the funds were actually in the possession of the employee during such period. If an employee occupy, at one time or at different times, two or more covered positions, the maximum liability of the Surety for all defaults of that employee shall not exceed in the aggregate the largest amount of coverage on any position in which defaults of that employee shall have occurred, nor shall the coverage for one position be available for defaults in any other position.

ADDITION OF POSITIONS — CHANGE OF AMOUNTS

5. Positions may be added to the schedule, or the amount of coverage on a position may be changed, upon the written application of the Obligee; such addition or change shall not be effective until the Surety has executed and mailed to the Obligee an endorsement accepting such addition or change, nor until the effective date specified therein.

TEMPORARY AUTOMATIC COVERAGE

6. Any newly created position shall be covered automatically for the first sixty days for the smallest amount for which any position of that class is then covered, but in no event for more than Five Thousand Dollars (\$5000), or if there be no other position of that class, for the largest amount for which any position is then covered, but in no event for more than Five Thousand Dollars (\$5000). Recovery under this clause for defaults of any occupant of any such position may not be made unless claim be filed with the Surety within ten days after the expiration of such sixty day period, nor if during such sixty day period such position be covered by schedule or addition thereto as hereinbefore provided.

DISCOVERING AND REPORTING LOSS, OR FACTS INDICATING LOSS

7. Upon discovery by the Obligee of any loss, or of facts indicating loss, the Obligee shall promptly, and in any event within ten days thereafter, notify the Surety thereof by registered mail addressed to the Surety.

TERMINATION

8. The coverage on any position shall terminate if such position is omitted from the schedule attached as of any anniversary date. The coverage on any employee shall terminate when the employment terminates or the Obligee discovers or becomes aware of any default committed by such employee. The coverage on any employee, or on any position, or the bond in its entirety, may be terminated by written notice from either of the parties to the other. Such notice from the Surety shall become effective thirty days after receipt thereof by the Obligee; such notice from the Obligee shall become effective immediately upon receipt thereof by the Surety.

CHANGES IN PRINTED PROVISIONS — HOW MADE

9. The liability of the Surety shall not be affected by any attempt by anyone representing or purporting to represent the Surety to construe or interpret this bond, nor by any change in the printed provisions of the bond made otherwise than by written instrument duly executed by a Vice-President of the Surety or by a printed endorsement duly executed by an Attorney-in-Fact.

OLD REPUBLIC SURETY COMPANY

By _____
C. BRANNAN *Attorney-in-Fact*

SCHEDULE OF POSITIONS COVERED HEREUNDER

ACCEPTANCE NUMBER	POSITION	CITY	STATE	AMOUNT
	MANAGER	COLORADO SPRINGS	CO	\$5,000
	SECRETARY/TREASURER	COLORADO SPRINGS	CO	\$5,000
	PRESIDENT	COLORADO SPRINGS	CO	\$1,000
	VICE PRESIDENT	COLORADO SPRINGS	CO	\$1,000
	BOARD MEMBERS	COLORADO SPRINGS	CO	\$1,000

Rate \$ _____ per hundred, Annual Minimum Premium per position, \$ _____

Annual Minimum Earned Premium per position, \$ _____