

PRELIMINARY AGREEMENT

THIS PRELIMINARY AGREEMENT, effective as of _____, is between the Colorado Educational and Cultural Facilities Authority ("CECFA") and _____ ("Applicant").

Recitals

A, Applicant operates a _____
located in _____.

A. Applicant has requested that CECFA issue tax-exempt bonds in the approximate amount of \$ _____
to finance the acquisition and construction of educational facilities used by Applicant and to pay certain costs of issuance.

B. CECFA and Applicant desire to set forth the responsibilities of each party and liability for expenses associated with the
oposed financing.

Agreement

CECFA and Applicant agree as follows:

1. CECFA will (a) cooperate with Applicant to complete the proposed financing on mutually agreeable terms; (b) engage, after consultation with Applicant when appropriate, such advisors, consultants and other providers of necessary services as may be appropriate to the financing; and (c) immediately cease preparation of the financing and notify its advisors and consultants to do the same upon receipt of a written request to this effect from Applicant.
2. Applicant will (a) furnish in timely fashion evidence of all governmental approvals, if any, and such other opinions of counsel, documents, certificates and other information as may be reasonably requested by CECFA or its advisors and consultants, and (b) ensure timely payment of all fees and costs payable by Applicant.
3. Applicant will be solely responsible to pay:
 - (a) fees and expenses of consultants, advisors and attorneys retained by Applicant, including Applicant's counsel; fees of the Trustee, if any; fees and expenses of bond counsel; fees of disclosure and underwriter's counsel, if any; printing costs and other out-of-pocket expenses related to the financing; and
 - (b) CECFA fees as provided in Paragraph 5.
4. Other than payment of the amounts described in paragraphs 5 and 6 below, Applicant shall have no obligation to pay for financial advisors retained by CECFA or for fees and expenses of CECFA's general counsel or other administrative expenses of CECFA.
5. Applicant shall pay to CECFA an Application Fee, Initial Fee ("Initial Fee") with respect to the financing and an Annual Fee ("Annual Fee"), in the amounts and on the terms set forth below:

- (a) Application Fee. Applicant has paid to CECFA an application fee in the amount of \$4,000. The application fee is non-refundable. However, the \$4,000 will be credited toward the Initial Fee due at closing.
- (b) Initial Fee. Applicant shall pay an Initial Fee calculated in accordance with the attached CECFA Fee Schedule. The fee for a ___ million financing would be \$_____. The Initial Fee is due at, and is contingent upon, the closing of the financing and is payable out of the proceeds of the financing by wire transfer.
- (c) Annual Fee. Applicant shall pay to CECFA an Annual Fee from the date of issuance of the bonds until the payment in full or defeasance of all outstanding bonds, computed in accordance with the attached CECFA Schedule of Fees.

The Annual Fee shall be due and payable semi-annually in advance on January 1 and July 1 of each year prorated based on the principal amounts of bonds to be outstanding during the succeeding six months period. The Annual Fee payable for the period from the date of the closing to the earlier of the next succeeding January 1 or July 1 shall be payable in arrears with the first semi-annual payment of the Annual Fee. A credit will be provided against the next payment of Annual Fees in the event of an optional redemption of bonds which was not taken into account in the computation of the semi-annual payment for such billing period.

6. At any time prior to closing, Applicant may elect not to proceed with the financing. In that event Applicant shall be obligated to pay CECFA, in addition to the application fee, a sum equal to all out-of-pocket expenses incurred by CECFA through the date on which Applicant delivers to CECFA in writing its intention to abandon the financing, not to exceed the total amount of the Initial Fee which would have been due on the "not to exceed" par amount of bonds induced. Except as provided above, there shall be no further obligations on the part of either party after Applicant elects not to proceed.

7. This Agreement does not constitute a determination by CECFA that the proposed financing will in fact be accomplished. Although CECFA will keep Applicant advised from time to time of CECFA's opinion in regard to the likelihood of a successful financing for Applicant, CECFA does not guarantee a successful financing or make any representation that funds for the financing are or will become available.

8. (a) Applicant agrees to protect and defend CECFA, the State of Colorado, current, former and future members, directors, servants, officers, employees, and other agents, now or hereafter, of CECFA or the State and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management or policies, now or hereafter, of the State or CECFA (collectively, the "Indemnified Parties" and individually, the "Indemnified Party") and further agrees to release from, pay and hold the Indemnified Parties harmless from and against any and all liabilities, losses, damages, costs, expenses (including but not limited to reasonable attorneys' fees and court costs and including those for post judgment and appellate proceedings), judgments, claims, demands, suits, actions or other proceedings of whatever kind or nature by any person or entity whatsoever, arising or purportedly arising from or otherwise related to the proposed financing, the proposed issuance of bonds for the benefit of Applicant or the issuance or tax-exempt status of such bonds.

(b) Any Indemnified Party shall give reasonable written notice to Applicant of any matter with respect to which indemnification pursuant to this Paragraph 6 is applicable. Any Indemnified Party shall have the right to retain, at Applicant's expense, separate counsel in any claim, demand, lawsuit, action or other proceeding. The settlement of any claim, demand, lawsuit, action or other proceeding shall not be effected without the written consent of Applicant and the Indemnified Parties involved in such claim or proceeding.



COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY

By: _____ Date: _____
Jo Ann Soker, Executive Director

BORROWER

By: _____ Date: _____

Printed: _____

Title: _____

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COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY

SCHEDULE OF FEES

1. APPLICATION FEE (Non-refundable, but applicable to initial fee due at closing)	\$4,000
2. INITIAL FEE	
First \$4 million of par amount:	
Minimum fee of \$20,000	\$20,000
Plus 0.5 times 1% (50 basis points) of the next \$1 million	
For example, the fee for \$5 million =	\$25,000
Plus 0.3 times 1% (30 basis points) of the next \$5 million	
For example, the fee for \$10 million par amount =	\$40,000
Plus 0.05 of 1% (5 basis points) of the next \$90,000,000	
For example, the fee for \$100,000,000 par amount =	\$85,000
Plus 0.03 of 1% (3 basis points) of all amounts over \$100,000,000	

3. ANNUAL FEE. CECFA charges an annual fee of 5% of 1% (5 basis points) of the outstanding principal balance, payable semi-annually in advance January 1 and July 1 of each year.

Large borrowers receive an annual fee discount when the aggregate amount of all outstanding “rated” bonds (as defined below) issued by CECFA on behalf of that borrower exceeds \$50 million. The Annual Fee for the aggregate outstanding amount of such “rated” bonds will be:

- 5 basis points (0.05 of 1%) on the first \$50,000,000 outstanding principal amount of such bonds;
- 2.5 basis points (0.025 of 1%) on the outstanding principal amount of such bonds between \$50,000,000 and \$150,000,000; and
- 1 basis point (0.001 of 1%) on the outstanding principal amount of such bonds in excess of \$150,000,000.

“Rated” means either:

- The borrower had an underlying rating or credit assessment in the A category or better by a nationally recognized rating agency, or
- The bonds were covered by an insurance policy issued by an insurance company rated by a nationally recognized rating agency, or
- Payment of the bonds was secured by a letter of credit issued by a bank rated by a nationally recognized rating agency, or
- The bonds were credit enhanced by a supplemental reserve fund or guarantee of a third party or other comparable additional collateral acceptable to CECFA.